

This Document can be made available
in alternative formats upon request

Printed
Page No. **618**

State of Minnesota
HOUSE OF REPRESENTATIVES

**EIGHTY-FIFTH
SESSION**

HOUSE FILE No. 3149

February 18, 2008

Authored by Lenczewski, Simpson and Marquart
The bill was read for the first time and referred to the Committee on Taxes

April 30, 2008

Committee Recommendation and Adoption of Report:
To Pass as Amended and re-referred to the Committee on Ways and Means

May 1, 2008

Committee Recommendation and Adoption of Report:
To Pass as Amended
Read Second Time

A bill for an act

1.1 relating to the financing and operation of state and local government; making
1.2 policy, technical, administrative, enforcement, collection, refund, clarifying,
1.3 and other changes to income, franchise, property, sales and use, minerals,
1.4 wheelage, mortgage, deed, and estate taxes, and other taxes and tax-related
1.5 provisions; providing for homestead credit state refund; providing for aids to
1.6 local governments; providing city foreclosure and deed grants; changing and
1.7 providing property tax exemptions and credits; modifying job opportunity
1.8 building zone program; modifying green acre eligibility requirements;
1.9 providing aggregate resource preservation property tax law; providing seasonal
1.10 recreational property tax deferral program; modifying eligibility for senior
1.11 citizen tax deferral program; modifying transit taxing district; modifying levies,
1.12 property valuation procedures, homestead provisions, property tax classes,
1.13 and class rates; providing for and modifying sales tax exemptions; exempting
1.14 two-wheel, motorized vehicles from wheelage tax; providing credits; providing
1.15 for additional financing of metropolitan area transit and paratransit capital
1.16 expenditures; authorizing issuance of certain obligations; modifying provision
1.17 governing bonding for county libraries; changing and authorizing powers, duties,
1.18 and requirements of local governments and authorities and state departments
1.19 or agencies; modifying, extending, and authorizing certain tax increment
1.20 financing districts; authorizing and modifying local sales taxes; prohibiting
1.21 the imposition of new local sales taxes; providing federal updates; changing
1.22 accelerated sales tax; creating Surplus Lines Association of Minnesota; creating
1.23 Iron Range revitalization account; changing provisions related to data practices
1.24 and debt collection; requiring studies; providing appointments; appropriating
1.25 money; amending Minnesota Statutes 2006, sections 13.51, subdivision 3;
1.26 13.585, subdivision 5; 16D.02, subdivisions 3, 6; 16D.04, subdivision 2, as
1.27 amended; 60A.196; 163.051, subdivision 1; 168.012, subdivision 1, by adding a
1.28 subdivision; 168.013, subdivision 1f; 168A.03, subdivision 1; 169.01, by adding
1.29 a subdivision; 169.781, subdivision 1; 216B.1612, by adding a subdivision;
1.30 216B.1646; 270A.08, subdivision 1; 270B.15; 270C.33, subdivision 5; 270C.56,
1.31 subdivisions 1, as amended, 3; 270C.85, subdivision 2; 272.02, subdivisions 13,
1.32 20, 21, 27, 31, 38, 49, by adding subdivisions; 272.03, subdivision 3, by adding a
1.33 subdivision; 273.11, subdivisions 1, 1a, 8, 14b, by adding subdivisions; 273.111,
1.34 subdivisions 3, as amended, 4, 8, 9, 11, 11a, by adding a subdivision; 273.121, as
1.35 amended; 273.124, subdivisions 1, 6, 13, as amended, 21; 273.128, subdivision
1.36 1, as amended; 273.13, subdivisions 23, as amended, 24, 25, as amended, 33,
1.37 34, as added; 273.1384, subdivisions 1, 2; 274.01, subdivision 3; 274.014,
1.38 subdivision 3; 274.14; 275.025, subdivisions 1, 2; 275.065, subdivisions 1c, 6,
1.39

2.1 8, 9, 10, by adding subdivisions; 276.04, subdivision 2, as amended; 282.08;
 2.2 287.20, subdivisions 3a, 9, by adding a subdivision; 289A.12, by adding a
 2.3 subdivision; 289A.18, subdivision 1, as amended; 289A.19, subdivision 2, by
 2.4 adding a subdivision; 289A.20, subdivision 4, as amended; 289A.40, subdivision
 2.5 1; 289A.55, by adding a subdivision; 289A.60, subdivision 15, as amended,
 2.6 by adding a subdivision; 290.01, subdivisions 6b, 19a, as amended, 29, by
 2.7 adding a subdivision; 290.06, by adding subdivisions; 290.068, subdivisions
 2.8 1, 3, by adding subdivisions; 290.07, subdivision 1; 290.091, subdivision 2,
 2.9 as amended; 290.21, subdivision 4; 290.92, subdivisions 1, 26, 31, as added;
 2.10 290A.03, subdivision 13; 290A.04, subdivisions 2h, 3, 4, by adding subdivisions;
 2.11 290B.03, subdivision 1; 290B.04, subdivisions 1, 3, 4; 290B.05, subdivision
 2.12 1; 290B.07; 291.03, subdivision 1; 295.50, subdivision 4; 295.52, subdivision
 2.13 4, as amended; 295.53, subdivision 4a; 296A.07, subdivision 4; 296A.08,
 2.14 subdivision 3; 296A.16, subdivision 2; 297A.61, subdivisions 22, 29; 297A.665,
 2.15 as amended; 297A.67, subdivision 7, as amended; 297A.70, subdivisions
 2.16 2, 8; 297A.71, subdivision 23, by adding subdivisions; 297A.75; 297A.99,
 2.17 subdivision 1, as amended; 297A.995, subdivision 10, by adding subdivisions;
 2.18 297B.01, subdivision 7, by adding a subdivision; 297B.03; 297F.01, subdivision
 2.19 8; 297F.09, subdivision 10, as amended; 297F.21, subdivision 1; 297G.01,
 2.20 subdivision 9; 297G.09, subdivision 9, as amended; 297H.09; 297I.05,
 2.21 subdivision 12; 298.24, subdivision 1, as amended; 298.75, subdivisions 1, 2,
 2.22 6, 7; 365A.095; 383A.80, subdivision 4; 383A.81, subdivisions 1, 2; 383B.80,
 2.23 subdivision 4; 383E.20; 429.101, subdivision 1; 469.033, subdivision 6; 469.040,
 2.24 subdivision 4; 469.174, subdivision 10b; 469.177, subdivision 1c, by adding
 2.25 a subdivision; 469.1813, subdivision 8; 469.312, by adding a subdivision;
 2.26 469.319; 469.3201; 473.39, by adding a subdivision; 473.446, subdivisions 2, 8;
 2.27 477A.011, subdivisions 34, 36, as amended, by adding subdivisions; 477A.0124,
 2.28 subdivision 5; 477A.013, subdivisions 1, 8, as amended, 9, as amended; 477A.03;
 2.29 Minnesota Statutes 2007 Supplement, sections 115A.1314, subdivision 2; 268.19,
 2.30 subdivision 1; 273.1231, subdivision 7, by adding a subdivision; 273.1232,
 2.31 subdivision 1; 273.1233, subdivisions 1, 3; 273.1234; 273.1235, subdivisions 1,
 2.32 3; 273.124, subdivision 14; 273.1393; 275.065, subdivisions 1, 1a, 3; 298.227;
 2.33 Laws 1991, chapter 291, article 8, section 27, subdivisions 3, as amended, 4, as
 2.34 amended; Laws 1995, chapter 264, article 5, section 46, subdivision 2; Laws
 2.35 2003, chapter 127, article 10, section 31, subdivision 1; Laws 2006, chapter 259,
 2.36 article 10, section 14, subdivision 1; Laws 2008, chapter 154, article 2, section
 2.37 11; article 3, section 7; article 9, sections 23; 24; proposing coding for new law
 2.38 in Minnesota Statutes, chapters 60A; 116J; 169; 216F; 273; 298; 373; 383C;
 2.39 383D; 383E; 469; proposing coding for new law as Minnesota Statutes, chapter
 2.40 290D; repealing Minnesota Statutes 2006, sections 273.11, subdivisions 14,
 2.41 14a; 273.111, subdivision 6; 290.191, subdivision 4; 290A.04, subdivisions 2,
 2.42 2b; 473.4461; 477A.014, subdivision 5; Minnesota Statutes 2007 Supplement,
 2.43 section 477A.014, subdivision 4; Laws 2005, First Special Session chapter 3,
 2.44 article 5, section 24; Minnesota Rules, parts 8031.0100, subpart 3; 8093.2100.

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

2.46 ARTICLE 1

2.47 HOMESTEAD CREDIT STATE REFUND

2.48 Section 1. Minnesota Statutes 2006, section 273.1384, subdivision 1, is amended to
 2.49 read:

2.50 Subdivision 1. **Residential homestead market value credit.** (a) Each county
 2.51 auditor shall determine a homestead credit for each class 1a, 1b, and 2a homestead

3.1 property within the county equal to 0.4 percent of the first \$76,000 of market value
3.2 of the property minus .09 percent of the market value in excess of \$76,000. The credit
3.3 amount may not be less than zero. In the case of an agricultural or resort homestead, only
3.4 the market value of the house, garage, and immediately surrounding one acre of land is
3.5 eligible in determining the property's homestead credit. In the case of a property that
3.6 is classified as part homestead and part nonhomestead, (i) the credit shall apply only
3.7 to the homestead portion of the property, but (ii) if a portion of a property is classified
3.8 as nonhomestead solely because not all the owners occupy the property, not all the
3.9 owners have qualifying relatives occupying the property, or solely because not all the
3.10 spouses of owners occupy the property, the credit amount shall be initially computed as
3.11 if that nonhomestead portion were also in the homestead class and then prorated to the
3.12 owner-occupant's percentage of ownership. For the purpose of this section, when an
3.13 owner-occupant's spouse does not occupy the property, the percentage of ownership for
3.14 the owner-occupant spouse is one-half of the couple's ownership percentage.

3.15 (b) For property taxes payable in 2009 and thereafter, the county auditor shall
3.16 determine the amount of the homestead credit under paragraph (a) and this paragraph.
3.17 The county auditor shall report the amount of the credit to the taxpayer on the property
3.18 tax statement or in another manner, as authorized by the commissioner of revenue. The
3.19 amount of the credit allowed for the property taxes payable year is to be computed as the
3.20 following percentage of the credit amount under paragraph (a):

3.21 (1) for property taxes payable in 2009, 100 percent;

3.22 (2) for property taxes payable in 2010, 60 percent;

3.23 (3) for property taxes payable in 2011, 45 percent;

3.24 (4) for property taxes payable in 2012, 30 percent;

3.25 (5) for property taxes payable in 2013, 15 percent; and

3.26 (6) for property taxes payable in 2014 or thereafter, no credit is allowed.

3.27 **EFFECTIVE DATE.** This section is effective beginning for property taxes payable
3.28 in 2009.

3.29 Sec. 2. Minnesota Statutes 2006, section 276.04, subdivision 2, as amended by Laws
3.30 2008, chapter 154, article 2, section 19, is amended to read:

3.31 Subd. 2. **Contents of tax statements.** (a) The treasurer shall provide for the
3.32 printing of the tax statements. The commissioner of revenue shall prescribe the form
3.33 of the property tax statement and its contents. The statement must contain a tabulated
3.34 statement of the dollar amount due to each taxing authority and the amount of the state
3.35 tax from the parcel of real property for which a particular tax statement is prepared. The

4.1 dollar amounts attributable to the county, the state tax, the voter approved school tax, the
4.2 other local school tax, the township or municipality, and the total of the metropolitan
4.3 special taxing districts as defined in section 275.065, subdivision 3, paragraph (i), must
4.4 be separately stated. The amounts due all other special taxing districts, if any, may be
4.5 aggregated except that any levies made by the regional rail authorities in the county of
4.6 Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter 398A
4.7 shall be listed on a separate line directly under the appropriate county's levy. If the county
4.8 levy under this paragraph includes an amount for a lake improvement district as defined
4.9 under sections 103B.501 to 103B.581, the amount attributable for that purpose must be
4.10 separately stated from the remaining county levy amount. In the case of Ramsey County,
4.11 if the county levy under this paragraph includes an amount for public library service
4.12 under section 134.07, the amount attributable for that purpose may be separated from the
4.13 remaining county levy amount. The amount of the tax on homesteads qualifying under the
4.14 senior citizens' property tax deferral program under chapter 290B is the total amount of
4.15 property tax before subtraction of the deferred property tax amount. The amount of the
4.16 tax on contamination value imposed under sections 270.91 to 270.98, if any, must also
4.17 be separately stated. The dollar amounts, including the dollar amount of any special
4.18 assessments, may be rounded to the nearest even whole dollar. For purposes of this section
4.19 whole odd-numbered dollars may be adjusted to the next higher even-numbered dollar.
4.20 The amount of market value excluded under section 273.11, subdivision 16, if any, must
4.21 also be listed on the tax statement.

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

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

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

4.30 (2) the property's taxable market value after reductions under section 273.11,
4.31 subdivisions 1a and 16;

4.32 (3) ~~the property's gross tax, before credits;~~ any items required by the commissioner
4.33 of revenue under section 273.1384, subdivision 1, paragraph (b); and

4.34 ~~(4) for homestead residential and agricultural properties, the credits under section~~
4.35 ~~273.1384;~~

5.1 ~~(5) any credits received under sections 273.119; 273.123; 273.135; 273.1391;~~
5.2 ~~273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of credit received~~
5.3 ~~under section 273.135 must be separately stated and identified as "taconite tax relief"; and~~
5.4 ~~(6) (4) the net tax payable in the manner required in paragraph (a).~~

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

5.13 **EFFECTIVE DATE.** This section is effective for taxes payable in 2009 and
5.14 thereafter.

5.15 Sec. 3. Minnesota Statutes 2006, section 290.01, subdivision 19a, as amended by Laws
5.16 2008, chapter 154, article 3, section 2, and Laws 2008, chapter 154, article 4, section 3,
5.17 is amended to read:

5.18 Subd. 19a. **Additions to federal taxable income.** For individuals, estates, and
5.19 trusts, there shall be added to federal taxable income:

5.20 (1)(i) interest income on obligations of any state other than Minnesota or a political
5.21 or governmental subdivision, municipality, or governmental agency or instrumentality
5.22 of any state other than Minnesota exempt from federal income taxes under the Internal
5.23 Revenue Code or any other federal statute; and

5.24 (ii) exempt-interest dividends as defined in section 852(b)(5) of the Internal Revenue
5.25 Code, except the portion of the exempt-interest dividends derived from interest income
5.26 on obligations of the state of Minnesota or its political or governmental subdivisions,
5.27 municipalities, governmental agencies or instrumentalities, but only if the portion of the
5.28 exempt-interest dividends from such Minnesota sources paid to all shareholders represents
5.29 95 percent or more of the exempt-interest dividends that are paid by the regulated
5.30 investment company as defined in section 851(a) of the Internal Revenue Code, or the
5.31 fund of the regulated investment company as defined in section 851(g) of the Internal
5.32 Revenue Code, making the payment; and

5.33 (iii) for the purposes of items (i) and (ii), interest on obligations of an Indian tribal
5.34 government described in section 7871(c) of the Internal Revenue Code shall be treated as
5.35 interest income on obligations of the state in which the tribe is located;

6.1 (2) the amount of (i) income or sales and use taxes paid or accrued within the
6.2 taxable year under this chapter and the amount of taxes based on net income paid or sales
6.3 and use taxes paid to any other state or to any province or territory of Canada, and (ii)
6.4 the amount of real and personal property taxes paid or accrued within the taxable year,
6.5 to the extent allowed as a deduction under section 63(d) of the Internal Revenue Code,
6.6 but the addition may not be more than the amount by which the itemized deductions as
6.7 allowed under section 63(d) of the Internal Revenue Code exceeds the amount of the
6.8 standard deduction as defined in section 63(c) of the Internal Revenue Code. For the
6.9 purpose of this paragraph, the disallowance of itemized deductions under section 68 of the
6.10 Internal Revenue Code of 1986, income or sales and use tax is the last itemized deduction
6.11 disallowed, real property tax is the second to last itemized deduction disallowed, and
6.12 personal property tax is the third to last itemized deduction disallowed;

6.13 (3) the capital gain amount of a lump sum distribution to which the special tax under
6.14 section 1122(h)(3)(B)(ii) of the Tax Reform Act of 1986, Public Law 99-514, applies;

6.15 (4) the amount of income taxes paid or accrued within the taxable year under this
6.16 chapter and taxes based on net income paid to any other state or any province or territory
6.17 of Canada, to the extent allowed as a deduction in determining federal adjusted gross
6.18 income. For the purpose of this paragraph, income taxes do not include the taxes imposed
6.19 by sections 290.0922, subdivision 1, paragraph (b), 290.9727, 290.9728, and 290.9729;

6.20 (5) the amount of expense, interest, or taxes disallowed pursuant to section 290.10
6.21 other than expenses or interest used in computing net interest income for the subtraction
6.22 allowed under subdivision 19b, clause (1);

6.23 (6) the amount of a partner's pro rata share of net income which does not flow
6.24 through to the partner because the partnership elected to pay the tax on the income under
6.25 section 6242(a)(2) of the Internal Revenue Code;

6.26 (7) 80 percent of the depreciation deduction allowed under section 168(k) of the
6.27 Internal Revenue Code. For purposes of this clause, if the taxpayer has an activity that
6.28 in the taxable year generates a deduction for depreciation under section 168(k) and the
6.29 activity generates a loss for the taxable year that the taxpayer is not allowed to claim for
6.30 the taxable year, "the depreciation allowed under section 168(k)" for the taxable year is
6.31 limited to excess of the depreciation claimed by the activity under section 168(k) over the
6.32 amount of the loss from the activity that is not allowed in the taxable year. In succeeding
6.33 taxable years when the losses not allowed in the taxable year are allowed, the depreciation
6.34 under section 168(k) is allowed;

7.1 (8) 80 percent of the amount by which the deduction allowed by section 179 of the
7.2 Internal Revenue Code exceeds the deduction allowable by section 179 of the Internal
7.3 Revenue Code of 1986, as amended through December 31, 2003;

7.4 (9) to the extent deducted in computing federal taxable income, the amount of the
7.5 deduction allowable under section 199 of the Internal Revenue Code;

7.6 (10) the exclusion allowed under section 139A of the Internal Revenue Code for
7.7 federal subsidies for prescription drug plans;

7.8 (11) the amount of expenses disallowed under section 290.10, subdivision 2;

7.9 (12) for taxable years beginning after December 31, 2006, and before January 1,
7.10 2008, the amount deducted for qualified tuition and related expenses under section 222 of
7.11 the Internal Revenue Code, to the extent deducted from gross income; and

7.12 (13) for taxable years beginning after December 31, 2006, and before January 1,
7.13 2008, the amount deducted for certain expenses of elementary and secondary school
7.14 teachers under section 62(a)(2)(D) of the Internal Revenue Code, to the extent deducted
7.15 from gross income.

7.16 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
7.17 December 31, 2008.

7.18 Sec. 4. Minnesota Statutes 2006, section 290A.03, subdivision 13, is amended to read:

7.19 Subd. 13. **Property taxes payable.** "Property taxes payable" means the property
7.20 tax exclusive of special assessments, penalties, and interest payable on a claimant's
7.21 homestead after deductions made under sections 273.135, ~~273.1384~~, 273.1391, 273.42,
7.22 subdivision 2, and any other state paid property tax credits in any calendar year, and
7.23 after any refund claimed and allowable under section 290A.04, subdivision 2h, that is
7.24 first payable in the year that the property tax is payable. Beginning for property taxes
7.25 payable in 2009, the amount of the credit under section 273.1384, subdivision 1, must
7.26 not be deducted in computing property taxes payable. In the case of a claimant who
7.27 makes ground lease payments, "property taxes payable" includes the amount of the
7.28 payments directly attributable to the property taxes assessed against the parcel on which
7.29 the house is located. No apportionment or reduction of the "property taxes payable" shall
7.30 be required for the use of a portion of the claimant's homestead for a business purpose if
7.31 the claimant does not deduct any business depreciation expenses for the use of a portion
7.32 of the homestead in the determination of federal adjusted gross income. For homesteads
7.33 which are manufactured homes as defined in section 273.125, subdivision 8, and for
7.34 homesteads which are park trailers taxed as manufactured homes under section 168.012,
7.35 subdivision 9, "property taxes payable" shall also include 19 percent of the gross rent paid

8.1 in the preceding year for the site on which the homestead is located. When a homestead
8.2 is owned by two or more persons as joint tenants or tenants in common, such tenants
8.3 shall determine between them which tenant may claim the property taxes payable on the
8.4 homestead. If they are unable to agree, the matter shall be referred to the commissioner of
8.5 revenue whose decision shall be final. Property taxes are considered payable in the year
8.6 prescribed by law for payment of the taxes.

8.7 In the case of a claim relating to "property taxes payable," the claimant must have
8.8 owned and occupied the homestead on January 2 of the year in which the tax is payable
8.9 and (i) the property must have been classified as homestead property pursuant to section
8.10 273.124, on or before December 15 of the assessment year to which the "property taxes
8.11 payable" relate; or (ii) the claimant must provide documentation from the local assessor
8.12 that application for homestead classification has been made on or before December 15
8.13 of the year in which the "property taxes payable" were payable and that the assessor has
8.14 approved the application.

8.15 **EFFECTIVE DATE.** This section is effective beginning for refund claims based on
8.16 property taxes payable in 2009.

8.17 Sec. 5. Minnesota Statutes 2006, section 290A.04, subdivision 2h, is amended to read:

8.18 Subd. 2h. **Additional refund.** (a) If the gross property taxes payable on a
8.19 homestead increase more than 12 percent over the property taxes payable in the prior year
8.20 on the same property that is owned and occupied by the same owner on January 2 of both
8.21 years, and the amount of that increase is \$100 or more, a claimant who is a homeowner
8.22 shall be allowed an additional refund equal to 60 percent of the amount of the increase
8.23 over the greater of 12 percent of the prior year's property taxes payable or \$100. This
8.24 subdivision shall not apply to any increase in the gross property taxes payable attributable
8.25 to improvements made to the homestead after the assessment date for the prior year's
8.26 taxes. This subdivision shall not apply to any increase in the gross property taxes payable
8.27 attributable to the termination of valuation exclusions under section 273.11, subdivision
8.28 16, or to the reduction in and elimination of the homestead market value credit under
8.29 section 273.1384, subdivision 1, paragraph (b).

8.30 The maximum refund allowed under this subdivision is \$1,000.

8.31 (b) For purposes of this subdivision "gross property taxes payable" means property
8.32 taxes payable determined without regard to the refund allowed under this subdivision.

8.33 (c) In addition to the other proofs required by this chapter, each claimant under
8.34 this subdivision shall file with the property tax refund return a copy of the property tax

9.1 statement for taxes payable in the preceding year or other documents required by the
 9.2 commissioner.

9.3 (d) Upon request, the appropriate county official shall make available the names and
 9.4 addresses of the property taxpayers who may be eligible for the additional property tax
 9.5 refund under this section. The information shall be provided on a magnetic computer
 9.6 disk. The county may recover its costs by charging the person requesting the information
 9.7 the reasonable cost for preparing the data. The information may not be used for any
 9.8 purpose other than for notifying the homeowner of potential eligibility and assisting the
 9.9 homeowner, without charge, in preparing a refund claim.

9.10 **EFFECTIVE DATE.** This section is effective for claims based on property taxes
 9.11 payable in 2009 and thereafter.

9.12 Sec. 6. Minnesota Statutes 2006, section 290A.04, is amended by adding a subdivision
 9.13 to read:

9.14 **Subd. 2k. Homestead credit state refund.** (a) A claimant who is a homeowner
 9.15 is entitled to a state refund of the amount of the property taxes payable in excess of two
 9.16 percent of the claimant's household income, based on the percentage and maximum for the
 9.17 appropriate household income level shown below. The refund amount determined from the
 9.18 table must be reduced further by the amount of the homestead market value credit under
 9.19 section 273.1384, subdivision 1, paragraph (b), but not to an amount that is less than zero.

<u>Household Income</u>	<u>Refund Percentage</u>	<u>Maximum State Refund</u>
0 to \$5,399	90 percent	\$2,500
5,400 to 18,899	85 percent	2,500
18,900 to 26,999	80 percent	2,500
27,000 to 32,399	70 percent	2,500
32,400 to 37,799	65 percent	2,500
37,800 to 45,899	60 percent	2,500
45,900 to 64,699	55 percent	2,500
64,700 to 80,899	50 percent	2,300
80,900 to 94,399	45 percent	2,100
94,400 to 99,299	40 percent	1,900
99,300 to 104,099	35 percent	1,700
104,100 to 115,599	30 percent	1,500
115,600 to 127,199	25 percent	1,250
127,200 to 134,099	25 percent	1,000
134,100 to 138,799	25 percent	750
138,800 to 144,399	25 percent	500
144,400 to 200,000	25 percent	250

10.1 (b) No payment is allowed under paragraph (a) if the claimant's household income
10.2 is more than \$200,000.

10.3 **EFFECTIVE DATE.** This section is effective beginning for claims based on
10.4 property taxes payable in 2009.

10.5 Sec. 7. Minnesota Statutes 2006, section 290A.04, is amended by adding a subdivision
10.6 to read:

10.7 Subd. 21. **Revenue neutrality.** (a) No later than August 1st of each year, beginning
10.8 in 2010, the commissioner must calculate the amount of revenue estimated to be raised in
10.9 the next fiscal year through the phaseout of the residential homestead market value credit
10.10 in section 273.1384, subdivision 1, paragraph (b), and the disallowance of the deduction
10.11 of real and personal property taxes in section 290.01, subdivision 19a, clause (2). The
10.12 commissioner must also estimate the total amount estimated to be paid to homeowners
10.13 in refunds based on taxes payable in the next calendar year under the homestead credit
10.14 state refund in subdivision 2k, and the amount that would have been paid in refunds based
10.15 on taxes payable in the next calendar year under the homeowner property tax refund if
10.16 section 290A.04, subdivision 2, had not been repealed.

10.17 (b) If the commissioner estimates that more revenue will be raised in the next
10.18 fiscal year through the phaseout of the residential homestead market value credit and the
10.19 disallowance of the real and personal property tax deduction than will be paid in increased
10.20 refunds under the homestead credit state refund as compared with the repealed homeowner
10.21 property tax refund, and if the revenue raised exceeds the additional refunds to be paid by
10.22 more than \$5,000,000, then the commissioner must adjust the maximum refunds allowed
10.23 under subdivision 2k for refunds based on taxes payable in the next calendar year. The
10.24 adjustment applies to the maximum refunds after the inflation adjustment provided in
10.25 subdivision 4. The commissioner must adjust the maximum refunds for all income ranges
10.26 proportionately, rounded to the nearest \$10 amount as provided in subdivision 4, paragraph
10.27 (b), so that the amount estimated to be paid in refunds based on taxes payable in the next
10.28 calendar year approximates but does not exceed the revenue estimated to be raised through
10.29 the phaseout of the residential homestead market value credit and the disallowance of the
10.30 real and personal property tax deduction in the next fiscal year. The determination of the
10.31 commissioner under this subdivision is not a rule under the Administrative Procedure Act.

10.32 **EFFECTIVE DATE.** This section is effective the day following final enactment,
10.33 for refunds based on property taxes payable in 2011 and following years.

11.1 Sec. 8. Minnesota Statutes 2006, section 290A.04, subdivision 3, is amended to read:

11.2 Subd. 3. **Table.** The commissioner of revenue shall construct and make available
11.3 to taxpayers a comprehensive table showing the ~~property taxes to be paid and~~ refund
11.4 allowed at various levels of income ~~and assessment~~. The table shall follow the schedule
11.5 of income percentages, maximums and other provisions specified in ~~subdivision 2~~ this
11.6 section, except that the commissioner may graduate the transition between income
11.7 brackets. All refunds shall be computed in accordance with tables prepared and issued
11.8 by the commissioner of revenue.

11.9 The commissioner shall include on the form an appropriate space or method for the
11.10 claimant to identify if the property taxes paid are for a manufactured home, as defined in
11.11 section 273.125, subdivision 8, paragraph (c), or a park trailer taxed as a manufactured
11.12 home under section 168.012, subdivision 9.

11.13 Sec. 9. Minnesota Statutes 2006, section 290A.04, subdivision 4, is amended to read:

11.14 Subd. 4. **Inflation adjustment.** (a) Beginning for property tax refunds payable in
11.15 calendar year ~~2002~~ 2010, the commissioner shall annually adjust the dollar amounts of the
11.16 income thresholds and the maximum refunds under ~~subdivisions 2 and 2a~~ subdivision 2k
11.17 for inflation. The commissioner shall make the inflation adjustments in accordance with
11.18 section 1(f) of the Internal Revenue Code, except that for purposes of this subdivision
11.19 the percentage increase shall be determined from the year ending on June 30, ~~2000~~ 2008,
11.20 to the year ending on June 30 of the year preceding that in which the refund is payable.
11.21 The commissioner shall use the appropriate percentage increase to annually adjust the
11.22 income thresholds and maximum refunds under ~~subdivisions 2 and 2a~~ subdivision 2k for
11.23 inflation without regard to whether or not the income tax brackets are adjusted for inflation
11.24 in that year. The commissioner shall round the thresholds and the maximum amounts,
11.25 as adjusted to the nearest \$10 amount. If the amount ends in \$5, the commissioner shall
11.26 round it up to the next \$10 amount.

11.27 The commissioner shall annually announce the adjusted refund schedule at the same
11.28 time provided under section 290.06. The determination of the commissioner under this
11.29 subdivision is not a rule under the Administrative Procedure Act.

11.30 (b) Beginning for property tax refunds payable in calendar year 2002, the
11.31 commissioner shall annually adjust the dollar amounts of the income thresholds and
11.32 the maximum refunds under subdivision 2a for inflation. The commissioner shall make
11.33 the inflation adjustments in accordance with section 1(f) of the Internal Revenue Code,
11.34 except that for purposes of this subdivision the percentage increase shall be determined
11.35 from the year ending on June 30, 2000, to the year ending on June 30 of the year

12.1 preceding that in which the refund is payable. The commissioner shall use the appropriate
12.2 percentage increase to annually adjust the income thresholds and maximum refunds under
12.3 subdivision 2a for inflation without regard to whether or not the income tax brackets are
12.4 adjusted for inflation in that year. The commissioner shall round the thresholds and the
12.5 maximum amounts, as adjusted to the nearest \$10 amount. If the amount ends in \$5, the
12.6 commissioner shall round it up to the next \$10 amount. The commissioner shall annually
12.7 announce the adjusted refund schedule at the same time provided under section 290.06.
12.8 The determination of the commissioner under this subdivision is not a rule under the
12.9 Administrative Procedure Act.

12.10 **EFFECTIVE DATE.** This section is effective beginning for claims based on
12.11 property taxes payable in 2010.

12.12 Sec. 10. **REPEALER.**

12.13 Minnesota Statutes 2006, section 290A.04, subdivisions 2 and 2b, are repealed.

12.14 **EFFECTIVE DATE.** This section is effective for claims based on property taxes
12.15 payable in 2009 and thereafter.

12.16 **ARTICLE 2**

12.17 **AIDS TO LOCAL GOVERNMENTS**

12.18 Section 1. Minnesota Statutes 2006, section 477A.011, subdivision 34, is amended to
12.19 read:

12.20 Subd. 34. **City revenue need.** (a) For a city with a population equal to or greater
12.21 than 2,500, "city revenue need" is the sum of (1) 5.0734098 times the pre-1940 housing
12.22 percentage; plus (2) 19.141678 times the population decline percentage; plus (3)
12.23 2504.06334 times the road accidents factor; plus (4) 355.0547; minus (5) the metropolitan
12.24 area factor; minus (6) 49.10638 times the household size.

12.25 (b) For a city with a population less than 2,500, "city revenue need" is the sum of
12.26 (1) 2.387 times the pre-1940 housing percentage; plus (2) 2.67591 times the commercial
12.27 industrial percentage; plus (3) 3.16042 times the population decline percentage; plus (4)
12.28 1.206 times the transformed population; minus (5) 62.772.

12.29 (c) For a city with a population of 2,500 or more and a population in one of the most
12.30 recently available five years that was less than 2,500, "city revenue need" is the sum of (1)
12.31 its city revenue need calculated under paragraph (a) multiplied by its transition factor;
12.32 plus (2) its city revenue need calculated under the formula in paragraph (b) multiplied
12.33 by the difference between one and its transition factor. For purposes of this paragraph, a

13.1 city's "transition factor" is equal to 0.2 multiplied by the number of years that the city's
 13.2 population estimate has been 2,500 or more. This provision only applies for aids payable
 13.3 in calendar years 2006 to 2008 to cities with a 2002 population of less than 2,500. It
 13.4 applies to any city for aids payable in 2009 and thereafter. The city revenue need under
 13.5 this paragraph may not be less than 290.

13.6 (d) The city revenue need cannot be less than zero.

13.7 (e) For aids certified in 2010 and subsequent years, the city revenue need is equal
 13.8 to the average of (1) the city's revenue need calculated under paragraphs (a) to (d)
 13.9 based on data available by January 1 in the year the aid is certified, and (2) its revenue
 13.10 need calculated under paragraphs (a) to (d) based on data available by January 1 in the
 13.11 previous year.

13.12 ~~(e)~~ (f) For calendar year 2005 and subsequent years, the city revenue need for a city,
 13.13 as determined in paragraphs (a) to ~~(d)~~ (e), is multiplied by the ratio of the annual implicit
 13.14 price deflator for government consumption expenditures and gross investment for state
 13.15 and local governments as prepared by the United States Department of Commerce, for
 13.16 the most recently available year to the 2003 implicit price deflator for state and local
 13.17 government purchases.

13.18 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
 13.19 2009 and thereafter.

13.20 Sec. 2. Minnesota Statutes 2006, section 477A.011, subdivision 36, as amended by
 13.21 Laws 2008, chapter 154, article 1, section 1, is amended to read:

13.22 Subd. 36. **City aid base.** (a) Except as otherwise provided in this subdivision,
 13.23 "city aid base" is zero.

13.24 (b) The city aid base for any city with a population less than 500 is increased by
 13.25 \$40,000 for aids payable in calendar year 1995 and thereafter, and the maximum amount
 13.26 of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also
 13.27 increased by \$40,000 for aids payable in calendar year 1995 only, provided that:

13.28 (i) the average total tax capacity rate for taxes payable in 1995 exceeds 200 percent;

13.29 (ii) the city portion of the tax capacity rate exceeds 100 percent; and

13.30 (iii) its city aid base is less than \$60 per capita.

13.31 (c) The city aid base for a city is increased by \$20,000 in 1998 and thereafter and
 13.32 the maximum amount of total aid it may receive under section 477A.013, subdivision 9,
 13.33 paragraph (c), is also increased by \$20,000 in calendar year 1998 only, provided that:

13.34 (i) the city has a population in 1994 of 2,500 or more;

14.1 (ii) the city is located in a county, outside of the metropolitan area, which contains a
14.2 city of the first class;

14.3 (iii) the city's net tax capacity used in calculating its 1996 aid under section
14.4 477A.013 is less than \$400 per capita; and

14.5 (iv) at least four percent of the total net tax capacity, for taxes payable in 1996, of
14.6 property located in the city is classified as railroad property.

14.7 (d) The city aid base for a city is increased by \$200,000 in 1999 and thereafter and
14.8 the maximum amount of total aid it may receive under section 477A.013, subdivision 9,
14.9 paragraph (c), is also increased by \$200,000 in calendar year 1999 only, provided that:

14.10 (i) the city was incorporated as a statutory city after December 1, 1993;

14.11 (ii) its city aid base does not exceed \$5,600; and

14.12 (iii) the city had a population in 1996 of 5,000 or more.

14.13 ~~(e) The city aid base for a city is increased by \$450,000 in 1999 to 2008 and the~~
14.14 ~~maximum amount of total aid it may receive under section 477A.013, subdivision 9,~~
14.15 ~~paragraph (c), is also increased by \$450,000 in calendar year 1999 only, provided that:~~

14.16 ~~(i) the city had a population in 1996 of at least 50,000;~~

14.17 ~~(ii) its population had increased by at least 40 percent in the ten-year period ending~~
14.18 ~~in 1996; and~~

14.19 ~~(iii) its city's net tax capacity for aids payable in 1998 is less than \$700 per capita.~~

14.20 ~~(f)~~ (e) The city aid base for a city is increased by \$150,000 for aids payable in
14.21 2000 and thereafter, and the maximum amount of total aid it may receive under section
14.22 477A.013, subdivision 9, paragraph (c), is also increased by \$150,000 in calendar year
14.23 2000 only, provided that:

14.24 (1) the city has a population that is greater than 1,000 and less than 2,500;

14.25 (2) its commercial and industrial percentage for aids payable in 1999 is greater
14.26 than 45 percent; and

14.27 (3) the total market value of all commercial and industrial property in the city
14.28 for assessment year 1999 is at least 15 percent less than the total market value of all
14.29 commercial and industrial property in the city for assessment year 1998.

14.30 ~~(g)~~ (f) The city aid base for a city is increased by \$200,000 in 2000 and thereafter,
14.31 and the maximum amount of total aid it may receive under section 477A.013, subdivision
14.32 9, paragraph (c), is also increased by \$200,000 in calendar year 2000 only, provided that:

14.33 (1) the city had a population in 1997 of 2,500 or more;

14.34 (2) the net tax capacity of the city used in calculating its 1999 aid under section
14.35 477A.013 is less than \$650 per capita;

15.1 (3) the pre-1940 housing percentage of the city used in calculating 1999 aid under
15.2 section 477A.013 is greater than 12 percent;

15.3 (4) the 1999 local government aid of the city under section 477A.013 is less than
15.4 20 percent of the amount that the formula aid of the city would have been if the need
15.5 increase percentage was 100 percent; and

15.6 (5) the city aid base of the city used in calculating aid under section 477A.013
15.7 is less than \$7 per capita.

15.8 ~~(h)~~ (g) The city aid base for a city is increased by \$102,000 in 2000 and thereafter,
15.9 and the maximum amount of total aid it may receive under section 477A.013, subdivision
15.10 9, paragraph (c), is also increased by \$102,000 in calendar year 2000 only, provided that:

15.11 (1) the city has a population in 1997 of 2,000 or more;

15.12 (2) the net tax capacity of the city used in calculating its 1999 aid under section
15.13 477A.013 is less than \$455 per capita;

15.14 (3) the net levy of the city used in calculating 1999 aid under section 477A.013 is
15.15 greater than \$195 per capita; and

15.16 (4) the 1999 local government aid of the city under section 477A.013 is less than
15.17 38 percent of the amount that the formula aid of the city would have been if the need
15.18 increase percentage was 100 percent.

15.19 ~~(h)~~ (h) The city aid base for a city is increased by \$32,000 in 2001 and thereafter, and
15.20 the maximum amount of total aid it may receive under section 477A.013, subdivision 9,
15.21 paragraph (c), is also increased by \$32,000 in calendar year 2001 only, provided that:

15.22 (1) the city has a population in 1998 that is greater than 200 but less than 500;

15.23 (2) the city's revenue need used in calculating aids payable in 2000 was greater
15.24 than \$200 per capita;

15.25 (3) the city net tax capacity for the city used in calculating aids available in 2000
15.26 was equal to or less than \$200 per capita;

15.27 (4) the city aid base of the city used in calculating aid under section 477A.013
15.28 is less than \$65 per capita; and

15.29 (5) the city's formula aid for aids payable in 2000 was greater than zero.

15.30 ~~(i)~~ (i) The city aid base for a city is increased by \$7,200 in 2001 and thereafter, and
15.31 the maximum amount of total aid it may receive under section 477A.013, subdivision 9,
15.32 paragraph (c), is also increased by \$7,200 in calendar year 2001 only, provided that:

15.33 (1) the city had a population in 1998 that is greater than 200 but less than 500;

15.34 (2) the city's commercial industrial percentage used in calculating aids payable in
15.35 2000 was less than ten percent;

16.1 (3) more than 25 percent of the city's population was 60 years old or older according
16.2 to the 1990 census;

16.3 (4) the city aid base of the city used in calculating aid under section 477A.013
16.4 is less than \$15 per capita; and

16.5 (5) the city's formula aid for aids payable in 2000 was greater than zero.

16.6 ~~(k)~~ (j) The city aid base for a city is increased by \$45,000 in 2001 and thereafter
16.7 and by an additional \$50,000 in calendar years 2002 to 2011, and the maximum amount
16.8 of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also
16.9 increased by \$45,000 in calendar year 2001 only, and by \$50,000 in calendar year 2002
16.10 only, provided that:

16.11 (1) the net tax capacity of the city used in calculating its 2000 aid under section
16.12 477A.013 is less than \$810 per capita;

16.13 (2) the population of the city declined more than two percent between 1988 and 1998;

16.14 (3) the net levy of the city used in calculating 2000 aid under section 477A.013 is
16.15 greater than \$240 per capita; and

16.16 (4) the city received less than \$36 per capita in aid under section 477A.013,
16.17 subdivision 9, for aids payable in 2000.

16.18 ~~(k)~~ (k) The city aid base for a city with a population of 10,000 or more which is
16.19 located outside of the seven-county metropolitan area is increased in 2002 and thereafter,
16.20 and the maximum amount of total aid it may receive under section 477A.013, subdivision
16.21 9, paragraph (b) or (c), is also increased in calendar year 2002 only, by an amount equal to
16.22 the lesser of:

16.23 (1)(i) the total population of the city, as determined by the United States Bureau of
16.24 the Census, in the 2000 census, (ii) minus 5,000, (iii) times 60; or

16.25 (2) \$2,500,000.

16.26 ~~(m)~~ (l) The city aid base is increased by \$50,000 in 2002 and thereafter, and the
16.27 maximum amount of total aid it may receive under section 477A.013, subdivision 9,
16.28 paragraph (c), is also increased by \$50,000 in calendar year 2002 only, provided that:

16.29 (1) the city is located in the seven-county metropolitan area;

16.30 (2) its population in 2000 is between 10,000 and 20,000; and

16.31 (3) its commercial industrial percentage, as calculated for city aid payable in 2001,
16.32 was greater than 25 percent.

16.33 ~~(n)~~ (m) The city aid base for a city is increased by \$150,000 in calendar years 2002
16.34 to 2011 and by an additional \$75,000 in calendar years 2009 to 2014 and the maximum
16.35 amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is

17.1 also increased by \$150,000 in calendar year 2002 only and by \$75,000 in calendar year
17.2 2009 only, provided that:

- 17.3 (1) the city had a population of at least 3,000 but no more than 4,000 in 1999;
- 17.4 (2) its home county is located within the seven-county metropolitan area;
- 17.5 (3) its pre-1940 housing percentage is less than 15 percent; and
- 17.6 (4) its city net tax capacity per capita for taxes payable in 2000 is less than \$900
17.7 per capita.

17.8 ~~(n)~~ (n) The city aid base for a city is increased by \$200,000 beginning in calendar
17.9 year 2003 and the maximum amount of total aid it may receive under section 477A.013,
17.10 subdivision 9, paragraph (c), is also increased by \$200,000 in calendar year 2003 only,
17.11 provided that the city qualified for an increase in homestead and agricultural credit aid
17.12 under Laws 1995, chapter 264, article 8, section 18.

17.13 ~~(o)~~ (o) The city aid base for a city is increased by \$200,000 in 2004 only and the
17.14 maximum amount of total aid it may receive under section 477A.013, subdivision 9, is
17.15 also increased by \$200,000 in calendar year 2004 only, if the city is the site of a nuclear
17.16 dry cask storage facility.

17.17 ~~(p)~~ (p) The city aid base for a city is increased by \$10,000 in 2004 and thereafter
17.18 and the maximum total aid it may receive under section 477A.013, subdivision 9, is also
17.19 increased by \$10,000 in calendar year 2004 only, if the city was included in a federal
17.20 major disaster designation issued on April 1, 1998, and its pre-1940 housing stock was
17.21 decreased by more than 40 percent between 1990 and 2000.

17.22 ~~(q)~~ (q) The city aid base for a city is increased by \$30,000 in 2009 and thereafter
17.23 and the maximum total aid it may receive under section 477A.013, subdivision 9, is also
17.24 increased by \$25,000 in calendar year 2006 only if the city had a population in 2003
17.25 of at least 1,000 and has a state park for which the city provides rescue services and
17.26 which comprised at least 14 percent of the total geographic area included within the
17.27 city boundaries in 2000.

17.28 ~~(s) The city aid base for a city with a population less than 5,000 is increased in~~
17.29 ~~2006 and thereafter and the minimum and maximum amount of total aid it may receive~~
17.30 ~~under this section is also increased in calendar year 2006 only by an amount equal to~~
17.31 ~~\$6 multiplied by its population.~~

17.32 ~~(r)~~ (r) The city aid base for a city is increased by \$80,000 in 2009 and thereafter and
17.33 the minimum and maximum amount of total aid it may receive under section 477A.013,
17.34 subdivision 9, is also increased by \$80,000 in calendar year 2009 only, if:

- 17.35 (1) as of May 1, 2006, at least 25 percent of the tax capacity of the city is proposed
17.36 to be placed in trust status as tax-exempt Indian land;

18.1 (2) the placement of the land is being challenged administratively or in court; and

18.2 (3) due to the challenge, the land proposed to be placed in trust is still on the tax
18.3 rolls as of May 1, 2006.

18.4 ~~(s)~~ (s) The city aid base for a city is increased by \$100,000 in 2007 and thereafter
18.5 and the minimum and maximum total amount of aid it may receive under this section is
18.6 also increased in calendar year 2007 only, provided that:

18.7 (1) the city has a 2004 estimated population greater than 200 but less than 2,000;

18.8 (2) its city net tax capacity for aids payable in 2006 was less than \$300 per capita;

18.9 (3) the ratio of its pay 2005 tax levy compared to its city net tax capacity for aids
18.10 payable in 2006 was greater than 110 percent; and

18.11 (4) it is located in a county where at least 15,000 acres of land are classified as
18.12 tax-exempt Indian reservations according to the 2004 abstract of tax-exempt property.

18.13 ~~(t)~~ (t) The city aid base for a city is increased by \$30,000 in 2009 only, and the
18.14 maximum total aid it may receive under section 477A.013, subdivision 9, is also increased
18.15 by \$30,000 in calendar year 2009, only if the city had a population in 2005 of less than
18.16 3,000 and the city's boundaries as of 2007 were formed by the consolidation of two cities
18.17 and one township in 2002.

18.18 (u) The city aid base for a city is increased by \$100,000 in 2009 and thereafter, and
18.19 the maximum total aid it may receive under section 477A.013, subdivision 9, is also
18.20 increased by \$100,000 in calendar year 2009 only, if the city had a city net tax capacity for
18.21 aids payable in 2007 of less than \$150 per capita and the city experienced flooding on
18.22 March 14, 2007, that resulted in evacuation of at least 40 homes.

18.23 (v) The city aid base for a city is increased by \$200,000 in 2009 to 2013, and the
18.24 maximum total aid it may receive under section 477A.013, subdivision 9, is also increased
18.25 by \$200,000 in calendar year 2009 only, if the city:

18.26 (1) is located outside of the Minneapolis-St. Paul standard metropolitan statistical
18.27 area;

18.28 (2) has a 2005 population greater than 7,000 but less than 8,000; and

18.29 (3) has a 2005 net tax capacity per capita of less than \$500.

18.30 (w) The city aid base is increased by \$80,000 in calendar years 2009 to 2018 and the
18.31 maximum amount of total aid it may receive under section 477A.013, subdivision 9, is
18.32 increased by \$80,000 in calendar year 2009 only, provided that:

18.33 (1) the city is located in the seven-county metropolitan area;

18.34 (2) its population in 2006 is less than 200; and

18.35 (3) the percentage of its housing stock built before 1940, according to the 2000
18.36 United States Census, is greater than 40 percent.

19.1 (x) The city aid base for a city is increased by \$100,000 in 2009 and thereafter and
19.2 the minimum and maximum total amount of aid it may receive under this section is also
19.3 increased by \$100,000 in calendar year 2009 only, provided that:

19.4 (1) the city is located in the metropolitan area and its 2006 population is less than
19.5 2,500;

19.6 (2) at least 25 percent of its housing was built before 1940 and at least 50 percent of
19.7 its housing is rental housing, according to the 2000 United States census;

19.8 (3) the median household income in the city is 80 percent or less than the median
19.9 household income in the metropolitan area and 50 percent or less than the median
19.10 household income for all cities contiguous to that city, according to the 2000 United
19.11 States Census; and

19.12 (4) at least 60 percent of the land and water acres in the city are classified as
19.13 tax-exempt property, according to its 2008 planning document.

19.14 (y) The city aid base is increased by \$90,000 in calendar year 2009 only and the
19.15 minimum and maximum total amount of aid it may receive under section 477A.013,
19.16 subdivision 9, is also increased by \$90,000 in calendar year 2009 only, provided that the
19.17 city is located in the seven-county metropolitan area, has a 2006 population between 5,000
19.18 and 7,000 and has a 1997 population of over 7,000.

19.19 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
19.20 2009 and thereafter.

19.21 Sec. 3. Minnesota Statutes 2006, section 477A.011, is amended by adding a
19.22 subdivision to read:

19.23 Subd. 41. **Small city aid base.** (a) "Small city aid base" for a city with a population
19.24 less than 5,000 is equal to \$9 multiplied by its population. The small city aid base for
19.25 all other cities is equal to zero.

19.26 (b) For calendar year 2010 and subsequent years, the small city aid base for a city,
19.27 as determined in paragraph (a), is multiplied by the ratio of the annual implicit price
19.28 deflator for government consumption expenditures and gross investment for state and
19.29 local governments as prepared by the United States Department of Commerce for the most
19.30 recently available year to the 2007 implicit price deflator for state and local government
19.31 purchases.

19.32 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
19.33 2009 and thereafter.

20.1 Sec. 4. Minnesota Statutes 2006, section 477A.011, is amended by adding a
20.2 subdivision to read:

20.3 Subd. 42. **City jobs base.** (a) "City jobs base" for a city with a population of 5,000
20.4 or more is equal to the product of (1) \$30, (2) the number of jobs per capita in the city, and
20.5 (3) its population. For cities with a population less than 5,000, the city jobs base is equal
20.6 to zero. For a city receiving aid under section 477A.011, subdivision 36, paragraph (1), its
20.7 city jobs base is reduced by the lesser of one-half of the amount of aid received under that
20.8 paragraph or \$1,200,000. No city's jobs base may exceed \$5,000,000 under this paragraph.

20.9 (b) For calendar year 2010 and subsequent years, the city jobs base for a city,
20.10 as determined in paragraph (a), is multiplied by the ratio of the annual implicit price
20.11 deflator for government consumption expenditures and gross investment for state and
20.12 local governments as prepared by the United States Department of Commerce for the most
20.13 recently available year to the 2007 implicit price deflator for state and local government
20.14 purchases.

20.15 (c) For purposes of this subdivision, "jobs per capita in the city" means (1) the
20.16 average annual number of employees in the city based on the data from the Quarterly
20.17 Census of Employment and Wages, as reported by the Department of Employment and
20.18 Economic Development, for the most recent calendar year available as of January 1 of
20.19 the year in which the aid is calculated, divided by (2) the city's population for the same
20.20 calendar year as the employment data.

20.21 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
20.22 2009 and thereafter.

20.23 Sec. 5. Minnesota Statutes 2006, section 477A.0124, subdivision 5, is amended to read:

20.24 ~~Subd. 5. **County transition aid.** (a) For 2005, a county is eligible for transition~~
20.25 ~~aid equal to the amount, if any, by which:~~

20.26 ~~(1) the difference between:~~

20.27 ~~(i) the aid the county received under subdivision 1 in 2004, divided by the total aid~~
20.28 ~~paid to all counties under subdivision 1, multiplied by \$205,000,000; and~~

20.29 ~~(ii) the amount of aid the county is certified to receive in 2005 under subdivisions~~
20.30 ~~3 and 4;~~

20.31 ~~exceeds:~~

20.32 ~~(2) three percent of the county's adjusted net tax capacity.~~

20.33 ~~A county's aid under this paragraph may not be less than zero.~~

21.1 ~~(b) In 2006, a county is eligible to receive two-thirds of the transition aid it received~~
 21.2 ~~in 2005.~~

21.3 ~~(c) In 2007, For 2009 and each year thereafter, a county is eligible to receive~~
 21.4 ~~one-third of the transition aid it received in 2005 2007.~~

21.5 ~~(d) No county shall receive aid under this subdivision after 2007.~~

21.6 (b) In 2009 only, a county with (1) a 2006 population less than 30,000, and (2)
 21.7 an average Part I crimes per capita greater than 3.9 percent based on factors used in
 21.8 determining county program aid payable in 2008, shall receive \$100,000.

21.9 (c) For aids payable in 2009, 2010, and 2011 only, \$250,000 each year shall be
 21.10 distributed to any county in which (1) the 2006 estimated population exceeds 30,000, and
 21.11 (2) the 2006 percentage of households receiving food stamps exceeds 15 percent, based
 21.12 on data used in computing county program aids for aids payable in 2008 and the 2006
 21.13 estimated household count according to the state demographer. The aid must be used to
 21.14 meet the county's cost of out-of-home placement programs.

21.15 **EFFECTIVE DATE.** This section is effective for aids payable in 2009 and
 21.16 thereafter.

21.17 Sec. 6. Minnesota Statutes 2006, section 477A.013, subdivision 1, is amended to read:

21.18 Subdivision 1. **Towns.** ~~In 2002, no~~ In calendar year 2009 and subsequent years,
 21.19 each organized town is eligible for a distribution under this subdivision equal to \$100 plus
 21.20 the product of the town aid factor multiplied by its population. Each county with one or
 21.21 more unorganized townships shall receive \$100 plus the product of the town aid factor
 21.22 multiplied by the total population in all unorganized townships in the county.

21.23 The "town aid factor" is the same for all towns and must be calculated by the
 21.24 Department of Revenue so that the total aid under this subdivision equals the total amount
 21.25 available for aid under section 477A.03.

21.26 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
 21.27 2009 and thereafter.

21.28 Sec. 7. Minnesota Statutes 2006, section 477A.013, subdivision 8, as amended by
 21.29 Laws 2008, chapter 154, article 1, section 2, is amended to read:

21.30 Subd. 8. **City formula aid.** In calendar year ~~2004~~ 2009 and subsequent years, the
 21.31 formula aid for a city is equal to the sum of (1) its city jobs base, (2) its small city aid base,
 21.32 and (3) the need increase percentage multiplied by the difference between ~~(1)~~ (i) the

22.1 city's revenue need multiplied by its population, and ~~(2)~~ (ii) the sum of the city's net tax
22.2 capacity multiplied by the tax effort rate.

22.3 No city may have a formula aid amount less than zero. The need increase percentage
22.4 must be the same for all cities.

22.5 The applicable need increase percentage must be calculated by the Department of
22.6 Revenue so that the total of the aid under subdivision 9 equals the total amount available
22.7 for aid under section 477A.03 ~~after the subtraction under section 477A.014, subdivisions 4~~
22.8 ~~and 5.~~ For aids payable in 2009 only, a city's revenue need, population, net tax capacity,
22.9 and tax effort rate will be based on the data available for calculating these factors for
22.10 aids payable in 2008.

22.11 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
22.12 2009 and thereafter.

22.13 Sec. 8. Minnesota Statutes 2006, section 477A.013, subdivision 9, as amended by
22.14 Laws 2008, chapter 154, article 1, section 3, is amended to read:

22.15 Subd. 9. **City aid distribution.** (a) In calendar year 2009 and thereafter, each
22.16 city shall receive an aid distribution equal to the sum of (1) the city formula aid under
22.17 subdivision 8, and (2) its city aid base, ~~and (3) one-half of the difference between its total~~
22.18 ~~aid in the previous year under this subdivision and its city aid base in the previous year.~~

22.19 (b) ~~For aids payable in 2010 and thereafter, each city shall receive an aid distribution~~
22.20 ~~equal to (1) the city aid formula under subdivision 8, (2) its city aid base, and (3) its~~
22.21 ~~formula aid under subdivision 8 in the previous year, prior to any adjustments under~~
22.22 ~~this subdivision~~ 2009 only, the total aid for any city shall not exceed the sum of (1) 40
22.23 percent of the city's net levy for the year prior to the aid distribution, plus (2) its total
22.24 aid in the previous year.

22.25 (c) For aids payable in ~~2009~~ 2010 and thereafter, the total aid for any city shall
22.26 not exceed the sum of (1) ten percent of the city's net levy for the year prior to the aid
22.27 distribution plus (2) its total aid in the previous year. For aids payable in 2009 and
22.28 thereafter, the total aid for any city with a population of 2,500 or more may not be less
22.29 than its total aid under this section in the previous year minus the lesser of \$15 multiplied
22.30 by its population, or ten percent of its net levy in the year prior to the aid distribution.

22.31 (d) For aids payable in ~~2009~~ 2010 and thereafter, the total aid for a city with a
22.32 population less than 2,500 must not be less than the amount it was certified to receive in
22.33 the previous year minus the lesser of \$15 multiplied by its population, or five percent of its
22.34 2003 certified aid amount. For aids payable in 2009 only the total aid for a city with a

23.1 population less than 2,500 must not be less than what it received under this section in the
23.2 previous year unless its total aid in calendar year 2008 was aid under section 477A.011,
23.3 subdivision 36, paragraph (s), in which case its minimum aid is zero.

23.4 (e) If a city's net tax capacity used in calculating aid under this section has decreased
23.5 in any year by more than 25 percent from its net tax capacity in the previous year due to
23.6 property becoming tax-exempt Indian land, the city's maximum allowed aid increase
23.7 under paragraph (c) shall be increased by an amount equal to (1) the city's tax rate in the
23.8 year of the aid calculation, multiplied by (2) the amount of its net tax capacity decrease
23.9 resulting from the property becoming tax exempt.

23.10 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
23.11 2009 and thereafter.

23.12 Sec. 9. Minnesota Statutes 2006, section 477A.03, is amended to read:

23.13 **477A.03 APPROPRIATION.**

23.14 Subd. 2. **Annual appropriation.** A sum sufficient to discharge the duties imposed
23.15 by sections 477A.011 to 477A.014 is annually appropriated from the general fund to the
23.16 commissioner of revenue.

23.17 Subd. 2a. **Cities.** For aids payable in ~~2004~~ 2009 and thereafter, the total ~~aids~~ aid paid
23.18 under section 477A.013, subdivision 9, ~~are limited to \$429,000,000~~ is \$534,148,487. For
23.19 aids payable in ~~2005~~, the total ~~aids~~ aid paid under section 477A.013, subdivision 9, ~~are limited~~
23.20 ~~to \$437,052,000~~. For aids payable in ~~2006 and thereafter~~, the total ~~aids~~ aid paid under section
23.21 ~~477A.013, subdivision 9, is limited to \$485,052,000~~ 2009 only, an additional \$1,000,000
23.22 shall be retained by the commissioner and used to make payments under section 10.

23.23 Subd. 2b. **Counties.** (a) ~~For aids payable in calendar year 2005 and thereafter,~~
23.24 ~~the total aids paid to counties under section 477A.0124, subdivision 3, are limited to~~
23.25 ~~\$100,500,000~~. For aids payable in 2009 and thereafter, the total aid payable under section
23.26 477A.0124, subdivision 3, is \$110,500,000 minus one-half of the total aid amount
23.27 determined under section 477A.0124, subdivision 5, paragraph (a). Each calendar year,
23.28 \$500,000 shall be retained by the commissioner of revenue to make reimbursements
23.29 to the commissioner of finance for payments made under section 611.27. For calendar
23.30 year 2004, the amount shall be in addition to the payments authorized under section
23.31 477A.0124, subdivision 1. For calendar year 2005 and subsequent years, the amount shall
23.32 be deducted from the appropriation under this paragraph. The reimbursements shall be to
23.33 defray the additional costs associated with court-ordered counsel under section 611.27.
23.34 Any retained amounts not used for reimbursement in a year shall be included in the next

24.1 distribution of county need aid that is certified to the county auditors for the purpose of
24.2 property tax reduction for the next taxes payable year.

24.3 (b) For aids payable in ~~2005~~ 2009 and thereafter, the total ~~aids aid~~ under section
24.4 477A.0124, subdivision 4, ~~are limited to \$105,000,000~~ is \$115,132,923 minus one-half of
24.5 the total aid amount determined under section 477A.0124, subdivision 5, paragraph (a).
24.6 ~~For aids payable in 2006 and thereafter, the total aid under section 477A.0124, subdivision~~
24.7 ~~4, is limited to \$105,132,923.~~ The commissioner of finance shall bill the commissioner of
24.8 revenue for the cost of preparation of local impact notes as required by section 3.987, not
24.9 to exceed \$207,000 in fiscal year 2004 and thereafter. The commissioner of education
24.10 shall bill the commissioner of revenue for the cost of preparation of local impact notes
24.11 for school districts as required by section 3.987, not to exceed \$7,000 in fiscal year 2004
24.12 and thereafter. The commissioner of revenue shall deduct the amounts billed under
24.13 this paragraph from the appropriation under this paragraph. The amounts deducted are
24.14 appropriated to the commissioner of finance and the commissioner of education for the
24.15 preparation of local impact notes.

24.16 Subd. 2c. **Towns.** For aids payable in 2009 and thereafter, the total aid under section
24.17 477A.013, subdivision 1, is \$3,000,000.

24.18 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
24.19 2009 and thereafter.

24.20 **Sec. 10. CITY FORECLOSURE GRANTS.**

24.21 For calendar 2009 only, a city with a concentration of foreclosures within the city
24.22 or within a zip code area of a city in calendar year 2007 may receive a grant under this
24.23 section. A "concentration of foreclosures" means that the percent of housing in foreclosure
24.24 within the area is at least 50 percent higher than the average percent of housing in
24.25 foreclosure in the metropolitan area, as defined in Minnesota Statutes, section 473.121,
24.26 subdivision 2. The city must apply to the commissioner of revenue by December 30, 2008,
24.27 on the form prescribed by the commissioner. The grant will be paid with other aids paid in
24.28 calendar year 2009, as prescribed in Minnesota Statutes, section 477A.015.

24.29 The commissioner of revenue shall consult with the commissioner of the Housing
24.30 Finance Agency to develop a form for cities to use when applying for grants under this
24.31 section and to determine whether applications qualify. The appropriation for the grants
24.32 under Minnesota Statutes, section 477A.03, shall be divided between successful applicants
24.33 based on the number of foreclosures in the area meeting the concentration criteria. No city
24.34 may receive a grant of more than \$250,000. All decisions by the commissioner regarding

25.1 grant qualification and amount shall be final. The grant must be used to fund inspection
25.2 and public safety costs associated with housing foreclosures.

25.3 **EFFECTIVE DATE.** This section is effective for grants made in calendar year 2009.

25.4 Sec. 11. **STUDY OF AIDS TO LOCAL GOVERNMENTS.**

25.5 The chairs of the senate and house of representatives committees with jurisdiction
25.6 over taxes shall each appoint five members to a study group of the tax committees to
25.7 examine the current system of aids to local governments and make recommendations on
25.8 improvements to the system. Of the five members appointed by each chair, two must be
25.9 members of the tax committee, one of whom is a majority party member and one of
25.10 whom is a minority party member. The remaining members must represent local units of
25.11 government. The chairs of the divisions of the tax committees having jurisdiction over
25.12 property taxes shall also be members and shall serve as cochairs of the study group.
25.13 The study shall include, but not be limited to, consideration of existing disparities in
25.14 the distribution of local government aid, the relationship of need for city aid to other
25.15 sources of revenue such as local sales taxes, an analysis of current law need and capacity
25.16 factors as well as alternative need factors, alternative analytical methods for determining
25.17 correlations between factors and need, the formula used to calculate aid for small cities,
25.18 and volatility in the local government aid distribution. The group must report on its
25.19 specific recommendations to the legislature by December 15, 2010.

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

25.21 Sec. 12. **REPEALER.**

25.22 Minnesota Statutes 2006, section 477A.014, subdivision 5, and Minnesota Statutes
25.23 2007 Supplement, section 477A.014, subdivision 4, are repealed.

25.24 **EFFECTIVE DATE.** This section is effective for aid payable in 2009 and thereafter.

25.25 **ARTICLE 3**

25.26 **INCOME AND ESTATE TAXES**

25.27 Section 1. Minnesota Statutes 2006, section 270C.56, subdivision 3, is amended to read:

25.28 Subd. 3. **Procedure for assessment.** The commissioner may assess liability for the
25.29 taxes described in subdivision 1 against a person liable under this section. The assessment
25.30 may be based upon information available to the commissioner. It must be made within the
25.31 prescribed period of limitations for assessing the underlying tax, or within one year after

26.1 the date of an order assessing underlying tax, whichever period expires later. An order
26.2 assessing personal liability under this section is reviewable under section 270C.35 and is
26.3 appealable to Tax Court. If any portion of the liability shown on the order is paid after
26.4 the time for appealing the order has expired, a claim for refund may be made, but only if
26.5 filed within 120 days after the first payment of the liability.

26.6 If a person has been assessed under this section for an amount for a given period
26.7 and the time for appeal has expired or there has been a final determination that the person
26.8 is liable, collection action is not stayed pursuant to section 270C.33, subdivision 5, for
26.9 subsequent assessments of additional amounts for the same person for the same period
26.10 and tax type.

26.11 **EFFECTIVE DATE.** This section is effective for orders issued on or after the
26.12 day following final enactment.

26.13 Sec. 2. Minnesota Statutes 2006, section 289A.19, subdivision 2, is amended to read:

26.14 Subd. 2. **Corporate franchise and mining company taxes.** Corporations or mining
26.15 companies shall receive an extension of seven months or the amount of time granted by
26.16 the Internal Revenue Service, whichever is longer, for filing the return of a corporation
26.17 subject to tax under chapter 290 or for filing the return of a mining company subject to
26.18 tax under sections 298.01 and 298.015. Interest on any balance of tax not paid when the
26.19 regularly required return is due must be paid at the rate specified in section 270C.40,
26.20 from the date such payment should have been made if no extension was granted, until
26.21 the date of payment of such tax.

26.22 If a corporation or mining company does not:

26.23 (1) pay at least 90 percent of the amount of tax shown on the return on or before the
26.24 regular due date of the return, the penalty prescribed by section 289A.60, subdivision 1,
26.25 shall be imposed on the unpaid balance of tax; or

26.26 (2) pay the balance due shown on the regularly required return on or before the
26.27 extended due date of the return, the penalty prescribed by section 289A.60, subdivision 1,
26.28 shall be imposed on the unpaid balance of tax from the original due date of the return.

26.29 **EFFECTIVE DATE.** This section is effective the day following final enactment
26.30 and applies to any federal extension that allows filing after that date.

26.31 Sec. 3. Minnesota Statutes 2006, section 289A.19, is amended by adding a subdivision
26.32 to read:

27.1 Subd. 7. **Federal extensions.** When an extension of time to file a partnership or
27.2 S corporation tax return is granted by the Internal Revenue Service, the commissioner
27.3 shall grant an automatic extension to file the comparable Minnesota return for that period.
27.4 An extension granted under this subdivision does not affect the due date for making
27.5 payments of tax.

27.6 **EFFECTIVE DATE.** This section is effective the day following final enactment
27.7 and applies to any federal extension that allows filing after that date.

27.8 Sec. 4. Minnesota Statutes 2006, section 289A.40, subdivision 1, is amended to read:

27.9 Subdivision 1. **Time limit; generally.** Unless otherwise provided in this chapter,
27.10 a claim for a refund of an overpayment of state tax must be filed within the latest of the
27.11 following time periods that apply:

27.12 (1) 3-1/2 years from the date prescribed for filing the return, plus any extension of
27.13 time granted for filing the return, but only if filed within the extended time; or

27.14 (2) one year from the date of an order assessing tax under section 270C.33 or an
27.15 order determining an appeal under section 270C.35, subdivision 8, or one year from the
27.16 date of a return made by the commissioner under section 270C.33, subdivision 3, upon
27.17 payment in full of the tax, penalties, and interest shown on the order or return made by
27.18 the commissioner, ~~whichever period expires later.~~ Claims for refund, except for taxes
27.19 under chapter 297A, filed after the 3-1/2 year period but within the one-year period are
27.20 limited to the amount of the tax, penalties, and interest on the order or return made by the
27.21 commissioner and to issues determined by the order or return made by the commissioner.
27.22 In the case of assessments under section 289A.38, subdivision 5 or 6, claims for refund
27.23 under chapter 297A filed after the 3-1/2 year period but within the one-year period are
27.24 limited to the amount of the tax, penalties, and interest on the order or return made by the
27.25 commissioner that are due for the period before the 3-1/2 year period; or

27.26 (3) 120 days after the first payment of any portion of a tax liability shown on a
27.27 return made by the commissioner under section 270C.33, subdivision 3, or shown on an
27.28 order of assessment where no return has been filed under section 270C.33, subdivision
27.29 4, paragraph (a), clause (2). Claims for refund filed after the 3-1/2 year period and the
27.30 one-year period but within the 120-day period are limited to the amount paid during the
27.31 120-day period. This clause does not apply to returns or orders which have previously
27.32 been the subject of a denied claim for refund or an administrative appeal.

28.1 **EFFECTIVE DATE.** The right to file a claim for refund under this section is
28.2 effective July 1, 2008. For claims filed before October 31, 2008, this section is effective
28.3 retroactively to payments made after December 31, 2007.

28.4 Sec. 5. Minnesota Statutes 2006, section 290.01, subdivision 29, is amended to read:

28.5 Subd. 29. **Taxable income.** The term "taxable income" means:

28.6 (1) for individuals, estates, and trusts, the same as taxable net income;

28.7 (2) for corporations, the taxable net income less

28.8 (i) the net operating loss deduction under section 290.095;

28.9 (ii) the dividends received deduction under section 290.21, subdivision 4;

28.10 (iii) the exemption for operating in a job opportunity building zone under section
28.11 469.317;

28.12 (iv) the exemption for operating in a biotechnology and health sciences industry
28.13 zone under section 469.337; and

28.14 (v) the exemption for operating in an international economic development zone
28.15 under section 469.326; plus

28.16 (vi) Minnesota development subsidies.

28.17 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
28.18 December 31, 2008.

28.19 Sec. 6. Minnesota Statutes 2006, section 290.01, is amended by adding a subdivision
28.20 to read:

28.21 Subd. 33. **Minnesota development subsidies.** (a) "Minnesota development
28.22 subsidies" means the greater of the following amounts:

28.23 (1) one-half of the amount deducted by the taxpayer in computing federal taxable
28.24 income for the taxable year, as property taxes, business expenses or otherwise, that is
28.25 attributable to property taxes paid by the taxpayer, either directly or indirectly through a
28.26 lease or otherwise, on property located in a tax increment financing district, as defined in
28.27 section 469.174, or that receives an abatement under sections 469.1813 to 469.1815, if the
28.28 owner of the property or a related party has entered a development or similar agreement
28.29 with respect to the increment district or derives a benefit from the abatement by its
28.30 property having access to or use of public improvements financed with the abatement or
28.31 otherwise; or

28.32 (2) the amount of payments received by the taxpayer under a development or similar
28.33 agreement that provides for payments or reimbursements from the proceeds of increments
28.34 from a tax increment financing district or from an abatement under sections 469.1813 to

29.1 469.1815, but excluding reimbursements under a development action response plan, as
29.2 defined in section 469.174, subdivision 17, to pay for its costs incurred to fund removal
29.3 or remedial actions.

29.4 (b) For purposes of this subdivision, "tax increment financing district" excludes:

29.5 (1) a housing district, as defined in section 469.174, subdivision 11;

29.6 (2) a soils condition district, as defined in section 469.174, subdivision 19; and

29.7 (3) a hazardous substance subdistrict, as defined in section 469.174, subdivision 23.

29.8 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
29.9 December 31, 2008.

29.10 Sec. 7. Minnesota Statutes 2006, section 290.06, is amended by adding a subdivision
29.11 to read:

29.12 Subd. 35. **Investment tax credit.** (a) A credit is allowed against the tax imposed
29.13 by this chapter for a qualified taxpayer's investment in a qualified new business venture.
29.14 The credit equals 25 percent of the taxpayer's investment made in the business, but may
29.15 not exceed the least of:

29.16 (1) the liability for tax under this chapter, including the alternative minimum taxes in
29.17 sections 290.091 and 290.0921;

29.18 (2) \$25,000 for an individual not part of a partnership; or

29.19 (3) \$300,000 for a pass-through entity or C corporation.

29.20 (b) For purposes of this subdivision, "qualified taxpayer" means:

29.21 (1) an accredited investor within the meaning of Regulation D of the Securities and
29.22 Exchange Commission, Code of Federal Regulations, title 17, section 230.501(a), whether
29.23 part of a pass-through entity or not; and

29.24 (2) an accredited investor who does not own, control, or hold power to vote 20
29.25 percent or more of the outstanding securities of the qualified business venture in which the
29.26 eligible investment is proposed.

29.27 (c) For purposes of this paragraph, "commissioner" means the commissioner
29.28 of employment and economic development. Qualified taxpayers must apply to the
29.29 commissioner for certification. The application must be in the form and made under the
29.30 procedures specified by the commissioner. The commissioner may provide certificates
29.31 entitling qualified taxpayers to tax credits under this subdivision. The maximum amount
29.32 of credits for which the commissioner may issue certificates in each taxable year is
29.33 \$2,000,000 for qualified business ventures in a qualified high technology field, as defined
29.34 in paragraph (g), \$2,000,000 for qualified business ventures in biotechnology and medical
29.35 devices, as defined in paragraph (h), and \$2,000,000 for qualified business ventures in

30.1 qualified green manufacturing, as defined in paragraph (i). In awarding certificates under
30.2 this paragraph, the commissioner must award them to qualified taxpayers in the order in
30.3 which the applications are received in each of the categories.

30.4 (d) Each pass-through entity must provide each investor a statement indicating the
30.5 investor's share of the credit amount certified to the pass-through entity under paragraph
30.6 (c) based on its share of the pass-through entity's assets. The credit shall not exceed
30.7 \$25,000 for each individual part of a pass-through entity.

30.8 (e) If the amount of the credit under this subdivision in any taxable year exceeds the
30.9 limitation under paragraph (a), clause (1), the excess is a credit carryover to each of the ten
30.10 succeeding years but may not exceed \$25,000 for an individual not part of a partnership
30.11 and \$300,000 for a pass-through entity or C corporation. The entire amount of the excess
30.12 unused credit must be carried first to the earliest of the taxable years to which the credit
30.13 may be carried, and then to each successive year to which the credit may be carried. The
30.14 amount of the unused credit that may be added under this paragraph may not exceed the
30.15 taxpayer's liability for tax less the credit for the taxable year.

30.16 (f) Unless otherwise provided under the rules of the Department of Employment and
30.17 Economic Development, a business is a qualified business venture for purposes of this
30.18 subdivision only if the business satisfies all of the following conditions:

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

30.20 (2) at least 51 percent of the business's employees are employed in Minnesota;

30.21 (3) the business is engaged in, or is committed to engage in:

30.22 (i) using advanced technology to add value to a product, process, or service in a
30.23 qualified high technology field or qualified biotechnology or medical device field;

30.24 (ii) conducting research in and development of a product, process, or service in a
30.25 qualified high technology field qualified biotechnology or medical device field;

30.26 (iii) developing a new product, process, or service in a qualified high technology
30.27 field or qualified biotechnology or medical device field; or

30.28 (iv) qualified green manufacturing;

30.29 (4) the business is not engaged in real estate development, insurance, banking,
30.30 lending, lobbying, political consulting, information technology consulting, wholesale or
30.31 retail trade, leisure, hospitality, transportation, construction, ethanol production from
30.32 corn, or professional services provided by attorneys, accountants, business consultants,
30.33 physicians, or health care consultants;

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

30.35 (6) the business has not been in operation for more than ten consecutive years;

31.1 (7) the business has not received more than \$1,000,000 in investments that have
31.2 qualified for and received tax credits under this section;

31.3 (8) the business has less than \$1,000,000 in annual gross sales receipts;

31.4 (9) the business is not a subsidiary or an affiliate of a business that employs more
31.5 than 100 employees or has gross sales receipts for the previous year of more than
31.6 \$1,000,000, computed by aggregating all of the employees and gross sales receipts of the
31.7 business entities affiliated with the business; and

31.8 (10) the business has not received private equity investments of more than
31.9 \$2,000,000.

31.10 (g) For purposes of this subdivision, "qualified high technology field" includes, but
31.11 is not limited to, aerospace, agricultural processing, alternative energy, environmental
31.12 engineering, food technology, cellulosic ethanol, information technology, green
31.13 manufacturing, materials science technology, nanotechnology, and telecommunications,
31.14 but excludes business qualifying under the definitions in paragraphs (h) and (i).

31.15 (h) For purposes of this subdivision, "qualified biotechnology or medical device
31.16 field" means the business of manufacturing, processing, assembling, researching or
31.17 developing biotechnology or medical device products, including biotechnology and
31.18 device products used in agriculture.

31.19 (i) For purposes of this subdivision, "qualified green manufacturing" means a
31.20 business whose primary business activity is production of products, processes, methods,
31.21 technologies, or services intended to do one or more of the following:

31.22 (1) to increase the use of energy from renewable sources, as defined in section
31.23 216B.1691;

31.24 (2) to increase the energy efficiency of the electric utility infrastructure system or to
31.25 increase energy conservation related to electricity use, as provided in sections 216B.2401
31.26 and 216B.241;

31.27 (3) to reduce greenhouse gas emissions, as defined in section 216H.01, subdivision
31.28 2, or to mitigate greenhouse gas emissions through, but not limited to, carbon capture,
31.29 storage, or sequestration;

31.30 (4) to monitor, protect, restore, and preserve the quality of surface waters; and

31.31 (5) to expand use of biofuels, including expanding the feasibility or reducing the
31.32 cost of producing biofuels or the types of equipment, machinery, and vehicles that can use
31.33 biofuels.

31.34 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
31.35 December 31, 2007.

32.1 Sec. 8. Minnesota Statutes 2006, section 290.068, subdivision 1, is amended to read:

32.2 Subdivision 1. **Credit allowed.** A corporation, other than a corporation treated as
32.3 an "S" corporation under section 290.9725, is allowed a credit against the portion of the
32.4 franchise tax computed under section 290.06, subdivision 1, for the taxable year equal to:

32.5 (a) ~~5~~ 3 percent of the first \$2,000,000 of the excess (if any) of

32.6 (1) the qualified research expenses for the taxable year, over

32.7 (2) the base amount; and

32.8 (b) ~~2.5~~ 1.5 percent on all of such excess expenses over \$2,000,000.

32.9 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
32.10 December 31, 2007, except that for taxable years beginning during calendar year 2008,
32.11 the rate under clause (a) is four percent and under clause (b) is two percent.

32.12 Sec. 9. Minnesota Statutes 2006, section 290.068, subdivision 3, is amended to read:

32.13 Subd. 3. **Limitation; carryover.** (a)(1) The credit, other than the special credit
32.14 under subdivision 7, for the taxable year shall not exceed the liability for tax. "Liability for
32.15 tax" for purposes of this section means the tax imposed under this chapter for the taxable
32.16 year reduced by the sum of the nonrefundable credits allowed under this chapter.

32.17 (2) In the case of a corporation which is a partner in a partnership, the credit, other
32.18 than the special credit under subdivision 7, allowed for the taxable year shall not exceed
32.19 the lesser of the amount determined under clause (1) for the taxable year or an amount
32.20 (separately computed with respect to the corporation's interest in the trade or business or
32.21 entity) equal to the amount of tax attributable to that portion of taxable income which is
32.22 allocable or apportionable to the corporation's interest in the trade or business or entity.

32.23 (b) If the amount of the credit determined under this section, other than the special
32.24 credit under subdivision 7, for any taxable year exceeds the limitation under clause (a), the
32.25 excess shall be a research credit carryover to each of the 15 succeeding taxable years. The
32.26 entire amount of the excess unused credit for the taxable year shall be carried first to the
32.27 earliest of the taxable years to which the credit may be carried and then to each successive
32.28 year to which the credit may be carried. The amount of the unused credit which may be
32.29 added under this clause shall not exceed the taxpayer's liability for tax less the research
32.30 credit for the taxable year.

32.31 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
32.32 December 31, 2007.

33.1 Sec. 10. Minnesota Statutes 2006, section 290.068, is amended by adding a subdivision
33.2 to read:

33.3 Subd. 7. **Special credit; small businesses.** (a) A qualified business is allowed a tax
33.4 credit equal to 20 percent of qualified research expenditures incurred for the taxable year
33.5 or the amount of tax credit certificates issued under paragraph (e), whichever is less.

33.6 (b) For purposes of this subdivision and subdivision 8, a "qualified business" is a
33.7 corporation, individual, or partnership that:

33.8 (1) had no more than 25 full-time equivalent employees in this state during the
33.9 preceding taxable year; and

33.10 (2) is engaged in or is committed to engage in a qualified high technology field.

33.11 (c) For purposes of applying the requirement under paragraph (b), clause (1), all of
33.12 the employees of the unitary business, as that term is used in section 290.17, subdivision
33.13 4, must be taken into account and "full-time equivalent" has the meaning given in section
33.14 469.318, subdivision 2.

33.15 (d) For purposes of this subdivision, "qualified high technology field" includes but
33.16 is not limited to aerospace, agricultural processing, alternative energy, biotechnology,
33.17 defense, drug delivery, environmental engineering, food technology, cellulosic ethanol,
33.18 information technology, green manufacturing, materials science technology, medical
33.19 devices, nanotechnology, pharmaceutical technology, and telecommunications. Unless
33.20 otherwise provided under the rules of the Department of Employment and Economic
33.21 Development, a business is a qualified business venture for purposes of this subdivision
33.22 only if the business satisfies all of the following conditions:

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

33.24 (2) at least 51 percent of the business's employees are employed in Minnesota;

33.25 (3) the business is engaged in, or is committed to engage in:

33.26 (i) using advanced technology to add value to a product, process, or service in a
33.27 qualified high technology field;

33.28 (ii) conducting research in and development of a product, process, or service in a
33.29 qualified high technology field; or

33.30 (iii) developing a new product, process, or service in a qualified high technology
33.31 field;

33.32 (4) the business is not engaged in real estate development, insurance, banking,
33.33 lending, lobbying, political consulting, information technology consulting, wholesale or
33.34 retail trade, leisure, hospitality, transportation, construction, ethanol production from
33.35 corn, or professional services provided by attorneys, accountants, business consultants,
33.36 physicians, or health care consultants;

34.1 (5) the business has not been in operation for more than ten consecutive years; and
34.2 (6) the business had less than \$1,000,000 in annual gross sales receipts in the
34.3 preceding taxable year.

34.4 (e) For purposes of this paragraph, "commissioner" means the commissioner
34.5 of employment and economic development. Qualified businesses must apply to the
34.6 commissioner for certification. The application must be in the form and made under the
34.7 procedures specified by the commissioner. The commissioner may provide certificates
34.8 entitling qualified taxpayers to tax credits under this subdivision. The maximum amount
34.9 of credits for which the commissioner may issue certificates in each taxable year is
34.10 \$3,000,000. In awarding certificates under this paragraph, the commissioner must award
34.11 them to qualified taxpayers in the order in which the applications are received.

34.12 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
34.13 December 31, 2007.

34.14 Sec. 11. Minnesota Statutes 2006, section 290.068, is amended by adding a subdivision
34.15 to read:

34.16 **Subd. 8. Special credit; appropriation.** (a) If the amount of the special credit under
34.17 subdivision 7 for any taxable year exceeds the liability for tax, the commissioner shall
34.18 refund the excess to the taxpayer.

34.19 (b) An amount sufficient to pay the refunds required by this subdivision is annually
34.20 appropriated to the commissioner of revenue from the general fund.

34.21 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
34.22 December 31, 2007.

34.23 Sec. 12. Minnesota Statutes 2006, section 290.091, subdivision 2, as amended by Laws
34.24 2008, chapter 154, article 4, section 7, is amended to read:

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

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

34.29 (1) the taxpayer's federal alternative minimum taxable income as defined in section
34.30 55(b)(2) of the Internal Revenue Code;

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

35.1 (i) the charitable contribution deduction under section 170 of the Internal Revenue
35.2 Code;

35.3 ~~(A) for taxable years beginning before January 1, 2006, to the extent that the~~
35.4 ~~deduction exceeds 1.0 percent of adjusted gross income;~~

35.5 ~~(B) for taxable years beginning after December 31, 2005, to the full extent of the~~
35.6 ~~deduction.~~

35.7 ~~For purposes of this clause, "adjusted gross income" has the meaning given in~~
35.8 ~~section 62 of the Internal Revenue Code;~~

35.9 (ii) the medical expense deduction;

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

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

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

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

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

35.23 (6) the amount of addition required by section 290.01, subdivision 19a, clauses
35.24 (7) to (9), (11), and (12);

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

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

35.27 (2) an overpayment of state income tax as provided by section 290.01, subdivision
35.28 19b, clause (2), to the extent included in federal alternative minimum taxable income;

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

35.33 (4) amounts subtracted from federal taxable income as provided by section 290.01,
35.34 subdivision 19b, clauses (6) and (9) to (16).

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

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

36.3 (c) "Tentative minimum tax" equals 6.4 percent of alternative minimum taxable
36.4 income after subtracting the exemption amount determined under subdivision 3.

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

36.8 (e) "Net minimum tax" means the minimum tax imposed by this section.

36.9 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
36.10 December 31, 2007.

36.11 Sec. 13. Minnesota Statutes 2006, section 290.92, subdivision 1, is amended to read:

36.12 Subdivision 1. **Definitions.** (1) **Wages.** For purposes of this section, the term
36.13 "wages" means the same as that term is defined in section 3401(a) and (f) of the Internal
36.14 Revenue Code, except that provisions of section 530 of Public Law 95-600, as amended,
36.15 do not apply.

36.16 (2) **Payroll period.** For purposes of this section the term "payroll period" means a
36.17 period for which a payment of wages is ordinarily made to the employee by the employee's
36.18 employer, and the term "miscellaneous payroll period" means a payroll period other
36.19 than a daily, weekly, biweekly, semimonthly, monthly, quarterly, semiannual, or annual
36.20 payroll period.

36.21 (3) **Employee.** For purposes of this section the term "employee" means any resident
36.22 individual performing services for an employer, either within or without, or both within
36.23 and without the state of Minnesota, and every nonresident individual performing services
36.24 within the state of Minnesota, the performance of which services constitute, establish, and
36.25 determine the relationship between the parties as that of employer and employee. As
36.26 used in the preceding sentence, the term "employee" includes an officer of a corporation,
36.27 and an officer, employee, or elected official of the United States, a state, or any political
36.28 subdivision thereof, or the District of Columbia, or any agency or instrumentality of
36.29 any one or more of the foregoing.

36.30 (4) **Employer.** For purposes of this section the term "employer" means any person,
36.31 including individuals, fiduciaries, estates, trusts, partnerships, limited liability companies,
36.32 and corporations transacting business in or deriving any income from sources within
36.33 the state of Minnesota for whom an individual performs or performed any service, of
36.34 whatever nature, as the employee of such person, except that if the person for whom the
36.35 individual performs or performed the services does not have control of the payment of

37.1 the wages for such services, the term "employer," except for purposes of paragraph (1),
37.2 means the person having control of the payment of such wages. As used in the preceding
37.3 sentence, the term "employer" includes any corporation, individual, estate, trust, or
37.4 organization which is exempt from taxation under section 290.05 and further includes, but
37.5 is not limited to, officers of corporations who have control, either individually or jointly
37.6 with another or others, of the payment of the wages.

37.7 (5) **Number of withholding exemptions claimed.** For purposes of this section, the
37.8 term "number of withholding exemptions claimed" means the number of withholding
37.9 exemptions claimed in a withholding exemption certificate in effect under subdivision
37.10 5, except that if no such certificate is in effect, the number of withholding exemptions
37.11 claimed shall be considered to be zero.

37.12 **EFFECTIVE DATE.** This section is effective for wages paid after December 31,
37.13 2008.

37.14 Sec. 14. Minnesota Statutes 2006, section 291.03, subdivision 1, is amended to read:

37.15 Subdivision 1. **Tax amount.** The tax imposed shall be an amount equal to the
37.16 proportion of the maximum credit for state death taxes computed under section 2011 of
37.17 the Internal Revenue Code, as amended through December 31, 2000, but using Minnesota
37.18 adjusted taxable estate instead of federal adjusted taxable estate, as the Minnesota gross
37.19 estate bears to the value of the federal gross estate. The tax determined under this
37.20 paragraph shall not be greater than the amount computed by applying the rates and
37.21 brackets under section 2001(c) of the Internal Revenue Code to the sum of the Minnesota
37.22 adjusted gross taxable estate and subtracting adjusted taxable gifts, as defined in section
37.23 2001(b) of the Internal Revenue Code, and then subtracting the federal credit allowed
37.24 under section 2010 of the Internal Revenue Code of 1986, as amended through December
37.25 31, 2000. For the purposes of this section, expenses which are deducted for federal income
37.26 tax purposes under section 642(g) of the Internal Revenue Code as amended through
37.27 December 31, 2002, are not allowable in computing the tax under this chapter.

37.28 **EFFECTIVE DATE.** This section is effective retroactively as a clarification and
37.29 applies to estates of decedents dying after December 31, 2005.

37.30 Sec. 15. **REPEALER.**

37.31 Minnesota Statutes 2006, section 290.191, subdivision 4, is repealed.

37.32 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
37.33 December 31, 2008.

ARTICLE 4

LOCAL DEVELOPMENT

Section 1. [116J.8732] SEED CAPITAL INVESTMENT CREDIT;
COMMISSIONER'S RESPONSIBILITIES.

Subdivision 1. Scope. This section establishes rules that businesses must satisfy to qualify for the seed capital investment credit under section 290.06, subdivision 34, and the commissioner's responsibility for certifying the qualifying businesses.

Subd. 2. Definitions. (a) For purposes of this section and section 290.06, subdivision 34, the following terms have the meanings given.

(b) "Border city" means a city qualifying to designate a border city development zone under section 469.1731.

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

(d) "Primary sector business" means a qualified business that through the employment of knowledge or labor adds value to a product, process, or service and increases revenues to a Minnesota business generated by sales of products or services to customers outside of the state or increases revenues to a qualified business the customers of which previously were unable to acquire, or had limited availability of the product or service from a Minnesota provider.

(e) "Qualified business" means a business certified by the commissioner as meeting the requirements of subdivision 3.

Subd. 3. Qualified business. (a) The commissioner shall certify whether a business that has requested to become a qualified business meets the requirements of paragraph (b).

(b) For purposes of this section, a qualified business must be a primary sector business, other than a real estate investment trust, that:

(1) is incorporated or its satellite operation is incorporated as a for-profit corporation or is a partnership, limited partnership, limited liability company, limited liability partnership, or joint venture;

(2) is in compliance with the requirements for filings with the commissioner of commerce under the securities laws of this state;

(3) has Minnesota residents as a majority of its employees in its principal office or the satellite operation, which is located in a border city;

39.1 (4) has its principal office in a border city and has the majority of its business
39.2 activity performed in a border city, except sales activity, or has a significant operation in
39.3 a border city that has or is projected to have more than ten employees or \$150,000 of
39.4 sales annually; and

39.5 (5) relies on innovation, research, or the development of new products and processes
39.6 in its plans for growth and profitability.

39.7 (c) The commissioner shall establish the necessary forms and procedures for
39.8 certifying qualified businesses.

39.9 (d) A qualified business may apply to the commissioner for a recertification. Only
39.10 one recertification is available to a qualified business. The application for recertification
39.11 must be filed with the commissioner within 90 days before the original certification
39.12 expiration date. The recertification issued by the director must comply with the provisions
39.13 of paragraph (e).

39.14 (e) The commissioner shall issue a certification letter to a business the commissioner
39.15 determines is a qualified business. The certification letter must include:

39.16 (1) the certification effective date; and

39.17 (2) the certification expiration date, which may not be more than four years from the
39.18 certification effective date.

39.19 Subd. 4. **Seed capital investment credit reporting.** Within 30 days after the date
39.20 that an investment in a qualified business is purchased, the qualified business shall file with
39.21 the commissioner and the commissioner of revenue and provide to the investor completed
39.22 forms prescribed by the commissioner of revenue that show as to each investment in the
39.23 qualified business the following:

39.24 (1) the name, address, and Social Security number of the taxpayer who made the
39.25 investment; and

39.26 (2) the dollar amount paid for the investment by the taxpayer.

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

39.28 Sec. 2. Minnesota Statutes 2006, section 216B.1612, is amended by adding a
39.29 subdivision to read:

39.30 Subd. 9. **Local government and political subdivision powers.** A Minnesota
39.31 political subdivision or local government may plan, develop, purchase, acquire, construct,
39.32 and own a C-BED project and may sell output from that project as provided for in this
39.33 section. A Minnesota political subdivision or local government may operate, maintain,
39.34 improve, and expand the C-BED project subject to any restrictions in this section.

40.1 Sec. 3. [216F.09] COUNTY; WIND ENERGY CONVERSION SYSTEM.

40.2 A county may own, construct, acquire, purchase, issue bonds and certificates of
40.3 indebtedness for, maintain, and operate a wind energy conversion system, or a portion of a
40.4 wind energy conversion system. A county may purchase and sell electricity from a wind
40.5 energy conversion system only at wholesale on terms and conditions as the county board
40.6 deems is in the best interests of the public. With respect to any wind energy conversion
40.7 system, or any portion of a wind energy conversion system, a county may exercise
40.8 the powers granted to a municipal power agency and to a city under sections 453.52,
40.9 subdivisions 1, 6, and 9; 453.54, subdivision 10; 453.58, subdivision 4; and 453.59, except
40.10 that output from that wind energy conversion system may not be sold, transmitted, or
40.11 distributed at retail, or provided for end use from an offsite facility by the county. A
40.12 county's onsite generation authorized under this subdivision is limited to a total of ten
40.13 megawatts. Nothing in this section modifies the exclusive service territories or exclusive
40.14 right to serve as provided in sections 216B.37 to 216B.43.

40.15 Sec. 4. Minnesota Statutes 2007 Supplement, section 268.19, subdivision 1, is
40.16 amended to read:

40.17 Subdivision 1. **Use of data.** (a) Except as provided by this section, data gathered
40.18 from any person under the administration of the Minnesota Unemployment Insurance Law
40.19 are private data on individuals or nonpublic data not on individuals as defined in section
40.20 13.02, subdivisions 9 and 12, and may not be disclosed except according to a district court
40.21 order or section 13.05. A subpoena is not considered a district court order. These data
40.22 may be disseminated to and used by the following agencies without the consent of the
40.23 subject of the data:

40.24 (1) state and federal agencies specifically authorized access to the data by state
40.25 or federal law;

40.26 (2) any agency of any other state or any federal agency charged with the
40.27 administration of an unemployment insurance program;

40.28 (3) any agency responsible for the maintenance of a system of public employment
40.29 offices for the purpose of assisting individuals in obtaining employment;

40.30 (4) the public authority responsible for child support in Minnesota or any other
40.31 state in accordance with section 256.978;

40.32 (5) human rights agencies within Minnesota that have enforcement powers;

40.33 (6) the Department of Revenue to the extent necessary for its duties under Minnesota
40.34 laws;

41.1 (7) public and private agencies responsible for administering publicly financed
41.2 assistance programs for the purpose of monitoring the eligibility of the program's
41.3 recipients;

41.4 (8) the Department of Labor and Industry and the Division of Insurance Fraud
41.5 Prevention in the Department of Commerce for uses consistent with the administration of
41.6 their duties under Minnesota law;

41.7 (9) local and state welfare agencies for monitoring the eligibility of the data subject
41.8 for assistance programs, or for any employment or training program administered by those
41.9 agencies, whether alone, in combination with another welfare agency, or in conjunction
41.10 with the department or to monitor and evaluate the statewide Minnesota family investment
41.11 program by providing data on recipients and former recipients of food stamps or food
41.12 support, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance
41.13 under chapter 119B, or medical programs under chapter 256B, 256D, or 256L;

41.14 (10) local and state welfare agencies for the purpose of identifying employment,
41.15 wages, and other information to assist in the collection of an overpayment debt in an
41.16 assistance program;

41.17 (11) local, state, and federal law enforcement agencies for the purpose of ascertaining
41.18 the last known address and employment location of an individual who is the subject of
41.19 a criminal investigation;

41.20 (12) the United States Citizenship and Immigration Services has access to data on
41.21 specific individuals and specific employers provided the specific individual or specific
41.22 employer is the subject of an investigation by that agency;

41.23 (13) the Department of Health for the purposes of epidemiologic investigations; ~~and~~

41.24 (14) the Department of Corrections for the purpose of postconfinement employment
41.25 tracking of individuals who had been committed to the custody of the commissioner
41.26 of corrections; and

41.27 (15) the state auditor to the extent necessary to conduct audits of job opportunity
41.28 building zones as required under section 469.3201.

41.29 (b) Data on individuals and employers that are collected, maintained, or used by
41.30 the department in an investigation under section 268.182 are confidential as to data
41.31 on individuals and protected nonpublic data not on individuals as defined in section
41.32 13.02, subdivisions 3 and 13, and must not be disclosed except under statute or district
41.33 court order or to a party named in a criminal proceeding, administrative or judicial, for
41.34 preparation of a defense.

41.35 (c) Data gathered by the department in the administration of the Minnesota
41.36 unemployment insurance program must not be made the subject or the basis for any

42.1 suit in any civil proceedings, administrative or judicial, unless the action is initiated by
42.2 the department.

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

42.4 Sec. 5. Minnesota Statutes 2006, section 270B.15, is amended to read:

42.5 **270B.15 DISCLOSURE TO LEGISLATIVE AUDITOR AND STATE**
42.6 **AUDITOR.**

42.7 (a) Returns and return information must be disclosed to the legislative auditor to the
42.8 extent necessary for the legislative auditor to carry out sections 3.97 to 3.979.

42.9 (b) The commissioner must disclose return information, including the report
42.10 required under section 289A.12, subdivision 15, to the state auditor to the extent necessary
42.11 to conduct audits of job opportunity building zones as required under section 469.3201.

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

42.13 Sec. 6. Minnesota Statutes 2006, section 289A.12, is amended by adding a subdivision
42.14 to read:

42.15 **Subd. 15. Report of job opportunity zone benefits; penalty for failure to file**
42.16 **report.** (a) By October 15 of each year, every qualified business, as defined under section
42.17 469.310, subdivision 11, must file with the commissioner, on a form prescribed by the
42.18 commissioner, a report listing the tax benefits under section 469.315 received by the
42.19 business for the previous year.

42.20 (b) The commissioner shall send notice to each business that fails to timely submit
42.21 the report required under paragraph (a). The notice shall demand that the business submit
42.22 the report within 60 days. Where good cause exists, the commissioner may extend
42.23 the period for submitting the report as long as a request for extension is filed by the
42.24 business before the expiration of the 60-day period. The commissioner shall notify the
42.25 commissioner of the Department of Employment and Economic Development and the
42.26 appropriate job opportunity subzone administrator whenever notice is sent to a business
42.27 under this paragraph.

42.28 (c) A business that fails to submit the report as required under paragraph (b) is no
42.29 longer a qualified business under section 469.310, subdivision 11, and is subject to the
42.30 repayment provisions of section 469.319.

42.31 **EFFECTIVE DATE.** This section is effective beginning with reports required to be
42.32 filed October 15, 2008.

43.1 Sec. 7. Minnesota Statutes 2006, section 290.06, is amended by adding a subdivision
43.2 to read:

43.3 Subd. 34. **Seed capital investment credit.** (a) An individual, estate, or trust is
43.4 allowed a credit against the tax imposed by this chapter for investments in a qualifying
43.5 business certified under section 116J.8732, subdivision 3. The credit equals 45 percent
43.6 of the amount invested by the taxpayer in qualified businesses during the taxable year.
43.7 The credit must not exceed \$112,500 for each taxable year.

43.8 (b) A pass-through entity that invests in a qualified business must be considered to
43.9 be the taxpayer for purposes of the investment limitations in this subdivision and the
43.10 amount of the credit allowed with respect to a pass-through entity's investment in a
43.11 qualified business must be determined at the pass-through entity level. The amount of the
43.12 total credit determined at the pass-through entity level must be allowed to the members in
43.13 proportion to their respective interests in the pass-through entity.

43.14 (c) An investment made in a qualified business from the assets of a retirement
43.15 plan is deemed to be the retirement plan participant's investment for the purpose of this
43.16 subdivision if a separate account is maintained for the plan participant and the participant
43.17 directly controls where the account assets are invested.

43.18 (d) The investment must be made on or after the certification effective date and
43.19 must be at risk in the business to be eligible for the tax credit under this subdivision.
43.20 An investment for which a credit is received under this subdivision must remain in the
43.21 qualified business for at least three years. Investments placed in escrow do not qualify
43.22 for the credit.

43.23 (e) The entire amount of an investment for which a credit is claimed under this
43.24 subdivision must be expended by the qualified business for plant, equipment, research and
43.25 development, marketing and sales activity, or working capital for the qualified business.

43.26 (f) A taxpayer who owns a controlling interest in the qualified business or who
43.27 receives more than 50 percent of the taxpayer's gross annual income from the qualified
43.28 business is not entitled to a credit under this subdivision. A member of the immediate
43.29 family of a taxpayer disqualified by this subdivision is not entitled to the credit under this
43.30 subdivision. For purposes of this subdivision, "immediate family" means the taxpayer's
43.31 spouse, parent, sibling, or child or the spouse of any such person.

43.32 (g) The commissioner may disallow any credit otherwise allowed under this
43.33 subdivision if any representation by a business in the application for certification as a
43.34 qualified business proves to be false or if the taxpayer or qualified business fails to satisfy
43.35 any conditions under this subdivision or section 116J.8732 or any conditions consistent
43.36 with those requirements otherwise determined by the commissioner. The commissioner

44.1 has four years after the due date of the return or after the return was filed, whichever
44.2 period expires later, to audit the credit and assess additional tax that may be found due
44.3 to failure to comply with the provisions of this subdivision and section 116J.8732. The
44.4 amount of any credit disallowed by the commissioner that reduced the taxpayer's income
44.5 tax liability for any or all applicable tax years, plus penalty and interest as provided under
44.6 chapter 289A, must be paid by the taxpayer.

44.7 (h) If the amount of the credit under this subdivision for any taxable year exceeds
44.8 the limitations under paragraph (a), the excess is a credit carryover to each of the four
44.9 succeeding taxable years. The entire amount of the excess unused credit for the taxable
44.10 year must be carried first to the earliest of the taxable years to which the credit may be
44.11 carried. The amount of the unused credit that may be added under this paragraph may
44.12 not exceed the taxpayer's liability for tax, less the credit for the taxable year. Each year,
44.13 the aggregate amount of seed capital investment tax credit allowed for investments under
44.14 this subdivision is limited to allocations that a border city has available for tax reductions
44.15 in border city enterprise zones under section 469.169. The city must annually notify the
44.16 commissioner of the amount of its section 469.169 allocations that it wishes to use to
44.17 provide credits under this paragraph and the commissioner, after verifying the available
44.18 allocation, shall implement the limit under this paragraph. If investments in qualified
44.19 businesses reported to the commissioner exceed the limit on credits for investments
44.20 imposed by this subdivision, the credit must be allowed to taxpayers in the chronological
44.21 order of their investments in qualified businesses as determined from the forms filed
44.22 under section 116J.8732.

44.23 **EFFECTIVE DATE.** This section is effective July 1, 2008, for taxable years
44.24 beginning after December 31, 2007, and only applies to investments made after the
44.25 qualified business has been certified by the commissioner of employment and economic
44.26 development.

44.27 Sec. 8. **[373.48] FINANCING ENERGY PURCHASE CONTRACTS AND**
44.28 **PARTICIPATION IN GENERATION AND TRANSMISSION PROJECTS.**

44.29 Subdivision 1. **Definitions.** For the purpose of this section, "project" means a facility
44.30 that generates electricity from renewable energy sources listed in section 216B.1691,
44.31 subdivision 1, paragraph (a), clause (1).

44.32 Subd. 2. **Energy purchase contracts; generation projects.** A county may, for
44.33 itself or in cooperation with other counties, enter into agreements for the purchase of
44.34 electrical energy from one or more projects, and may enter into agreements with a utility
44.35 for the purchase and sale of the electrical energy so purchased. Agreements may be for a

45.1 term of one year to 20 years. A county may also acquire an ownership interest in a project
45.2 and may enter into agreements for the purchase and sale of electrical energy produced. A
45.3 county may not sell, transmit, or distribute the electrical energy at retail or provide for end
45.4 use from an offsite facility by the county or counties of the electrical energy. A county's
45.5 onsite generation authorized under this subdivision is limited to a total of ten megawatts.
45.6 Nothing in this section modifies the exclusive service territories or exclusive right to
45.7 serve as provided in sections 216B.37 to 216B.43. The energy to be purchased by a
45.8 county under agreements entered into under this section and the energy produced by the
45.9 county's interest in projects shall not in any year exceed the total amount of energy used
45.10 by the county for its own facilities in the immediately preceding year, regardless of the
45.11 source from which energy was obtained.

45.12 **Subd. 3. Joint purchase of energy and acquisition of generation projects;**
45.13 **financing.** A county may enter into agreements under section 471.59 with other counties
45.14 for joint purchase of energy or joint acquisition of interests in projects. A county may
45.15 annually levy an ad valorem tax for the purpose of paying the cost of energy purchased or
45.16 acquiring interests in projects in an amount not exceeding 0.015 percent of the market
45.17 value of taxable property in the county. A county that enters into a multiyear agreement
45.18 for purchase of energy or acquires an interest in a project may finance the estimated cost
45.19 of the energy to be purchased during the term of the agreement or the cost to the county
45.20 of the interest in the project by the issuance of general obligation bonds of the county,
45.21 provided that the annual debt service on all bonds issued under this section, together
45.22 with the amounts to be paid by the county in any year for the purchase of energy under
45.23 agreements entered into under this section, shall not exceed the amount of taxes authorized
45.24 by this section. An agreement entered into under section 471.59 as provided by this
45.25 section may provide that each county shall issue bonds to pay their respective shares of
45.26 the cost of the projects, or that one of the counties shall issue bonds to pay the full costs of
45.27 the project, and that the other participating counties shall levy the tax authorized under
45.28 this subdivision and pledge the collections of the tax to the county that issues the bonds.
45.29 Bonds issued under this section may be issued without an election and shall not constitute
45.30 net debt of any participating county.

45.31 Sec. 9. Minnesota Statutes 2006, section 383E.20, is amended to read:

45.32 **383E.20 BONDING FOR COUNTY LIBRARY BUILDINGS.**

45.33 The Anoka County Board may, by resolution adopted by a four-sevenths vote,
45.34 issue and sell general obligation bonds of the county in the manner provided in chapter
45.35 475 to acquire, better, and construct county library buildings. The bonds shall not be

46.1 subject to the requirements of sections 475.57 to 475.59. The maturity years and amounts
 46.2 and interest rates of each series of bonds shall be fixed so that the maximum amount of
 46.3 principal and interest to become due in any year, on the bonds of that series and of all
 46.4 outstanding series issued by or for the purposes of libraries, shall not exceed an amount
 46.5 equal to ~~the lesser of (i) .01 percent of the taxable market value of all taxable property in~~
 46.6 ~~the county, excluding any taxable property taxed by any city for the support of any free~~
 46.7 ~~public library, or (ii) \$1,250,000.~~ When the tax levy authorized in this section is collected,
 46.8 it shall be appropriated and credited to a debt service fund for the bonds. The tax levy for
 46.9 the debt service fund under section 475.61 shall be reduced by the amount available or
 46.10 reasonably anticipated to be available in the fund to make payments otherwise payable
 46.11 from the levy pursuant to section 475.61.

46.12 **EFFECTIVE DATE.** This section is effective the day after the governing body
 46.13 of Anoka County and its chief clerical officer timely complete their compliance with
 46.14 Minnesota Statutes, section 645.021, subdivisions 2 and 3.

46.15 Sec. 10. Minnesota Statutes 2006, section 469.033, subdivision 6, is amended to read:

46.16 Subd. 6. **Operation area as taxing district, special tax.** All of the territory
 46.17 included within the area of operation of any authority shall constitute a taxing district for
 46.18 the purpose of levying and collecting special benefit taxes as provided in this subdivision.
 46.19 All of the taxable property, both real and personal, within that taxing district shall be
 46.20 deemed to be benefited by projects to the extent of the special taxes levied under this
 46.21 subdivision. Subject to the consent by resolution of the governing body of the city in and
 46.22 for which it was created, an authority may levy a tax upon all taxable property within that
 46.23 taxing district. The tax shall be extended, spread, and included with and as a part of
 46.24 the general taxes for state, county, and municipal purposes by the county auditor, to be
 46.25 collected and enforced therewith, together with the penalty, interest, and costs. As the tax,
 46.26 including any penalties, interest, and costs, is collected by the county treasurer it shall be
 46.27 accumulated and kept in a separate fund to be known as the "housing and redevelopment
 46.28 project fund." The money in the fund shall be turned over to the authority at the same time
 46.29 and in the same manner that the tax collections for the city are turned over to the city, and
 46.30 shall be expended only for the purposes of sections 469.001 to 469.047. It shall be paid
 46.31 out upon vouchers signed by the chair of the authority or an authorized representative.
 46.32 The amount of the levy shall be an amount approved by the governing body of the city, but
 46.33 shall not exceed ~~0.0144~~ 0.02 percent of taxable market value ~~for the current levy year,~~
 46.34 ~~notwithstanding section 273.032.~~ The authority shall each year formulate and file a budget
 46.35 in accordance with the budget procedure of the city in the same manner as required of

47.1 executive departments of the city or, if no budgets are required to be filed, by August 1.
47.2 The amount of the tax levy for the following year shall be based on that budget.

47.3 **EFFECTIVE DATE.** This section is effective for property taxes payable in 2009.

47.4 Sec. 11. Minnesota Statutes 2006, section 469.177, is amended by adding a subdivision
47.5 to read:

47.6 **Subd. 13. Correction of errors.** (a) If the county auditor, as a result of an error
47.7 or mistake, decertifies a district, fails to certify a district, incorrectly certifies a district,
47.8 or otherwise fails to correctly compute the amount of increment, the county auditor may
47.9 undertake one or more of the following actions to correct the error or mistake:

47.10 (1) certify the original tax capacity of the affected parcels at the appropriate value
47.11 for a later taxes payable year and extend the duration of the district, in whole or in part,
47.12 to compensate;

47.13 (2) recertify the affected parcels and extend duration of the district, in whole or in
47.14 part, to compensate;

47.15 (3) recertify or correct the original tax capacity rate for the district; or

47.16 (4) take other appropriate action so that the amount of increment compensates for or
47.17 offsets the error or mistake and correctly reflects application of the law.

47.18 (b) At least 30 days before exercising authority under this subdivision, the county
47.19 auditor must notify the authority and the municipality, in writing, of the intent to do so,
47.20 including supporting information to describe reason for the proposed action. The authority
47.21 and municipality may waive the time requirement of this paragraph. If the city or the
47.22 authority objects before expiration of the 30-day period, the matter must be submitted to
47.23 the commissioner of revenue for a decision or resolution of the dispute. The commissioner
47.24 of revenue shall consult with the Office of the State Auditor before making a decision.

47.25 (c) The county auditor must notify the commissioner of revenue and the Office
47.26 of the State Auditor of corrections made under this subdivision. The notification must
47.27 be made in the form and manner and at the time prescribed by the commissioner. The
47.28 commissioner shall incorporate the corrections in the tax increment financing district tax
47.29 list supplement, as appropriate.

47.30 **EFFECTIVE DATE.** This section is effective the day following final enactment
47.31 and applies to all tax increment financing districts, regardless of when the request for
47.32 certification was made.

48.1 Sec. 12. Minnesota Statutes 2006, section 469.312, is amended by adding a subdivision
48.2 to read:

48.3 Subd. 6. **Termination of designation of qualified business.** No person will be
48.4 deemed to be a qualified business eligible for the benefits provided in sections 469.310
48.5 to 469.320 unless the person has entered into a business subsidy agreement with a local
48.6 government unit as provided in section 469.310, subdivision 11, prior to June 1, 2008.

48.7 Sec. 13. Minnesota Statutes 2006, section 469.319, is amended to read:

48.8 **469.319 REPAYMENT OF TAX BENEFITS BY BUSINESSES THAT NO**
48.9 **LONGER OPERATE IN A ZONE.**

48.10 Subdivision 1. **Repayment obligation.** A business must repay the ~~amount of the~~
48.11 ~~total tax reduction benefits listed in section 469.315 and any refund under section 469.318~~
48.12 ~~in excess of tax liability, received during the two years immediately before it (1) ceased to~~
48.13 ~~operate in the zone, if the business:~~

48.14 ~~(1) received tax reductions authorized by section 469.315; and~~

48.15 ~~(2)(i) did not meet the goals specified in an agreement entered into with the applicant~~
48.16 ~~that states any obligation the qualified business must fulfill in order to be eligible for tax~~
48.17 ~~benefits. The commissioner of employment and economic development may extend for~~
48.18 ~~up to one year the period for meeting any goals provided in an agreement. The applicant~~
48.19 ~~may extend the period for meeting other goals by documenting in writing the reason~~
48.20 ~~for the extension and attaching a copy of the document to its next annual report to the~~
48.21 ~~commissioner of employment and economic development; or~~

48.22 ~~(ii) ceased to operate its facility located within the job opportunity building zone~~
48.23 ~~perform a substantial level of activities described in the business subsidy agreement, or~~
48.24 ~~(2) otherwise ceases ceased to be or is not a qualified business, other than those subject to~~
48.25 ~~the provisions of section 469.3191.~~

48.26 Subd. 1a. **Repayment obligation of businesses not operating in zone.** Persons
48.27 that receive benefits without operating a business in a zone are subject to repayment
48.28 under this section if the business for which those benefits relate is subject to repayment
48.29 under this section. Such persons are deemed to have ceased performing in the zone on
48.30 the same day that the qualified business for which the benefits relate becomes subject to
48.31 repayment under subdivision 1.

48.32 Subd. 2. **Definitions.** (a) For purposes of this section, the following terms have
48.33 the meanings given.

48.34 (b) "Business" means any person ~~who~~ that received tax benefits enumerated in
48.35 section 469.315.

49.1 (c) "Commissioner" means the commissioner of revenue.

49.2 (d) "Persons that receive benefits without operating a business in a zone" means
49.3 persons that claim benefits under section 469.316, subdivision 2 or 4, as well as persons
49.4 that own property leased by a qualified business and are eligible for benefits under section
49.5 272.02, subdivision 64, or 297A.68, subdivision 37, paragraph (b).

49.6 Subd. 3. **Disposition of repayment.** The repayment must be paid to the state to
49.7 the extent it represents a state tax reduction and to the county to the extent it represents a
49.8 property tax reduction. Any amount repaid to the state must be deposited in the general
49.9 fund. Any amount repaid to the county for the property tax exemption must be distributed
49.10 to the ~~local governments~~ taxing authorities with authority to levy taxes in the zone in the
49.11 same manner provided for distribution of payment of delinquent property taxes. Any
49.12 repayment of local sales taxes must be repaid to the commissioner for distribution to the
49.13 city or county imposing the local sales tax.

49.14 Subd. 4. **Repayment procedures.** (a) For the repayment of taxes imposed under
49.15 chapter 290 or 297A or local taxes collected pursuant to section 297A.99, a business must
49.16 file an amended return with the commissioner of revenue and pay any taxes required
49.17 to be repaid within 30 days after ~~ceasing to do business in the zone~~ becoming subject
49.18 to repayment under this section. The amount required to be repaid is determined by
49.19 calculating the tax for the period or periods for which repayment is required without
49.20 regard to the exemptions and credits allowed under section 469.315.

49.21 (b) For the repayment of taxes imposed under chapter 297B, a business must pay any
49.22 taxes required to be repaid to the motor vehicle registrar, as agent for the commissioner
49.23 of revenue, within 30 days after ~~ceasing to do business in the zone~~ becoming subject
49.24 to repayment under this section.

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

49.31 (d) The provisions of chapters 270C and 289A relating to the commissioner's
49.32 authority to audit, assess, and collect the tax and to hear appeals are applicable to the
49.33 repayment required under paragraphs (a) and (b). The commissioner may impose civil
49.34 penalties as provided in chapter 289A, and the additional tax and penalties are subject to
49.35 interest at the rate provided in section 270C.40, from 30 days after ~~ceasing to do business~~

50.1 ~~in the job opportunity building zone~~ becoming subject to repayment under this section
50.2 until the date the tax is paid.

50.3 (e) If a property tax is not repaid under paragraph (c), the county treasurer shall add
50.4 the amount required to be repaid to the property taxes assessed against the property for
50.5 payment in the year following the year in which the ~~treasurer discovers that the business~~
50.6 ~~ceased to operate in the job opportunity building zone~~ auditor provided the statement
50.7 under paragraph (c).

50.8 (f) For determining the tax required to be repaid, a ~~tax~~ reduction of a state or local
50.9 sales or use tax is deemed to have been received on the date that the ~~tax would have~~
50.10 ~~been due if the taxpayer had not been entitled to the exemption or on the date a refund~~
50.11 ~~was issued for a refundable tax credit.~~ good or service was purchased or first put to a
50.12 taxable use. In the case of an income tax or franchise tax, including the credit payable
50.13 under section 469.318, a reduction of tax is deemed to have been received for the two
50.14 most recent tax years that have ended prior to the date that the business became subject to
50.15 repayment under this section. In the case of a property tax, a reduction of tax is deemed to
50.16 have been received for the taxes payable in the year that the business became subject to
50.17 repayment under this section and for the taxes payable in the prior year.

50.18 (g) The commissioner may assess the repayment of taxes under paragraph (d)
50.19 any time within two years after the business ~~ceases to operate in the job opportunity~~
50.20 ~~building zone~~ becomes subject to repayment under subdivision 1, or within any period of
50.21 limitations for the assessment of tax under section 289A.38, whichever period is later. The
50.22 county auditor may send the statement under paragraph (c) any time within three years
50.23 after the business becomes subject to repayment under subdivision 1.

50.24 (h) A business is not entitled to any income tax or franchise tax benefits, including
50.25 refundable credits, for any part of the year in which the business becomes subject to
50.26 repayment under this section nor for any year thereafter. Property is not exempt from tax
50.27 under section 272.02, subdivision 64, for any taxes payable in the year following the year
50.28 in which the property became subject to repayment under this section nor for any year
50.29 thereafter. A business is not eligible for any sales tax benefits beginning with goods
50.30 or services purchased or first put to a taxable use on the day that the business becomes
50.31 subject to repayment under this section.

50.32 Subd. 5. **Waiver authority.** (a) The commissioner may waive all or part of a
50.33 repayment required under subdivision 1, if the commissioner, in consultation with
50.34 the commissioner of employment and economic development and appropriate officials
50.35 from the local government units in which the qualified business is located, determines
50.36 that requiring repayment of the tax is not in the best interest of the state or the local

51.1 government units and the business ceased operating as a result of circumstances beyond
51.2 its control including, but not limited to:

- 51.3 (1) a natural disaster;
51.4 (2) unforeseen industry trends; or
51.5 (3) loss of a major supplier or customer.

51.6 (b)(1) The commissioner shall waive repayment required under subdivision 1a if
51.7 the commissioner has waived repayment by the operating business under subdivision 1,
51.8 unless the person that received benefits without having to operate a business in the zone
51.9 was a contributing factor in the qualified business becoming subject to repayment under
51.10 subdivision 1;

51.11 (2) the commissioner shall waive the repayment required under subdivision 1a, even
51.12 if the repayment has not been waived for the operating business if:

51.13 (i) the person that received benefits without having to operate a business in the zone
51.14 and the business that operated in the zone are not related parties as defined in section
51.15 267(b) of the Internal Revenue Code of 1986, as amended through December 31, 2007; and

51.16 (ii) actions of the person were not a contributing factor in the qualified business
51.17 becoming subject to repayment under subdivision 1.

51.18 Subd. 6. **Reconciliation.** Where this section is inconsistent with section 116J.994,
51.19 subdivision 3, paragraph (e), or 6, or any other provisions of sections 116J.993 to
51.20 116J.995, this section prevails.

51.21 **EFFECTIVE DATE.** The amendment to subdivision 4, paragraph (c), of this
51.22 section is effective the day following final enactment. The amendment to subdivision
51.23 4, paragraph (f), is effective retroactively from January 1, 2008, and applies to all
51.24 businesses that become subject to this section in 2008. The rest of this section is effective
51.25 retroactively from January 1, 2004, except that for violations that occur before the day
51.26 following final enactment, this section does not apply if the business has repaid the
51.27 benefits or the commissioner has granted a waiver.

51.28 Sec. 14. **[469.3191] BREACH OF AGREEMENTS BY BUSINESSES THAT**
51.29 **CONTINUE TO OPERATE IN ZONE.**

51.30 (a) A "business in violation of its business subsidy agreement but not subject to
51.31 section 469.319" means a business that is operating in violation of the business subsidy
51.32 agreement but maintains a level of operations in the zone that does not subject it to the
51.33 repayment provisions of section 469.319, subdivision 1, clause (1).

51.34 (b) A business described in paragraph (a) that does not sign a new or amended
51.35 business subsidy agreement, as authorized under paragraph (h), is subject to repayment

52.1 of benefits under section 469.319 from the day that it ceases to perform in the zone a
52.2 substantial level of activities described in the business subsidy agreement.

52.3 (c) A business described in paragraph (a) ceases being a qualified business after the
52.4 last day that it has to meet the goals stated in the agreement.

52.5 (d) A business is not entitled to any income tax or franchise tax benefits, including
52.6 refundable credits, for any part of the year in which the business is no longer a qualified
52.7 business under paragraph (c), and thereafter. A business is not eligible for sales tax
52.8 benefits beginning with goods or services purchased or put to a taxable use on the day that
52.9 it is no longer a qualified business under paragraph (c). Property is not exempt from tax
52.10 under section 272.02, subdivision 64, for any taxes payable in the year following the year
52.11 in which the business is no longer a qualified business under paragraph (c), and thereafter.

52.12 (e) A business described in paragraph (a) that wants to resume eligibility for benefits
52.13 under section 469.315 must request that the commissioner of employment and economic
52.14 development determine the length of time that the business is ineligible for benefits. The
52.15 commissioner shall determine the length of ineligibility by applying the proportionate
52.16 level of performance under the agreement to the total duration of the zone as measured
52.17 from the date that the business subsidy agreement was executed. The length of time
52.18 must not be less than one full year for each tax benefit listed in section 469.315. The
52.19 commissioner of employment and economic development and the appropriate local
52.20 government officials shall consult with the commissioner of revenue to ensure that the
52.21 period of ineligibility includes at least one full year of benefits for each tax.

52.22 (f) The length of ineligibility determined under paragraph (e) must be applied by
52.23 reducing the zone duration for the property by the duration of the ineligibility.

52.24 (g) The zone duration of property that has been adjusted under paragraph (f) must
52.25 not be altered again to permit the business additional benefits under section 469.315.

52.26 (h) A business described in paragraph (a) becomes eligible for benefits available
52.27 under section 469.315 by entering into a new or amended business subsidy agreement
52.28 with the appropriate local government unit. The new or amended agreement must cover
52.29 a period beginning from the date of ineligibility under the original business subsidy
52.30 agreement, through the zone duration determined by the commissioner under paragraph
52.31 (f). No exemption of property taxes under section 272.02, subdivision 64, is available
52.32 under the new or amended agreement for property taxes due or paid before the date of
52.33 the final execution of the new or amended agreement, but unpaid taxes due after that
52.34 date need not be paid.

52.35 (i) A business that violates the terms of an agreement authorized under paragraph
52.36 (h) is permanently barred from seeking benefits under section 469.315 and is subject to

53.1 the repayment provisions under section 469.319 effective from the day that the business
53.2 ceases to operate as a qualified business in the zone under the second agreement.

53.3 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2004.
53.4 For violations that occur before the day following final enactment, this section does not
53.5 apply if the business has repaid the benefits or the commissioner has granted a waiver.

53.6 **Sec. 15. [469.3192] PROHIBITION AGAINST AMENDMENTS TO BUSINESS**
53.7 **SUBSIDY AGREEMENT.**

53.8 Except as authorized under section 469.3191, under no circumstance shall terms
53.9 of any agreement required as a condition for eligibility for benefits listed under section
53.10 469.315 be amended to change job creation, job retention, or wage goals included in
53.11 the agreement.

53.12 **EFFECTIVE DATE.** This section is effective the day following final enactment
53.13 and applies to all agreements executed before, on, or after the effective date.

53.14 **Sec. 16. [469.3193] CERTIFICATION OF CONTINUING ELIGIBILITY FOR**
53.15 **JOBZ BENEFITS.**

53.16 (a) By December 1 of each year, every qualified business must certify to the
53.17 commissioner of revenue, on a form prescribed by the commissioner of revenue, whether
53.18 it is in compliance with any agreement required as a condition for eligibility for benefits
53.19 listed under section 469.315. A business that fails to submit the certification, or any
53.20 business, including those still operating in the zone, that submits a certification that
53.21 the commissioner of revenue later determines materially misrepresents the business's
53.22 compliance with the agreement, is subject to the repayment provisions under section
53.23 469.319 from January 1 of the year in which the report is due or the date that the business
53.24 became subject to section 469.319, whichever is earlier. Any such business is permanently
53.25 barred from obtaining benefits under section 469.315. For purposes of this section, the bar
53.26 applies to an entity and also applies to any individuals or entities that have an ownership
53.27 interest of at least 20 percent of the entity.

53.28 (b) Before the sanctions under paragraph (a) apply to a business that fails to
53.29 submit the certification, the commissioner of revenue shall send notice to the business,
53.30 demanding that the certification be submitted within 30 days and advising the business
53.31 of the consequences for failing to do so. The commissioner of revenue shall notify
53.32 the commissioner of employment and economic development and the appropriate job

54.1 opportunity subzone administrator whenever notice is sent to a business under this
54.2 paragraph.

54.3 (c) The certification required under this section is public.

54.4 (d) The commissioner of revenue shall promptly notify the commissioner of
54.5 employment and economic development of all businesses that certify that they are not
54.6 in compliance with the terms of their business subsidy agreement and all businesses
54.7 that fail to file the certification.

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

54.9 Sec. 17. Minnesota Statutes 2006, section 469.3201, is amended to read:

54.10 **469.3201 ~~JOBZ EXPENDITURE LIMITATIONS; AUDITS STATE~~**
54.11 **AUDITOR; AUDITS OF JOB OPPORTUNITY BUILDING ZONES AND**
54.12 **BUSINESS SUBSIDY AGREEMENTS.**

54.13 The ~~Tax Increment Financing, Investment and Finance Division~~ of the Office of the
54.14 State Auditor must annually audit the creation and operation of all job opportunity building
54.15 zones and business subsidy agreements entered into under Minnesota Statutes, sections
54.16 469.310 to 469.320. To the extent necessary to perform this audit, the state auditor may
54.17 request from the commissioner of revenue tax return information of taxpayers who are
54.18 eligible to receive tax benefits authorized under section 469.315. To the extent necessary
54.19 to perform this audit, the state auditor may request from the commissioner of employment
54.20 and economic development wage detail report information required under section 268.044
54.21 of taxpayers eligible to receive tax benefits authorized under section 469.315.

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

54.23 Sec. 18. Minnesota Statutes 2006, section 473.39, is amended by adding a subdivision
54.24 to read:

54.25 Subd. 1n. **Obligations.** After July 1, 2008, in addition to other authority in this
54.26 section, the council may issue certificates of indebtedness, bonds, or other obligations
54.27 under this section in an amount not exceeding \$33,000,000 for capital expenditures as
54.28 prescribed in the council's regional transit master plan and transit capital improvement
54.29 program and for related costs, including the costs of issuance and sale of the obligations.

54.30 **EFFECTIVE DATE.** This section is effective July 1, 2008, and applies in the
54.31 counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

55.1 Sec. 19. Laws 1995, chapter 264, article 5, section 46, subdivision 2, is amended to
55.2 read:

55.3 Subd. 2. **Limitation on use of tax increments.** (a) All revenues derived from tax
55.4 increments must be used in accordance with the housing replacement district plan. The
55.5 revenues must be used solely to pay the costs of site acquisition, relocation, demolition
55.6 of existing structures, site preparation, and pollution abatement on parcels identified in
55.7 the housing replacement district plan, as well as public improvements and administrative
55.8 costs directly related to those parcels.

55.9 (b) Notwithstanding paragraph (a), the city of Minneapolis may use revenues
55.10 derived from tax increments from its housing replacement district for activities related
55.11 to parcels not identified in the housing replacement plan, but which would qualify for
55.12 inclusion under section 45, subdivision 1, paragraph (b), clauses (1) to (3).

55.13 (c) Notwithstanding paragraph (a), or any other provisions of sections 44 to 47, the
55.14 Crystal Economic Development Authority may use revenues derived from tax increments
55.15 from its housing replacement districts numbers one and two as if those districts were
55.16 housing districts under Minnesota Statutes, section 469.174, subdivision 11, provided that
55.17 eligible activities may be located anywhere in the city without regard to the boundaries of
55.18 housing replacement district numbers one and two or any project area.

55.19 **EFFECTIVE DATE.** This section applies to revenues from the housing replacement
55.20 districts, regardless of when they were received, and is effective the day following final
55.21 enactment and for the city of Minneapolis, upon compliance by the governing body of
55.22 the city of Minneapolis with Minnesota Statutes, section 645.021, subdivision 3, and, for
55.23 the city of Crystal, upon compliance by the governing body of the city of Crystal with
55.24 Minnesota Statutes, section 645.021, subdivision 3.

55.25 Sec. 20. Laws 2003, chapter 127, article 10, section 31, subdivision 1, is amended to
55.26 read:

55.27 Subdivision 1. **District extension.** ~~(a)~~ The governing body of the city of Hopkins
55.28 may elect to extend the duration of its redevelopment tax increment financing district
55.29 2-11 by up to four additional years.

55.30 ~~(b) Notwithstanding any law to the contrary, effective upon approval of this~~
55.31 ~~subdivision, no increments may be spent on activities located outside of the area of the~~
55.32 ~~district, other than to pay administrative expenses.~~

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

56.1 Sec. 21. Laws 2006, chapter 259, article 10, section 14, subdivision 1, is amended to
56.2 read:

56.3 Subdivision 1. **Definitions.** (a) "City" means the city of Minneapolis.

56.4 (b) "Homeless assistance tax increment district" means a contiguous area of the
56.5 city that:

56.6 (1) is no larger than ~~six~~ eight acres;

56.7 (2) is located within the boundaries of a city municipal development district; and

56.8 (3) contains at least two shelters for homeless persons that have been owned or
56.9 operated by nonprofit corporations that (i) are qualified charitable organizations under
56.10 section 501(c)(3) of the United States Internal Revenue Code, (ii) have operated such
56.11 homeless facilities within the district for at least five years, and (iii) have been recipients
56.12 of emergency services grants under Minnesota Statutes, section 256E.36.

56.13 **EFFECTIVE DATE.** This section is effective upon compliance by the city of
56.14 Minneapolis with Minnesota Statutes, section 645.021.

56.15 Sec. 22. Laws 2008, chapter 154, article 9, section 23, is amended to read:

56.16 Sec. 23. **CITY OF FRIDLEY; TAX INCREMENT FINANCING DISTRICT;**
56.17 **SPECIAL RULES.**

56.18 (a) If the city elects upon the adoption of a tax increment financing plan for a district,
56.19 the rules under this section apply to a redevelopment tax increment financing district
56.20 established by the city of Fridley or the housing and redevelopment authority of the city.

56.21 The redevelopment tax increment district includes the following parcels and adjacent
56.22 railroad property and shall be referred to as the Northstar Transit Station District: parcel
56.23 numbers 223024120010, 223024120009, 223024120017, 223024120016, 223024120018,
56.24 223024120012, 223024120011, 223024120005, 223024120004, 223024120003,
56.25 223024120013, 223024120008, 223024120007, 223024120006, 223024130005,
56.26 223024130010, 223024130011, 223024130003, 153024440039, 153024440037,
56.27 153024440041, 153024440042, 223024110013, 223024110016, 223024110017,
56.28 223024140008, 223024130002, 223024420004, 223024410002, 223024410003,
56.29 223024110008, 223024110007, 223024110019, 223024110018, 223024110003,
56.30 223024140003, 223024140009, 223024140002, 223024140010, and 223024410007.

56.31 (b) The requirements for qualifying a redevelopment tax increment district under
56.32 Minnesota Statutes, section 469.174, subdivision 10, do not apply to the parcels located
56.33 within the Northstar Transit Station District, which are deemed eligible for inclusion
56.34 in a redevelopment tax increment district.

57.1 (c) In addition to the costs permitted by Minnesota Statutes, section 469.176,
57.2 subdivision 4j, eligible expenditures within the Northstar Transit Station District include
57.3 those costs necessary to provide for the construction and land acquisition for a tunnel
57.4 under the Burlington Northern Santa Fe railroad tracks to allow access to the Northstar
57.5 Commuter Rail.

57.6 (d) Notwithstanding the provisions of Minnesota Statutes, section 469.1763,
57.7 subdivision 2, the city of Fridley may expend increments generated from its tax increment
57.8 financing districts Nos. 11, 12, and 13 for costs permitted by paragraph (c) and Minnesota
57.9 Statutes, section 469.176, subdivision 4j, outside the boundaries of tax increment financing
57.10 districts Nos. 11, 12, and 13, but only within the Northstar Transit Station District.

57.11 (e) The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3,
57.12 does not apply to the Northstar Transit Station District or to tax increment financing
57.13 districts Nos. 11, 12, and 13.

57.14 (f) The use of revenues for decertification under Minnesota Statutes, section
57.15 469.1763, subdivision 4, does not apply to tax increment financing districts Nos. 11,
57.16 12, and 13.

57.17 **EFFECTIVE DATE.** This section is effective upon approval by the governing body
57.18 of the city of Fridley and upon compliance by the city with Minnesota Statutes, section
57.19 645.021, subdivision 3.

57.20 Sec. 23. Laws 2008, chapter 154, article 9, section 24, is amended to read:

57.21 Sec. 24. **CITY OF NEW BRIGHTON; TAX INCREMENT FINANCING;**
57.22 **~~EXPENDITURES OUTSIDE DISTRICT.~~**

57.23 **Subdivision 1. Expenditures outside district.** Notwithstanding the provisions
57.24 of Minnesota Statutes, section 469.1763, subdivision 2, the city of New Brighton may
57.25 expend increments generated from its tax increment financing district No. 26 to facilitate
57.26 eligible activities as permitted by Minnesota Statutes, section 469.176, subdivision 4e,
57.27 outside the boundaries of tax increment financing district No. 26, but only within the area
57.28 described in Laws 1998, chapter 389, article 11, section 24, subdivision 1, and commonly
57.29 referred to as the Northwest Quadrant. Minnesota Statutes, section 469.1763, subdivisions
57.30 3 and 4, do not apply to expenditures permitted by this section.

57.31 **Subd. 2. District duration extension.** Notwithstanding the provisions of Minnesota
57.32 Statutes, section 469.176, subdivision 1b, or any other law to the contrary, the duration
57.33 limits that apply to redevelopment tax increment financing districts numbers 31 and 32
57.34 established under Laws 1998, chapter 389, article 11, section 24, and hazardous substance

58.1 subdistricts numbers 31A and 32A established under Minnesota Statutes, sections 469.174
58.2 to 469.1799, are extended by four years.

58.3 **EFFECTIVE DATE.** This section is effective upon approval by the governing
58.4 body of the city of New Brighton and compliance by the city with Minnesota Statutes,
58.5 section 645.021, subdivision 3.

58.6 Sec. 24. **CITY OF AUSTIN; TAX INCREMENT FINANCING AUTHORITY.**

58.7 Notwithstanding the requirements of Minnesota Statutes, section 469.1763,
58.8 subdivision 3, that activities must be undertaken within a five-year period from the date of
58.9 certification of tax increment financing district and notwithstanding the provisions of any
58.10 other law, the governing body of the city of Austin may use tax increments from its Tax
58.11 Increment Financing District No. 9 to reimburse the city's housing and redevelopment
58.12 authority for money spent disposing of soils and debris in the tax increment financing
58.13 district, as required by the Minnesota Pollution Control Agency.

58.14 **EFFECTIVE DATE.** This section is effective upon compliance by the governing
58.15 body of the city of Austin with the requirements of Minnesota Statutes, section 645.021.

58.16 Sec. 25. **BLOOMINGTON TAX INCREMENT FINANCING; FIVE-YEAR**
58.17 **RULE.**

58.18 The requirements of Minnesota Statutes, section 469.1763, subdivision 3, that
58.19 activities must be undertaken within a five-year period from the date of certification of a
58.20 tax increment financing district, are increased to a ten-year period for the Port Authority
58.21 of the City of Bloomington's Tax Increment Financing District No. 1-I, Bloomington
58.22 Central Station.

58.23 **EFFECTIVE DATE.** This section is effective upon compliance by the governing
58.24 body of the Port Authority of the City of Bloomington with the requirements of Minnesota
58.25 Statutes, section 645.021.

58.26 Sec. 26. **CITY OF DULUTH; EXTENSION OF TIME FOR ACTIVITY IN TAX**
58.27 **INCREMENT FINANCING DISTRICT NO. 20.**

58.28 The requirements of Minnesota Statutes, section 469.1763, subdivision 3, that
58.29 activities must be undertaken within a five-year period from the date of certification of
58.30 a tax increment financing district, must be considered to be met for Duluth Economic
58.31 Development Authority Tax Increment Financing District No. 20 if the activities are
58.32 undertaken within ten years from the date of certification of the district.

59.1 **EFFECTIVE DATE.** This section is effective upon compliance by the governing
59.2 body of the city of Duluth with the requirements of Minnesota Statutes, section 645.021.

59.3 **Sec. 27. CITY OF DULUTH; EXTENSION OF TIME FOR ACTIVITY IN TAX**
59.4 **INCREMENT FINANCING DISTRICT NO. 21.**

59.5 The requirements of Minnesota Statutes, section 469.1763, subdivision 3, that
59.6 activities must be undertaken within a five-year period from the date of certification of
59.7 a tax increment financing district, must be considered to be met for Duluth Economic
59.8 Development Authority Tax Increment Financing District No. 21 if the activities are
59.9 undertaken within ten years from the date of certification of the district.

59.10 **EFFECTIVE DATE.** This section is effective upon compliance by the governing
59.11 body of the city of Duluth with the requirements of Minnesota Statutes, section 645.021.

59.12 **Sec. 28. CITY OF WELLS; DISPOSITION OF TIF REVENUES.**

59.13 Notwithstanding the provisions of Minnesota Statutes, section 469.174, subdivision
59.14 25, the following are deemed not to be "increments," "tax increments," or "revenues
59.15 derived from tax increment" for purposes of the redevelopment district in the city of
59.16 Wells, identified as Downtown Development Program 1, for amounts received after
59.17 decertification of the district:

59.18 (1) rents paid by private tenants for use of a building acquired in whole or in part
59.19 with tax increments; and

59.20 (2) proceeds from the sale of the building.

59.21 **EFFECTIVE DATE.** This section is effective upon compliance by the governing
59.22 body of the city of Wells with the requirements of Minnesota Statutes, section 645.021.

59.23 **Sec. 29. MULTICOUNTY HOUSING AND REDEVELOPMENT AUTHORITY**
59.24 **LEVY AUTHORITY.**

59.25 Notwithstanding Minnesota Statutes, section 469.033, subdivision 6, or any other
59.26 law to the contrary, the governing body of the Northwest Minnesota Multicounty Housing
59.27 and Redevelopment Authority, upon approval by a two-thirds majority of all its members,
59.28 may levy an amount not to exceed 25 percent of the total levy permitted under Minnesota
59.29 Statutes, section 469.033, subdivision 6, without approval of that levy by the governing
59.30 body of the city or county within which the authority operates. The authority to levy the
59.31 remainder of the total levy permitted under that provision remains subject to approval
59.32 by the governing body of the city or county. For purposes of the levy authorized under

60.1 this section only, the Northwest Minnesota Multicounty Housing and Redevelopment
 60.2 Authority is considered a special taxing jurisdiction as provided in Minnesota Statutes,
 60.3 section 275.066.

60.4 **EFFECTIVE DATE.** This section is effective for taxes levied in 2008, payable in
 60.5 2009, and is repealed effective for taxes levied in 2013, payable in 2014, and thereafter.

60.6 Sec. 30. **CITY OF OAKDALE; ORIGINAL TAX CAPACITY.**

60.7 (a) The provisions of this section apply to redevelopment tax increment financing
 60.8 districts created by the Housing and Redevelopment Authority in and for the city of
 60.9 Oakdale in the areas comprised of the parcels with the following parcel identification
 60.10 numbers: (1) 3102921320053; 3102921320054; 3102921320055; 3102921320056;
 60.11 3102921320057; 3102921320058; 3102921320062; 3102921320063; 3102921320059;
 60.12 3102921320060; and 3102921320061; and (2) 3102921330005 and 3102921330004.

60.13 (b) For a district subject to this section, the Housing and Redevelopment Authority
 60.14 may, when requesting certification of the original tax capacity of the district under
 60.15 Minnesota Statutes, section 469.177, elect to have the original tax capacity of the district
 60.16 be certified as the tax capacity of the land.

60.17 (c) The authority to request certification of a district under this section expires on
 60.18 July 1, 2013.

60.19 **EFFECTIVE DATE; LOCAL APPROVAL.** This section is effective upon
 60.20 approval by the governing body of the city of Oakdale and compliance with Minnesota
 60.21 Statutes, section 645.021, subdivision 3.

60.22 Sec. 31. **DEED GRANTS.**

60.23 \$1,500,000 is appropriated to the commissioner of the Department of Employment
 60.24 and Economic Development from the general fund for fiscal year 2009 for the purpose of
 60.25 making grants of \$750,000 each to the cities of Minneapolis and Saint Paul for capital
 60.26 improvements or related costs of the Target Center and RiverCentre facilities. This
 60.27 appropriation is onetime and is not added to the agency's base budget.

60.28 **ARTICLE 5**
 60.29 **PROPERTY TAXES**

60.30 Section 1. Minnesota Statutes 2006, section 216B.1646, is amended to read:

60.31 **216B.1646 RATE ~~REDUCTION~~ ADJUSTMENT; PROPERTY TAX**
 60.32 **REDUCTION CHANGE.**

61.1 (a) The commission shall, by any method the commission finds appropriate, ~~reduce~~
 61.2 adjust the rates each ~~electric~~ utility subject to rate regulation by the commission charges
 61.3 its customers to reflect, on an ongoing basis, the amount by which each utility's property
 61.4 tax, including the state general tax, if applicable, on the personal property of its electric
 61.5 system from taxes payable in 2001 to taxes payable in 2002 is reduced or pipeline system
 61.6 transporting or distributing natural gas is changed under this act. The commission must
 61.7 ensure that, to the extent feasible, each dollar of personal property tax ~~reduction allocated~~
 61.8 ~~to Minnesota consumers retroactive to January 1, 2002,~~ change in taxes payable in 2009
 61.9 and subsequent years results in a dollar of savings adjustment to the utility's ~~customers~~
 61.10 rates. ~~A utility may voluntarily pass on any additional property tax savings allocated in~~
 61.11 ~~the same manner as approved by the commission under this paragraph.~~ The adjustment
 61.12 under this paragraph is outside of a general rate case proceeding under section 216B.16.

61.13 (b) ~~By April 10, 2002,~~ Each utility ~~shall~~ may submit a filing to the commission
 61.14 containing:

61.15 (1) certified information regarding the utility's property tax ~~savings~~ change allocated
 61.16 to Minnesota retail customers; and

61.17 (2) a proposed method of ~~passing these savings on~~ adjusting rates to Minnesota
 61.18 retail customers.

61.19 The utility shall provide the information in clause (1) to the commissioner of revenue at
 61.20 the same time. The commissioner shall notify the commission within 30 days as to the
 61.21 accuracy of the property tax data submitted by the utility.

61.22 (c) For purposes of this section, "personal property" means tools, implements, and
 61.23 machinery of ~~the generating plant. It does not apply to transformers, transmission lines,~~
 61.24 ~~distribution lines, or any other tools, implements, and machinery that are part of an electric~~
 61.25 ~~substation, wherever located~~ an electric system or of a pipeline system transporting or
 61.26 distributing natural gas.

61.27 Sec. 2. Minnesota Statutes 2006, section 270C.85, subdivision 2, is amended to read:

61.28 Subd. 2. **Powers and duties.** The commissioner shall have and exercise the
 61.29 following powers and duties in administering the property tax laws.

61.30 (a) Confer with, advise, and give the necessary instructions and directions to local
 61.31 assessors and local boards of review throughout the state as to their duties under the
 61.32 laws of the state.

61.33 (b) Direct proceedings, actions, and prosecutions to be instituted to enforce the
 61.34 laws relating to the liability and punishment of public officers and officers and agents of
 61.35 corporations for failure or negligence to comply with the provisions of the property tax

62.1 laws, and cause complaints to be made against local assessors, members of boards of
62.2 equalization, members of boards of review, or any other assessing or taxing officer, to the
62.3 proper authority, for their removal from office for misconduct or negligence of duty.

62.4 (c) Require county attorneys to assist in the commencement of prosecutions in
62.5 actions or proceedings for removal, forfeiture, and punishment, for violation of the
62.6 property tax laws in their respective districts or counties.

62.7 (d) Require town, city, county, and other public officers to report information as to
62.8 the assessment of property, and such other information as may be needful in the work of
62.9 the commissioner, in such form as the commissioner may prescribe.

62.10 (e) Transmit to the governor, on or before the third Monday in December of each
62.11 even-numbered year, and to each member of the legislature, on or before November
62.12 15 of each even-numbered year, the report of the department for the preceding years,
62.13 showing all the taxable property subject to the property tax laws and the value of the
62.14 same, in tabulated form.

62.15 (f) Inquire into the methods of assessment and taxation and ascertain whether the
62.16 assessors faithfully discharge their duties.

62.17 (g) Assist local assessors in determining the estimated market value of industrial
62.18 special-use property. For purposes of this paragraph, "industrial special-use property"
62.19 means property that:

62.20 (1) is designed and equipped for a particular type of industry;

62.21 (2) is not easily adapted to some other use due to the unique nature of the facilities;

62.22 (3) has facilities totaling at least 75,000 square feet in size; and

62.23 (4) has a total estimated market value of \$10,000,000 or greater based on the
62.24 assessor's preliminary determination.

62.25 **EFFECTIVE DATE.** This section is effective for assessment year 2009 and
62.26 thereafter, for taxes payable in 2010 and thereafter.

62.27 Sec. 3. Minnesota Statutes 2006, section 272.02, is amended by adding a subdivision
62.28 to read:

62.29 Subd. 85. **Fergus Falls historical zone.** (a) Property located in the area of the
62.30 campus of the former state regional treatment center in the city of Fergus Falls, including
62.31 the five buildings and associated land that were acquired by the city prior to January 1,
62.32 2007, is exempt from ad valorem taxes levied under chapter 275.

62.33 (b) The exemption applies for 15 calendar years from the date specified by resolution
62.34 of the governing body of the city of Fergus Falls. For the final three assessment years of

63.1 the duration limit, the exemption applies to the following percentages of estimated market
63.2 value of the property:

63.3 (1) for the third to the last assessment year of the duration, 75 percent;

63.4 (2) for the second to the last assessment year of the duration, 50 percent; and

63.5 (3) for the last assessment year of the duration, 25 percent.

63.6 **EFFECTIVE DATE.** This section is effective for property taxes payable in 2009
63.7 and thereafter.

63.8 Sec. 4. Minnesota Statutes 2006, section 272.02, is amended by adding a subdivision
63.9 to read:

63.10 **Subd. 86. Electric generation facility; personal property.** (a) Notwithstanding
63.11 subdivision 9, paragraph (a), attached machinery and other personal property which is
63.12 part of a simple-cycle combustion-turbine electric generation facility that exceeds 150
63.13 megawatts of installed capacity and that meets the requirements of this subdivision is
63.14 exempt. At the time of construction, the facility must:

63.15 (1) utilize natural gas as a primary fuel;

63.16 (2) be owned by an electric generation and transmission cooperative;

63.17 (3) be located within one mile of an existing 16-inch natural gas pipeline and a
63.18 69-kilovolt and a 230-kilovolt high-voltage electric transmission line;

63.19 (4) be designed to provide peaking, emergency backup, or contingency services;

63.20 (5) have received a certificate of need under section 216B.243 demonstrating
63.21 demand for its capacity; and

63.22 (6) have received by resolution the approval from the governing bodies of the county
63.23 and the city in which the proposed facility is to be located for the exemption of personal
63.24 property under this subdivision.

63.25 (b) Construction of the facility must be commenced after January 1, 2008, and
63.26 before January 1, 2012. Property eligible for this exemption does not include electric
63.27 transmission lines and interconnections or gas pipelines and interconnections appurtenant
63.28 to the property or the facility.

63.29 **EFFECTIVE DATE.** This section is effective for the 2008 assessment payable in
63.30 2009 and thereafter.

63.31 Sec. 5. **[273.0645] COMMISSIONER REVIEW OF LOCAL ASSESSMENT**
63.32 **PRACTICES.**

64.1 The commissioner of revenue must review the assessment practices in a taxing
64.2 jurisdiction if requested in writing by a qualifying number of property owners in that
64.3 taxing jurisdiction. The request must be signed by the greater of:

64.4 (1) one percent of the property owners; or

64.5 (2) five property owners.

64.6 The request must identify the city, town, or county and describe why a review is
64.7 sought for that taxing jurisdiction. The commissioner must conduct the review in a
64.8 reasonable amount of time and report the findings to the county board of the affected
64.9 county, to the affected city council or town board, if the review is for a specific city or
64.10 town, and to the property owner designated in the request as the person to receive the
64.11 report on behalf of all the property owners who signed the request. The commissioner
64.12 must also provide the report electronically to all property owners who signed the request
64.13 and provided an e-mail address in order to receive the report electronically.

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

64.15 Sec. 6. Minnesota Statutes 2006, section 273.11, subdivision 1, is amended to read:

64.16 Subdivision 1. **Generally.** Except as provided in this section or section 273.17,
64.17 subdivision 1, all property shall be valued at its market value. The market value as
64.18 determined pursuant to this section shall be stated such that any amount under \$100 is
64.19 rounded up to \$100 and any amount exceeding \$100 shall be rounded to the nearest \$100.
64.20 In estimating and determining such value, the assessor shall not adopt a lower or different
64.21 standard of value because the same is to serve as a basis of taxation, nor shall the assessor
64.22 adopt as a criterion of value the price for which such property would sell at a forced
64.23 sale, or in the aggregate with all the property in the town or district; but the assessor
64.24 shall value each article or description of property by itself, and at such sum or price as
64.25 the assessor believes the same to be fairly worth in money. The assessor shall take into
64.26 account the effect on the market value of property of environmental factors in the vicinity
64.27 of the property, and the market value effect of foreclosed property on all property in the
64.28 vicinity due to the foreclosures. In assessing any tract or lot of real property, the value
64.29 of the land, exclusive of structures and improvements, shall be determined, and also the
64.30 value of all structures and improvements thereon, and the aggregate value of the property,
64.31 including all structures and improvements, excluding the value of crops growing upon
64.32 cultivated land. In valuing real property upon which there is a mine or quarry, it shall be
64.33 valued at such price as such property, including the mine or quarry, would sell for at a fair,
64.34 voluntary sale, for cash, if the material being mined or quarried is not subject to taxation
64.35 under section 298.015 and the mine or quarry is not exempt from the general property

65.1 tax under section 298.25. In valuing real property which is vacant, platted property shall
 65.2 be assessed as provided in subdivision 14. All property, or the use thereof, which is
 65.3 taxable under section 272.01, subdivision 2, or 273.19, shall be valued at the market
 65.4 value of such property and not at the value of a leasehold estate in such property, or at
 65.5 some lesser value than its market value.

65.6 **EFFECTIVE DATE.** This section is effective for the 2009 assessment and
 65.7 thereafter.

65.8 Sec. 7. Minnesota Statutes 2006, section 273.11, subdivision 1a, is amended to read:

65.9 Subd. 1a. **Limited market value.** In the case of all property classified as
 65.10 agricultural homestead or nonhomestead, residential homestead or nonhomestead, timber,
 65.11 or noncommercial seasonal residential recreational, the assessor shall compare the value
 65.12 with the taxable portion of the value determined in the preceding assessment.

65.13 ~~For assessment years 2004, 2005, and 2006, the amount of the increase shall not~~
 65.14 ~~exceed the greater of (1) 15 percent of the value in the preceding assessment, or (2) 25~~
 65.15 ~~percent of the difference between the current assessment and the preceding assessment.~~

65.16 For assessment ~~year~~ years 2007 through 2009, the amount of the increase shall not
 65.17 exceed the greater of (1) 15 percent of the value in the preceding assessment, or (2) 33
 65.18 percent of the difference between the current assessment and the preceding assessment.

65.19 For assessment year ~~2008~~ 2010, the amount of the increase shall not exceed the
 65.20 greater of (1) 15 percent of the value in the preceding assessment, or (2) 50 percent of the
 65.21 difference between the current assessment and the preceding assessment.

65.22 This limitation shall not apply to increases in value due to improvements. For
 65.23 purposes of this subdivision, the term "assessment" means the value prior to any exclusion
 65.24 under subdivision 16.

65.25 The provisions of this subdivision shall be in effect through assessment year ~~2008~~
 65.26 2010 as provided in this subdivision.

65.27 For purposes of the assessment/sales ratio study conducted under section 127A.48,
 65.28 and the computation of state aids paid under chapters 122A, 123A, 123B, 124D, 125A,
 65.29 126C, 127A, and 477A, market values and net tax capacities determined under this
 65.30 subdivision and subdivision 16, shall be used.

65.31 **EFFECTIVE DATE.** This section is effective for assessment year 2008 and
 65.32 thereafter, for taxes payable in 2009 and thereafter.

65.33 Sec. 8. Minnesota Statutes 2006, section 273.11, subdivision 14b, is amended to read:

66.1 Subd. 14b. ~~Vacant land platted on or after August 1, 2001, located in~~
 66.2 ~~nonmetropolitan counties.~~ (a) All land platted on or after (i) August 1, 2001, and
 66.3 located in a nonmetropolitan county, or (ii) August 1, 2008, and located in a metropolitan
 66.4 county, and not improved with a permanent structure, shall be assessed as provided in this
 66.5 subdivision. The assessor shall determine the market value of each individual lot based
 66.6 upon the highest and best use of the property as unplatted land. In establishing the market
 66.7 value of the property, the assessor shall consider the sale price of the unplatted land or
 66.8 comparable sales of unplatted land of similar use and similar availability of public utilities.

66.9 (b) The market value determined in paragraph (a) shall be increased as follows for
 66.10 each of the seven assessment years immediately following the final approval of the plat:
 66.11 one-seventh of the difference between the property's unplatted market value as determined
 66.12 under paragraph (a) and the market value based upon the highest and best use of the land
 66.13 as platted property shall be added in each of the seven subsequent assessment years.

66.14 (c) Any increase in market value after the first assessment year following the plat's
 66.15 final approval shall be added to the property's market value in the next assessment year.
 66.16 Notwithstanding paragraph (b), if the property is sold or transferred, or construction
 66.17 begins before the expiration of the seven years in paragraph (b), that lot shall be eligible
 66.18 for revaluation in the next assessment year. The market value of a platted lot determined
 66.19 under this subdivision shall not exceed the value of that lot based upon the highest and
 66.20 best use of the property as platted land.

66.21 **EFFECTIVE DATE.** This section is effective for taxes payable in 2009 and
 66.22 thereafter.

66.23 Sec. 9. Minnesota Statutes 2006, section 273.11, is amended by adding a subdivision to
 66.24 read:

66.25 Subd. 14c. Vacant land platted on or after August 1, 2001, and prior to August
 66.26 1, 2008; located in metropolitan county; phase-in readjusted. (a) All land platted on or
 66.27 after August 1, 2001, and prior to August 1, 2008, located in a metropolitan county and not
 66.28 improved with a structure shall be eligible for the phase-in assessment schedule under this
 66.29 section. Based upon the assessor's records, the assessor shall obtain the estimated market
 66.30 value of each individual lot based upon the highest and best use of the property as unplatted
 66.31 land for the assessment year that the property was platted. In establishing the market value
 66.32 of the property, the assessor shall have considered the sale price of the unplatted land or
 66.33 comparable sales of unplatted land of similar use and similar availability of public utilities.

66.34 (b) The market value determined in paragraph (a) plus one-seventh of the difference
 66.35 between the property's unplatted market value as determined under paragraph (a) and the

67.1 market value based upon the highest and best use of the land as platted property in the
67.2 current year, multiplied by the number of assessment years since the property was platted,
67.3 shall be added in each of the subsequent assessment years.

67.4 (c) Notwithstanding paragraph (b), if the property is sold or transferred, or
67.5 construction begins before the expiration of the phase-in in paragraph (b), that lot shall
67.6 be eligible for revaluation in the next assessment year. The market value of a platted lot
67.7 determined under this subdivision shall not exceed the value of that lot based upon the
67.8 highest and best use of the property as platted land.

67.9 (d) For purposes of this section, "metropolitan county" means the counties of Anoka,
67.10 Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

67.11 **EFFECTIVE DATE.** This section is effective for taxes payable in 2009 and
67.12 thereafter.

67.13 Sec. 10. Minnesota Statutes 2006, section 273.11, is amended by adding a subdivision
67.14 to read:

67.15 Subd. 24. **Rural vacant land abutting public waters.** (a) Any property that:

67.16 (1) is located in a township;

67.17 (2) is classified as either (i) agricultural property under section 273.13, subdivision
67.18 23, paragraph (b), or (ii) rural vacant land under section 273.13, subdivision 23, paragraph
67.19 (c), contiguous to agricultural property under the same ownership with at least two-thirds
67.20 of the acreage used for agricultural purposes;

67.21 (3) is not enrolled in the Minnesota agricultural property tax law under section
67.22 273.111; and

67.23 (4) abuts public waters in whole or in part,

67.24 shall be valued by the assessor on the same basis as rural vacant land of the same quality
67.25 that does not abut public waters, until some action is taken to develop the land as specified
67.26 in paragraph (c).

67.27 (b) In each assessment year, the assessor shall determine the estimated market value
67.28 of the property as provided under subdivision 1, taking into consideration its highest
67.29 and best use. For each year that the property is classified under this subdivision, the
67.30 property tax statement shall include a notice that the property is being taxed under a
67.31 reduced valuation that will terminate under certain conditions.

67.32 (c) An owner of property meeting the criteria of this subdivision must notify the
67.33 county assessor within 30 days of applying for a development permit from the county
67.34 or local zoning board. If development permits are not required, an owner of property

68.1 meeting the criteria of this subdivision must notify the assessor prior to all or any portion
68.2 of the property being platted or subdivided.

68.3 (d) When any of the conditions specified in paragraph (c) occurs, additional taxes
68.4 shall be imposed in an amount equal to: (1) the average of the difference between the
68.5 amount of taxes actually levied on the property in the current year and the two prior years,
68.6 and the amount of taxes that would have been levied in the current year and the two prior
68.7 years based on the estimated market value determined under paragraph (b); (2) multiplied
68.8 by seven or the number of years that the property has qualified under this subdivision,
68.9 whichever is less. The additional taxes shall be extended against the property on the tax list
68.10 for the current year, provided that no interest or penalties shall be levied on the additional
68.11 taxes if timely paid. For purposes of this subdivision, "public waters" means a meandered
68.12 lake as defined under section 103G.005, subdivision 15, paragraph (a), clause (3).

68.13 **EFFECTIVE DATE.** This section is effective for the 2009 assessment and
68.14 thereafter.

68.15 Sec. 11. Minnesota Statutes 2006, section 273.11, is amended by adding a subdivision
68.16 to read:

68.17 Subd. 25. **Limit on taxable valuation; certain restored homes.** A homestead
68.18 property that either (i) has gone through foreclosure or (ii) is located within a disaster
68.19 or emergency area and sustained physical damage of at least \$5,000 in the disaster or
68.20 emergency is eligible for valuation limitation under this subdivision. To qualify for the
68.21 limitation, the property must:

68.22 (i) have been restored or rebuilt within 18 months of the foreclosure or the disaster
68.23 or emergency;

68.24 (ii) have a gross living area that does not exceed 130 percent of the gross living area
68.25 prior to the foreclosure or the disaster or emergency; and

68.26 (iii) have an estimated market value that exceeds its taxable market value for the
68.27 assessment year of the foreclosure or the disaster or emergency by at least \$20,000, due to
68.28 the restoration or reconstruction.

68.29 In the first assessment year following the restoration or reconstruction, the taxable
68.30 value shall be equal to three-quarters of its taxable value in the assessment year of the
68.31 foreclosure or disaster or emergency, plus one-quarter of its current estimated market
68.32 value. In the second assessment year following the restoration or reconstruction, the
68.33 taxable value shall be equal to one-half of its taxable value in the assessment year of the
68.34 foreclosure or disaster or emergency, and one-half of its current estimated market value.
68.35 In the third assessment year following the restoration or reconstruction, the taxable value

69.1 shall be equal to one-quarter of its taxable value in the assessment year of the foreclosure
 69.2 or disaster or emergency, and three-quarters of its current estimated market value. For
 69.3 the three assessment years immediately following the restoration or reconstruction, the
 69.4 property is not subject to the valuation limit under subdivision 1a.

69.5 For the purposes of this subdivision:

69.6 (i) "disaster or emergency area" means an area in which the president of the United
 69.7 States or the administrator of the Small Business Administration has determined that
 69.8 a disaster exists pursuant to federal law;

69.9 (ii) "gone through foreclosure" means that a foreclosure sale has been held and that
 69.10 the person who owned the home prior to the sale did not redeem it from the sale under
 69.11 section 580.23; and

69.12 (iii) "gross living area" means the square footage of the home that would customarily
 69.13 be used as living space.

69.14 **EFFECTIVE DATE.** This section is effective for assessment year 2009 and
 69.15 thereafter.

69.16 Sec. 12. Minnesota Statutes 2006, section 273.111, subdivision 3, as amended by Laws
 69.17 2008, chapter 154, article 13, section 26, is amended to read:

69.18 Subd. 3. **Requirements.** (a) Real estate consisting of ~~ten~~ three acres or more or
 69.19 a nursery or greenhouse, and qualifying for classification as class ~~1b, 2a, or 2b~~ under
 69.20 section 273.13, shall be entitled to valuation and tax deferment under this section ~~only~~
 69.21 ~~if it is primarily devoted to agricultural use, and meets the qualifications in subdivision~~
 69.22 ~~6, and either:~~

69.23 (1) is the homestead of the owner, or of a surviving spouse, child, or sibling of the
 69.24 owner or is real estate which is farmed with the real estate which contains the homestead
 69.25 property; or

69.26 (2) has been in possession of the applicant, the applicant's spouse, parent, or sibling,
 69.27 or any combination thereof, for a period of at least seven years prior to application for
 69.28 benefits under the provisions of this section, or is real estate which is farmed with the
 69.29 real estate which qualifies under this clause and is within four townships or cities or
 69.30 combination thereof from the qualifying real estate; or

69.31 (3) is the homestead of ~~a shareholder in a family farm corporation as defined in an~~
 69.32 individual who is part of an entity in compliance with section 500.24, notwithstanding
 69.33 ~~the fact that legal title to the real estate may be held in the name of the family farm~~
 69.34 ~~corporation; or~~

70.1 (4) is in the possession of a nursery or greenhouse or an entity owned by a proprietor,
 70.2 partnership, or corporation which also owns the nursery or greenhouse operations on the
 70.3 parcel or parcels, provided that only the acres used to produce nursery stock qualify
 70.4 for treatment under this section.

70.5 (b) ~~Valuation of real estate under this section is limited to parcels the ownership of~~
 70.6 ~~which is in noncorporate entities except for:~~

70.7 (1) ~~family farm corporations organized pursuant to section 500.24; and~~

70.8 (2) ~~corporations that derive 80 percent or more of their gross receipts from the~~
 70.9 ~~wholesale or retail sale of horticultural or nursery stock.~~

70.10 (e) Land that previously qualified for tax deferment under this section and no longer
 70.11 qualifies because it is not primarily used for agricultural purposes but would otherwise
 70.12 qualify under ~~subdivisions~~ Minnesota Statutes 2006, section 273.111, subdivision 3 and 6,
 70.13 for a period of at least three years will not be required to make payment of the previously
 70.14 deferred taxes, notwithstanding the provisions of subdivision 9. Sale of the land prior to
 70.15 the expiration of the three-year period requires payment of deferred taxes as follows: sale
 70.16 in the year the land no longer qualifies requires payment of the current year's deferred
 70.17 taxes plus payment of deferred taxes for the two prior years; sale during the second year
 70.18 the land no longer qualifies requires payment of the current year's deferred taxes plus
 70.19 payment of the deferred taxes for the prior year; and sale during the third year the land
 70.20 no longer qualifies requires payment of the current year's deferred taxes. Deferred taxes
 70.21 shall be paid even if the land qualifies pursuant to subdivision 11a. When such property is
 70.22 sold or no longer qualifies under this paragraph, or at the end of the three-year period,
 70.23 whichever comes first, all deferred special assessments plus interest are payable in equal
 70.24 installments spread over the time remaining until the last maturity date of the bonds issued
 70.25 to finance the improvement for which the assessments were levied. If the bonds have
 70.26 matured, the deferred special assessments plus interest are payable within 90 days. The
 70.27 provisions of section 429.061, subdivision 2, apply to the collection of these installments.
 70.28 Penalties are not imposed on any such special assessments if timely paid.

70.29 **EFFECTIVE DATE.** This section is effective for assessment year 2009, taxes
 70.30 payable in 2010 and thereafter.

70.31 Sec. 13. Minnesota Statutes 2006, section 273.111, is amended by adding a subdivision
 70.32 to read:

70.33 **Subd. 3a. Property no longer eligible for deferment.** Real estate that qualifies for
 70.34 tax deferment under this section for assessment year 2008, but which does not qualify
 70.35 for the current assessment year due to changes in qualification requirements under this

71.1 act, shall continue to qualify until the land is sold or transferred, provided that the
 71.2 property continues to meet the requirements of Minnesota Statutes 2006, section 273.111,
 71.3 subdivision 3.

71.4 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and
 71.5 thereafter.

71.6 Sec. 14. Minnesota Statutes 2006, section 273.111, subdivision 4, is amended to read:

71.7 Subd. 4. **Determination of value.** (a) The value of any real estate described
 71.8 in subdivision 3 shall upon timely application by the owner, in the manner provided
 71.9 in subdivision 8, be determined solely with reference to its appropriate agricultural
 71.10 classification and value notwithstanding sections 272.03, subdivision 8, and 273.11. ~~In~~
 71.11 ~~determining the value for ad valorem tax purposes, the assessor shall use sales data for~~
 71.12 ~~agricultural lands located outside the seven metropolitan counties having similar soil~~
 71.13 ~~types, number of degree days, and other similar agricultural characteristics.~~ Furthermore,
 71.14 the assessor shall not consider any added values resulting from nonagricultural factors.
 71.15 In order to account for the presence of nonagricultural influences that may affect the value
 71.16 of agricultural land, the commissioner of revenue shall develop a fair and uniform method
 71.17 of determining agricultural values for each county in the state that are consistent with this
 71.18 subdivision. The commissioner shall annually assign the resulting values to each county,
 71.19 and these values shall be used as the basis for determining the agricultural value for all
 71.20 properties in the county qualifying for tax deferment under this section.

71.21 (b) In the case of property qualifying for tax deferment only under subdivision 3a,
 71.22 the value shall be based on the value in effect for assessment year 2008, multiplied by
 71.23 the ratio of the total taxable market value of all property in the county for the current
 71.24 assessment year divided by the total taxable market value of all property in the county
 71.25 for assessment year 2008.

71.26 **EFFECTIVE DATE.** This section is effective for assessment year 2009 and
 71.27 thereafter.

71.28 Sec. 15. Minnesota Statutes 2006, section 273.111, subdivision 8, is amended to read:

71.29 Subd. 8. **Application.** Application for deferment of taxes and assessment under this
 71.30 section shall be filed by May 1 of the year prior to the year in which the taxes are payable.
 71.31 Any application filed hereunder and granted shall continue in effect for subsequent years
 71.32 until the property no longer qualifies. Such application shall be filed with the assessor of
 71.33 the taxing district in which the real property is located on such form as may be prescribed

72.1 by the commissioner of revenue. The assessor may require proof by affidavit or otherwise
72.2 that the property qualifies under ~~subdivisions~~ subdivision 3 and 6.

72.3 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and
72.4 thereafter.

72.5 Sec. 16. Minnesota Statutes 2006, section 273.111, subdivision 9, is amended to read:

72.6 Subd. 9. **Additional taxes.** When real property which is being, or has been valued
72.7 and assessed under this section no longer qualifies under ~~subdivisions~~ subdivision 3
72.8 ~~and 6~~ or 3a, the portion no longer qualifying shall be subject to additional taxes, in the
72.9 amount equal to the average difference between the taxes determined in accordance with
72.10 subdivision 4, and the amount determined under subdivision 5, for the current year and
72.11 the two preceding years, multiplied by seven or the number of years enrolled under
72.12 section 273.111, whichever is less. Provided, however, that the amount determined under
72.13 subdivision 5 shall not be greater than it would have been had the actual bona fide sale
72.14 price of the real property at an arm's-length transaction been used in lieu of the market
72.15 value determined under subdivision 5. Such additional taxes shall be extended against
72.16 the property on the tax list for the current year, provided, however, that no interest or
72.17 penalties shall be levied on such additional taxes if timely paid, ~~and provided further, that~~
72.18 ~~such additional taxes shall only be levied with respect to the last three years that the said~~
72.19 ~~property has been valued and assessed under this section.~~

72.20 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and
72.21 thereafter.

72.22 Sec. 17. Minnesota Statutes 2006, section 273.111, subdivision 11, is amended to read:

72.23 Subd. 11. **Special local assessments.** The payment of special local assessments
72.24 levied after June 1, 1967, for improvements made to any real property described in
72.25 subdivision 3 together with the interest thereon shall, on timely application as provided
72.26 in subdivision 8, be deferred as long as such property meets the conditions contained in
72.27 ~~subdivisions~~ subdivision 3 and 6 or 3a or is transferred to an agricultural preserve under
72.28 sections 473H.02 to 473H.17. If special assessments against the property have been
72.29 deferred pursuant to this subdivision, the governmental unit shall file with the county
72.30 recorder in the county in which the property is located a certificate containing the legal
72.31 description of the affected property and of the amount deferred. When such property
72.32 no longer qualifies under ~~subdivisions~~ subdivision 3 and 6 or 3a, all deferred special
72.33 assessments plus interest shall be payable in equal installments spread over the time

73.1 remaining until the last maturity date of the bonds issued to finance the improvement
 73.2 for which the assessments were levied. If the bonds have matured, the deferred special
 73.3 assessments plus interest shall be payable within 90 days. The provisions of section
 73.4 429.061, subdivision 2, apply to the collection of these installments. Penalty shall not be
 73.5 levied on any such special assessments if timely paid.

73.6 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and
 73.7 thereafter.

73.8 Sec. 18. Minnesota Statutes 2006, section 273.111, subdivision 11a, is amended to read:

73.9 Subd. 11a. **Continuation of tax treatment upon sale.** When real property
 73.10 qualifying under ~~subdivisions~~ subdivision 3 and 6 is sold, no additional taxes or deferred
 73.11 special assessments plus interest shall be extended against the property provided the
 73.12 property continues to qualify pursuant to ~~subdivisions~~ subdivision 3 and 6, and provided
 73.13 the new owner files an application for continued deferment within 30 days after the sale.

73.14 ~~For purposes of meeting the income requirements of subdivision 6, the property~~
 73.15 ~~purchased shall be considered in conjunction with other qualifying property owned by~~
 73.16 ~~the purchaser.~~

73.17 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and
 73.18 thereafter.

73.19 Sec. 19. **[273.1115] AGGREGATE RESOURCE PRESERVATION PROPERTY**
 73.20 **TAX LAW.**

73.21 Subdivision 1. **Definitions.** For purposes of this section, "commercial aggregate
 73.22 deposit" and "actively mined" have the meanings given them in section 273.13,
 73.23 subdivision 23, paragraph (l).

73.24 Subd. 2. **Requirement.** Real estate is entitled to valuation under this section only if
 73.25 all of the following requirements are met:

73.26 (1) the property is classified 1a, 1b, 2a, or 2b property under section 273.13,
 73.27 subdivisions 22 and 23;

73.28 (2) the property is at least ten contiguous acres, when the application is filed under
 73.29 subdivision 3;

73.30 (3) the owner has filed a completed application for deferment as specified in
 73.31 subdivision 3 with the county assessor in the county in which the property is located;

73.32 (4) there are no delinquent taxes on the property; and

73.33 (5) a covenant on the land restricts its use as provided in subdivision 3, clause (4).

74.1 Subd. 3. **Application.** Application for valuation deferment under this section
74.2 must be filed by May 1 of the assessment year. Any application filed and granted
74.3 continues in effect for subsequent years until the property no longer qualifies, provided
74.4 that supplemental affidavits under subdivision 8 are timely filed. The application must
74.5 be filed with the assessor of the county in which the real property is located on such
74.6 form as may be prescribed by the commissioner of revenue. The application must be
74.7 executed and acknowledged in the manner required by law to execute and acknowledge a
74.8 deed and must contain at least the following information and any other information the
74.9 commissioner deems necessary:

74.10 (1) the legal description of the area;

74.11 (2) the name and address of owner;

74.12 (3) a copy of the affidavit filed under section 273.13, subdivision 23, paragraph
74.13 (l), when property is classified as:

74.14 (i) 1b under section 273.13, subdivision 22, paragraph (b);

74.15 (ii) 2a under section 273.13, subdivision 23;

74.16 (iii) 2b under section 273.13, subdivision 23; or

74.17 (iv) 2e under section 273.13, subdivision 23, paragraph (l).

74.18 The application must include a similar document with the same information as
74.19 contained in the affidavit under section 273.13, subdivision 23, paragraph (l); and

74.20 (4) a statement of proof from the owner that the land contains a restrictive covenant
74.21 limiting its use for the property's surface to that which exists on the date of the application
74.22 and limiting its future use to the preparation and removal of the commercial aggregate
74.23 deposit under its surface. To qualify under this clause, the covenant must be binding on
74.24 the owner or the owner's successor or assignee, and run with the land, except as provided
74.25 in subdivision 5 allowing for the cancellation of the covenant under certain conditions.

74.26 Subd. 4. **Determination of value.** Upon timely application by the owner as provided
74.27 in subdivision 3, notwithstanding sections 272.03, subdivision 8, and 273.11, the value of
74.28 any qualifying land described in subdivision 3 must be valued as if it were agricultural
74.29 property, using a per acre valuation equal to the current assessment year's average per acre
74.30 valuation of agricultural land in the county. The assessor shall not consider any additional
74.31 value resulting from potential alternative and future uses of the property. The buildings
74.32 located on the land shall be valued by the assessor in the normal manner.

74.33 Subd. 5. **Cancellation of covenant.** The covenant required under subdivision
74.34 3 may be canceled in two ways:

75.1 (1) by the owner beginning with the next subsequent assessment year provided
75.2 that the additional taxes as determined under subdivision 7 are paid by the owner at the
75.3 time of cancellation; or

75.4 (2) by the city or town in which the property is located beginning with the next
75.5 subsequent assessment year, if the city council or town board:

75.6 (i) changes the conditional use of the property;

75.7 (ii) revokes the mining permit; or

75.8 (iii) changes the zoning to disallow mining.

75.9 No additional taxes are imposed on the property under this clause.

75.10 Subd. 6. **County termination.** Within two years of the effective date of this section,
75.11 a county may, following notice and public hearing, terminate application of this section
75.12 in the county. The termination is effective upon adoption of a resolution of the county
75.13 board. A county has 60 days from receipt of the first application for enrollment under
75.14 this section to notify the applicant and any subsequent applicants of the county's intent
75.15 to begin the process of terminating application of this section in the county. The county
75.16 must act on the termination within six months. Upon termination by a vote of the county
75.17 board, all applications received prior to and during notification of intent to terminate shall
75.18 be deemed void. If the county board does not act on the termination within six months of
75.19 notification, all applications for valuation for deferment received shall be deemed eligible
75.20 for consideration to be enrolled under this section. Following this initial 60-day grace
75.21 period, a termination applies prospectively and does not affect property enrolled under this
75.22 section prior to the termination date. A county may reauthorize application of this section
75.23 by a resolution of the county board revoking the termination.

75.24 Subd. 7. **Additional taxes.** When real property which has been valued and assessed
75.25 under this section no longer qualifies, the portion of the land classified under subdivision
75.26 2, clause (1), is subject to additional taxes. The additional tax amount is determined by:

75.27 (1) computing the difference between (i) the current year's taxes determined in
75.28 accordance with subdivision 4, and (ii) an amount as determined by the assessor based
75.29 upon the property's current year's estimated market value of like real estate at its highest
75.30 and best use and the appropriate local tax rate; and

75.31 (2) multiplying the amount determined in clause (1) by the number of years the
75.32 land was in the program under this section. The current year's estimated market value as
75.33 determined by the assessor must not exceed the market value that would result if the
75.34 property was sold in an arms-length transaction and must not be greater than it would have
75.35 been had the actual bona fide sale price of the property been used in lieu of that market
75.36 value. The additional taxes must be extended against the property on the tax list for the

76.1 current year, except that interest or penalties must not be levied on these additional taxes if
76.2 timely paid. The additional tax under this subdivision must not be imposed on that portion
76.3 of the property which has actively been mined and has been removed from the program
76.4 based upon the supplemental affidavits filed under subdivision 8.

76.5 Subd. 8. **Supplemental affidavits; mining activity on land.** When any portion
76.6 of the property begins to be actively mined, the owner must file a supplemental affidavit
76.7 within 60 days from the day any aggregate is removed stating the number of acres of the
76.8 property that is actively being mined. The acres actively being mined shall be (1) valued
76.9 and classified under section 273.13, subdivision 24, in the next subsequent assessment
76.10 year, and (2) removed from the aggregate resource preservation property tax program
76.11 under this section. The additional taxes under subdivision 7 must not be imposed on the
76.12 acres that are actively being mined and have been removed from the program under this
76.13 section. Copies of the original affidavit and all supplemental affidavits must be filed
76.14 with the county assessor, the local zoning administrator, and the Department of Natural
76.15 Resources, Division of Land and Minerals. A supplemental affidavit must be filed each
76.16 time a subsequent portion of the property is actively mined, provided that the minimum
76.17 acreage change is five acres, even if the actual mining activity constitutes less than five
76.18 acres. Failure to file the affidavits timely shall result in the property losing its valuation
76.19 deferment under this section, and additional taxes must be imposed as calculated under
76.20 subdivision 7.

76.21 Subd. 9. **Lien.** The additional tax imposed by this section is a lien upon the property
76.22 assessed to the same extent and for the same duration as other taxes imposed upon
76.23 property within this state and, when collected, must be distributed in the manner provided
76.24 by law for the collection and distribution of other property taxes.

76.25 Subd. 10. **Continuation of tax treatment upon sale.** When real property qualifying
76.26 under subdivision 2 is sold, additional taxes must not be extended against the property
76.27 if the property continues to qualify under subdivision 2, and the new owner files an
76.28 application with the assessor for continued deferment within 30 days after the sale.

76.29 **EFFECTIVE DATE.** This section is effective for taxes assessed in 2009, payable
76.30 in 2010, and thereafter, except that for the 2009 assessment year, the application date
76.31 under subdivision 5 shall be September 1, 2009, and subdivision 6 is effective the day
76.32 following final enactment.

76.33 Sec. 20. **[273.113] TAX CREDIT FOR PROPERTY IN BOVINE**
76.34 **TUBERCULOSIS MANAGEMENT ZONES.**

77.1 Subdivision 1. **Definition.** For the purposes of this section, "bovine tuberculosis
77.2 management zone" means the area within the ten-mile radius around the five presumptive
77.3 tuberculosis-positive deer sampled during the fall 2006 hunter-harvested surveillance
77.4 effort.

77.5 Subd. 2. **Eligibility; credit on agricultural land; cattle herds.** Land classified
77.6 as class 2a or 2b under section 273.13, subdivision 23, located in a bovine tuberculosis
77.7 management zone is eligible for a property tax credit if the property owner has eradicated
77.8 a cattle herd that had been kept on that land for at least part of the year in order to prevent
77.9 the onset or spread of bovine tuberculosis. The net credit is equal to that portion of the tax
77.10 relating to the market value of the land on the parcels where the herd had been located after
77.11 all other applicable credits have been deducted. To initially qualify for the tax credit, the
77.12 property owner shall file an application with the county by January 2 of the year following
77.13 the calendar year when the herd was eradicated. The credit must be given for each taxes
77.14 payable year following the calendar year when the herd was eradicated and must terminate
77.15 for all taxes payable years beginning after the calendar year when a new herd of cattle was
77.16 placed on the land or as provided in subdivision 5. The auditor shall indicate the amount of
77.17 the property tax reduction on the property tax statement of each taxpayer receiving a credit
77.18 under this section. Notwithstanding section 276.04, subdivision 3, property tax statements
77.19 of properties eligible for a credit under this section must be mailed no later than April 15.

77.20 Subd. 3. **Eligibility; credit on hunting land; deer and elk herds.** Land located
77.21 in a bovine tuberculosis management zone that is primarily used for hunting purposes is
77.22 eligible for a property tax credit if (1) the property owner or the Department of Natural
77.23 Resources has eradicated the deer and elk herd on that land in order to prevent the onset or
77.24 spread of bovine tuberculosis, (2) the property owner adheres strictly to the deer and elk
77.25 feeding ban, and (3) the property owner makes every effort to keep their land free of deer
77.26 and elk. The net credit is equal to the property tax on the parcel where the herd had been
77.27 located after all other applicable credits have been deducted. The credit is only on that
77.28 portion of the tax relating to the market value of the land. To initially qualify for the tax
77.29 credit, the property owner shall file an application with the county by January 2 of the
77.30 year following the calendar year when the deer or elk herd was eradicated. To receive
77.31 the tax credit in subsequent years, the property owner shall file by January 2 of each
77.32 subsequent year until the state is upgraded to a bovine tuberculosis status of modified
77.33 accredited advanced. The county board must approve the application before the credit
77.34 is allowed. The credit is for each taxes payable year following the calendar year when
77.35 the deer or elk herd was eradicated and must terminate as provided in subdivision 5.
77.36 The auditor shall indicate the amount of the property tax reduction on the property tax

78.1 statement of each taxpayer receiving a credit under this section. Notwithstanding section
78.2 276.04, subdivision 3, property tax statements of properties eligible for a credit under this
78.3 section must be mailed no later than April 15.

78.4 Subd. 4. **Reimbursement for lost revenue; appropriations.** The county auditor
78.5 shall certify to the commissioner of revenue, as part of the abstracts of tax lists required to
78.6 be filed with the commissioner under section 275.29, the amount of tax lost to the county
78.7 from the property tax credit under this section after all other applicable credits have been
78.8 deducted. Any prior year adjustments must also be certified in the abstracts of tax lists.
78.9 The commissioner of revenue shall review the certifications to determine their accuracy.
78.10 The commissioner may make the changes in the certification that are considered necessary
78.11 or return a certification to the county auditor for corrections. The commissioner shall
78.12 reimburse each taxing district for the taxes lost. The payments must be made at the time
78.13 provided in section 273.1398, subdivision 6, for payment to taxing jurisdictions in the
78.14 same proportion that the ad valorem tax is distributed. The amount necessary to make the
78.15 reimbursements under this section is annually appropriated from the general fund to the
78.16 commissioner of revenue. The credits paid under this section shall be deducted from the
78.17 tax due on the property as provided in section 273.1393.

78.18 Subd. 5. **Termination of credit.** The credit provided under this section ceases to
78.19 be available beginning with any assessment year following the date when the United
78.20 States Department of Agriculture publishes notice in the Federal Register that the state is
78.21 upgraded to a bovine tuberculosis status of modified accredited advanced.

78.22 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2009.

78.23 Sec. 21. Minnesota Statutes 2006, section 273.121, as amended by Laws 2008, chapter
78.24 154, article 13, section 28, is amended to read:

78.25 **273.121 VALUATION OF REAL PROPERTY, NOTICE.**

78.26 Subdivision 1. **Notice.** Any county assessor or city assessor having the powers of a
78.27 county assessor, valuing or classifying taxable real property shall in each year notify those
78.28 persons whose property is to be included on the assessment roll that year if the person's
78.29 address is known to the assessor, otherwise the occupant of the property. The notice shall
78.30 be in writing and shall be sent by ordinary mail at least ten days before the meeting of
78.31 the local board of appeal and equalization under section 274.01 or the review process
78.32 established under section 274.13, subdivision 1c. Upon written request by the owner of the
78.33 property, the assessor may send the notice in electronic form or by electronic mail instead
78.34 of on paper or by ordinary mail. It shall contain: (1) the market value for the current and

79.1 prior assessment, (2) the limited market value under section 273.11, subdivision 1a, for
79.2 the current and prior assessment, (3) the qualifying amount of any improvements under
79.3 section 273.11, subdivision 16, for the current assessment, (4) the market value subject
79.4 to taxation after subtracting the amount of any qualifying improvements for the current
79.5 assessment, (5) the classification of the property for the current and prior assessment,
79.6 (6) a note that if the property is homestead and at least 45 years old, improvements
79.7 made to the property may be eligible for a valuation exclusion under section 273.11,
79.8 subdivision 16, (7) the assessor's office address, and (8) the dates, places, and times set for
79.9 the meetings of the local board of appeal and equalization, the review process established
79.10 under section 274.13, subdivision 1c, and the county board of appeal and equalization.
79.11 The commissioner of revenue shall specify the form of the notice. The assessor shall
79.12 attach to the assessment roll a statement that the notices required by this section have been
79.13 mailed. Any assessor who is not provided sufficient funds from the assessor's governing
79.14 body to provide such notices, may make application to the commissioner of revenue
79.15 to finance such notices. The commissioner of revenue shall conduct an investigation
79.16 and, if satisfied that the assessor does not have the necessary funds, issue a certification
79.17 to the commissioner of finance of the amount necessary to provide such notices. The
79.18 commissioner of finance shall issue a warrant for such amount and shall deduct such
79.19 amount from any state payment to such county or municipality. The necessary funds to
79.20 make such payments are hereby appropriated. Failure to receive the notice shall in no way
79.21 affect the validity of the assessment, the resulting tax, the procedures of any board of
79.22 review or equalization, or the enforcement of delinquent taxes by statutory means.

79.23 Subd. 2. **Availability of data.** The notice must state where the information on
79.24 the property is available, the times when the information may be viewed by the public,
79.25 and the county's Web site address.

79.26 **EFFECTIVE DATE.** This section is effective for notices prepared in 2009 and
79.27 thereafter.

79.28 Sec. 22. Minnesota Statutes 2006, section 273.124, subdivision 1, is amended to read:

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

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

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

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

80.5 The assessor shall require proof, as provided in subdivision 13, of the facts upon
80.6 which classification as a homestead may be determined. Notwithstanding any other law,
80.7 the assessor may at any time require a homestead application to be filed in order to verify
80.8 that any property classified as a homestead continues to be eligible for homestead status.
80.9 Notwithstanding any other law to the contrary, the Department of Revenue may, upon
80.10 request from an assessor, verify whether an individual who is requesting or receiving
80.11 homestead classification has filed a Minnesota income tax return as a resident for the most
80.12 recent taxable year for which the information is available.

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

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

80.26 (c) Residential real estate that is occupied and used for purposes of a homestead by a
80.27 relative of the owner is a homestead but only to the extent of the homestead treatment
80.28 that would be provided if the related owner occupied the property. For purposes of this
80.29 paragraph and paragraph (g), "relative" means a parent, stepparent, child, stepchild,
80.30 grandparent, grandchild, brother, sister, uncle, aunt, nephew, or niece. This relationship
80.31 may be by blood or marriage. Property that has been classified as seasonal residential
80.32 recreational property at any time during which it has been owned by the current owner or
80.33 spouse of the current owner will not be reclassified as a homestead unless it is occupied as
80.34 a homestead by the owner; this prohibition also applies to property that, in the absence of
80.35 this paragraph, would have been classified as seasonal residential recreational property at
80.36 the time when the residence was constructed. Neither the related occupant nor the owner

81.1 of the property may claim a property tax refund under chapter 290A for a homestead
81.2 occupied by a relative. In the case of a residence located on agricultural land, only the
81.3 house, garage, and immediately surrounding one acre of land shall be classified as a
81.4 homestead under this paragraph, except as provided in paragraph (d).

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

81.9 (1) the relative who is occupying the agricultural property is a son, daughter, brother,
81.10 sister, grandson, granddaughter, father, or mother of the owner of the agricultural property
81.11 or a son, daughter, brother, sister, grandson, or granddaughter of the spouse of the owner
81.12 of the agricultural property;

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

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

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

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

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

81.25 (e) In the case of property owned by a property owner who is married, the assessor
81.26 must not deny homestead treatment in whole or in part if only one of the spouses occupies
81.27 the property and the other spouse is absent due to: (1) marriage dissolution proceedings,
81.28 (2) legal separation, (3) employment or self-employment in another location, or (4) other
81.29 personal circumstances causing the spouses to live separately, not including an intent to
81.30 obtain two homestead classifications for property tax purposes. To qualify under clause
81.31 (3), the spouse's place of employment or self-employment must be at least 50 miles distant
81.32 from the other spouse's place of employment, and the homesteads must be at least 50 miles
81.33 distant from each other. Homestead treatment, in whole or in part, shall not be denied to
81.34 the owner's spouse who previously occupied the residence with the owner if the absence
81.35 of the owner is due to one of the exceptions provided in this paragraph.

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

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

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

82.9 (g) If an individual is purchasing property with the intent of claiming it as a
82.10 homestead and is required by the terms of the financing agreement to have a relative
82.11 shown on the deed as a co-owner, the assessor shall allow a full homestead classification.
82.12 This provision only applies to first-time purchasers, whether married or single, or to a
82.13 person who had previously been married and is purchasing as a single individual for the
82.14 first time. The application for homestead benefits must be on a form prescribed by the
82.15 commissioner and must contain the data necessary for the assessor to determine if full
82.16 homestead benefits are warranted.

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

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

82.27 **EFFECTIVE DATE.** This section is effective for taxes payable in 2009 and
82.28 thereafter.

82.29 Sec. 23. Minnesota Statutes 2007 Supplement, section 273.124, subdivision 14,
82.30 is amended to read:

82.31 Subd. 14. **Agricultural homesteads; special provisions.** (a) Real estate of less than
82.32 ten acres that is the homestead of its owner must be classified as class 2a under section
82.33 273.13, subdivision 23, paragraph (a), if:

82.34 (1) the parcel on which the house is located is contiguous on at least two sides to (i)
82.35 agricultural land, (ii) land owned or administered by the United States Fish and Wildlife

83.1 Service, or (iii) land administered by the Department of Natural Resources on which in
83.2 lieu taxes are paid under sections 477A.11 to 477A.14;

83.3 (2) its owner also owns a noncontiguous parcel of agricultural land that is at least
83.4 20 acres;

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

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

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

83.15 (b)(i) Agricultural property consisting of at least 40 acres shall be classified as the
83.16 owner's homestead, to the same extent as other agricultural homestead property, if all
83.17 of the following criteria are met:

83.18 (1) the owner, the owner's spouse, the son or daughter of the owner or owner's
83.19 spouse, the brother or sister of the owner or owner's spouse, or the grandson or
83.20 granddaughter of the owner or the owner's spouse, is actively farming the agricultural
83.21 property, either on the person's own behalf as an individual or on behalf of a partnership
83.22 operating a family farm, family farm corporation, joint family farm venture, or limited
83.23 liability company of which the person is a partner, shareholder, or member;

83.24 (2) both the owner of the agricultural property and the person who is actively
83.25 farming the agricultural property under clause (1), are Minnesota residents;

83.26 (3) neither the owner nor the spouse of the owner claims another agricultural
83.27 homestead in Minnesota; and

83.28 (4) ~~neither the owner nor and~~ the person actively farming the property ~~lives farther~~
83.29 ~~than four townships or cities, or a combination of four townships or cities, from the~~
83.30 ~~agricultural property, must live either in the county where the agricultural property is~~
83.31 located or in a county contiguous to the county where the agricultural property is located,
83.32 except that if the owner or the owner's spouse is required to live in employer-provided
83.33 housing, the owner or owner's spouse, whichever is actively farming the agricultural
83.34 property, may live ~~more than four townships or cities, or combination of four townships~~
83.35 ~~or cities~~ further from the agricultural property than in the county or county contiguous
83.36 to the property.

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

84.2 (ii) Real property held by a trustee under a trust is eligible for agricultural homestead
84.3 classification under this paragraph if the qualifications in clause (i) are met, except that
84.4 "owner" means the grantor of the trust.

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

84.8 (c) Noncontiguous land shall be included as part of a homestead under section
84.9 273.13, subdivision 23, paragraph (a), only if the homestead is classified as class 2a
84.10 and the detached land is located in the same ~~township or city, or not farther than four~~
84.11 ~~townships or cities or combination thereof from~~ county or in a county contiguous to the
84.12 homestead. Any taxpayer of these noncontiguous lands must notify the county assessor
84.13 that the noncontiguous land is part of the taxpayer's homestead, and, if the homestead is
84.14 located in another county, the taxpayer must also notify the assessor of the other county.

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

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

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

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

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

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

84.34 (5) the owner notifies the county assessor that the relocation was due to the 1997
84.35 floods, and the owner furnishes the assessor any information deemed necessary by the
84.36 assessor in verifying the change in dwelling. Further notifications to the assessor are not

85.1 required if the property continues to meet all the requirements in this paragraph and any
85.2 dwellings on the agricultural land remain uninhabited.

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

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

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

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

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

85.14 (5) the owner notifies the county assessor that the relocation was due to a March 29,
85.15 1998, tornado, and the owner furnishes the assessor any information deemed necessary by
85.16 the assessor in verifying the change in homestead dwelling. For taxes payable in 1999, the
85.17 owner must notify the assessor by December 1, 1998. Further notifications to the assessor
85.18 are not required if the property continues to meet all the requirements in this paragraph
85.19 and any dwellings on the agricultural land remain uninhabited.

85.20 (g) Agricultural property consisting of at least 40 acres of a family farm corporation,
85.21 joint family farm venture, family farm limited liability company, or partnership operating
85.22 a family farm as described under subdivision 8 shall be classified homestead, to the same
85.23 extent as other agricultural homestead property, if all of the following criteria are met:

85.24 (1) a shareholder, member, or partner of that entity is actively farming the
85.25 agricultural property;

85.26 (2) that shareholder, member, or partner who is actively farming the agricultural
85.27 property is a Minnesota resident;

85.28 (3) neither that shareholder, member, or partner, nor the spouse of that shareholder,
85.29 member, or partner claims another agricultural homestead in Minnesota; and

85.30 (4) that shareholder, member, or partner ~~does not live farther than four townships~~
85.31 ~~or cities, or a combination of four townships or cities, from the agricultural property~~
85.32 lives in the county where the agricultural property is located or in a county contiguous to
85.33 the county where the property is located.

85.34 Homestead treatment applies under this paragraph for property leased to a family
85.35 farm corporation, joint farm venture, limited liability company, or partnership operating a

86.1 family farm if legal title to the property is in the name of an individual who is a member,
86.2 shareholder, or partner in the entity.

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

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

86.9 (2) the owners and the persons actively farming the property continue to live within
86.10 ~~the four townships or city criteria~~ the county or a contiguous county and are Minnesota
86.11 residents;

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

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

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

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

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

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

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

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

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

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

86.35 (5) the owner notifies the county assessor that the relocation was due to the August
86.36 2007 floods, and the owner furnishes the assessor any information deemed necessary by

87.1 the assessor in verifying the change in homestead dwelling. For taxes payable in 2009, the
 87.2 owner must notify the assessor by December 1, 2008. Further notifications to the assessor
 87.3 are not required if the property continues to meet all the requirements in this paragraph
 87.4 and any dwellings on the agricultural land remain uninhabited.

87.5 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and
 87.6 thereafter, except that the provision extending the homestead to brothers and sisters is
 87.7 effective for taxes payable in 2009 and thereafter.

87.8 Sec. 24. Minnesota Statutes 2006, section 273.13, subdivision 23, as amended by Laws
 87.9 2008, chapter 154, article 2, section 12, is amended to read:

87.10 Subd. 23. **Class 2.** (a) ~~Class 2a property is agricultural land including any~~
 87.11 ~~improvements~~ An agricultural homestead consists of class 2a agricultural land that is
 87.12 homesteaded, along with any class 2b rural vacant land that is contiguous to the class 2a
 87.13 land. The market value of the house and garage and immediately surrounding one acre
 87.14 of land has the same class rates as class 1a or 1b property under subdivision 22. The
 87.15 value of the remaining land including improvements up to the first tier valuation limit of
 87.16 agricultural homestead property has a net class rate of ~~0.55~~ 0.5 percent of market value.
 87.17 The remaining property over the first tier has a class rate of one percent of market value.
 87.18 For purposes of this subdivision, the "first tier valuation limit of agricultural homestead
 87.19 property" and "first tier" means the limit certified under section 273.11, subdivision 23.

87.20 (b) Class 2a agricultural land consists of parcels of property, or portions thereof,
 87.21 that are agricultural land and buildings. Class 2a property has a net class rate of one
 87.22 percent of market value, unless it is part of an agricultural homestead under paragraph
 87.23 (a). Class 2a property may contain an incidental amount of property that would otherwise
 87.24 be classified as 2b, including but not limited to sloughs, wooded wind shelters, acreage
 87.25 abutting ditches, and other similar land impractical for the assessor to value separately
 87.26 from the rest of the property.

87.27 (c) Class 2b property is (1) rural vacant land consists of parcels of property,
 87.28 or portions thereof, that are unplatted real estate, rural in character and not used for
 87.29 agricultural purposes, including land used exclusively for growing trees for timber,
 87.30 lumber, and wood and wood products; (2) real estate that is not improved with a structure
 87.31 and is used exclusively for growing trees for timber, lumber, and wood and wood products;
 87.32 if the owner has participated or is participating in a cost-sharing program for afforestation,
 87.33 reforestation, or timber stand improvement on that particular property, administered or
 87.34 coordinated by the commissioner of natural resources; (3) real estate that is nonhomestead
 87.35 agricultural land; or (4) a landing area or public access area of a privately owned public use

88.1 ~~airport~~, provided that the presence of a minor, ancillary nonresidential structure as defined
 88.2 by the commissioner of revenue does not disqualify the property from classification
 88.3 under this paragraph and provided that any parcel improved with a structure that is not a
 88.4 minor, ancillary nonresidential structure may be split-classified, provided that the acreage
 88.5 assigned to the split parcel with the structure is at least 20 acres. Class 2b property has
 88.6 a net class rate of one percent of market value, ~~except that unplatted property described~~
 88.7 ~~in clause (1) or (2) has a net class rate of .65 percent if it consists~~ unless it is part of an
 88.8 agricultural homestead under paragraph (a), or qualifies as class 2c under paragraph (d).

88.9 (d) Class 2c managed forest land consists of no less than ten 20 and no more than
 88.10 1,920 acres and statewide per taxpayer that is being managed under a forest management
 88.11 plan that meets the requirements of chapter 290C, but is not enrolled in the sustainable
 88.12 forest resource management incentive program. It has a class rate of .65 percent, provided
 88.13 that the owner of the property must apply to the assessor annually to receive the reduced
 88.14 class rate and provide the information required by the assessor to verify that the property
 88.15 qualifies for the reduced rate. The commissioner of natural resources must concur that the
 88.16 land is qualified. The commissioner of natural resources shall annually provide county
 88.17 assessors verification information on a timely basis.

88.18 ~~(e)~~ (e) Agricultural land as used in this section means contiguous acreage of
 88.19 ~~ten acres or more, property used during the preceding year for agricultural purposes.~~
 88.20 "Agricultural purposes" as used in this section means the raising ~~or~~, cultivation, drying,
 88.21 or storage of agricultural products for sale, or the storage of machinery or equipment
 88.22 used in support of agricultural production. For a property to be classified as agricultural
 88.23 based only on the drying or storage of agricultural products, the products being dried or
 88.24 stored must have been produced by the same farm entity as the entity operating the drying
 88.25 or storage facility. "Agricultural purposes" also includes enrollment in the Reinvest in
 88.26 Minnesota program under sections 103F.501 to 103F.535 or the federal Conservation
 88.27 Reserve Program as contained in Public Law 99-198 if the property was classified as
 88.28 agricultural (i) under this subdivision for the assessment year 2002 or (ii) in the year prior
 88.29 to its enrollment. ~~Contiguous acreage on the same parcel, or contiguous acreage on an~~
 88.30 ~~immediately adjacent parcel under the same ownership, may also qualify as agricultural~~
 88.31 ~~land, but only if it is pasture, timber, waste, unusable wild land, or land included in state~~
 88.32 ~~or federal farm programs. Agricultural classification for property shall be determined~~
 88.33 ~~excluding the house, garage, and immediately surrounding one acre of land, and shall not~~
 88.34 be based upon the market value of any residential structures on the parcel or contiguous
 88.35 parcels under the same ownership.

89.1 ~~(d)~~ (f) Real estate of less than five acres, excluding the house, garage, and
89.2 immediately surrounding one acre of land, ~~of less than ten acres which is exclusively and~~
89.3 ~~intensively used for raising or cultivating agricultural products, shall be considered as~~
89.4 ~~agricultural land~~ qualifies as class 2a if:

89.5 (i) the entire parcel is tilled or pastured to produce an agricultural product for sale in
89.6 three of the last five years;

89.7 (ii) the acres are used primarily for drying or storage of grain or storage of machinery
89.8 or equipment used to support agricultural activities on other parcels of property operated
89.9 by the same farming entity;

89.10 (iii) the land mass contains a nursery, provided only those acres used to produce
89.11 nursery stock are considered agricultural land;

89.12 (iv) the parcel is used exclusively as a livestock or poultry confinement process; or

89.13 (v) the parcel is used primarily for market farming; for purposes of this paragraph,
89.14 "market farming" means the cultivation of one or more fruits or vegetables or production
89.15 of animal or other agricultural products for sale to local markets by the farmer or an
89.16 organization with which the farmer is affiliated.

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

89.19 ~~Classification under this subdivision is not determinative for qualifying under~~
89.20 ~~section 273.111.~~

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

89.24 ~~(e)~~ (i) The term "agricultural products" as used in this subdivision includes
89.25 production for sale of:

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

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

89.31 (3) the commercial boarding of horses if the boarding is done in conjunction with
89.32 raising or cultivating agricultural products as defined in clause (1);

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

89.35 (5) game birds and waterfowl bred and raised for use on a shooting preserve licensed
89.36 under section 97A.115;

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

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

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

90.6 ~~(f)~~ (j) If a parcel used for agricultural purposes is also used for commercial or
90.7 industrial purposes, including but not limited to:

90.8 (1) wholesale and retail sales;

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

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

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

90.13 the assessor shall classify the part of the parcel used for agricultural purposes as class
90.14 1b, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its
90.15 use. The grading, sorting, and packaging of raw agricultural products for first sale is
90.16 considered an agricultural purpose. A greenhouse or other building where horticultural
90.17 or nursery products are grown that is also used for the conduct of retail sales must be
90.18 classified as agricultural if it is primarily used for the growing of horticultural or nursery
90.19 products from seed, cuttings, or roots and occasionally as a showroom for the retail sale of
90.20 those products. Use of a greenhouse or building only for the display of already grown
90.21 horticultural or nursery products does not qualify as an agricultural purpose.

90.22 The assessor shall determine and list separately on the records the market value of
90.23 the homestead dwelling and the one acre of land on which that dwelling is located. If any
90.24 farm buildings or structures are located on this homesteaded acre of land, their market
90.25 value shall not be included in this separate determination.

90.26 ~~(g)~~ (k) Class 2d airport landing area consists of a landing area or public access area
90.27 of a privately owned public use airport. It has a class rate of one percent of market value.

90.28 To qualify for classification under this paragraph ~~(b)~~, ~~clause (4)~~, a privately owned public
90.29 use airport must be licensed as a public airport under section 360.018. For purposes of this
90.30 paragraph ~~(b)~~, ~~clause (4)~~, "landing area" means that part of a privately owned public use
90.31 airport properly cleared, regularly maintained, and made available to the public for use by
90.32 aircraft and includes runways, taxiways, aprons, and sites upon which are situated landing
90.33 or navigational aids. A landing area also includes land underlying both the primary surface
90.34 and the approach surfaces that comply with all of the following:

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

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

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

91.6 The land contained in a landing area under this paragraph (b), clause (4), must be described
 91.7 and certified by the commissioner of transportation. The certification is effective until it
 91.8 is modified, or until the airport or landing area no longer meets the requirements of this
 91.9 paragraph (b), clause (4). For purposes of this paragraph (b), clause (4), "public access
 91.10 area" means property used as an aircraft parking ramp, apron, or storage hangar, or an
 91.11 arrival and departure building in connection with the airport.

91.12 (1) Class 2e consists of land with a commercial aggregate deposit that is actively
 91.13 being mined and is not otherwise classified as class 2a or 2b. It has a class rate of one
 91.14 percent of market value. To qualify for classification under this paragraph, the property
 91.15 must be at least ten contiguous acres in size and the owner of the property must record with
 91.16 the county recorder of the county in which the property is located an affidavit containing:

91.17 (1) a legal description of the property;

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

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

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

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

91.30 (m) When any portion of the property under this subdivision or subdivision 22
 91.31 begins to be actively mined, the owner must file a supplemental affidavit within 60 days
 91.32 from the day any aggregate is removed stating the number of acres of the property that is
 91.33 actively being mined. The acres actively being mined must be (1) valued and classified
 91.34 under subdivision 24 in the next subsequent assessment year, and (2) removed from the
 91.35 aggregate resource preservation property tax program under section 273.1115, if the
 91.36 land was enrolled in that program. Copies of the original affidavit and all supplemental

92.1 affidavits must be filed with the county assessor, the local zoning administrator, and the
 92.2 Department of Natural Resources, Division of Land and Minerals. A supplemental
 92.3 affidavit must be filed each time a subsequent portion of the property is actively mined,
 92.4 provided that the minimum acreage change is five acres, even if the actual mining activity
 92.5 constitutes less than five acres.

92.6 **EFFECTIVE DATE.** The portion of this section reducing the agricultural class rate,
 92.7 and expanding the definition of "agricultural purposes" in paragraph (e) and "agricultural
 92.8 products" in paragraph (h), is effective for taxes payable in 2009 and thereafter. The
 92.9 remainder of the section is effective for taxes payable in 2010 and thereafter.

92.10 Sec. 25. Minnesota Statutes 2006, section 273.13, subdivision 24, is amended to read:

92.11 Subd. 24. **Class 3.** (a) Commercial and industrial property and utility real and
 92.12 personal property is class 3a.

92.13 (1) Except as otherwise provided, each parcel of commercial, industrial, or utility
 92.14 real property has a class rate of 1.5 percent of the first tier of market value, and 2.0 percent
 92.15 of the remaining market value. In the case of contiguous parcels of property owned by the
 92.16 same person or entity, only the value equal to the first-tier value of the contiguous parcels
 92.17 qualifies for the reduced class rate, except that contiguous parcels owned by the same
 92.18 person or entity shall be eligible for the first-tier value class rate on each separate business
 92.19 operated by the owner of the property, provided the business is housed in a separate
 92.20 structure. For the purposes of this subdivision, the first tier means the first \$150,000 of
 92.21 market value. Real property owned in fee by a utility for transmission line right-of-way
 92.22 shall be classified at the class rate for the higher tier.

92.23 For purposes of this subdivision, parcels are considered to be contiguous even if
 92.24 they are separated from each other by a road, street, waterway, or other similar intervening
 92.25 type of property. Connections between parcels that consist of power lines or pipelines do
 92.26 not cause the parcels to be contiguous. Property owners who have contiguous parcels of
 92.27 property that constitute separate businesses that may qualify for the first-tier class rate shall
 92.28 notify the assessor by July 1, for treatment beginning in the following taxes payable year.

92.29 (2) ~~All~~ Personal property that is: ~~(i) part of an electric generation, transmission, or~~
 92.30 ~~distribution system; or (ii), including tools, implements, and machinery, has a class rate~~
 92.31 of 2.4 percent for taxes payable in 2009, and 2.8 percent for taxes payable in 2010 and
 92.32 thereafter.

92.33 (3) Personal property that is either: (i) part of a pipeline system transporting
 92.34 or distributing water, gas, crude oil, or petroleum products; and (iii) not described in
 92.35 clause (3), and all, including tools, implements, and machinery, or (ii) part of an electric

93.1 transmission or distribution system, including tools, implements, and machinery, has a
 93.2 class rate of 2.0 percent for taxes payable in 2009 and thereafter.

93.3 (4) Railroad operating property has a class rate as provided under clause (1) for
 93.4 the first tier of market value and the remaining market value. In the case of multiple
 93.5 parcels in one county that are owned by one person or entity, only one first tier amount
 93.6 is eligible for the reduced rate.

93.7 ~~(3) The entire market value of personal property that is: (i) tools, implements, and~~
 93.8 ~~machinery of an electric generation, transmission, or distribution system; (ii) tools,~~
 93.9 ~~implements, and machinery of a pipeline system transporting or distributing water, gas,~~
 93.10 ~~crude oil, or petroleum products; or (iii) the~~ (5) Personal property consisting of mains
 93.11 and pipes used in the distribution of steam or hot or chilled water for heating or cooling
 93.12 buildings, has a class rate as provided under clause (1) for the remaining market value
 93.13 in excess of the first tier.

93.14 (b) Employment property defined in section 469.166, during the period provided
 93.15 in section 469.170, shall constitute class 3b. The class rates for class 3b property are
 93.16 determined under paragraph (a).

93.17 **EFFECTIVE DATE.** This section is effective for taxes payable in 2009 and
 93.18 thereafter.

93.19 Sec. 26. Minnesota Statutes 2006, section 273.13, subdivision 25, as amended by Laws
 93.20 2008, chapter 154, article 2, section 13, is amended to read:

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

93.28 (b) Class 4b ~~includes:~~

93.29 ~~(1) residential real estate containing less than four units that does not qualify as class~~
 93.30 ~~4bb, other than seasonal residential recreational property;~~

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

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

93.34 ~~(4) is~~ unimproved property that is classified residential as determined under
 93.35 subdivision 33.

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

94.2 (c) Class 4bb includes:

94.3 (1) nonhomestead residential real estate containing ~~one unit~~ up to three units, other
94.4 than seasonal residential recreational property; ~~and~~

94.5 (2) a ~~single family~~ dwelling, garage, and surrounding one acre of property on a
94.6 nonhomestead farm classified under subdivision 23, paragraph (b), containing up to three
94.7 units; and

94.8 (3) manufactured homes not classified under any other provision.

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

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

94.13 (d) Class 4c property includes:

94.14 (1) except as provided in subdivision 22, paragraph (c), or subdivision 23, paragraph
94.15 (b), clause (1), real and personal property devoted to temporary and seasonal residential
94.16 occupancy for recreation purposes, including real and personal property devoted to
94.17 temporary and seasonal residential occupancy for recreation purposes and not devoted to
94.18 commercial purposes for more than 250 days in the year preceding the year of assessment.
94.19 For purposes of this clause, property is devoted to a commercial purpose on a specific
94.20 day if any portion of the property is used for residential occupancy, and a fee is charged
94.21 for residential occupancy. Class 4c property must contain three or more rental units. A
94.22 "rental unit" is defined as a cabin, condominium, townhouse, sleeping room, or individual
94.23 camping site equipped with water and electrical hookups for recreational vehicles. Class
94.24 4c property must provide recreational activities such as renting ice fishing houses, boats
94.25 and motors, snowmobiles, downhill or cross-country ski equipment; provide marina
94.26 services, launch services, or guide services; or sell bait and fishing tackle. A camping
94.27 pad offered for rent by a property that otherwise qualifies for class 4c is also class 4c
94.28 regardless of the term of the rental agreement, as long as the use of the camping pad
94.29 does not exceed 250 days. In order for a property to be classified as class 4c, seasonal
94.30 residential recreational for commercial purposes, at least 40 percent of the annual gross
94.31 lodging receipts related to the property must be from business conducted during 90
94.32 consecutive days and either (i) at least 60 percent of all paid bookings by lodging guests
94.33 during the year must be for periods of at least two consecutive nights; or (ii) at least 20
94.34 percent of the annual gross receipts must be from charges for rental of fish houses, boats
94.35 and motors, snowmobiles, downhill or cross-country ski equipment, or charges for marina
94.36 services, launch services, and guide services, or the sale of bait and fishing tackle. For

95.1 purposes of this determination, a paid booking of five or more nights shall be counted as
95.2 two bookings. Class 4c also includes commercial use real property used exclusively
95.3 for recreational purposes in conjunction with class 4c property devoted to temporary
95.4 and seasonal residential occupancy for recreational purposes, up to a total of two acres,
95.5 provided the property is not devoted to commercial recreational use for more than 250
95.6 days in the year preceding the year of assessment and is located within two miles of the
95.7 class 4c property with which it is used. Owners of real and personal property devoted
95.8 to temporary and seasonal residential occupancy for recreation purposes and all or a
95.9 portion of which was devoted to commercial purposes for not more than 250 days in the
95.10 year preceding the year of assessment desiring classification as class 4c, must submit a
95.11 declaration to the assessor designating the cabins or units occupied for 250 days or less in
95.12 the year preceding the year of assessment by January 15 of the assessment year. Those
95.13 cabins or units and a proportionate share of the land on which they are located must be
95.14 designated class 4c as otherwise provided. The remainder of the cabins or units and
95.15 a proportionate share of the land on which they are located will be designated as class
95.16 3a. The owner of property desiring designation as class 4c property must provide guest
95.17 registers or other records demonstrating that the units for which class 4c designation is
95.18 sought were not occupied for more than 250 days in the year preceding the assessment if
95.19 so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop,
95.20 (4) conference center or meeting room, and (5) other nonresidential facility operated on a
95.21 commercial basis not directly related to temporary and seasonal residential occupancy for
95.22 recreation purposes does not qualify for class 4c;

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

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

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

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

95.31 (3) real property up to a maximum of three acres of land owned and used by a
95.32 nonprofit community service oriented organization and that is not used for residential
95.33 purposes on either a temporary or permanent basis, qualifies for class 4c provided that
95.34 it meets either of the following:

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

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

96.5 For purposes of this clause,

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

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

96.10 (C) a "nonprofit community service oriented organization" means any corporation,
96.11 society, association, foundation, or institution organized and operated exclusively for
96.12 charitable, religious, fraternal, civic, or educational purposes, and which is exempt from
96.13 federal income taxation pursuant to section 501(c)(3), (10), or (19) of the Internal Revenue
96.14 Code of 1986, as amended through December 31, 1990; and

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

96.21 Any portion of the property qualifying under item (i) which is used for revenue-producing
96.22 activities for more than six days in the calendar year preceding the year of assessment
96.23 shall be assessed as class 3a. The use of the property for social events open exclusively
96.24 to members and their guests for periods of less than 24 hours, when an admission is
96.25 not charged nor any revenues are received by the organization shall not be considered a
96.26 revenue-producing activity.

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

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

97.1 (5) manufactured home parks as defined in section 327.14, subdivision 3;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

97.33 Class 4c property has a class rate of 1.5 percent of market value, except that (i) each
97.34 parcel of seasonal residential recreational property not used for commercial purposes has
97.35 the same class rates as class 4bb property, (ii) manufactured home parks assessed under
97.36 clause (5) have the same class rate as class 4b property, (iii) commercial-use seasonal

98.1 residential recreational property has a class rate of one percent for the first \$500,000 of
98.2 market value, and 1.25 percent for the remaining market value, (iv) the market value of
98.3 property described in clause (4) has a class rate of one percent, (v) the market value of
98.4 property described in clauses (2) and (6) has a class rate of 1.25 percent, and (vi) that
98.5 portion of the market value of property in clause (9) qualifying for class 4c property
98.6 has a class rate of 1.25 percent.

98.7 (e) Class 4d property is qualifying low-income rental housing certified to the assessor
98.8 by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion
98.9 of the units in the building qualify as low-income rental housing units as certified under
98.10 section 273.128, subdivision 3, only the proportion of qualifying units to the total number
98.11 of units in the building qualify for class 4d. The remaining portion of the building shall be
98.12 classified by the assessor based upon its use. Class 4d also includes the same proportion of
98.13 land as the qualifying low-income rental housing units are to the total units in the building.
98.14 For all properties qualifying as class 4d, the market value determined by the assessor must
98.15 be based on the normal approach to value using normal unrestricted rents.

98.16 Class 4d property has a class rate of 0.75 percent.

98.17 **EFFECTIVE DATE.** This section is effective for assessment year 2008 and
98.18 thereafter, and for taxes payable in 2009 and thereafter.

98.19 Sec. 27. Minnesota Statutes 2006, section 273.13, subdivision 33, is amended to read:

98.20 Subd. 33. **Classification of unimproved property.** (a) All real property that is not
98.21 improved with a structure must be classified according to its current use.

98.22 (b) Except as provided in subdivision 23, paragraph (c), real property that is not
98.23 improved with a structure and for which there is no identifiable current use must be
98.24 classified according to its highest and best use permitted under the local zoning ordinance.
98.25 If the ordinance permits more than one use, the land must be classified according to the
98.26 highest and best use permitted under the ordinance. If no such ordinance exists, the
98.27 assessor shall consider the most likely potential use of the unimproved land based upon
98.28 the use made of surrounding land or land in proximity to the unimproved land.

98.29 **EFFECTIVE DATE.** This section is effective for taxes payable in 2009 and
98.30 thereafter.

98.31 Sec. 28. Minnesota Statutes 2006, section 273.1384, subdivision 2, is amended to read:

98.32 Subd. 2. **Agricultural homestead market value credit.** Property classified as ~~class~~
98.33 ~~2a~~ agricultural homestead under section 273.13, subdivision 23, paragraph (a), is eligible

99.1 for an agricultural credit. The credit is computed using the property's agricultural credit
 99.2 market value, defined for this purpose as the property's ~~class 2a~~ market value excluding
 99.3 the market value of the house, garage, and immediately surrounding one acre of land. The
 99.4 credit is equal to 0.3 percent of the first \$115,000 of the property's agricultural credit
 99.5 market value minus .05 percent of the property's agricultural credit market value in excess
 99.6 of \$115,000, subject to a maximum reduction of \$115. In the case of property that is
 99.7 classified ~~in as part as class 2a agricultural~~ homestead and ~~in part as class 2b~~ nonhomestead
 99.8 ~~farm land~~ solely because not all the owners occupy or farm the property, not all the owners
 99.9 have qualifying relatives occupying or farming the property, or solely because not all the
 99.10 spouses of owners occupy the property, the credit must be initially computed as if that
 99.11 nonhomestead agricultural land was also classified as ~~class 2a~~ agricultural homestead and
 99.12 then prorated to the owner-occupant's percentage of ownership.

99.13 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and
 99.14 thereafter.

99.15 Sec. 29. **[273.1388] PROPERTY TAX CREDIT FOR LEASED LAND.**

99.16 Noncommercial seasonal residential recreational property located on land leased
 99.17 from a governmental unit or agency is eligible for a property tax credit equal to 25 percent
 99.18 of the annual lease payment. Eligible taxpayers must file an application with the county
 99.19 auditor prior to November 1 of the year in which the property taxes are payable. The
 99.20 application shall be on a form prescribed by the commissioner of revenue, and must
 99.21 include such evidence as the county deems necessary of the annual lease payment for the
 99.22 period corresponding to the taxes payable year. The county may either pay the credit
 99.23 directly to the property owner or subtract it as a credit on the property tax statement,
 99.24 whichever it considers to be more administratively cost-efficient. If the county makes a
 99.25 direct payment of the credit to the property owner, the county must pay the credit by
 99.26 August 1 of the year in which the taxes are payable or within 45 days of receipt of the
 99.27 application, whichever is later.

99.28 **EFFECTIVE DATE.** This section is effective for taxes payable in 2009 and
 99.29 thereafter.

99.30 Sec. 30. Minnesota Statutes 2007 Supplement, section 273.1393, is amended to read:

99.31 **273.1393 COMPUTATION OF NET PROPERTY TAXES.**

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

- 100.1 (1) disaster credit as provided in sections 273.1231 to 273.1235;
- 100.2 (2) powerline credit as provided in section 273.42;
- 100.3 (3) agricultural preserves credit as provided in section 473H.10;
- 100.4 (4) enterprise zone credit as provided in section 469.171;
- 100.5 (5) disparity reduction credit;
- 100.6 (6) conservation tax credit as provided in section 273.119;
- 100.7 (7) homestead and agricultural credits as provided in section 273.1384;
- 100.8 (8) taconite homestead credit as provided in section 273.135; ~~and~~
- 100.9 (9) supplemental homestead credit as provided in section 273.1391; and
- 100.10 (10) bovine tuberculosis management credit as provided in section 273.113.
- 100.11 The combination of all property tax credits must not exceed the gross tax amount.

100.12 **EFFECTIVE DATE.** This section is effective for taxes payable in 2009 and

100.13 thereafter.

100.14 Sec. 31. Minnesota Statutes 2006, section 274.14, is amended to read:

100.15 **274.14 LENGTH OF SESSION; RECORD.**

100.16 The board may meet on any ten consecutive meeting days in June, after the second

100.17 Friday in June. The actual meeting dates must be contained on the valuation notices

100.18 mailed to each property owner in the county as provided in section 273.121. For this

100.19 purpose, "meeting days" is defined as any day of the week excluding ~~Saturday and~~ Sunday.

100.20 At the board's discretion, "meeting days" may include Saturday. No action taken by the

100.21 county board of review after June 30 is valid, except for corrections permitted in sections

100.22 273.01 and 274.01. The county auditor shall keep an accurate record of the proceedings

100.23 and orders of the board. The record must be published like other proceedings of county

100.24 commissioners. A copy of the published record must be sent to the commissioner of

100.25 revenue, with the abstract of assessment required by section 274.16.

100.26 For counties that conduct either regular board of review meetings or open book

100.27 meetings, at least one of the meeting days must include a meeting that does not end

100.28 before 7:00 p.m. For counties that require taxpayer appointments for the board of review,

100.29 appointments must include some available times that extend until at least 7:00 p.m. The

100.30 county may have a Saturday meeting in lieu of, or in addition to, the extended meeting

100.31 times under this paragraph.

100.32 Sec. 32. Minnesota Statutes 2006, section 275.025, subdivision 1, is amended to read:

101.1 Subdivision 1. **Levy amount.** The state general levy is levied against
101.2 commercial-industrial property and seasonal residential recreational property, as defined
101.3 in this section. The state general levy base amount is \$592,000,000 for taxes payable in
101.4 2002. For taxes payable in subsequent years, the levy base amount is increased each year
101.5 by multiplying the levy base amount for the prior year by the sum of one plus the rate of
101.6 increase, if any, in the implicit price deflator for government consumption expenditures
101.7 and gross investment for state and local governments prepared by the Bureau of Economic
101.8 Analysts of the United States Department of Commerce for the 12-month period ending
101.9 March 31 of the year prior to the year the taxes are payable. The tax under this section is
101.10 not treated as a local tax rate under section 469.177 and is not the levy of a governmental
101.11 unit under chapters 276A and 473F.

101.12 In setting the rate, the commissioner shall exclude the tax capacity of property
101.13 described in section 473.625 from the tax base. The commissioner shall increase or
101.14 decrease the preliminary or final rate for a year as necessary to account for errors and tax
101.15 base changes that affected a preliminary or final rate for either of the two preceding years.
101.16 Adjustments are allowed to the extent that the necessary information is available to the
101.17 commissioner at the time the rates for a year must be certified, and for the following
101.18 reasons:

- 101.19 (1) an erroneous report of taxable value by a local official;
101.20 (2) an erroneous calculation by the commissioner; and
101.21 (3) an increase or decrease in taxable value for commercial-industrial or seasonal
101.22 residential recreational property reported on the abstracts of tax lists submitted under
101.23 section 275.29 that was not reported on the abstracts of assessment submitted under
101.24 section 270C.89 for the same year.

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

101.27 **EFFECTIVE DATE.** This section is effective beginning for property taxes payable
101.28 in 2009.

101.29 Sec. 33. Minnesota Statutes 2006, section 275.025, subdivision 2, is amended to read:

101.30 Subd. 2. **Commercial-industrial tax capacity.** For the purposes of this section,
101.31 "commercial-industrial tax capacity" means the tax capacity of all taxable property
101.32 classified as class 3 or class 5(1) under section 273.13, except for electric generation
101.33 attached machinery under class 3 ~~and property described in section 473.625.~~ County
101.34 commercial-industrial tax capacity amounts are not adjusted for the captured net tax

102.1 capacity of a tax increment financing district under section 469.177, subdivision 2, the
102.2 net tax capacity of transmission lines deducted from a local government's total net tax
102.3 capacity under section 273.425, or fiscal disparities contribution and distribution net
102.4 tax capacities under chapter 276A or 473F.

102.5 **EFFECTIVE DATE.** This section is effective beginning for taxes payable in 2009.

102.6 Sec. 34. Minnesota Statutes 2007 Supplement, section 275.065, subdivision 1, is
102.7 amended to read:

102.8 Subdivision 1. **Proposed levy.** (a) Notwithstanding any law or charter to the
102.9 contrary, on or before September ~~15~~1, each taxing authority, other than a school district,
102.10 shall adopt a proposed budget and shall certify to the county auditor the proposed or, in
102.11 the case of a town, the final property tax levy for taxes payable in the following year.

102.12 (b) On or before September ~~30~~15, each school district that has not mutually agreed
102.13 with its home county to extend this date shall certify to the county auditor the proposed
102.14 property tax levy for taxes payable in the following year. Each school district that has
102.15 agreed with its home county to delay the certification of its proposed property tax levy
102.16 must certify its proposed property tax levy for the following year no later than ~~October 7~~
102.17 September 22. The school district shall certify the proposed levy as:

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

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

102.23 (c) If the board of estimate and taxation or any similar board that establishes
102.24 maximum tax levies for taxing jurisdictions within a first class city certifies the maximum
102.25 property tax levies for funds under its jurisdiction by charter to the county auditor by
102.26 September ~~15~~1, the city shall be deemed to have certified its levies for those taxing
102.27 jurisdictions.

102.28 (d) For purposes of this section, "taxing authority" includes all home rule and
102.29 statutory cities, towns, counties, school districts, and special taxing districts as defined
102.30 in section 275.066. Intermediate school districts that levy a tax under chapter 124 or
102.31 136D, joint powers boards established under sections 123A.44 to 123A.446, and Common
102.32 School Districts No. 323, Franconia, and No. 815, Prinsburg, are also special taxing
102.33 districts for purposes of this section.

103.1 **EFFECTIVE DATE.** This section is effective for proposed notices and hearings
103.2 held in 2009 and thereafter, for property taxes payable in 2010 and thereafter.

103.3 Sec. 35. Minnesota Statutes 2007 Supplement, section 275.065, subdivision 1a,
103.4 is amended to read:

103.5 Subd. 1a. **Overlapping jurisdictions.** In the case of a taxing authority lying in two
103.6 or more counties, the home county auditor shall certify the proposed levy and the proposed
103.7 local tax rate to the other county auditor by October 5, unless the home county has agreed
103.8 to delay the certification of its proposed property tax levy, in which case the home county
103.9 auditor shall certify the proposed levy and the proposed local tax rate to the other county
103.10 auditor by ~~October 10~~ September 5. The home county auditor must estimate the levy or
103.11 rate in preparing the notices required in subdivision 3, if the other county has not certified
103.12 the appropriate information. If requested by the home county auditor, the other county
103.13 auditor must furnish an estimate to the home county auditor.

103.14 **EFFECTIVE DATE.** This section is effective for proposed notices and hearings
103.15 held in 2009 and thereafter, for property taxes payable in 2010 and thereafter.

103.16 Sec. 36. Minnesota Statutes 2006, section 275.065, subdivision 1c, is amended to read:

103.17 Subd. 1c. **Levy; shared, merged, consolidated services.** If two or more taxing
103.18 authorities are in the process of negotiating an agreement for sharing, merging, or
103.19 consolidating services between those taxing authorities at the time the proposed levy is to
103.20 be certified under subdivision 1, each taxing authority involved in the negotiation shall
103.21 certify its total proposed levy as provided in that subdivision, including a notification to the
103.22 county auditor of the specific service involved in the agreement which is not yet finalized.
103.23 The affected taxing authorities may amend their proposed levies under subdivision 1 until
103.24 ~~October~~ September 10 for levy amounts relating only to the specific service involved.

103.25 **EFFECTIVE DATE.** This section is effective for proposed notices and hearings
103.26 held in 2009 and thereafter, for property taxes payable in 2010 and thereafter.

103.27 Sec. 37. Minnesota Statutes 2006, section 275.065, is amended by adding a subdivision
103.28 to read:

103.29 Subd. 1d. **Failure to certify proposed levy.** If a taxing authority fails to certify
103.30 its proposed levy by the due dates specified under subdivisions 1, 1a, and 1c, the county
103.31 auditor shall use the authority's previous year's final levy under section 275.07, subdivision

104.1 1, for purposes of determining its proposed property tax notices and public advertisements
104.2 under this section.

104.3 **EFFECTIVE DATE.** This section is effective for notices prepared in 2008, for
104.4 property taxes payable in 2009 and thereafter.

104.5 Sec. 38. Minnesota Statutes 2007 Supplement, section 275.065, subdivision 3, is
104.6 amended to read:

104.7 Subd. 3. **Notice of proposed property taxes.** (a) The county auditor shall prepare
104.8 and the county treasurer shall deliver after ~~November 10~~ October 15 and on or before
104.9 ~~November~~ October 24 each year, by first class mail to each taxpayer at the address listed
104.10 on the county's current year's assessment roll, a notice of proposed property taxes.

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

104.12 (c) The notice must inform taxpayers that it contains the amount of property taxes
104.13 each taxing authority proposes to collect for taxes payable the following year. In the case
104.14 of a town, or in the case of the state general tax, the final tax amount will be its proposed
104.15 tax. In the case of taxing authorities required to hold a public meeting under subdivision 6,
104.16 the notice must clearly state that each taxing authority, including regional library districts
104.17 established under section 134.201, and including the metropolitan taxing districts as
104.18 defined in paragraph (i), but excluding all other special taxing districts and towns, will
104.19 hold a public meeting to receive public testimony on the proposed budget and proposed or
104.20 final property tax levy, or, in case of a school district, on the current budget and proposed
104.21 property tax levy. It must clearly state the time and place of each taxing authority's
104.22 meeting, a telephone number for the taxing authority that taxpayers may call if they have
104.23 questions related to the notice, and an address where comments will be received by mail.

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

104.25 (1) the market value of the property as determined under section 273.11, and used
104.26 for computing property taxes payable in the following year and for taxes payable in the
104.27 current year as each appears in the records of the county assessor on ~~November~~ October
104.28 1 of the current year; and, in the case of residential property, whether the property is
104.29 classified as homestead or nonhomestead. The notice must clearly inform taxpayers of the
104.30 years to which the market values apply and that the values are final values;

104.31 (2) the items listed below, shown separately by county, city or town, and state general
104.32 tax, net of the residential and agricultural homestead credit under section 273.1384, voter
104.33 approved school levy, other local school levy, and the sum of the special taxing districts,
104.34 and as a total of all taxing authorities:

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

105.1 (ii) the proposed tax amount.

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

105.5 In the case of a town or the state general tax, the final tax shall also be its proposed
105.6 tax unless the town changes its levy at a special town meeting under section 365.52. If a
105.7 school district has certified under section 126C.17, subdivision 9, that a referendum will
105.8 be held in the school district at the November general election, the county auditor must
105.9 note next to the school district's proposed amount that a referendum is pending and that, if
105.10 approved by the voters, the tax amount may be higher than shown on the notice. In the
105.11 case of the city of Minneapolis, the levy for Minneapolis Park and Recreation shall be
105.12 listed separately from the remaining amount of the city's levy. In the case of the city of
105.13 St. Paul, the levy for the St. Paul Library Agency must be listed separately from the
105.14 remaining amount of the city's levy. In the case of Ramsey County, any amount levied
105.15 under section 134.07 may be listed separately from the remaining amount of the county's
105.16 levy. In the case of a parcel where tax increment or the fiscal disparities areawide tax
105.17 under chapter 276A or 473F applies, the proposed tax levy on the captured value or the
105.18 proposed tax levy on the tax capacity subject to the areawide tax must each be stated
105.19 separately and not included in the sum of the special taxing districts; and

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

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

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

105.27 (1) special assessments;

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

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

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

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

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

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

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

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

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

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

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

106.20 (i) For purposes of this subdivision, subdivisions 5a and 6, "metropolitan special
106.21 taxing districts" means the following taxing districts in the seven-county metropolitan area
106.22 that levy a property tax for any of the specified purposes listed below:

106.23 (1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325,
106.24 473.446, 473.521, 473.547, or 473.834;

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

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

106.28 For purposes of this section, any levies made by the regional rail authorities in the
106.29 county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter
106.30 398A shall be included with the appropriate county's levy and shall be discussed at that
106.31 county's public hearing.

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

107.1 year, and for as many consecutive preceding years as deemed appropriate by the governing
107.2 body of the county, city, or school district. It may include only information regarding:

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

107.5 (2) population growth and decline;

107.6 (3) state or federal government action; and

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

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

107.13 **EFFECTIVE DATE.** This section is effective for proposed notices and hearings
107.14 held in 2009 and thereafter, for property taxes payable in 2010 and thereafter.

107.15 Sec. 39. Minnesota Statutes 2006, section 275.065, is amended by adding a subdivision
107.16 to read:

107.17 **Subd. 3b. Supplemental notice of proposed levy increases.** (a) If a city that has a
107.18 population of more than 2,500 or a county proposes a levy that would cause a levy plus
107.19 aid increase greater than the threshold increase calculated under paragraph (b), it shall
107.20 prepare and deliver by first class mail a supplemental proposed property tax notice to each
107.21 property taxpayer in the taxing jurisdiction, as described in this subdivision.

107.22 (b) The threshold increase in the proposed property tax levy plus aid is equal to
107.23 the levy plus aid amount in the previous year, multiplied by the sum of (i) one percent,
107.24 (ii) the percentage growth, if any, in the population in the taxing jurisdiction for the
107.25 most recent available year, (iii) the percentage increase in the total market value in the
107.26 taxing jurisdiction due to new construction of commercial and industrial property, and
107.27 (iv) the percentage increase in the implicit price deflator for government consumption
107.28 expenditures and gross investment for state and local governments as prepared by the
107.29 United States Department of Commerce for the most recent 12-month period ending
107.30 March of the levy year.

107.31 (c) The supplemental proposed notice must show the taxing jurisdiction's (1) levy
107.32 plus aid amount for the previous year, (2) its threshold levy plus aid increase indicating that
107.33 this increase is calculated to reflect reasonable growth adjusting for population increases,
107.34 increased demand from new business, and inflation, (3) the aid amount corresponding to
107.35 the proposed levy year, (4) the proposed property tax increase, and (5) the amount the

108.1 proposed increase in levy plus aid exceeds the threshold increase. The notice must contain
108.2 a description of why the jurisdiction needs to raise property taxes above the threshold
108.3 amount and how the taxing jurisdiction plans to spend the additional revenue.

108.4 (d) For purposes of this subdivision, "aid" means county program aid under section
108.5 477A.0124 or local government aid under section 477A.013.

108.6 **EFFECTIVE DATE.** This section is effective for taxes payable in 2009 and
108.7 thereafter.

108.8 Sec. 40. Minnesota Statutes 2006, section 275.065, subdivision 6, is amended to read:

108.9 Subd. 6. **Public hearing; adoption of budget and levy.** (a) For purposes of this
108.10 section, the following terms shall have the meanings given:

108.11 (1) "Initial hearing" means the first and primary hearing held to discuss the taxing
108.12 authority's proposed budget and proposed property tax levy for taxes payable in the
108.13 following year, or, for school districts, the current budget and the proposed property tax
108.14 levy for taxes payable in the following year.

108.15 (2) "Continuation hearing" means a hearing held to complete the initial hearing, if
108.16 the initial hearing is not completed on its scheduled date.

108.17 (3) "Subsequent hearing" means the hearing held to adopt the taxing authority's final
108.18 property tax levy, and, in the case of taxing authorities other than school districts, the final
108.19 budget, for taxes payable in the following year.

108.20 (b) Between November ~~29~~ 9 and December ~~20~~ 1, the governing bodies of a city that
108.21 has a population over 500, county, metropolitan special taxing districts as defined in
108.22 subdivision 3, paragraph (i), and regional library districts shall each hold an initial public
108.23 hearing to discuss and seek public comment on its final budget and property tax levy for
108.24 taxes payable in the following year, and the governing body of the school district shall
108.25 hold an initial public hearing to review its current budget and proposed property tax
108.26 levy for taxes payable in the following year. The metropolitan special taxing districts
108.27 shall be required to hold only a single joint initial public hearing, the location of which
108.28 will be determined by the affected metropolitan agencies. A city, county, metropolitan
108.29 special taxing district as defined in subdivision 3, paragraph (i), regional library district
108.30 established under section 134.201, or school district is not required to hold a public
108.31 hearing under this subdivision unless its proposed property tax levy for taxes payable
108.32 in the following year, as certified under subdivision 1, has increased over its final
108.33 property tax levy for taxes payable in the current year by a percentage that is greater
108.34 than the percentage increase in the implicit price deflator for government consumption
108.35 expenditures and gross investment for state and local governments prepared by the Bureau

109.1 of Economic Analysts of the United States Department of Commerce for the 12-month
109.2 period ending March 31 of the current year.

109.3 (c) The initial hearing must be held after 5:00 p.m. if scheduled on a day other than
109.4 Saturday. No initial hearing may be held on a Sunday.

109.5 (d) At the initial hearing under this subdivision, the percentage increase in property
109.6 taxes proposed by the taxing authority, if any, and the specific purposes for which property
109.7 tax revenues are being increased must be discussed. During the discussion, the governing
109.8 body shall hear comments regarding a proposed increase and explain the reasons for the
109.9 proposed increase. The public shall be allowed to speak and to ask questions. At the public
109.10 hearing, the school district must also provide and discuss information on the distribution
109.11 of its revenues by revenue source, and the distribution of its spending by program area.

109.12 (e) If the initial hearing is not completed on its scheduled date, the taxing authority
109.13 must announce, prior to adjournment of the hearing, the date, time, and place for the
109.14 continuation of the hearing. The continuation hearing must be held at least five business
109.15 days but no more than 14 business days after the initial hearing. A continuation hearing
109.16 may not be held later than December 20 except as provided in paragraphs (f) and (g).
109.17 A continuation hearing must be held after 5:00 p.m. if scheduled on a day other than
109.18 Saturday. No continuation hearing may be held on a Sunday.

109.19 (f) The governing body of a county shall hold its initial hearing on the ~~first~~ second
109.20 ~~Thursday in December~~ Thursday in November each year, and may hold additional initial hearings on
109.21 other dates before December ~~20~~ 1 if necessary for the convenience of county residents. If
109.22 the county needs a continuation of its hearing, the continuation hearing shall be held on
109.23 the third Tuesday in ~~December~~. ~~If the third Tuesday in December falls on December 21,~~
109.24 ~~the county's continuation hearing shall be held on Monday, December 20~~ November.

109.25 (g) The metropolitan special taxing districts shall hold a joint initial public hearing
109.26 on the first Wednesday of December. A continuation hearing, if necessary, shall be held on
109.27 the second Wednesday of December even if that second Wednesday is after December 10.

109.28 (h) The county auditor shall provide for the coordination of initial and continuation
109.29 hearing dates for all school districts and cities within the county to prevent conflicts under
109.30 clauses (i) and (j).

109.31 (i) By August 10, each school board and the board of the regional library district
109.32 shall certify to the county auditors of the counties in which the school district or regional
109.33 library district is located the dates on which it elects to hold its initial hearing and any
109.34 continuation hearing. If a school board or regional library district does not certify these
109.35 dates by August 10, the auditor will assign the initial and continuation hearing dates. The

110.1 dates elected or assigned must not conflict with the initial and continuation hearing dates
110.2 of the county or the metropolitan special taxing districts.

110.3 (j) By August 20, the county auditor shall notify the clerks of the cities within the
110.4 county of the dates on which school districts and regional library districts have elected
110.5 to hold their initial and continuation hearings. At the time a city certifies its proposed
110.6 levy under subdivision 1 it shall certify the dates on which it elects to hold its initial
110.7 hearing and any continuation hearing. Until September 15, the ~~first and second Mondays~~
110.8 Monday of December ~~are~~ is reserved for the use of the cities. If a city does not certify its
110.9 hearing dates by September 15, the auditor shall assign the initial and continuation hearing
110.10 dates. The dates elected or assigned for the initial hearing must not conflict with the
110.11 initial hearing dates of the county, metropolitan special taxing districts, regional library
110.12 districts, or school districts within which the city is located. To the extent possible, the
110.13 dates of the city's continuation hearing should not conflict with the continuation hearing
110.14 dates of the county, metropolitan special taxing districts, regional library districts, or
110.15 school districts within which the city is located. This paragraph does not apply to cities
110.16 of 500 population or less.

110.17 (k) The county initial hearing date and the city, metropolitan special taxing district,
110.18 regional library district, and school district initial hearing dates must be designated on
110.19 the notices required under subdivision 3. The continuation hearing dates need not be
110.20 stated on the notices.

110.21 (l) At a subsequent hearing, each county, school district, city over 500 population,
110.22 and metropolitan special taxing district may amend its proposed property tax levy
110.23 and must adopt a final property tax levy. Each county, city over 500 population, and
110.24 metropolitan special taxing district may also amend its proposed budget and must adopt a
110.25 final budget at the subsequent hearing. The final property tax levy must be adopted prior
110.26 to adopting the final budget. A school district is not required to adopt its final budget at the
110.27 subsequent hearing. The subsequent hearing of a taxing authority must be held on a date
110.28 subsequent to the date of the taxing authority's initial public hearing. If a continuation
110.29 hearing is held, the subsequent hearing must be held either immediately following the
110.30 continuation hearing or on a date subsequent to the continuation hearing. The subsequent
110.31 hearing may be held at a regularly scheduled board or council meeting or at a special
110.32 meeting scheduled for the purposes of the subsequent hearing. The subsequent hearing
110.33 of a taxing authority does not have to be coordinated by the county auditor to prevent a
110.34 conflict with an initial hearing, a continuation hearing, or a subsequent hearing of any
110.35 other taxing authority. All subsequent hearings must be held prior to five working days

111.1 after December 20 of the levy year. The date, time, and place of the subsequent hearing
111.2 must be announced at the initial public hearing or at the continuation hearing.

111.3 (m) The property tax levy certified under section 275.07 by a city of any population,
111.4 county, metropolitan special taxing district, regional library district, or school district
111.5 must not exceed the proposed levy determined under subdivision 1, except by an amount
111.6 up to the sum of the following amounts:

111.7 (1) the amount of a school district levy whose voters approved a referendum to
111.8 increase taxes under section 123B.63, subdivision 3, or 126C.17, subdivision 9, after
111.9 the proposed levy was certified;

111.10 (2) the amount of a city or county levy approved by the voters after the proposed
111.11 levy was certified;

111.12 (3) the amount of a levy to pay principal and interest on bonds approved by the
111.13 voters under section 475.58 after the proposed levy was certified;

111.14 (4) the amount of a levy to pay costs due to a natural disaster occurring after the
111.15 proposed levy was certified, if that amount is approved by the commissioner of revenue
111.16 under subdivision 6a;

111.17 (5) the amount of a levy to pay tort judgments against a taxing authority that become
111.18 final after the proposed levy was certified, if the amount is approved by the commissioner
111.19 of revenue under subdivision 6a;

111.20 (6) the amount of an increase in levy limits certified to the taxing authority by the
111.21 commissioner of education or the commissioner of revenue after the proposed levy was
111.22 certified; and

111.23 (7) the amount required under section 126C.55.

111.24 (n) This subdivision does not apply to towns and special taxing districts other than
111.25 regional library districts and metropolitan special taxing districts.

111.26 (o) Notwithstanding the requirements of this section, the employer is required to
111.27 meet and negotiate over employee compensation as provided for in chapter 179A.

111.28 **EFFECTIVE DATE.** This section is effective for proposed notices and hearings
111.29 held in 2009 and thereafter, for property taxes payable in 2010 and thereafter.

111.30 Sec. 41. Minnesota Statutes 2006, section 275.065, subdivision 8, is amended to read:

111.31 Subd. 8. **Hearing.** Notwithstanding any other provision of law, Ramsey County,
111.32 the city of St. Paul, and Independent School District No. 625 are authorized to and shall
111.33 hold their initial public hearing jointly. The hearing must be held ~~on~~ during the week of
111.34 the second Tuesday of ~~December~~ November each year. The advertisement required in

112.1 subdivision 5a may be a joint advertisement. The hearing is otherwise subject to the
112.2 requirements of this section.

112.3 Ramsey County is authorized to hold an additional initial hearing or hearings as
112.4 provided under this section, provided that any additional hearings must not conflict
112.5 with the initial or continuation hearing dates of the other taxing districts. However, if
112.6 Ramsey County elects not to hold such additional initial hearing or hearings, the joint
112.7 initial hearing required by this subdivision must be held in a St. Paul location convenient
112.8 to residents of Ramsey County.

112.9 **EFFECTIVE DATE.** This section is effective for proposed notices and hearings
112.10 held in 2009 and thereafter, for property taxes payable in 2010 and thereafter, except that
112.11 proposed notices and hearings held in 2008 may be held during the week of the second
112.12 Tuesday of December.

112.13 Sec. 42. Minnesota Statutes 2006, section 275.065, subdivision 9, is amended to read:

112.14 Subd. 9. **Aitkin County and school district hearing.** Notwithstanding any other
112.15 law, Aitkin County and Independent School District No. 1, and the city of Aitkin, or any
112.16 two of them, may hold their initial public hearing jointly. The hearing must be held on
112.17 the second Tuesday of ~~December~~ November each year. The advertisement required in
112.18 subdivision 5a may be a joint advertisement. The hearing is otherwise subject to the
112.19 requirements of this section.

112.20 **EFFECTIVE DATE.** This section is effective for proposed notices and hearings
112.21 held in 2009 and thereafter, for property taxes payable in 2010 and thereafter.

112.22 Sec. 43. Minnesota Statutes 2006, section 275.065, subdivision 10, is amended to read:

112.23 Subd. 10. **Nobles County; joint initial public hearing.** Notwithstanding any
112.24 other law, Nobles County, the city of Worthington, and Independent School District No.
112.25 518, Worthington, or any two of them, may hold their initial public hearing jointly. The
112.26 hearing must be held on the second Tuesday of ~~December~~ November each year. The
112.27 advertisement required in subdivision 5a may be a joint advertisement. The hearing is
112.28 otherwise subject to the requirements of this section.

112.29 **EFFECTIVE DATE.** This section is effective for proposed notices and hearings
112.30 held in 2009 and thereafter, for property taxes payable in 2010 and thereafter.

113.1 Sec. 44. Minnesota Statutes 2006, section 282.08, is amended to read:

113.2 **282.08 APPORTIONMENT OF PROCEEDS TO TAXING DISTRICTS.**

113.3 The net proceeds from the sale or rental of any parcel of forfeited land, or from the
113.4 sale of products from the forfeited land, must be apportioned by the county auditor to the
113.5 taxing districts interested in the land, as follows:

113.6 (1) the portion required to pay any amounts included in the appraised value
113.7 under section 282.01, subdivision 3, as representing increased value due to any public
113.8 improvement made after forfeiture of the parcel to the state, but not exceeding the amount
113.9 certified by the ~~clerk of the municipality~~ appropriate governmental authority must be
113.10 apportioned to the ~~municipal~~ governmental subdivision entitled to it;

113.11 (2) the portion required to pay any amount included in the appraised value under
113.12 section 282.019, subdivision 5, representing increased value due to response actions
113.13 taken after forfeiture of the parcel to the state, but not exceeding the amount of expenses
113.14 certified by the Pollution Control Agency or the commissioner of agriculture, must be
113.15 apportioned to the agency or the commissioner of agriculture and deposited in the fund
113.16 from which the expenses were paid;

113.17 (3) the portion of the remainder required to discharge any special assessment
113.18 chargeable against the parcel for drainage or other purpose whether due or deferred at
113.19 the time of forfeiture, must be apportioned to the ~~municipal~~ governmental subdivision
113.20 entitled to it; and

113.21 (4) any balance must be apportioned as follows:

113.22 (i) The county board may annually by resolution set aside no more than 30 percent
113.23 of the receipts remaining to be used for forest development on tax-forfeited land and
113.24 dedicated memorial forests, to be expended under the supervision of the county board. It
113.25 must be expended only on projects improving the health and management of the forest
113.26 resource.

113.27 (ii) The county board may annually by resolution set aside no more than 20 percent
113.28 of the receipts remaining to be used for the acquisition and maintenance of county parks
113.29 or recreational areas as defined in sections 398.31 to 398.36, to be expended under the
113.30 supervision of the county board.

113.31 (iii) Any balance remaining must be apportioned as follows: county, 40 percent;
113.32 town or city, 20 percent; and school district, 40 percent, provided, however, that in
113.33 unorganized territory that portion which would have accrued to the township must be
113.34 administered by the county board of commissioners.

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

114.1 Sec. 45. Minnesota Statutes 2006, section 290B.03, subdivision 1, is amended to read:

114.2 Subdivision 1. **Program qualifications.** The qualifications for the senior citizens'
114.3 property tax deferral program are as follows:

114.4 (1) the property must be owned and occupied as a homestead by a person 65 years
114.5 of age or older. In the case of a married couple, ~~both~~ only one of the spouses must be at
114.6 least 65 years old and the other spouse must be at least 62 years old at the time the first
114.7 property tax deferral is granted, regardless of whether the property is titled in the name
114.8 of one spouse or both spouses, or titled in another way that permits the property to have
114.9 homestead status;

114.10 (2) the total household income of the qualifying ~~homeowners~~ homeowner, or in the
114.11 case of a married couple, the qualifying homeowner and spouse, as defined in section
114.12 290A.03, subdivision 5, for the calendar year preceding the year of the initial application
114.13 may not exceed ~~\$60,000~~ \$80,000;

114.14 (3) the homestead must have been owned and occupied as the homestead of at
114.15 least one of the ~~qualifying~~ homeowners for at least 15 years prior to the year the initial
114.16 application is filed;

114.17 (4) there are no state or federal tax liens or judgment liens on the homesteaded
114.18 property;

114.19 (5) there are no mortgages or other liens on the property that secure future advances,
114.20 except for those subject to credit limits that result in compliance with clause (6); and

114.21 (6) the total unpaid balances of debts secured by mortgages and other liens on the
114.22 property, including unpaid and delinquent special assessments and interest and any
114.23 delinquent property taxes, penalties, and interest, but not including property taxes payable
114.24 during the year, does not exceed 75 percent of the assessor's estimated market value for
114.25 the year.

114.26 **EFFECTIVE DATE.** This section is effective for applications filed on or after
114.27 July 1, 2008.

114.28 Sec. 46. Minnesota Statutes 2006, section 290B.04, subdivision 3, is amended to read:

114.29 Subd. 3. **Excess-income certification by taxpayer.** A taxpayer whose initial
114.30 application has been approved under subdivision 2 shall notify the commissioner of
114.31 revenue in writing by July 1 if the taxpayer's household income for the preceding calendar
114.32 year exceeded ~~\$60,000~~ \$80,000. The certification must state the homeowner's total
114.33 household income for the previous calendar year. No property taxes may be deferred
114.34 under this chapter in any year following the year in which a program participant filed or
114.35 should have filed an excess-income certification under this subdivision showing income in

115.1 excess of the maximum allowed, unless the participant has filed a resumption of eligibility
115.2 certification as described in subdivision 4.

115.3 **EFFECTIVE DATE.** This section is effective for applications filed on or after
115.4 July 1, 2008.

115.5 Sec. 47. Minnesota Statutes 2006, section 290B.04, subdivision 4, is amended to read:

115.6 Subd. 4. **Resumption of eligibility certification by taxpayer.** A taxpayer who has
115.7 previously filed an excess-income certification under subdivision 3 may resume program
115.8 participation if the taxpayer's household income for a subsequent year is ~~\$60,000~~ \$80,000
115.9 or less. If the taxpayer chooses to resume program participation, the taxpayer must notify
115.10 the commissioner of revenue in writing by July 1 of the year following a calendar year in
115.11 which the taxpayer's household income is ~~\$60,000~~ \$80,000 or less. The certification must
115.12 state the taxpayer's total household income for the previous calendar year. Once a taxpayer
115.13 resumes participation in the program under this subdivision, participation will continue
115.14 until the taxpayer files a subsequent excess-income certification under subdivision 3 or
115.15 until participation is terminated under section 290B.08, subdivision 1.

115.16 **EFFECTIVE DATE.** This section is effective for applications filed on or after
115.17 July 1, 2008.

115.18 Sec. 48. Minnesota Statutes 2006, section 290B.05, subdivision 1, is amended to read:

115.19 Subdivision 1. **Determination by commissioner.** The commissioner shall
115.20 determine each qualifying homeowner's "annual maximum property tax amount"
115.21 following approval of the homeowner's initial application and following the receipt of a
115.22 resumption of eligibility certification. The "annual maximum property tax amount" equals
115.23 three percent of the homeowner's total household income for the year preceding either the
115.24 initial application or the resumption of eligibility certification, whichever is applicable.
115.25 Following approval of the initial application, the commissioner shall determine the
115.26 qualifying homeowner's "maximum allowable deferral." No tax may be deferred relative
115.27 to the appropriate assessment year for any homeowner whose total household income
115.28 for the previous year exceeds ~~\$60,000~~ \$80,000. No tax shall be deferred in any year in
115.29 which the homeowner does not meet the program qualifications in section 290B.03. The
115.30 maximum allowable total deferral is equal to 75 percent of the assessor's estimated market
115.31 value for the year, less the balance of any mortgage loans and other amounts secured by
115.32 liens against the property at the time of application, including any unpaid and delinquent

116.1 special assessments and interest and any delinquent property taxes, penalties, and interest,
116.2 but not including property taxes payable during the year.

116.3 **EFFECTIVE DATE.** This section is effective for applications received on or after
116.4 July 1, 2008.

116.5 Sec. 49. Minnesota Statutes 2006, section 290B.07, is amended to read:

116.6 **290B.07 LIEN; DEFERRED PORTION.**

116.7 (a) Payment by the state to the county treasurer of property taxes, penalties, interest,
116.8 or special assessments and interest deferred under this chapter is deemed a loan from the
116.9 state to the program participant. The commissioner must ~~compute the interest as provided~~
116.10 ~~in section 270C.40, subdivision 5, but not to exceed five percent, and~~ maintain records of
116.11 the total deferred amount and interest for each participant. Interest shall accrue beginning
116.12 September 1 of the payable year for which the taxes are deferred, provided that no interest
116.13 shall be charged on (1) deferred property tax amounts on applications filed on or after
116.14 July 1, 2008, or (2) deferred property taxes beginning with taxes payable in 2009 on
116.15 applications filed prior to July 1, 2008. Any deferral made under this chapter shall not
116.16 be construed as delinquent property taxes.

116.17 The lien created under section 272.31 continues to secure payment by the taxpayer,
116.18 or by the taxpayer's successors or assigns, of the amount deferred, including interest, with
116.19 respect to all years for which amounts are deferred. The lien for deferred taxes and interest
116.20 has the same priority as any other lien under section 272.31, except that liens, including
116.21 mortgages, recorded or filed prior to the recording or filing of the notice under section
116.22 290B.04, subdivision 2, have priority over the lien for deferred taxes and interest. A
116.23 seller's interest in a contract for deed, in which a qualifying homeowner is the purchaser
116.24 or an assignee of the purchaser, has priority over deferred taxes and interest on deferred
116.25 taxes, regardless of whether the contract for deed is recorded or filed. The lien for deferred
116.26 taxes and interest for future years has the same priority as the lien for deferred taxes and
116.27 interest for the first year, which is always higher in priority than any mortgages or other
116.28 liens filed, recorded, or created after the notice recorded or filed under section 290B.04,
116.29 subdivision 2. The county treasurer or auditor shall maintain records of the deferred
116.30 portion and shall list the amount of deferred taxes for the year and the cumulative deferral
116.31 and interest for all previous years as a lien against the property. In any certification of
116.32 unpaid taxes for a tax parcel, the county auditor shall clearly distinguish between taxes
116.33 payable in the current year, deferred taxes and interest, and delinquent taxes. Payment
116.34 of the deferred portion becomes due and owing at the time specified in section 290B.08.

117.1 Upon receipt of the payment, the commissioner shall issue a receipt for it to the person
117.2 making the payment upon request and shall notify the auditor of the county in which the
117.3 parcel is located, within ten days, identifying the parcel to which the payment applies.
117.4 Upon receipt by the commissioner of revenue of collected funds in the amount of the
117.5 deferral, the state's loan to the program participant is deemed paid in full.

117.6 (b) If property for which taxes have been deferred under this chapter forfeits
117.7 under chapter 281 for nonpayment of a nondeferred property tax amount, or because
117.8 of nonpayment of amounts previously deferred following a termination under section
117.9 290B.08, the lien for the taxes deferred under this chapter, plus interest and costs, shall be
117.10 canceled by the county auditor as provided in section 282.07. However, notwithstanding
117.11 any other law to the contrary, any proceeds from a subsequent sale of the property under
117.12 chapter 282 or another law, must be used to first reimburse the county's forfeited tax sale
117.13 fund for any direct costs of selling the property or any costs directly related to preparing
117.14 the property for sale, and then to reimburse the state for the amount of the canceled lien.
117.15 Within 90 days of the receipt of any sale proceed to which the state is entitled under these
117.16 provisions, the county auditor must pay those funds to the commissioner of revenue by
117.17 warrant for deposit in the general fund. No other deposit, use, distribution, or release of
117.18 gross sale proceeds or receipts may be made by the county until payments sufficient
117.19 to fully reimburse the state for the canceled lien amount have been transmitted to the
117.20 commissioner.

117.21 **EFFECTIVE DATE.** This section is effective July 1, 2008.

117.22 Sec. 50. **[290D.01] CITATION.**

117.23 This program shall be named the "seasonal recreational property tax deferral
117.24 program."

117.25 **EFFECTIVE DATE.** This section is effective July 1, 2009.

117.26 Sec. 51. **[290D.02] TERMS.**

117.27 Subdivision 1. **Terms.** For purposes of sections 290D.01 to 290D.08, the terms
117.28 defined in this section have the meanings given them.

117.29 Subd. 2. **Primary property owner.** "Primary property owner" means a person who
117.30 (1) has been the owner, or one of the owners, of the eligible property for at least 15 years
117.31 prior to the year the application is filed under section 290D.04; and (2) applies for the
117.32 deferral of property taxes under section 290D.04.

118.1 Subd. 3. **Secondary property owner.** "Secondary property owner" means any
118.2 person, other than the primary property owner, who has been an owner of the eligible
118.3 property for at least 15 years prior to the year the initial application is filed for deferral
118.4 of property taxes under section 290D.04.

118.5 Subd. 4. **Eligible property.** "Eligible property" means a parcel of property or
118.6 contiguous parcels of property under the same ownership classified as noncommercial
118.7 seasonal residential recreational 4c(1) property under section 273.13, subdivision 25.

118.8 Subd. 5. **Base property tax amount.** "Base property tax amount" means the total
118.9 property taxes levied by all taxing jurisdictions, including special assessments, on the
118.10 eligible property in the year prior to the year that the initial application is approved under
118.11 section 290D.04 and payable in the year of the application.

118.12 Subd. 6. **Special assessments.** "Special assessments" means any assessment, fee, or
118.13 other charge that may be made by law, and that appears on the property tax statement for
118.14 the property for collection under the laws applicable to the enforcement of real estate taxes.

118.15 Subd. 7. **Commissioner.** "Commissioner" means the commissioner of revenue.

118.16 **EFFECTIVE DATE.** This section is effective for applications filed July 1, 2009,
118.17 and thereafter.

118.18 **Sec. 52. [290D.03] QUALIFICATIONS FOR DEFERRAL.**

118.19 In order for an eligible property to qualify for treatment under this program:

118.20 (1) the eligible property must have been owned solely by the primary property owner,
118.21 or jointly with others, for at least 15 years prior to the year the initial application is filed;

118.22 (2) there must be no state or federal tax liens or judgment liens on the eligible
118.23 property;

118.24 (3) there must be no mortgages or other liens on the eligible property that secure
118.25 future advances, except for those subject to credit limits that result in compliance with
118.26 clause (4); and

118.27 (4) the total unpaid balances of debts secured by mortgages and other liens on the
118.28 eligible property, including unpaid and delinquent special assessments and interest and
118.29 any delinquent property taxes, penalties, and interest, but not including property taxes
118.30 payable during the year, must not exceed 60 percent of the assessor's estimated market
118.31 value for the current assessment year.

118.32 **EFFECTIVE DATE.** This section is effective for applications filed July 1, 2009,
118.33 and thereafter.

119.1 Sec. 53. **[290D.04] APPLICATION FOR DEFERRAL.**

119.2 Subdivision 1. Initial application. (a) A primary owner of a property meeting
119.3 the qualifications under section 290D.03 may apply to the commissioner for deferral
119.4 of taxes on the eligible property. Applications are due on or before July 1 for deferral
119.5 of any taxes payable in the following year. The application, which must be prescribed
119.6 by the commissioner, shall include the following items and any other information the
119.7 commissioner deems necessary:

119.8 (1) the name, address, and Social Security number of the primary property owner
119.9 and secondary property owners, if any;

119.10 (2) a copy of the property tax statement for the current taxes payable year for the
119.11 eligible property;

119.12 (3) the initial year of ownership of the primary property owner and any second
119.13 property owners of the eligible property;

119.14 (4) information on any mortgage loans or other amounts secured by mortgages or
119.15 other liens against the eligible property, for which purpose the commissioner may require
119.16 the applicant to provide a copy of the mortgage note, the mortgage, or a statement of the
119.17 balance owing on the mortgage loan provided by the mortgage holder. The commissioner
119.18 may require the appropriate documents in connection with obtaining and confirming
119.19 information on unpaid amounts secured by other liens; and

119.20 (5) the signatures of the primary property owner and all other owners, if any, stating
119.21 that each owner agrees to enroll the eligible property in the program to defer property
119.22 taxes under this chapter.

119.23 The application must state that program participation is voluntary. The application
119.24 must also state that program participation includes authorization for the annual deferred
119.25 amount. The deferred property tax calculated by the county and the cumulative deferred
119.26 property tax amount is public data.

119.27 (b) As part of the initial application process, if the property is abstract property, the
119.28 commissioner may require the applicant to obtain at the applicant's cost a report prepared
119.29 by a licensed abstracter showing the last deed and any unsatisfied mortgages, liens,
119.30 judgments, and state and federal tax lien notices which were recorded on or after the date
119.31 of that last deed with respect to the eligible property or to the applicant.

119.32 The certificate or report need not include references to any documents filed or
119.33 recorded more than 40 years prior to the date of the certification or report. The certification
119.34 or report must be as of a date not more than 30 days prior to submission of the application
119.35 under this section.

120.1 The commissioner may also require the county recorder or county registrar of the
120.2 county where the eligible property is located to provide copies of recorded documents
120.3 related to the applicant of the eligible property, for which the recorder or registrar shall
120.4 not charge a fee. The commissioner may use any information available to determine or
120.5 verify eligibility under this section.

120.6 Subd. 2. **Approval; recording.** The commissioner shall approve all initial
120.7 applications that qualify under this chapter and shall notify the primary property owner on
120.8 or before December 1. The commissioner may investigate the facts or require confirmation
120.9 in regard to an application. The commissioner shall record or file a notice of qualification
120.10 for deferral, including the names of the primary and any secondary property owners and a
120.11 legal description of the eligible property, in the office of the county recorder, or registrar of
120.12 titles, whichever is applicable, in the county where the eligible property is located. The
120.13 notice must state that it serves as a notice of lien and that it includes deferrals under this
120.14 section for future years. The primary property owner shall pay the recording or filing fees
120.15 for the notice, which, notwithstanding section 357.18, shall be paid by that owner at the
120.16 time of satisfaction of the lien.

120.17 Subd. 3. **Penalty for failure; investigations.** (a) The commissioner shall assess
120.18 a penalty equal to 20 percent of the property taxes improperly deferred in the case of a
120.19 false application. The commissioner shall assess a penalty equal to 50 percent of the
120.20 property taxes improperly deferred if the taxpayer knowingly filed a false application. The
120.21 commissioner shall assess penalties under this section through the issuance of an order
120.22 under the provisions of chapter 270C. Persons affected by a commissioner's order issued
120.23 under this section may appeal as provided in chapter 270C.

120.24 (b) The commissioner may conduct investigations related to initial applications
120.25 required under this chapter within the period ending 3-1/2 years from the due date of
120.26 the application.

120.27 Subd. 4. **Annual certification to commissioner.** Annually on or before July 1,
120.28 the primary property owner must certify to the commissioner that the person continues
120.29 to qualify as a primary property owner. If the primary owner has died or has transferred
120.30 the property in the preceding year, a certification may be filed by the primary owner's
120.31 spouse, or by one of the secondary owners, provided that the person is currently an
120.32 owner of the property. In this case, the primary owner's spouse or the secondary owner
120.33 shall be considered the primary owner from that point forward. If neither the primary
120.34 owner, the primary owner's spouse, or a secondary owner is eligible to file the required
120.35 annual certification for the property, the property's participation in the program shall be
120.36 terminated, and the procedures in section 290D.07 apply.

121.1 Subd. 5. **Annual notice to primary property owner.** Annually, on or before
121.2 September 1, the commissioner shall notify each primary property owner, in writing, of
121.3 the total cumulative deferred taxes and accrued interest on the qualifying property as of
121.4 that date.

121.5 **EFFECTIVE DATE.** This section is effective for applications filed July 1, 2009,
121.6 and thereafter.

121.7 Sec. 54. **[290D.05] DEFERRED PROPERTY TAX AMOUNT.**

121.8 Subdivision 1. **Calculation of deferred property tax amount.** Each year after
121.9 the county auditor has determined the final property tax rates under section 275.08, the
121.10 "deferred property tax amount" must be calculated on each eligible property. The deferred
121.11 property tax amount is equal to 50 percent of the amount of the difference between (1) the
121.12 total amount of property taxes and special assessments levied upon the eligible property
121.13 for the current year by all taxing jurisdictions and (2) the eligible property's base property
121.14 tax amount. Any tax attributable to new improvements made to the eligible property after
121.15 the initial application has been approved under section 290D.04, subdivision 2, must be
121.16 excluded in determining the deferred property tax amount. The eligible property's total
121.17 current year's tax less the deferred property tax amount for the current year must be listed
121.18 on the property tax statement and is the amount due to the county under chapter 276.
121.19 Reference that the property is enrolled in the seasonal recreational property tax deferral
121.20 program under this chapter and a state lien has been recorded must be clearly printed on
121.21 the statement.

121.22 Subd. 2. **Certification to commissioner.** The county auditor shall annually, on or
121.23 before April 15, certify to the commissioner the property tax deferral amounts determined
121.24 under this section for each eligible property in the county. The commissioner shall
121.25 prescribe the information that is necessary to identify the eligible properties.

121.26 Subd. 3. **Limitation on total amount of deferred taxes.** The total amount of
121.27 deferred taxes and interest on a property, when added to (1) the balance owed on any
121.28 mortgages on the property at the time of initial application; (2) other amounts secured by
121.29 liens on the property at the time of the initial application; and (3) any unpaid and delinquent
121.30 special assessments and interest and any delinquent property taxes, penalties, and interest,
121.31 but not including property taxes payable during the year, must not exceed 60 percent of
121.32 the assessor's estimated market value of the property for the current assessment year.

121.33 **EFFECTIVE DATE.** This section is effective for applications filed July 1, 2009,
121.34 and thereafter.

122.1 Sec. 55. **[290D.06] LIEN; DEFERRED PORTION.**

122.2 (a) Payment by the state to the county treasurer of property taxes, penalties, interest,
122.3 or special assessments and interest, deferred under this chapter is deemed a loan from the
122.4 state to the program participant. The commissioner shall compute the interest as provided
122.5 in section 270C.40, subdivision 5, but not to exceed two percent over the maximum
122.6 interest rate provided in section 290B.07, paragraph (a), and maintain records of the total
122.7 deferred amount and interest for each participant. Interest accrues beginning September 1
122.8 of the payable year for which the taxes are deferred. Any deferral made under this chapter
122.9 must not be construed as delinquent property taxes.

122.10 The lien created under section 272.31 continues to secure payment by the taxpayer,
122.11 or by the taxpayer's successors or assigns, of the amount deferred, including interest, with
122.12 respect to all years for which amounts are deferred. The lien for deferred taxes and interest
122.13 has the same priority as any other lien under section 272.31, except that liens, including
122.14 mortgages, recorded or filed prior to the recording or filing of the notice under section
122.15 290D.04, subdivision 2, have priority over the lien for deferred taxes and interest. A
122.16 seller's interest in a contract for deed, in which a qualifying owner is the purchaser or an
122.17 assignee of the purchaser, has priority over deferred taxes and interest on deferred taxes,
122.18 regardless of whether the contract for deed is recorded or filed. The lien for deferred taxes
122.19 and interest for future years has the same priority as the lien for deferred taxes and interest
122.20 for the first year, which is always higher in priority than any mortgages or other liens filed,
122.21 recorded, or created after the notice recorded or filed under section 290D.04, subdivision
122.22 2. The county treasurer or auditor shall maintain records of the deferred portion and shall
122.23 list the amount of deferred taxes for the year and the cumulative deferral and interest for
122.24 all previous years as a lien against the eligible property. In any certification of unpaid
122.25 taxes for a tax parcel, the county auditor shall clearly distinguish between taxes payable in
122.26 the current year, deferred taxes and interest, and delinquent taxes. Payment of the deferred
122.27 portion becomes due and owing at the time specified in section 290D.07. Upon receipt of
122.28 the payment, the commissioner shall issue a receipt to the person making the payment
122.29 upon request and shall notify the auditor of the county in which the parcel is located,
122.30 within ten days, identifying the parcel to which the payment applies. Upon receipt by the
122.31 commissioner of collected funds in the amount of the deferral, the state's loan to the
122.32 program participant is deemed paid in full.

122.33 (b) If eligible property for which taxes have been deferred under this chapter forfeits
122.34 under chapter 281 for nonpayment of a nondeferred property tax amount, or because
122.35 of nonpayment of amounts previously deferred following a termination under section
122.36 290D.07, the lien for the taxes deferred under this chapter, plus interest and costs, shall be

123.1 canceled by the county auditor as provided in section 282.07. However, notwithstanding
123.2 any other law to the contrary, any proceeds from a subsequent sale of the eligible property
123.3 under chapter 282 or another law must be used to first reimburse the county's forfeited
123.4 tax sale fund for any direct costs of selling the eligible property or any costs directly
123.5 related to preparing the eligible property for sale, and then to reimburse the state for
123.6 the amount of the canceled lien. Within 90 days of the receipt of any sale proceeds to
123.7 which the state is entitled under these provisions, the county auditor must pay those funds
123.8 to the commissioner by warrant for deposit in the general fund. No other deposit, use,
123.9 distribution, or release of gross sale proceeds or receipts may be made by the county until
123.10 payments sufficient to fully reimburse the state for the canceled lien amount have been
123.11 transmitted to the commissioner.

123.12 **EFFECTIVE DATE.** This section is effective for applications filed July 1, 2009,
123.13 and thereafter.

123.14 Sec. 56. **[290D.07] TERMINATION OF DEFERRAL; PAYMENT OF**
123.15 **DEFERRED TAXES.**

123.16 Subdivision 1. **Termination.** (a) The deferral of taxes granted under this chapter
123.17 terminates when one of the following occurs:

123.18 (1) the eligible property is sold or transferred to someone other than the primary
123.19 owner's spouse or a secondary owner;

123.20 (2) the death of the primary owner, or in the case of a married couple, after the
123.21 death of both spouses, provided that there is not a secondary owner eligible to become
123.22 the primary owner;

123.23 (3) the primary property owner notifies the commissioner, in writing, that all owners,
123.24 including any secondary property owners, desire to discontinue the deferral; or

123.25 (4) the eligible property no longer qualifies under section 290D.03.

123.26 (b) An eligible property is not terminated from the program because no deferred
123.27 property tax amount is determined for any given year after the eligible property's initial
123.28 enrollment into the program.

123.29 (c) An eligible property is not terminated from the program if the eligible property
123.30 subsequently becomes the homestead of one or more of the property owners and the
123.31 property and the owners qualify for, and are immediately enrolled in, the senior deferral
123.32 program under chapter 290B.

123.33 Subd. 2. **Payment upon termination.** Upon the termination of the deferral under
123.34 subdivision 1, the amount of deferred taxes, penalties, interest, and special assessments
123.35 and interest, plus the recording or filing fees under this subdivision and section 290D.04,

124.1 subdivision 2, becomes due and payable to the commissioner within 90 days of termination
124.2 of the deferral for terminations under subdivision 1, paragraph (a), clauses (1) and (2),
124.3 and within one year of termination of the deferral for terminations under subdivision 1,
124.4 paragraph (a), clauses (3) and (4). No additional interest is due on the deferral if timely
124.5 paid. On receipt of payment, the commissioner shall, within ten days, notify the auditor
124.6 of the county in which the parcel is located, identifying the parcel to which the payment
124.7 applies and shall remit the recording or filing fees under this subdivision and section
124.8 290D.04, subdivision 2, to the auditor. A notice of termination of deferral, containing the
124.9 legal description and the recording or filing data for the notice of qualification for deferral
124.10 under section 290D.04, subdivision 2, shall be prepared and recorded or filed by the
124.11 county auditor in the same office in which the notice of qualification for deferral under
124.12 section 290D.04, subdivision 2, was recorded or filed, and the county auditor shall mail a
124.13 copy of the notice of termination to the property owner. The property owner shall pay the
124.14 recording or filing fees. Upon recording or filing of the notice of termination of deferral,
124.15 the notice of qualification for deferral under section 290D.04, subdivision 2, and the lien
124.16 created by it are discharged. If the deferral is not timely paid, the penalty, interest, lien,
124.17 forfeiture, and other rules for the collection of ad valorem property taxes apply.

124.18 **EFFECTIVE DATE.** This section is effective for applications filed July 1, 2009,
124.19 and thereafter.

124.20 Sec. 57. **[290D.08] STATE REIMBURSEMENT.**

124.21 Subdivision 1. **Determination; payment.** The county auditor shall determine the
124.22 total current year's deferred amount of property tax under this chapter in the county, and
124.23 submit those amounts as part of the abstracts of tax lists submitted by the county auditors
124.24 under section 275.29. The commissioner may make changes in the abstracts of tax lists as
124.25 deemed necessary. The commissioner, after such review, shall pay the deferred amount of
124.26 property tax to each county treasurer on or before August 31.

124.27 The county treasurer shall distribute, as part of the October settlement, the funds
124.28 received as if they had been collected as part of the property tax.

124.29 Subd. 2. **Appropriation.** An amount sufficient to pay the total amount of property
124.30 tax determined under subdivision 1, plus any amounts paid under section 290D.04,
124.31 subdivision 4, is annually appropriated from the general fund to the commissioner.

124.32 **EFFECTIVE DATE.** This section is effective for applications filed July 1, 2009,
124.33 and thereafter.

125.1 Sec. 58. Minnesota Statutes 2006, section 298.75, subdivision 1, is amended to read:

125.2 Subdivision 1. **Definitions.** Except as may otherwise be provided, the following
125.3 words, when used in this section, shall have the meanings herein ascribed to them.

125.4 (1) "Aggregate material" shall mean nonmetallic natural mineral aggregate including,
125.5 but not limited to sand, silica sand, gravel, crushed rock, limestone, granite, and borrow,
125.6 but only if the borrow is transported on a public road, street, or highway. Aggregate
125.7 material shall not include dimension stone and dimension granite. Aggregate material
125.8 must be measured or weighed after it has been extracted from the pit, quarry, or deposit.

125.9 (2) "Person" shall mean any individual, firm, partnership, corporation, organization,
125.10 trustee, association, or other entity.

125.11 (3) "Operator" shall mean any person engaged in the business of removing aggregate
125.12 material from the surface or subsurface of the soil, for the purpose of sale, either directly
125.13 or indirectly, through the use of the aggregate material in a marketable product or service.

125.14 (4) "Extraction site" shall mean a pit, quarry, or deposit containing aggregate
125.15 material and any contiguous property to the pit, quarry, or deposit which is used by the
125.16 operator for stockpiling the aggregate material.

125.17 (5) "Importer" shall mean any person who buys aggregate material ~~produced~~
125.18 excavated from a county not listed in paragraph (6) or another state and causes the
125.19 aggregate material to be imported into a county in this state which imposes a tax on
125.20 aggregate material.

125.21 (6) "County" shall mean the counties of Pope, Stearns, Benton, Sherburne, Carver,
125.22 Scott, Dakota, Le Sueur, Kittson, Marshall, Pennington, Red Lake, Polk, Norman,
125.23 Mahnomen, Clay, Becker, Carlton, St. Louis, Rock, Murray, Wilkin, Big Stone, Sibley,
125.24 Hennepin, Washington, Chisago, and Ramsey. County also means any other county whose
125.25 board has voted after a public hearing to impose the tax under this section and has notified
125.26 the commissioner of revenue of the imposition of the tax.

125.27 (7) "Borrow" shall mean granular borrow, consisting of durable particles of gravel
125.28 and sand, crushed quarry or mine rock, crushed gravel or stone, or any combination
125.29 thereof, the ratio of the portion passing the (#200) sieve divided by the portion passing the
125.30 (1 inch) sieve may not exceed 20 percent by mass.

125.31 **EFFECTIVE DATE.** This section is effective January 1, 2009.

125.32 Sec. 59. Minnesota Statutes 2006, section 298.75, subdivision 2, is amended to read:

125.33 Subd. 2. **Tax imposed.** (a) A county that imposes the aggregate production tax shall
125.34 impose upon every ~~importer and~~ operator a production tax ~~up to ten cents~~ of 21.5 cents per
125.35 cubic yard or ~~up to seven~~ 15 cents per ton of aggregate material removed excavated in the

126.1 county except that the county board may decide not to impose this tax if it determines
126.2 that in the previous year operators removed less than 20,000 tons or 14,000 cubic yards of
126.3 aggregate material from that county. The tax shall not be imposed on aggregate material
126.4 ~~produced~~ excavated in the county ~~when~~ until the aggregate material is transported from
126.5 the extraction site or sold, whichever occurs first. When aggregate material is stored in a
126.6 stockpile within the state of Minnesota and a public highway, road or street is not used
126.7 for transporting the aggregate material, the tax shall not be imposed until either when the
126.8 aggregate material is sold, or when it is transported from the stockpile site, or when it is
126.9 used from the stockpile, whichever occurs first.

126.10 (b) A county that imposes the aggregate production tax under paragraph (a) shall
126.11 impose upon every importer a production tax of 21.5 cents per cubic yard or 15 cents per
126.12 ton of aggregate material imported into the county. The tax shall be imposed when the
126.13 aggregate material is imported from the extraction site or sold. When imported aggregate
126.14 material is stored in a stockpile within the state of Minnesota and a public highway, road,
126.15 or street is not used for transporting the aggregate material, the tax shall be imposed either
126.16 when the aggregate material is sold, when it is transported from the stockpile site, or when
126.17 it is used from the stockpile, whichever occurs first. The tax shall be imposed on an
126.18 importer when the aggregate material is imported into the county that imposes the tax.

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

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

126.28 **EFFECTIVE DATE.** This section is effective January 1, 2009.

126.29 Sec. 60. Minnesota Statutes 2006, section 298.75, subdivision 6, is amended to read:

126.30 Subd. 6. **Penalties; removal of aggregate if previous tax not paid; false report.**

126.31 It is a misdemeanor for any operator or importer to remove aggregate material from a
126.32 pit, quarry, or deposit or for any importer to import aggregate material unless all taxes
126.33 due under this section for ~~the~~ all previous reporting ~~period~~ periods have been paid or
126.34 objections thereto have been filed pursuant to subdivision 4.

127.1 It is a misdemeanor for the operator or importer who is required to file a report to file
127.2 a false report with intent to evade the tax.

127.3 **EFFECTIVE DATE.** This section is effective January 1, 2009.

127.4 Sec. 61. Minnesota Statutes 2006, section 298.75, subdivision 7, is amended to read:

127.5 Subd. 7. **Proceeds of taxes.** (a) All money collected as taxes under this section
127.6 shall be deposited in the county treasury and credited as follows, ~~for expenditure by the~~
127.7 ~~county board:~~ according to this subdivision.

127.8 (b) The county auditor may retain an annual administrative fee of up to five percent
127.9 of the total taxes collected in any year.

127.10 (c) The balance of the taxes, after any deduction under paragraph (b), shall be
127.11 credited as follows:

127.12 ~~(a) Sixty~~ (1) 42.5 percent to the county road and bridge fund for expenditure for the
127.13 maintenance, construction and reconstruction of roads, highways and bridges;

127.14 ~~(b) Thirty~~ (2) 42.5 percent to the ~~road and bridge fund of those towns as determined~~
127.15 ~~by the county board and to the general fund or other designated fund of those cities as~~
127.16 ~~determined by the county board~~ of the city or town in which the mine is located, or to the
127.17 county, if the mine is located in an unorganized town, to be expended for maintenance,
127.18 construction and reconstruction of roads, highways and bridges; and

127.19 ~~(c) Ten~~ (3) 15 percent to a special reserve fund which is hereby established, for
127.20 expenditure for the restoration of abandoned pits, quarries, or deposits located ~~upon public~~
127.21 ~~and tax forfeited lands~~ within the county.

127.22 If there are no abandoned pits, quarries or deposits located ~~upon public or tax~~
127.23 ~~forfeited lands~~ within the county, this portion of the tax shall be ~~deposited in the county~~
127.24 ~~road and bridge fund for expenditure for the maintenance, construction and reconstruction~~
127.25 ~~of roads, highways and bridges~~ used for any other unmet reclamation need or for
127.26 conservation or other environmental needs.

127.27 **EFFECTIVE DATE.** This section is effective January 1, 2009.

127.28 Sec. 62. Minnesota Statutes 2006, section 365A.095, is amended to read:

127.29 **365A.095 PETITION FOR REMOVAL OF DISTRICT; PROCEDURE;**
127.30 **REFUND OF SURPLUS.**

127.31 Subdivision 1. **Petition; procedure.** A petition signed by at least 75 percent of the
127.32 property owners in the territory of the subordinate service district requesting the removal
127.33 of the district may be presented to the town board. Within 30 days after the town board

128.1 receives the petition, the town clerk shall determine the validity of the signatures on
 128.2 the petition. If the requisite number of signatures are certified as valid, the town board
 128.3 must hold a public hearing on the petitioned matter. Within 30 days after the end of
 128.4 the hearing, the town board must decide whether to discontinue the subordinate service
 128.5 district, continue as it is, or take some other action with respect to it.

128.6 Subd. 2. **Option to refund surplus.** If the district is removed under subdivision 1,
 128.7 after all outstanding obligations of the district have been paid in full, the town board may
 128.8 vote to refund any surplus tax revenue or service charge, or any part of it, collected from
 128.9 the district under section 365A.08. The refund must be distributed equally to the owners
 128.10 of any property within the discontinued district that were charged the extra tax or service
 128.11 fee during the most recent tax year for which the tax or service fee was imposed. Any
 128.12 surplus not refunded under this section must be transferred to the town's general fund.

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

128.14 Sec. 63. Minnesota Statutes 2006, section 429.101, subdivision 1, is amended to read:

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

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

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

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

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

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

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

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

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

128.30 (9) ~~reinspections which find noncompliance after the due date for compliance with~~
 128.31 ~~an order to correct~~ inspections relating to a municipal housing maintenance code violation;

128.32 (10) the recovery of any disbursements under section 504B.445, subdivision 4,
 128.33 clause (5), including disbursements for payment of utility bills and other services, even if
 128.34 provided by a third party, necessary to remedy violations as described in section 504B.445,
 128.35 subdivision 4, clause (2); or

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

129.2 ~~as a special assessment against the property benefited.~~

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

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

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

129.13 Sec. 64. Minnesota Statutes 2006, section 469.1813, subdivision 8, is amended to read:

129.14 Subd. 8. **Limitation on abatements.** In any year, the total amount of property
 129.15 taxes abated by a political subdivision under this section may not exceed (1) ten percent
 129.16 of the ~~current levy~~ net tax capacity of the political subdivision for the taxes payable year
 129.17 to which the abatement applies, or (2) \$200,000, whichever is greater. The limit under
 129.18 this subdivision does not apply to:

129.19 (i) an uncollected abatement from a prior year that is added to the abatement levy; or

129.20 (ii) a taxpayer whose real and personal property is subject to valuation under

129.21 Minnesota Rules, chapter 8100.

129.22 **EFFECTIVE DATE.** This section is effective for abatement resolutions approved
 129.23 after the day following final enactment.

129.24 Sec. 65. Minnesota Statutes 2006, section 473.446, subdivision 2, is amended to read:

129.25 Subd. 2. **Transit taxing district.** The metropolitan transit taxing district ~~is hereby~~
 129.26 ~~designated as that portion of the metropolitan transit area lying within the following~~
 129.27 ~~named cities, towns, or unorganized territory within the counties indicated:~~

129.28 (a) ~~Anoka County. Anoka, Blaine, Centerville, Columbia Heights, Coon Rapids,~~
 129.29 ~~Fridley, Circle Pines, Hilltop, Lexington, Lino Lakes, Spring Lake Park;~~

129.30 (b) ~~Carver County. Chanhassen, the city of Chaska;~~

129.31 (c) ~~Dakota County. Apple Valley, Burnsville, Eagan, Inver Grove Heights, Lilydale,~~
 129.32 ~~Mendota, Mendota Heights, Rosemount, South St. Paul, Sunfish Lake, West St. Paul;~~

129.33 (d) ~~Ramsey County. All of the territory within Ramsey County;~~

130.1 ~~(e) Hennepin County. Bloomington, Brooklyn Center, Brooklyn Park, Champlin,~~
 130.2 ~~Chanhassen, Crystal, Deephaven, Eden Prairie, Edina, Excelsior, Golden Valley,~~
 130.3 ~~Greenwood, Hopkins, Long Lake, Maple Grove, Medicine Lake, Minneapolis,~~
 130.4 ~~Minnetonka, Minnetonka Beach, Mound, New Hope, Orono, Osseo, Plymouth, Richfield,~~
 130.5 ~~Robbinsdale, St. Anthony, St. Louis Park, Shorewood, Spring Park, Tonka Bay, Wayzata,~~
 130.6 ~~Woodland, the unorganized territory of Hennepin County;~~

130.7 ~~(f) Scott County. Prior Lake, Savage, Shakopee;~~

130.8 ~~(g) Washington County. Baytown, the city of Stillwater, White Bear Lake, Bayport,~~
 130.9 ~~Birchwood, Cottage Grove, Dellwood, Lake Elmo, Landfall, Mahtomedi, Newport,~~
 130.10 ~~Oakdale, Oak Park Heights, Pine Springs, St. Paul Park, Willernie, Woodbury means the~~
 130.11 ~~metropolitan area.~~

130.12 The Metropolitan Council in its sole discretion may provide transit service by
 130.13 contract ~~beyond the boundaries of the metropolitan transit taxing district or~~ to cities and
 130.14 towns ~~within the taxing district~~ which are receiving financial assistance under section
 130.15 473.388, upon petition therefor by an interested city, township or political subdivision
 130.16 within the metropolitan transit area. The Metropolitan Council may establish such
 130.17 terms and conditions as it deems necessary and advisable for providing the transit
 130.18 service, including such combination of fares and direct payments by the petitioner as
 130.19 will compensate the council for the full capital and operating cost of the service and the
 130.20 related administrative activities of the council. The amount of the levy made by any
 130.21 municipality to pay for the service shall be disregarded when calculation of levies subject
 130.22 to limitations is made, provided that cities and towns receiving financial assistance under
 130.23 section 473.388 shall not make a special levy under this subdivision without having first
 130.24 exhausted the available local transit funds as defined in section 473.388. The council shall
 130.25 not be obligated to extend service ~~beyond the boundaries of the taxing district, or~~ to cities
 130.26 and towns within the taxing district which are receiving financial assistance under section
 130.27 473.388, under any law or contract unless or until payment therefor is received.

130.28 **EFFECTIVE DATE.** This section is effective for taxes payable in 2009 and
 130.29 thereafter.

130.30 Sec. 66. Minnesota Statutes 2006, section 473.446, subdivision 8, is amended to read:

130.31 Subd. 8. **State review.** The commissioner of revenue shall certify the council's levy
 130.32 limitation under this section to the council by August 1 of the levy year. The council
 130.33 must certify its proposed property tax levy under this section to the commissioner of
 130.34 revenue by September 1 of the levy year. The commissioner of revenue shall annually
 130.35 determine whether the property tax for transit purposes certified by the council for levy

131.1 following the adoption of its proposed budget is within the levy limitation imposed by
131.2 ~~subdivisions subdivision 1 and 1b. The commissioner shall also annually determine~~
131.3 ~~whether the transit tax imposed on all taxable property within the metropolitan transit area~~
131.4 ~~but outside of the metropolitan transit taxing district is within the levy limitation imposed~~
131.5 ~~by subdivision 1a. The determination must be completed prior to September 10 of each~~
131.6 year. If current information regarding market valuation in any county is not transmitted to
131.7 the commissioner in a timely manner, the commissioner may estimate the current market
131.8 valuation within that county for purposes of making the calculations.

131.9 **EFFECTIVE DATE.** This section is effective for taxes payable in 2009 and
131.10 thereafter.

131.11 Sec. 67. Laws 2008, chapter 154, article 2, section 11, the effective date, is amended to
131.12 read:

131.13 **EFFECTIVE DATE.** The amendments of this section to paragraph (b) and to the
131.14 class rate decrease and the market value increase of the first tier of class 1c homestead
131.15 resorts are effective for taxes payable in 2009 and thereafter. The rest of this section is
131.16 effective for taxes payable in 2010 and thereafter.

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

131.18 Sec. 68. **FISCAL DISPARITIES STUDY.**

131.19 The commissioner of revenue shall conduct a study of the metropolitan revenue
131.20 distribution program contained in Minnesota Statutes, chapter 473F, commonly known
131.21 as the fiscal disparities program. On or before February 1, 2010, the commissioner shall
131.22 make a report to the chairs of the house of representatives and senate tax committees
131.23 consisting of the findings of the study and any recommendations resulting from the study.

131.24 The study must consider to what extent the program is meeting the following goals,
131.25 and what changes could be made to the program in the furtherance of meeting those goals:

131.26 (1) reducing the extent to which the property tax encourages development patterns
131.27 that do not make cost-effective use of public infrastructure or impose other high public
131.28 costs;

131.29 (2) ensuring that the benefits of economic growth of the region are shared throughout
131.30 the region, especially for growth that results from state or regional decisions;

131.31 (3) improving the ability of each jurisdiction within the region to deliver services at
131.32 a level commensurate with its tax effort;

132.1 (4) compensating jurisdictions containing properties that provide regional benefits
132.2 for the costs those properties impose on their host jurisdictions in excess of their tax
132.3 payments;

132.4 (5) promoting a fair distribution of property tax burdens across jurisdictions of
132.5 the region; and

132.6 (6) reducing the economic losses that result from competition among communities
132.7 for commercial-industrial tax base.

132.8 \$150,000 is appropriated to the commissioner of revenue from the general fund for
132.9 fiscal year 2009 for purposes of conducting and preparing this study. This is a onetime
132.10 appropriation and is not added to the agency's base budget.

132.11 **EFFECTIVE DATE.** This section is effective July 1, 2008.

132.12 Sec. 69. **WHITE COMMUNITY HOSPITAL DISTRICT.**

132.13 Subdivision 1. **Authorized.** Notwithstanding the contiguity requirement in
132.14 Minnesota Statutes, section 447.31, subdivision 2, any two or more of the following cities
132.15 and towns in St. Louis County may establish by resolution of their respective governing
132.16 bodies the White Community Hospital District: the cities of Aurora, Biwabik, and Hoyt
132.17 Lakes, and the towns of Biwabik, White, and Colvin. The proposed resolution to establish
132.18 the hospital district must be published and is subject to referendum as provided in section
132.19 447.31, subdivision 2.

132.20 Subd. 2. **Powers; may make grants.** (a) Except as otherwise provided in this
132.21 section, the White Community Hospital District shall be organized and have the powers
132.22 and duties provided in Minnesota Statutes, sections 447.31, except subdivisions 2, 5, and
132.23 6; 447.32, subdivisions 5, 7, and 9; 447.345; 447.37; and 447.38.

132.24 (b) The hospital district may levy taxes as provided in this section to provide funding
132.25 to make grants to the White Community Hospital and any affiliated health care facility or
132.26 provider for any purpose authorized for hospital districts in Minnesota Statutes, sections
132.27 447.31 to 447.38, except 447.331. A grant must not be made under this section until the
132.28 governing body of the White Community Hospital, and any of its affiliated health care
132.29 facilities or providers receiving a grant, have entered into a written agreement with the
132.30 hospital district board stating that the governing body will comply with and is subject to
132.31 all provisions of the Minnesota open meeting law in Minnesota Statutes, chapter 13D.

132.32 Subd. 3. **Annexation; detachment.** Once the hospital district is established, any
132.33 other city, town, or unorganized area in St. Louis County may join the hospital district
132.34 in the same manner provided in subdivision 1 for establishment of the hospital district.
132.35 A city, town, or unorganized area that is a member of the hospital district may detach

133.1 from the district in the same manner as it may join. An annexation to or detachment
133.2 from the hospital district is effective for taxes payable in the following calendar year if
133.3 the resolution is adopted, or in the case of an unorganized area the petition submitted
133.4 to the county auditor, before July 1 of the levy year. A resolution adopted or petition
133.5 submitted after July 1 of any year is effective for the taxes payable the year following
133.6 the next levy year.

133.7 Subd. 4. **Unorganized areas.** An unorganized area in St. Louis County shall
133.8 become a member of the hospital district if at least 51 percent of the residents of the
133.9 unorganized area signed a petition submitted to the hospital district board and the county
133.10 auditor requesting to participate in the hospital district.

133.11 Subd. 5. **Hospital district board.** The hospital district shall be governed by a
133.12 hospital board composed of one member of each participating city and town's governing
133.13 body, appointed by the governing body. If the hospital district only has two members,
133.14 each member city or town shall appoint two board members. The hospital district board
133.15 must appoint from among its members a chair, clerk, treasurer, and any other officers the
133.16 board deems necessary or useful. The St. Louis County Board of Commissioners shall
133.17 appoint a resident of any unorganized area that is participating in the hospital district. All
133.18 board members serve at the pleasure of the respective appointing authorities.

133.19 Subd. 6. **No compensation; expenses.** Board members shall serve without
133.20 compensation but shall be eligible for per diem and expenses provided by, and at the
133.21 discretion of, their respective appointing authorities.

133.22 Subd. 7. **Operating tax levy.** The hospital district board may levy a tax as
133.23 provided in Minnesota Statutes, section 447.34, except as provided in this subdivision.
133.24 If the hospital district board levies it must be a uniform tax rate levied against the net
133.25 tax capacity of all taxable properties located within each participating city, town, or
133.26 unorganized area. The maximum amount that may be levied in the hospital district must
133.27 not exceed 0.066088 percent of the fully taxable market value of all taxable properties
133.28 located within each participating city, town, or unorganized area.

133.29 Any tax levied by the hospital district is in addition to all other taxes levied on the
133.30 property, including taxes levied for any other hospital purpose by a participating city
133.31 or town. The levy must be disregarded in the calculation of all other rate or per capita
133.32 levy limitations imposed by law.

133.33 **EFFECTIVE DATE; NO LOCAL APPROVAL.** This section is effective the
133.34 day following final enactment without local approval under Minnesota Statutes, section
133.35 645.023, subdivision 1, paragraph (a), for taxes levied in 2008, payable in 2009, and
133.36 thereafter.

134.1 Sec. 70. **VADNAIS LAKE AREA WATER MANAGEMENT ORGANIZATION;**
134.2 **STORM SEWER UTILITY FEES.**

134.3 Notwithstanding any other law to the contrary and pursuant to joint powers
134.4 agreements authorized under Minnesota Statutes, sections 103B.211 and 471.59, the
134.5 Vadnais Lake Area Water Management Organization may certify to the county auditor any
134.6 fees or charges imposed by the organization under Minnesota Statutes, section 103B.211
134.7 or 444.075, and the parcels on which the charges are imposed. The county auditor shall
134.8 extend the charges on the property tax statements. The amounts must be certified by
134.9 November 30 to appear on statements for taxes payable in the following year. The charges,
134.10 if not paid, become delinquent and are subject to the same penalties, the same rate of
134.11 interest, and become a lien upon the property in the same manner, as real property taxes.
134.12 The charges shall be paid to the Vadnais Lake Area Water Management Organization by
134.13 the county auditor in the same manner and at the same time as property taxes. The county
134.14 auditor may charge the Vadnais Lake Area Water Management Organization a fee in the
134.15 amount necessary to recover the costs of administering the charges.

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

134.17 Sec. 71. **CITY OF BROOKLYN CENTER; PARTICIPATION IN CRIME-FREE**
134.18 **MULTIHOUSING PROGRAM.**

134.19 (a) In addition to the requirements of Minnesota Statutes, section 273.128, if
134.20 property located in the city of Brooklyn Center qualifies under paragraph (b), the owners
134.21 or managers must complete the three phases of the city's crime-free multihousing program
134.22 and the qualifying property must be annually certified by the police as participating
134.23 in the program. If a qualifying property is not certified within one year after it is first
134.24 determined to be a qualifying property under paragraph (b), or does not annually maintain
134.25 its certification in the program, the city shall notify the property owner that the qualifying
134.26 property must comply with the requirements of this section to maintain its classification
134.27 as class 4d property. If a qualifying property is not in compliance within one year after
134.28 receiving the notice from the city, the city shall issue a second notice and require the
134.29 owners to enter into a plan to achieve compliance within one year. If, upon expiration
134.30 of the one-year time period, the qualifying property has not been certified by the police
134.31 as completing the program, the city shall notify the commissioner of the Housing
134.32 Finance Agency and the commissioner shall remove the property from the list of class 4d
134.33 properties certified to the assessor under Minnesota Statutes, section 273.128, subdivision
134.34 3. Once removed from the list, the property is not eligible for class 4d classification until
134.35 it complies with this section and its compliance has been certified to the Housing Finance

135.1 Agency by the city. Certification to the Housing Finance Agency must be made by May
135.2 15 to be effective for taxes payable in the following year.

135.3 (b) A property is a qualifying property for purposes of this section's requirements if
135.4 it satisfies each of the following requirements:

135.5 (1) the city offers a crime-free multihousing program through its city police;

135.6 (2) over the preceding three-year period, the number of police calls to the property
135.7 exceeded the city's average number of calls for multiunit rental properties for the period
135.8 by at least 25 percent, adjusted for the number of rental units;

135.9 (3) the police department has requested, in writing, the owners or managers of the
135.10 property to enroll in the crime-free multihousing program and the owners or managers
135.11 refused or failed to enroll within 60 days after the request, or failed to complete phases
135.12 one and three within 90 days and all three phases of the program within a one-year time
135.13 period; and

135.14 (4) the governing body of the city, by resolution, determines the property is a
135.15 qualifying property under clauses (1) to (3).

135.16 (c) Calls for police or emergency assistance in response to domestic abuse or
135.17 medical assistance shall not be counted toward the number of calls in paragraph (b), clause
135.18 (2). For purposes of this section, "domestic abuse" has the meaning given in Minnesota
135.19 Statutes, section 518B.01, subdivision 2.

135.20 (d) Low-income qualifying rental housing property classified as class 4d property
135.21 for taxes payable in 2008 must meet the requirements of this section by May 15, 2011.

135.22 **EFFECTIVE DATE; LOCAL APPROVAL.** This section is effective the day after
135.23 compliance by the governing body of the city of Brooklyn Center and its chief clerical
135.24 officer with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

135.25 **Sec. 72. ASSESSMENT OF PROPERTIES OF PURELY PUBLIC CHARITIES.**

135.26 **Subdivision 1. Application.** (a) To facilitate a review by the 2009 legislature of
135.27 the property tax exemption for property of nonprofit organizations as purely public
135.28 charities and the development of standards and criteria for the tax status of these facilities,
135.29 this section:

135.30 (1) requires the commissioner of revenue to conduct an analysis of standards applied
135.31 to determine the tax status of these organizations; and

135.32 (2) prohibits changes in assessment practices and policies regarding the property of
135.33 these organizations.

135.34 (b) The purpose of this study is to allow the legislature to evaluate whether the
135.35 judicially established rules and the assessment practices and policies in applying those

136.1 rules to determine the tax status of these properties ensure that public benefits are, at
136.2 least, commensurate with the costs of the exemption. The legislature does not intend, in
136.3 requiring this study, to indicate an intention to expand or to narrow the existing rules for
136.4 exempting institutions of purely public charity.

136.5 Subd. 2. **Report by commissioner of revenue.** (a) The commissioner of revenue
136.6 shall survey all county assessors on:

136.7 (1) the tax status of property of institutions of purely public charity located in the
136.8 state, including detail on the type of organization and the use of the property; and

136.9 (2) their practices and policies in determining the tax status of property of institutions
136.10 of purely public charity, including the extent to which the assessment practices and
136.11 policies require the institutions to provide goods or services at free or below market prices
136.12 and on the treatment of government payments.

136.13 (b) The commissioner shall report the findings to the chairs of the house and senate
136.14 committees with jurisdiction over taxation by February 1, 2009.

136.15 Subd. 3. **Moratorium on changes in assessment practices.** (a) An assessor
136.16 may not change the current practices or policies used generally in assessing property
136.17 of institutions of purely public charities.

136.18 (b) An assessor may not change the assessment of the taxable status of an existing
136.19 property of an organization of purely public charity, unless the change is made as a result of
136.20 a change in ownership, occupancy or use of the facility, or to correct an error. For currently
136.21 taxable properties, the assessor may change the estimated market value of the property.

136.22 (c) This subdivision expires on the earlier of:

136.23 (1) the enactment of legislation establishing criteria for the property taxation of
136.24 purely public charities; or

136.25 (2) adjournment of the 2009 regular legislative session to a date in calendar year
136.26 2010.

136.27 **EFFECTIVE DATE.** This section is effective for the 2008 assessment, taxes
136.28 payable in 2009.

136.29 Sec. 73. **FEDERAL AUDIT; SCHOOL DISTRICT LEVY.**

136.30 Subdivision 1. **Calculation.** The commissioner of education must calculate the total
136.31 amount of revenue that each school district needs to replace federal funds that have been
136.32 disallowed resulting from the settlement of an audit by the federal Office of Inspector
136.33 General of Local Collaborative Time Study school-based services claimed in Minnesota.

137.1 Subd. 2. **State aid.** The commissioner of education must make a state aid payment
137.2 to each school district in fiscal year 2009 equal to one-third of the amount calculated in
137.3 subdivision 1.

137.4 Subd. 3. **Levy.** A school district may levy a property tax for taxes payable in 2010
137.5 and 2011 only, not to exceed one-third of the amount calculated in subdivision 1 in each
137.6 year.

137.7 Subd. 4. **Appropriation.** The amount necessary to fund the payments required
137.8 under subdivision 2 is appropriated in fiscal year 2009 to the commissioner of education.

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

137.10 Sec. 74. **SCHOOL DISTRICT LEASE PURCHASES; REVERSE**

137.11 **REFERENDUM.**

137.12 Subdivision 1. **Limitation.** After the effective date of this section, a school district
137.13 located wholly or partially within the borders of a city of the first class with a population
137.14 of less than 100,000 inhabitants must not enter into a binding legal agreement under
137.15 Minnesota Statutes, section 126C.40, subdivision 6, without first holding a school board
137.16 meeting authorizing that contract and adopting a written resolution authorizing the
137.17 contract.

137.18 Subd. 2. **Board Meeting.** The school board must allow for public testimony on
137.19 the proposed contract before adopting a written resolution authorizing the contract. The
137.20 resolution becomes final 45 days after its adoption unless a petition has been filed under
137.21 subdivision 3.

137.22 Subd. 3. **Reverse referendum.** A referendum on the question of authorizing the
137.23 lease purchase contract must be called by the board upon the written petition of qualified
137.24 voters of the district. A referendum to enter into a lease purchase contract must state the
137.25 amount of the contract. A petition authorized by this subdivision is effective if signed
137.26 by a number of qualified voters in excess of 15 percent of the registered voters of the
137.27 district on the day the petition is filed with the board. A referendum invoked by petition
137.28 must be held on a date determined by the school board. If an effective petition is filed
137.29 with the board by August 15, 2008, the board must hold the election at the time of the
137.30 2008 state primary. The approval of 50 percent plus one of those voting on the question is
137.31 required to authorize the contract.

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

137.33 Sec. 75. **REPEALER.**

138.1 (a) Minnesota Statutes 2006, section 273.11, subdivisions 14 and 14a, are repealed.

138.2 (b) Minnesota Statutes 2006, section 273.111, subdivision 6, is repealed.

138.3 (c) Minnesota Statutes 2006, section 473.4461, is repealed.

138.4 **EFFECTIVE DATE.** Paragraphs (a) and (c) are effective for taxes payable in 2009
138.5 and thereafter. Paragraph (b) is effective for taxes payable in 2010 and thereafter.

138.6 **ARTICLE 6**

138.7 **SALES AND USE TAXES**

138.8 Section 1. Minnesota Statutes 2006, section 297A.70, subdivision 2, is amended to
138.9 read:

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

138.13 (1) the United States and its agencies and instrumentalities;

138.14 (2) school districts, the University of Minnesota, state universities, community
138.15 colleges, technical colleges, state academies, the Perpich Minnesota Center for Arts
138.16 Education, and an instrumentality of a political subdivision that is accredited as an
138.17 optional/special function school by the North Central Association of Colleges and Schools;

138.18 (3) hospitals and nursing homes owned and operated by political subdivisions of
138.19 the state of tangible personal property and taxable services used at or by hospitals and
138.20 nursing homes;

138.21 (4) the Metropolitan Council or the Department of Transportation, for its purchases
138.22 of vehicles and repair parts to equip operations provided for in ~~section~~ sections 174.90 and
138.23 473.4051, including, but not limited to, the Northstar Corridor rail project;

138.24 (5) other states or political subdivisions of other states, if the sale would be exempt
138.25 from taxation if it occurred in that state; and

138.26 (6) sales to public libraries, public library systems, multicounty, multitype library
138.27 systems as defined in section 134.001, county law libraries under chapter 134A, state
138.28 agency libraries, the state library under section 480.09, and the Legislative Reference
138.29 Library.

138.30 (b) This exemption does not apply to the sales of the following products and services:

138.31 (1) building, construction, or reconstruction materials purchased by a contractor
138.32 or a subcontractor as a part of a lump-sum contract or similar type of contract with a
138.33 guaranteed maximum price covering both labor and materials for use in the construction,
138.34 alteration, or repair of a building or facility;

139.1 (2) construction materials purchased by tax exempt entities or their contractors to
139.2 be used in constructing buildings or facilities which will not be used principally by the
139.3 tax exempt entities;

139.4 (3) the leasing of a motor vehicle as defined in section 297B.01, subdivision 5,
139.5 except for leases entered into by the United States or its agencies or instrumentalities; or

139.6 (4) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause
139.7 (2), and prepared food, candy, and soft drinks, except for lodging, prepared food, candy,
139.8 and soft drinks purchased directly by the United States or its agencies or instrumentalities.

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

139.12 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases
139.13 made after January 1, 2007.

139.14 Sec. 2. Minnesota Statutes 2006, section 297A.70, subdivision 8, is amended to read:

139.15 Subd. 8. **Regionwide public safety radio communication system; products and**
139.16 **services.** Products and services including, but not limited to, end user equipment used
139.17 for construction, ownership, operation, maintenance, and enhancement of the backbone
139.18 system of the regionwide public safety radio communication system established under
139.19 sections 403.21 to ~~403.34~~ 403.40, are exempt. For purposes of this subdivision, backbone
139.20 system is defined in section 403.21, subdivision 9. This subdivision is effective for
139.21 purchases, sales, storage, use, or consumption for use in the first and second phases of the
139.22 system, as defined in section 403.21, subdivisions 3, 10, and 11, ~~and~~ that portion of the
139.23 third phase of the system that is located in the southeast district of the State Patrol and
139.24 the counties of Benton, Sherburne, Stearns, and Wright, and that portion of the system
139.25 that is located in Itasca County.

139.26 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
139.27 June 30, 2007.

139.28 Sec. 3. Minnesota Statutes 2006, section 297A.71, subdivision 23, is amended to read:

139.29 Subd. 23. **Construction materials for qualified low-income housing projects.** (a)
139.30 Purchases of materials and supplies used or consumed in and equipment incorporated into
139.31 the construction, improvement, or expansion of qualified low-income housing projects are
139.32 exempt from the tax imposed under this chapter if the owner of the qualified low-income
139.33 housing project is:

140.1 (1) the public housing agency or housing and redevelopment authority of a political
140.2 subdivision;

140.3 (2) an entity exercising the powers of a housing and redevelopment authority within
140.4 a political subdivision;

140.5 (3) a limited partnership in which the sole or managing general partner is an
140.6 authority under clause (1) or an entity under clause (2) or (4);

140.7 (4) a nonprofit corporation subject to the provisions of chapter 317A, and qualifying
140.8 under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code of 1986, as amended; or

140.9 (5) an owner entity, as defined in Code of Federal Regulations, title 24, part 941.604,
140.10 for a qualified low-income housing project described in paragraph (b), clause (5).

140.11 This exemption applies regardless of whether the purchases are made by the owner
140.12 of the facility or a contractor.

140.13 (b) For purposes of this exemption, "qualified low-income housing project" means:

140.14 (1) a housing or mixed use project in which at least 20 percent of the residential units
140.15 are qualifying low-income rental housing units as defined in section 273.126;

140.16 (2) a federally assisted low-income housing project financed by a mortgage insured
140.17 or held by the United States Department of Housing and Urban Development under
140.18 United States Code, title 12, section 1701s, 1715l(d)(3), 1715l(d)(4), or 1715z-1; United
140.19 States Code, title 42, section 1437f; the Native American Housing Assistance and
140.20 Self-Determination Act, United States Code, title 25, section 4101 et seq.; or any similar
140.21 successor federal low-income housing program;

140.22 (3) a qualified low-income housing project as defined in United States Code, title
140.23 26, section 42(g), meeting all of the requirements for a low-income housing credit under
140.24 section 42 of the Internal Revenue Code regardless of whether the project actually applies
140.25 for or receives a low-income housing credit;

140.26 (4) a project that will be operated in compliance with Internal Revenue Service
140.27 revenue procedure 96-32; or

140.28 (5) a housing or mixed use project in which all or a portion of the residential units
140.29 are subject to the requirements of section 5 of the United States Housing Act of 1937.

140.30 (c) For a project, a portion of which is not used for low-income housing units,
140.31 the amount of purchases that are exempt under this subdivision must be determined by
140.32 multiplying the total purchases, as specified in paragraph (a), by the ratio of:

140.33 (1) the total gross square footage of units subject to the income limits under section
140.34 273.126, the financing for the project, the federal low-income housing tax credit, revenue
140.35 procedure 96-32, or section 5 of the United States Housing Act of 1937, as applicable
140.36 to the project; and

141.1 (2) the total gross square footage of all units in the project.

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

141.4 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
141.5 June 30, 2008.

141.6 Sec. 4. Minnesota Statutes 2006, section 297A.71, is amended by adding a subdivision
141.7 to read:

141.8 **Subd. 40. Construction materials; Central Corridor light rail transit.** Materials
141.9 and supplies used or consumed in, and equipment incorporated into, the construction
141.10 or improvement of the Central Corridor light rail transit line and associated facilities
141.11 including, but not limited to, stations, park-and-ride facilities, and maintenance facilities,
141.12 are exempt. The tax must be imposed and collected as if the rate under section 297A.62,
141.13 subdivision 1, applied and then refunded in the manner provided in section 297A.75.

141.14 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases
141.15 made after January 1, 2007.

141.16 Sec. 5. Minnesota Statutes 2006, section 297A.71, is amended by adding a subdivision
141.17 to read:

141.18 **Subd. 41. Construction materials; Northstar Corridor rail project.** Materials
141.19 and supplies used or consumed in, and equipment incorporated into, the construction or
141.20 improvement of the Northstar Corridor rail project and associated facilities by a public
141.21 entity or under a contract with a public entity including, but not limited to, track and signal
141.22 improvements, stations, park-and-ride facilities, and maintenance facilities, are exempt.
141.23 The tax must be imposed and collected as if the rate under section 297A.62, subdivision 1,
141.24 applied and then refunded in the manner provided in section 297A.75.

141.25 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases
141.26 made after January 1, 2007.

141.27 Sec. 6. Minnesota Statutes 2006, section 297A.75, is amended to read:

141.28 **297A.75 REFUND; APPROPRIATION.**

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

- 142.1 (1) capital equipment exempt under section 297A.68, subdivision 5;
- 142.2 (2) building materials for an agricultural processing facility exempt under section
- 142.3 297A.71, subdivision 13;
- 142.4 (3) building materials for mineral production facilities exempt under section
- 142.5 297A.71, subdivision 14;
- 142.6 (4) building materials for correctional facilities under section 297A.71, subdivision
- 142.7 3;
- 142.8 (5) building materials used in a residence for disabled veterans exempt under section
- 142.9 297A.71, subdivision 11;
- 142.10 (6) elevators and building materials exempt under section 297A.71, subdivision 12;
- 142.11 (7) building materials for the Long Lake Conservation Center exempt under section
- 142.12 297A.71, subdivision 17;
- 142.13 (8) materials, supplies, fixtures, furnishings, and equipment for a county law
- 142.14 enforcement and family service center under section 297A.71, subdivision 26;
- 142.15 (9) materials and supplies for qualified low-income housing under section 297A.71,
- 142.16 subdivision 23;
- 142.17 (10) materials, supplies, and equipment for municipal electric utility facilities under
- 142.18 section 297A.71, subdivision 35;
- 142.19 (11) equipment and materials used for the generation, transmission, and distribution
- 142.20 of electrical energy and an aerial camera package exempt under section 297A.68,
- 142.21 subdivision 37; ~~and~~
- 142.22 (12) tangible personal property and taxable services and construction materials,
- 142.23 supplies, and equipment exempt under section 297A.68, subdivision 41-; and
- 142.24 (13) materials, supplies, and equipment for construction or improvement of projects
- 142.25 and facilities under section 297A.71, subdivisions 40 and 41.
- 142.26 Subd. 2. **Refund; eligible persons.** Upon application on forms prescribed by the
- 142.27 commissioner, a refund equal to the tax paid on the gross receipts of the exempt items
- 142.28 must be paid to the applicant. Only the following persons may apply for the refund:
- 142.29 (1) for subdivision 1, clauses (1) to (3), the applicant must be the purchaser;
- 142.30 (2) for subdivision 1, clauses (4), (7), and (8), the applicant must be the governmental
- 142.31 subdivision;
- 142.32 (3) for subdivision 1, clause (5), the applicant must be the recipient of the benefits
- 142.33 provided in United States Code, title 38, chapter 21;
- 142.34 (4) for subdivision 1, clause (6), the applicant must be the owner of the homestead
- 142.35 property;

143.1 (5) for subdivision 1, clause (9), the owner of the qualified low-income housing
143.2 project;

143.3 (6) for subdivision 1, clause (10), the applicant must be a municipal electric utility or
143.4 a joint venture of municipal electric utilities; ~~and~~

143.5 (7) for subdivision 1, clauses (11) and (12), the owner of the qualifying business; and

143.6 (8) for subdivision 1, clause (13), the applicant must be the governmental entity that
143.7 owns or contracts for the project or facility.

143.8 Subd. 3. **Application.** (a) The application must include sufficient information
143.9 to permit the commissioner to verify the tax paid. If the tax was paid by a contractor,
143.10 subcontractor, or builder, under subdivision 1, clause (4), (5), (6), (7), (8), (9), (10),
143.11 (11), ~~or~~ (12), or (13), the contractor, subcontractor, or builder must furnish to the refund
143.12 applicant a statement including the cost of the exempt items and the taxes paid on the
143.13 items unless otherwise specifically provided by this subdivision. The provisions of
143.14 sections 289A.40 and 289A.50 apply to refunds under this section.

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

143.17 Subd. 4. **Interest.** Interest must be paid on the refund at the rate in section 270C.405
143.18 from 90 days after the refund claim is filed with the commissioner for taxes paid under
143.19 subdivision 1.

143.20 Subd. 5. **Appropriation.** (a) The amount required to make the refunds, except for
143.21 refunds under subdivision 1, clause (13), is annually appropriated to the commissioner.

143.22 (b) \$15,000,000 in fiscal year 2009 is appropriated from the general fund to the
143.23 commissioner. The appropriation under this paragraph shall be used to make refunds of
143.24 sales tax for the exemptions under subdivision 1, clause (13). The appropriation does not
143.25 cancel and is available until expended. In fiscal years 2010 and 2011, the commissioner
143.26 shall make payments from the appropriation under this paragraph to the general fund
143.27 to reimburse it for the revenue loss in those years due to the extension of the sales tax
143.28 exemption to the Department of Transportation under section 297A.70, subdivision 2,
143.29 clause (4). This appropriation is onetime and is not added to the agency's base budget.

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

143.31 Sec. 7. Minnesota Statutes 2006, section 297A.99, subdivision 1, as amended by Laws
143.32 2008, chapter 152, article 4, section 1, is amended to read:

143.33 Subdivision 1. **Authorization; scope.** (a) A political subdivision of this state may
143.34 impose a general sales tax (1) under section 297A.992, (2) under section 297A.993,
143.35 (3) if permitted by special law enacted prior to May 20, 2008, or (4) if the political

144.1 subdivision enacted and imposed the tax before the effective date of section 477A.016 and
144.2 its predecessor provision.

144.3 (b) This section governs the imposition of a general sales tax by the political
144.4 subdivision. The provisions of this section preempt the provisions of any special law:

144.5 (1) enacted before June 2, 1997, or

144.6 (2) enacted on or after June 2, 1997, that does not explicitly exempt the special law
144.7 provision from this section's rules by reference.

144.8 (c) This section does not apply to or preempt a sales tax on motor vehicles or a
144.9 special excise tax on motor vehicles.

144.10 (d) Until after December 31, 2011, a political subdivision may not advertise,
144.11 promote, expend funds, or hold a referendum to support imposing a local option sales tax
144.12 unless the tax was authorized by a special law enacted prior to May 20, 2008.

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

144.14 Sec. 8. Minnesota Statutes 2006, section 297B.03, is amended to read:

144.15 **297B.03 EXEMPTIONS.**

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

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

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

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

144.29 (4) purchase or use of any motor vehicle previously registered in the state of
144.30 Minnesota when such transfer constitutes a transfer within the meaning of section 118,
144.31 331, 332, 336, 337, 338, 351, 355, 368, 721, 731, 1031, 1033, or 1563(a) of the Internal
144.32 Revenue Code of 1986, as amended through December 31, 1999;

144.33 (5) purchase or use of any vehicle owned by a resident of another state and leased
144.34 to a Minnesota-based private or for-hire carrier for regular use in the transportation of

145.1 persons or property in interstate commerce provided the vehicle is titled in the state of
145.2 the owner or secured party, and that state does not impose a sales tax or sales tax on
145.3 motor vehicles used in interstate commerce;

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

145.8 (7) purchase of a motor vehicle for use as an ambulance by an ambulance service
145.9 licensed under section 144E.10;

145.10 (8) purchase of a motor vehicle by or for a public library, as defined in section
145.11 134.001, subdivision 2, as a bookmobile or library delivery vehicle;

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

145.13 (10) purchase or use of a motor vehicle by a town for use exclusively for road
145.14 maintenance, including snowplows and dump trucks, but not including automobiles,
145.15 vans, or pickup trucks;

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

145.20 (i) a truck, as defined in section 168.011, a bus, as defined in section 168.011, or a
145.21 passenger automobile, as defined in section 168.011, if the automobile is designed and
145.22 used for carrying more than nine persons including the driver; and

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

145.26 (12) purchase of a motor vehicle for use by a transit provider exclusively to provide
145.27 transit service is exempt if the transit provider is either (i) receiving financial assistance or
145.28 reimbursement under section 174.24 or 473.384, or (ii) operating under section 174.29,
145.29 473.388, or 473.405;

145.30 (13) purchase or use of a motor vehicle by a qualified business, as defined in section
145.31 469.310, located in a job opportunity building zone, if the motor vehicle is principally
145.32 garaged in the job opportunity building zone and is primarily used as part of or in direct
145.33 support of the person's operations carried on in the job opportunity building zone. The
145.34 exemption under this clause applies to sales, if the purchase was made and delivery
145.35 received during the duration of the job opportunity building zone. The exemption under
145.36 this clause also applies to any local sales and use tax;

146.1 (14) purchase outside the United States of a passenger automobile, as defined in
146.2 section 168.011, subdivision 7, or motorcycle, as defined in section 168.011, subdivision
146.3 26, by a member of the United States armed forces while the member is serving outside the
146.4 United States in federal active military service, as defined in section 190.05, subdivision
146.5 5c, limited to one qualifying motor vehicle during the servicemember's lifetime; and

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

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

146.9 (ii) licensed as a motor vehicle lessor under section 168.27, subdivision 4.

146.10 **EFFECTIVE DATE.** (a) Clauses (1) to (14) are effective for sales and purchases
146.11 made after December 31, 2007, and for other motor vehicles for which the tax first
146.12 becomes due after December 31, 2007.

146.13 (b) Clause (15) is effective for sales and purchases made after June 30, 2008.

146.14 Sec. 9. Laws 1991, chapter 291, article 8, section 27, subdivision 3, as amended by
146.15 Laws 1998, chapter 389, article 8, section 28, is amended to read:

146.16 Subd. 3. **Use of revenues.** Revenues received from taxes authorized by subdivisions
146.17 1 and 2 shall be used by the city to pay the cost of collecting the tax and to pay all or a
146.18 portion of the expenses of constructing and ~~operating~~ improving facilities as part of an
146.19 urban revitalization project in downtown Mankato known as Riverfront 2000. Authorized
146.20 expenses include, but are not limited to, acquiring property and paying relocation expenses
146.21 related to the development of Riverfront 2000 and related facilities, and securing or paying
146.22 debt service on bonds or other obligations issued to finance the construction of Riverfront
146.23 2000 and related facilities. For purposes of this section, "Riverfront 2000 and related
146.24 facilities" means a civic-convention center, an arena, a riverfront park, a technology center
146.25 and related educational facilities, and all publicly owned real or personal property that
146.26 the governing body of the city determines will be necessary to facilitate the use of these
146.27 facilities, including but not limited to parking, skyways, pedestrian bridges, lighting, and
146.28 landscaping. It also includes the performing arts theatre and the Southern Minnesota
146.29 Women's Hockey Exposition Center, attached to the Mankato Civic Center for use by
146.30 Minnesota State University, Mankato.

146.31 **EFFECTIVE DATE.** This section is effective the day after the governing body of
146.32 the city of Mankato and its chief clerical officer comply with Minnesota Statutes, section
146.33 645.021, subdivisions 2 and 3, and after compliance with section 11.

147.1 Sec. 10. Laws 1991, chapter 291, article 8, section 27, subdivision 4, as amended by
147.2 Laws 2005, First Special Session chapter 3, article 5, section 25, is amended to read:

147.3 Subd. 4. **Expiration of taxing authority and expenditure limitation.** The
147.4 authority granted by subdivisions 1 and 2 to the city to impose a sales tax and an excise
147.5 tax shall expire on ~~December 31, 2015, unless sufficient revenues are not available to~~
147.6 ~~defeas any bonds or obligations issued to finance construction of Riverfront 2000 and~~
147.7 ~~related facilities. If sufficient funds are not available to defeas the bonds, the tax expires~~
147.8 ~~December 31, 2018, but all revenues from taxes imposed after December 31, 2015, must be~~
147.9 ~~used to defeas the bonds.~~ The city may, by ordinance, terminate the tax at an earlier date.

147.10 **EFFECTIVE DATE.** This section is effective the day after the governing body of
147.11 the city of Mankato and its chief clerical officer comply with Minnesota Statutes, section
147.12 645.021, subdivisions 2 and 3, and after compliance with section 11.

147.13 Sec. 11. **CITY OF MANKATO, LOCAL TAXES AUTHORIZED.**

147.14 Subdivision 1. **Food and beverage tax authorized.** Notwithstanding Minnesota
147.15 Statutes, section 477A.016, or any ordinance, city charter, or other provision of law, the
147.16 city of Mankato may, by ordinance, impose a sales tax of up to one percent on the gross
147.17 receipts on all sales of food and beverages by a restaurant or place of refreshment, as
147.18 defined by resolution of the city, that are located within the city. For purposes of this
147.19 section, "food and beverages" include retail on-sale of intoxicating liquor and fermented
147.20 malt beverages.

147.21 Subd. 2. **Entertainment tax.** Notwithstanding Minnesota Statutes, section
147.22 477A.016, or any ordinance, city charter, or other provision of law, the city of Mankato
147.23 may, by ordinance, impose a tax of up to one percent on the gross receipts on admissions to
147.24 an entertainment event located within the city. For purposes of this section "entertainment
147.25 event" means any event for which persons pay money in order to be admitted to the
147.26 premises and to be entertained including, but not limited to, theaters, concerts, and
147.27 sporting events.

147.28 Subd. 3. **Use of proceeds from authorized taxes.** The proceeds of any tax imposed
147.29 under subdivisions 1 and 2 shall be used by the city to pay all or a portion of the expenses
147.30 of operation and maintenance of the Riverfront 2000 and related facilities, including a
147.31 performing arts theatre and the Southern Minnesota Women's Hockey Exposition Center,
147.32 attached to the Mankato Civic Center for use by Minnesota State University, Mankato.
147.33 Authorized expenses include securing or paying debt service on bonds or other obligations
147.34 issued to finance the construction of the facilities.

148.1 Subd. 4. **Collection, administration, and enforcement.** If the city desires, it may
148.2 enter into an agreement with the commissioner of revenue to administer, collect, and
148.3 enforce the taxes authorized under subdivisions 1 and 2. If the commissioner agrees
148.4 to collect the tax, the provisions of Minnesota Statutes, section 297A.99, related to
148.5 collection, administration, and enforcement apply.

148.6 **EFFECTIVE DATE.** This section is effective the day after the governing body of
148.7 the city of Mankato and its chief clerical officer comply with Minnesota Statutes, section
148.8 645.021, subdivisions 2 and 3.

148.9 **Sec. 12. COOK COUNTY; LODGING AND ADMISSIONS TAXES.**

148.10 Subdivision 1. **Lodging tax.** Notwithstanding Minnesota Statutes, section
148.11 477A.016, or any other provision of law, ordinance, or city charter, the Board of
148.12 Commissioners of Cook County may impose, by ordinance, a tax of up to one percent on
148.13 the gross receipts subject to the lodging tax under Minnesota Statutes, section 469.190.
148.14 This tax is in addition to any tax imposed under Minnesota Statutes, section 469.190, and
148.15 the total tax imposed under that section and this provision must not exceed four percent.

148.16 Subd. 2. **Admissions and recreation tax.** Notwithstanding Minnesota Statutes,
148.17 section 477A.016, or any other provision of law, ordinance, or city charter, the Board of
148.18 Commissioners of Cook County may impose, by ordinance, a tax of up to three percent on
148.19 admissions to entertainment and recreational facilities and rental of recreation equipment.

148.20 Subd. 3. **Use of taxes.** The taxes imposed in subdivisions 1 and 2 must be used
148.21 to fund a new Cook County Event and Visitors Bureau as established by the Board of
148.22 Commissioners of Cook County. The Board of Commissioners of Cook County must
148.23 annually review the budget of the Cook County Event and Visitors Bureau. The event and
148.24 visitors bureau may not receive revenues raised from the taxes imposed in subdivisions 1
148.25 and 2 until the board of commissioners approves the annual budget.

148.26 Subd. 4. **Termination.** The taxes imposed in subdivisions 1 and 2 terminate 15
148.27 years after they are first imposed.

148.28 **EFFECTIVE DATE.** This section is effective for sales and purchases after June
148.29 30, 2008.

148.30 **Sec. 13. CITY OF CLEARWATER; TAXES AUTHORIZED.**

148.31 Subdivision 1. **Sales and use tax.** Notwithstanding Minnesota Statutes, section
148.32 477A.016, or any other provision of law, ordinance, or city charter, pursuant to the
148.33 approval of the voters on November 7, 2006, the city of Clearwater may impose by

149.1 ordinance a sales and use tax of up to one-half of one percent for the purposes specified in
149.2 subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota
149.3 Statutes, section 297A.99, govern the imposition, administration, collection, and
149.4 enforcement of the tax authorized under this subdivision.

149.5 Subd. 2. **Excise tax authorized.** Notwithstanding Minnesota Statutes, section
149.6 477A.016, or any other provision of law, ordinance, or city charter, the city of Clearwater
149.7 may impose by ordinance, for the purposes specified in subdivision 3, an excise tax of up
149.8 to \$20 per motor vehicle, as defined by ordinance, purchased or acquired from any person
149.9 engaged within the city in the business of selling motor vehicles at retail.

149.10 Subd. 3. **Use of revenues.** The proceeds of the tax imposed under this section shall
149.11 be used to pay for the costs of acquisition, construction, improvement, and development
149.12 of a pedestrian bridge, and land and buildings for a community and recreation center. The
149.13 total amount of revenues from the taxes in subdivisions 1 and 2 that may be used to fund
149.14 these projects is \$12,000,000 plus any associated bond costs.

149.15 Subd. 4. **Bonding authority.** The city of Clearwater may issue bonds in an amount
149.16 not to exceed \$12,000,000 under Minnesota Statutes, chapter 475, to finance the capital
149.17 expenditures and improvements authorized by the referendum under subdivision 1. An
149.18 election to approve the bonds under Minnesota Statutes, section 475.59, is not required.
149.19 The issuance of bonds under this subdivision is not subject to Minnesota Statutes, section
149.20 275.60 or 275.61. The debt represented by the bonds must not be included in computing
149.21 any debt limitations applicable to the city, and the levy of taxes required by Minnesota
149.22 Statutes, section 475.61, to pay the principal or any interest on the bonds must not be
149.23 subject to any levy limitation.

149.24 Subd. 5. **Termination of tax.** The tax authorized under subdivision 1 terminates at
149.25 the earlier of (1) 20 years after the date of initial imposition of the tax, or (2) when the
149.26 city council determines that sufficient funds have been raised from the tax to finance the
149.27 capital and administrative costs of the improvements described in subdivision 3, plus the
149.28 additional amount needed to pay the costs related to issuance of bonds under subdivision
149.29 4, including interest on the bonds. Any funds remaining after completion of the projects
149.30 specified in subdivision 3 and retirement or redemption of the bonds in subdivision 4 may
149.31 be placed in the general fund of the city. The tax imposed under subdivision 1 may expire
149.32 at an earlier time if the city so determines by ordinance.

149.33 **EFFECTIVE DATE.** This section is effective the day after compliance by the
149.34 governing body of the city of Clearwater with Minnesota Statutes, section 645.021,
149.35 subdivisions 2 and 3.

150.1 Sec. 14. **CITY OF NORTH MANKATO; TAXES AUTHORIZED.**

150.2 **Subdivision 1. Sales and use tax authorized.** Notwithstanding Minnesota Statutes,
150.3 section 477A.016, or any other provision of law, ordinance, or city charter, pursuant to
150.4 the approval of the voters on November 7, 2006, the city of North Mankato may impose
150.5 by ordinance a sales and use tax of one-half of one percent for the purposes specified
150.6 in subdivision 2. The provisions of Minnesota Statutes, section 297A.99, govern the
150.7 imposition, administration, collection, and enforcement of the taxes authorized under
150.8 this subdivision.

150.9 **Subd. 2. Use of revenues.** Revenues received from the tax authorized by
150.10 subdivision 1 must be used to pay all or part of the capital costs of the following projects:

150.11 (1) the local share of the Trunk Highway 14/County State-Aid Highway 41
150.12 interchange project;

150.13 (2) development of regional parks and hiking and biking trails;

150.14 (3) expansion of the North Mankato Taylor Library;

150.15 (4) riverfront redevelopment; and

150.16 (5) lake improvement projects.

150.17 The total amount of revenues from the tax in subdivision 1 that may be used to fund
150.18 these projects is \$6,000,000 plus any associated bond costs.

150.19 **Subd. 3. Bonds.** (a) The city of North Mankato, pursuant to the approval of the
150.20 voters at the November 7, 2006 referendum authorizing the imposition of the taxes in
150.21 this section, may issue bonds under Minnesota Statutes, chapter 475, to pay capital and
150.22 administrative expenses for the projects described in subdivision 2, in an amount that
150.23 does not exceed \$6,000,000. A separate election to approve the bonds under Minnesota
150.24 Statutes, section 475.58, is not required.

150.25 (b) The debt represented by the bonds is not included in computing any debt
150.26 limitation applicable to the city, and any levy of taxes under Minnesota Statutes, section
150.27 475.61, to pay principal and interest on the bonds is not subject to any levy limitation.

150.28 **Subd. 4. Termination of taxes.** The tax imposed under subdivision 1 expires
150.29 when the city council determines that the amount of revenues received from the taxes
150.30 to pay for the projects under subdivision 2 first equals or exceeds \$6,000,000 plus the
150.31 additional amount needed to pay the costs related to issuance of bonds under subdivision
150.32 3, including interest on the bonds. Any funds remaining after completion of the projects
150.33 and retirement or redemption of the bonds shall be placed in a capital facilities and
150.34 equipment replacement fund of the city. The tax imposed under subdivision 1 may expire
150.35 at an earlier time if the city so determines by ordinance.

151.1 **EFFECTIVE DATE.** This section is effective the day after compliance by the
151.2 governing body of the city of North Mankato with Minnesota Statutes, section 645.021,
151.3 subdivision 3.

151.4 Sec. 15. **CITY OF WINONA; TAXES AUTHORIZED.**

151.5 Subdivision 1. **Sales and use tax.** Notwithstanding Minnesota Statutes, section
151.6 477A.016, or any other provision of law, ordinance, or city charter, if approved by the
151.7 voters at a general or special election held before December 31, 2009, the city of Winona
151.8 may impose by ordinance a sales and use tax of up to one-half of one percent for the
151.9 purpose specified in subdivision 2. Except as otherwise provided in this section, the
151.10 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,
151.11 collection, and enforcement of the tax authorized under this subdivision.

151.12 Subd. 2. **Use of revenues.** The proceeds of the tax imposed under this section shall
151.13 be used to pay the city-borne costs for the construction of a street connection from the city
151.14 of Winona to Minnesota marked State Highways 61 and 43. The construction will provide
151.15 access to the city's newly built industrial park and additional access to a hospital. The total
151.16 amount of revenues from the tax in subdivision 1 that may be used to fund this project is
151.17 \$8,000,000 plus any associated bond costs.

151.18 Subd. 3. **Bonding authority.** The city of Winona may issue bonds in an amount
151.19 not to exceed \$8,000,000 under Minnesota Statutes, chapter 475, to finance the capital
151.20 expenditures under subdivision 2. An election to approve the bonds under Minnesota
151.21 Statutes, section 475.58, is not required. The issuance of bonds under this subdivision is
151.22 not subject to Minnesota Statutes, section 275.60 or 275.61. The debt represented by the
151.23 bonds must not be included in computing any debt limitations applicable to the city, and
151.24 the levy of taxes required by Minnesota Statutes, section 475.61, to pay the principal or
151.25 any interest on the bonds must not be subject to any levy limitation.

151.26 Subd. 4. **Termination of tax.** The tax authorized under subdivision 1 terminates
151.27 at the earlier of: (1) five years after the date of initial imposition of the tax; or (2) when
151.28 the city council determines that sufficient funds have been raised from the tax to finance
151.29 the capital and administrative costs of the project described in subdivision 2, plus the
151.30 additional amount needed to pay the costs related to issuance of bonds under subdivision
151.31 3, including interest on the bonds. Any funds remaining after completion of the project
151.32 specified in subdivision 2 and retirement or redemption of the bonds in subdivision 3 may
151.33 be placed in the general fund of the city. The tax imposed under subdivision 1 may expire
151.34 at an earlier time if the city so determines by ordinance.

152.1 **EFFECTIVE DATE.** This section is effective the day after compliance by
 152.2 the governing body of the city of Winona with Minnesota Statutes, section 645.021,
 152.3 subdivisions 2 and 3.

152.4 Sec. 16. **REPEALER.**
 152.5 Laws 2005, First Special Session chapter 3, article 5, section 24, is repealed.

152.6 **EFFECTIVE DATE.** This section is effective upon enactment of section 9.

152.7 **ARTICLE 7**
 152.8 **JUNE ACCELERATED TAX PAYMENTS**

152.9 Section 1. Minnesota Statutes 2006, section 289A.20, subdivision 4, as amended by
 152.10 Laws 2008, chapter 154, article 6, section 1, is amended to read:

152.11 Subd. 4. **Sales and use tax.** (a) The taxes imposed by chapter 297A are due and
 152.12 payable to the commissioner monthly on or before the 20th day of the month following the
 152.13 month in which the taxable event occurred, or following another reporting period as the
 152.14 commissioner prescribes or as allowed under section 289A.18, subdivision 4, paragraph
 152.15 (f) or (g), except that use taxes due on an annual use tax return as provided under section
 152.16 289A.11, subdivision 1, are payable by April 15 following the close of the calendar year.

152.17 (b) A vendor having a liability of \$120,000 or more during a fiscal year ending June
 152.18 30 must remit the June liability for the next year in the following manner:

152.19 (1) Two business days before June 30 of the year, the vendor must remit ~~80~~ 85
 152.20 percent of the estimated June liability to the commissioner.

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

152.23 (c) A vendor having a liability of:

152.24 (1) \$20,000 or more in the fiscal year ending June 30, 2005; or

152.25 (2) \$10,000 or more in the fiscal year ending June 30, 2006, and fiscal years

152.26 thereafter,

152.27 must remit all liabilities on returns due for periods beginning in the subsequent calendar
 152.28 year by electronic means on or before the 20th day of the month following the month in
 152.29 which the taxable event occurred, or on or before the 20th day of the month following the
 152.30 month in which the sale is reported under section 289A.18, subdivision 4, except for ~~80~~ 85
 152.31 percent of the estimated June liability, which is due two business days before June 30. The
 152.32 remaining amount of the June liability is due on August 20.

153.1 **EFFECTIVE DATE.** This section is effective beginning with June 2009 tax
153.2 liabilities.

153.3 Sec. 2. Minnesota Statutes 2006, section 289A.60, subdivision 15, as amended by
153.4 Laws 2008, chapter 154, article 6, section 2, is amended to read:

153.5 Subd. 15. **Accelerated payment of June sales tax liability; penalty for**
153.6 **underpayment.** For payments made after December 31, 2006, if a vendor is required by
153.7 law to submit an estimation of June sales tax liabilities and ~~80~~ 85 percent payment by a
153.8 certain date, the vendor shall pay a penalty equal to ten percent of the amount of actual
153.9 June liability required to be paid in June less the amount remitted in June. The penalty
153.10 must not be imposed, however, if the amount remitted in June equals the lesser of ~~80~~ 85
153.11 percent of the preceding May's liability or ~~80~~ 85 percent of the average monthly liability
153.12 for the previous calendar year.

153.13 **EFFECTIVE DATE.** This section is effective beginning with June 2009 tax
153.14 liabilities.

153.15 Sec. 3. Minnesota Statutes 2006, section 297F.09, subdivision 10, as amended by Laws
153.16 2008, chapter 154, article 6, section 3, is amended to read:

153.17 Subd. 10. **Accelerated tax payment; cigarette or tobacco products distributor.**
153.18 A cigarette or tobacco products distributor having a liability of \$120,000 or more during a
153.19 fiscal year ending June 30, shall remit the June liability for the next year in the following
153.20 manner:

153.21 (a) Two business days before June 30 of the year, the distributor shall remit the
153.22 actual May liability and ~~80~~ 85 percent of the estimated June liability to the commissioner
153.23 and file the return in the form and manner prescribed by the commissioner.

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

153.29 (1) ~~80~~ 85 percent of the actual June liability; or

153.30 (2) ~~80~~ 85 percent of the preceding May's liability.

153.31 **EFFECTIVE DATE.** This section is effective beginning with June 2009 tax
153.32 liabilities.

154.1 Sec. 4. Minnesota Statutes 2006, section 297G.09, subdivision 9, as amended by Laws
154.2 2008, chapter 154, article 6, section 4, is amended to read:

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

154.6 (a) Two business days before June 30 of the year, the taxpayer shall remit the actual
154.7 May liability and ~~80~~ 85 percent of the estimated June liability to the commissioner and file
154.8 the return in the form and manner prescribed by the commissioner.

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

154.14 (1) ~~80~~ 85 percent of the actual June liability; or

154.15 (2) ~~80~~ 85 percent of the preceding May liability.

154.16 **EFFECTIVE DATE.** This section is effective beginning with June 2009 tax
154.17 liabilities.

154.18 ARTICLE 8

154.19 SPECIAL TAXES

154.20 Section 1. Minnesota Statutes 2006, section 163.051, subdivision 1, is amended to read:

154.21 Subdivision 1. **Tax authorized.** (a) Except as provided in paragraph (b), the board
154.22 of commissioners of each metropolitan county is authorized to levy a wheelage tax of \$5
154.23 for the year 1972 and each subsequent year thereafter by resolution on each motor vehicle;
154.24 except motorcycles as defined in section 169.01, subdivision 4, which that is kept in such
154.25 county when not in operation and ~~which~~ that is subject to annual registration and taxation
154.26 under chapter 168. The board may provide by resolution for collection of the wheelage
154.27 tax by county officials or it may request that the tax be collected by the state registrar of
154.28 motor vehicles, and the state registrar of motor vehicles shall collect such tax on behalf
154.29 of the county if requested, as provided in subdivision 2.

154.30 (b) The following vehicles are exempt from the wheelage tax:

154.31 (1) motorcycles, as defined in section 169.01, subdivision 4;

154.32 (2) motorized bicycles, as defined in section 169.01, subdivision 4a;

154.33 (3) electric-assisted bicycles, as defined in section 169.01, subdivision 4b; and

154.34 (4) motorized foot scooters, as defined in section 169.01, subdivision 4c.

155.1 Sec. 2. Minnesota Statutes 2006, section 168.012, subdivision 1, is amended to read:

155.2 Subdivision 1. **Vehicles exempt from tax, fees, or plate display.** (a) The following
155.3 vehicles are exempt from the provisions of this chapter requiring payment of tax and
155.4 registration fees, except as provided in subdivision 1c:

155.5 (1) vehicles owned and used solely in the transaction of official business by the
155.6 federal government, the state, or any political subdivision;

155.7 (2) vehicles owned and used exclusively by educational institutions and used solely
155.8 in the transportation of pupils to and from those institutions;

155.9 (3) vehicles used solely in driver education programs at nonpublic high schools;

155.10 (4) vehicles owned by nonprofit charities and used exclusively to transport disabled
155.11 persons for charitable, religious, or educational purposes;

155.12 (5) vehicles owned by nonprofit charities and used exclusively for disaster response
155.13 and related activities;

155.14 ~~(5)~~ (6) ambulances owned by ambulance services licensed under section 144E.10,
155.15 the general appearance of which is unmistakable; and

155.16 ~~(6)~~ (7) vehicles owned by a commercial driving school licensed under section
155.17 171.34, or an employee of a commercial driving school licensed under section 171.34, and
155.18 the vehicle is used exclusively for driver education and training.

155.19 (b) Vehicles owned by the federal government, municipal fire apparatuses including
155.20 fire-suppression support vehicles, police patrols, and ambulances, the general appearance
155.21 of which is unmistakable, are not required to register or display number plates.

155.22 (c) Unmarked vehicles used in general police work, liquor investigations, or arson
155.23 investigations, and passenger automobiles, pickup trucks, and buses owned or operated by
155.24 the Department of Corrections, must be registered and must display appropriate license
155.25 number plates, furnished by the registrar at cost. Original and renewal applications for
155.26 these license plates authorized for use in general police work and for use by the Department
155.27 of Corrections must be accompanied by a certification signed by the appropriate chief of
155.28 police if issued to a police vehicle, the appropriate sheriff if issued to a sheriff's vehicle,
155.29 the commissioner of corrections if issued to a Department of Corrections vehicle, or the
155.30 appropriate officer in charge if issued to a vehicle of any other law enforcement agency.
155.31 The certification must be on a form prescribed by the commissioner and state that the
155.32 vehicle will be used exclusively for a purpose authorized by this section.

155.33 (d) Unmarked vehicles used by the Departments of Revenue and Labor and Industry,
155.34 fraud unit, in conducting seizures or criminal investigations must be registered and must
155.35 display passenger vehicle classification license number plates, furnished at cost by the
155.36 registrar. Original and renewal applications for these passenger vehicle license plates

156.1 must be accompanied by a certification signed by the commissioner of revenue or the
156.2 commissioner of labor and industry. The certification must be on a form prescribed by
156.3 the commissioner and state that the vehicles will be used exclusively for the purposes
156.4 authorized by this section.

156.5 (e) Unmarked vehicles used by the Division of Disease Prevention and Control of the
156.6 Department of Health must be registered and must display passenger vehicle classification
156.7 license number plates. These plates must be furnished at cost by the registrar. Original
156.8 and renewal applications for these passenger vehicle license plates must be accompanied
156.9 by a certification signed by the commissioner of health. The certification must be on a
156.10 form prescribed by the commissioner and state that the vehicles will be used exclusively
156.11 for the official duties of the Division of Disease Prevention and Control.

156.12 (f) Unmarked vehicles used by staff of the Gambling Control Board in gambling
156.13 investigations and reviews must be registered and must display passenger vehicle
156.14 classification license number plates. These plates must be furnished at cost by the
156.15 registrar. Original and renewal applications for these passenger vehicle license plates must
156.16 be accompanied by a certification signed by the board chair. The certification must be on a
156.17 form prescribed by the commissioner and state that the vehicles will be used exclusively
156.18 for the official duties of the Gambling Control Board.

156.19 (g) All other motor vehicles must be registered and display tax-exempt number
156.20 plates, furnished by the registrar at cost, except as provided in subdivision 1c. All
156.21 vehicles required to display tax-exempt number plates must have the name of the state
156.22 department or political subdivision, nonpublic high school operating a driver education
156.23 program, or licensed commercial driving school, plainly displayed on both sides of the
156.24 vehicle; except that each state hospital and institution for persons who are mentally ill
156.25 and developmentally disabled may have one vehicle without the required identification
156.26 on the sides of the vehicle, and county social service agencies may have vehicles used
156.27 for child and vulnerable adult protective services without the required identification on
156.28 the sides of the vehicle. This identification must be in a color giving contrast with that
156.29 of the part of the vehicle on which it is placed and must endure throughout the term of
156.30 the registration. The identification must not be on a removable plate or placard and must
156.31 be kept clean and visible at all times; except that a removable plate or placard may be
156.32 utilized on vehicles leased or loaned to a political subdivision or to a nonpublic high
156.33 school driver education program.

156.34 Sec. 3. Minnesota Statutes 2006, section 168.012, is amended by adding a subdivision
156.35 to read:

157.1 Subd. 2c. **Spotter trucks.** Spotter trucks, as defined in section 169.01, subdivision
 157.2 7a, must not be taxed as motor vehicles using the public streets and highways, and are
 157.3 exempt from the provisions of this chapter.

157.4 **EFFECTIVE DATE.** This section is effective the day following final enactment
 157.5 and expires June 30, 2013.

157.6 Sec. 4. Minnesota Statutes 2006, section 168.013, subdivision 1f, is amended to read:

157.7 Subd. 1f. **Bus; commuter van.** (a) On all intercity buses, the tax during each
 157.8 the first two years of vehicle life shall be based on the gross weight of the vehicle and
 157.9 graduated according to the following schedule:

Gross Weight of Vehicle	Tax
Under 6,000 lbs.	\$125
6,000 to 8,000 lbs., incl.	125
8,001 to 10,000 lbs., incl.	125
10,001 to 12,000 lbs., incl.	150
12,001 to 14,000 lbs., incl.	190
14,001 to 16,000 lbs., incl.	210
16,001 to 18,000 lbs., incl.	225
18,001 to 20,000 lbs., incl.	260
20,001 to 22,000 lbs., incl.	300
22,001 to 24,000 lbs., incl.	350
24,001 to 26,000 lbs., incl.	400
26,001 to 28,000 lbs., incl.	450
28,001 to 30,000 lbs., incl.	500
30,001 and over	550

157.25 (b) During each of the third and fourth years of vehicle life, the tax shall be 75
 157.26 percent of the foregoing scheduled tax; during the fifth year of vehicle life, the tax shall be
 157.27 50 percent of the foregoing scheduled tax; during the sixth year of vehicle life, the tax
 157.28 shall be 37-1/2 percent of the foregoing scheduled tax; and during the seventh and each
 157.29 succeeding year of vehicle life, the tax shall be 25 percent of the foregoing scheduled tax;
 157.30 provided that the annual tax paid in any year of its life for an intercity bus shall be not less
 157.31 than \$175 for a vehicle of over 25 passenger seating capacity and not less than \$125 for a
 157.32 vehicle of 25 passenger and less seating capacity.

157.33 (c) On all intracity buses operated by an auto transportation company in the business
 157.34 of transporting persons for compensation as a common carrier and operating within the
 157.35 limits of cities ~~having populations in excess of 200,000 inhabitants~~, the tax during each
 157.36 year of the vehicle life of each such bus shall be \$40; ~~on all of such intracity buses operated~~
 157.37 ~~in cities having a population of less than 200,000 and more than 70,000 inhabitants, the~~

158.1 ~~tax during each year of vehicle life of each bus shall be \$10; and on all of such intracity~~
158.2 ~~buses operating in cities having a population of less than 70,000 inhabitants, the tax during~~
158.3 ~~each year of vehicle life of each bus shall be \$2.~~

158.4 (d) On all other buses and commuter vans, as defined in section 168.126, the tax
158.5 during each of the first three years of the vehicle life shall be based on the gross weight of
158.6 the vehicle and graduated according to the following schedule: Where the gross weight
158.7 of the vehicle is 6,000 pounds or less, \$25. Where the gross weight of the vehicle is
158.8 more than 6,000 pounds, and not more than 8,000 pounds, the tax shall be \$25 plus an
158.9 additional tax of \$5 per ton for the ton or major portion in excess of 6,000 pounds. Where
158.10 the gross weight of the vehicle is more than 8,000 pounds, and not more than 20,000
158.11 pounds, the tax shall be \$30 plus an additional tax of \$10 per ton for each ton or major
158.12 portion in excess of 8,000 pounds. Where the gross weight of the vehicle is more than
158.13 20,000 pounds and not more than 24,000 pounds, the tax shall be \$90 plus an additional
158.14 tax of \$15 per ton for each ton or major portion in excess of 20,000 pounds. Where the
158.15 gross weight of the vehicle is more than 24,000 pounds and not more than 28,000 pounds,
158.16 the tax shall be \$120 plus an additional tax of \$25 per ton for each ton or major portion
158.17 in excess of 24,000 pounds. Where the gross weight of the vehicle is more than 28,000
158.18 pounds, the tax shall be \$170 plus an additional tax of \$30 per ton for each ton or major
158.19 portion in excess of 28,000 pounds.

158.20 (e) During the fourth and succeeding years of vehicle life, the tax shall be 80 percent
158.21 of the foregoing scheduled tax but in no event less than \$20 per vehicle.

158.22 Sec. 5. Minnesota Statutes 2006, section 168A.03, subdivision 1, is amended to read:

158.23 Subdivision 1. **No certificate issued.** The registrar shall not issue a certificate of
158.24 title for:

158.25 (1) a vehicle owned by the United States;

158.26 (2) a vehicle owned by a nonresident and not required by law to be registered in
158.27 this state;

158.28 (3) a vehicle owned by a nonresident and regularly engaged in the interstate
158.29 transportation of persons or property for which a currently effective certificate of title
158.30 has been issued in another state;

158.31 (4) a vehicle moved solely by animal power;

158.32 (5) an implement of husbandry;

158.33 (6) special mobile equipment;

158.34 (7) a self-propelled wheelchair or invalid tricycle;

159.1 (8) a trailer (i) having a gross weight of 4,000 pounds or less unless a secured party
159.2 holds an interest in the trailer or a certificate of title was previously issued by this state or
159.3 any other state or (ii) designed primarily for agricultural purposes except a recreational
159.4 vehicle or a manufactured home, both as defined in section 168.011, subdivisions 8 and 25;

159.5 (9) a snowmobile; and

159.6 (10) a spotter truck, as defined in section 169.01, subdivision 7a.

159.7 **EFFECTIVE DATE.** This section is effective the day following final enactment
159.8 and expires June 30, 2013.

159.9 Sec. 6. Minnesota Statutes 2006, section 169.01, is amended by adding a subdivision
159.10 to read:

159.11 Subd. 7a. **Spotter truck.** "Spotter truck" means a truck-tractor used exclusively for
159.12 staging or shuttling trailers in the course of a truck freight operation or freight shipping
159.13 operation.

159.14 **EFFECTIVE DATE.** This section is effective the day following final enactment
159.15 and expires June 30, 2013.

159.16 Sec. 7. **[169.228] SPOTTER TRUCKS.**

159.17 Notwithstanding any other law, a spotter truck may be operated on public streets
159.18 and highways if:

159.19 (1) the operator has a valid class A, B, or C driver's license;

159.20 (2) the vehicle complies with the size, weight, and load restrictions under this
159.21 chapter;

159.22 (3) the vehicle meets all inspection requirements under section 169.781; and

159.23 (4) the vehicle is operated within a zone of two air miles from the truck freight
159.24 operation or freight shipping operation where the vehicle is housed.

159.25 **EFFECTIVE DATE.** This section is effective the day following final enactment
159.26 and expires June 30, 2013.

159.27 Sec. 8. Minnesota Statutes 2006, section 169.781, subdivision 1, is amended to read:

159.28 Subdivision 1. **Definitions.** For purposes of sections 169.781 to 169.783:

159.29 (a) "Commercial motor vehicle" means:

159.30 (1) a commercial motor vehicle as defined in section 169.01, subdivision 75,
159.31 paragraph (a); ~~and~~

159.32 (2) each vehicle in a combination of more than 26,000 pounds; and

160.1 (3) a spotter truck.

160.2 "Commercial motor vehicle" does not include ~~(1)~~ a school bus or Head Start bus
160.3 displaying a certificate under section 169.451, ~~(2)~~ a bus operated by the Metropolitan
160.4 Council or by a local transit commission created in chapter 458A, or ~~(3)~~ a motor vehicle
160.5 ~~that is~~ required to be placarded under Code of Federal Regulations, title 49, parts 100-185.

160.6 (b) "Commissioner" means the commissioner of public safety.

160.7 (c) "Owner" means a person who owns, or has control, under a lease of more than 30
160.8 days' duration, of one or more commercial motor vehicles.

160.9 (d) "Storage semitrailer" means a semitrailer that (1) is used exclusively to store
160.10 property at a location not on a street or highway, (2) does not contain any load when
160.11 moved on a street or highway, (3) is operated only during daylight hours, and (4) is marked
160.12 on each side of the semitrailer "storage only" in letters at least six inches high.

160.13 (e) "Building mover vehicle" means a vehicle owned or leased by a building mover
160.14 as defined in section 221.81, subdivision 1, paragraph (a), and used exclusively for
160.15 moving buildings.

160.16 **EFFECTIVE DATE.** This section is effective the day following final enactment
160.17 and expires June 30, 2013.

160.18 Sec. 9. Minnesota Statutes 2006, section 383A.80, subdivision 4, is amended to read:

160.19 Subd. 4. **Expiration.** The authority to impose the tax under this section expires
160.20 January 1, ~~2008~~ 2013.

160.21 **EFFECTIVE DATE.** This section is effective the day following final enactment
160.22 and the tax may be imposed on or after that date.

160.23 Sec. 10. Minnesota Statutes 2006, section 383A.81, subdivision 1, is amended to read:

160.24 Subdivision 1. **Creation.** An environmental response fund is created for the
160.25 purposes specified in this section. The taxes imposed by section 383A.80 must be
160.26 deposited in the fund. The board of county commissioners shall administer the fund either
160.27 as a county board; or a housing and redevelopment authority; ~~or a regional rail authority.~~

160.28 Sec. 11. Minnesota Statutes 2006, section 383A.81, subdivision 2, is amended to read:

160.29 Subd. 2. **Uses of fund.** The fund created in subdivision 1 must be used for the
160.30 following purposes:

160.31 (1) acquisition through purchase or condemnation of lands or property which are
160.32 polluted or contaminated with hazardous substances;

161.1 (2) paying the costs associated with indemnifying or holding harmless the
161.2 entity taking title to lands or property from any liability arising out of the ownership,
161.3 remediation, or use of the land or property;

161.4 (3) paying for the costs of remediating the acquired land or property; or

161.5 (4) paying the costs associated with remediating lands or property which are polluted
161.6 or contaminated with hazardous substances; ~~or~~

161.7 ~~(5) paying for the costs associated with improving the property for economic~~
161.8 ~~development, recreational, housing, transportation or rail traffic.~~

161.9 Sec. 12. Minnesota Statutes 2006, section 383B.80, subdivision 4, is amended to read:

161.10 Subd. 4. **Expiration.** The authority to impose the tax under this section expires
161.11 January 1, ~~2008~~ 2013.

161.12 **EFFECTIVE DATE.** This section is effective the day following final enactment
161.13 and the tax may be imposed on or after that date.

161.14 Sec. 13. **[383C.798] COUNTY DEED AND MORTGAGE TAX.**

161.15 **Subdivision 1. Authority to impose; rate.** (a) The governing body of St. Louis
161.16 County may impose a mortgage registry and deed tax.

161.17 (b) The rate of the mortgage registry tax equals .0001 of the principal.

161.18 (c) The rate of the deed tax equals .0001 of the amount.

161.19 **Subd. 2. General law provisions apply.** The taxes under this section apply to
161.20 the same base and must be imposed, collected, administered, and enforced in the same
161.21 manner as provided under chapter 287 for the state mortgage registry and deed taxes.
161.22 All the provisions of chapter 287 apply to these taxes, except the rate is as specified in
161.23 subdivision 1, the term "St. Louis County" must be substituted for "the state," and the
161.24 revenue must be deposited as provided in subdivision 3.

161.25 **Subd. 3. Deposit of revenues.** All revenues from the tax are for the use of the
161.26 St. Louis County Board of Commissioners and must be deposited in the county's
161.27 environmental response fund under section 383C.799.

161.28 **Subd. 4. Initial implementation.** Documents presented for recording within 60
161.29 days after the date of imposition of the tax by the county that are acknowledged, sworn to
161.30 before a notary, or certified before the imposition date, must not be rejected for failure to
161.31 include the tax imposed under this section.

161.32 **Subd. 5. Expiration.** The authority to impose the tax under this section expires
161.33 January 1, 2013.

162.1 Sec. 14. **[383C.799] ENVIRONMENTAL RESPONSE FUND.**

162.2 Subdivision 1. **Creation.** An environmental response fund is created for the
162.3 purposes specified in this section. The taxes imposed under section 383C.798 must be
162.4 deposited in the fund. The Board of County Commissioners shall administer the fund
162.5 either as a county board or a housing and redevelopment authority.

162.6 Subd. 2. **Uses of fund.** The fund created in subdivision 1 must be used for the
162.7 following purposes:

162.8 (1) acquisition through purchase or condemnation of lands or property which are
162.9 polluted or contaminated with hazardous substances;

162.10 (2) paying the costs associated with indemnifying or holding harmless the
162.11 entity taking title to lands or property from any liability arising out of the ownership,
162.12 remediation, or use of the land or property;

162.13 (3) paying for the costs of remediating the acquired land or property; or

162.14 (4) paying the costs associated with remediating lands or property which are polluted
162.15 or contaminated with hazardous substances.

162.16 Subd. 3. **Matching funds.** In expending funds under this section, the county shall
162.17 seek matching funds from contamination cleanup funds administered by the commissioner
162.18 of the Department of Employment and Economic Development, the federal government,
162.19 the private sector, and any other source.

162.20 Subd. 4. **Bonds.** The county may pledge the proceeds from the taxes imposed by
162.21 section 383C.798 to bonds issued under this section and chapters 462, 469, and 475.

162.22 Subd. 5. **Land sales.** Land or property acquired under this section may be resold
162.23 at fair market value. Proceeds from the sale of the land must be deposited in the
162.24 environmental response fund.

162.25 Sec. 15. **[383D.75] COUNTY DEED AND MORTGAGE TAX.**

162.26 Subdivision 1. **Authority to impose; rate.** (a) The governing body of Dakota
162.27 County may impose a mortgage registry and deed tax.

162.28 (b) The rate of the mortgage registry tax equals .0001 of the principal.

162.29 (c) The rate of the deed tax equals .0001 of the amount.

162.30 Subd. 2. **General law provisions apply.** The taxes under this section apply to
162.31 the same base and must be imposed, collected, administered, and enforced in the same
162.32 manner as provided under chapter 287 for the state mortgage registry and deed taxes.
162.33 All the provisions of chapter 287 apply to these taxes, except the rate is as specified in
162.34 subdivision 1, the term "Dakota County" must be substituted for "the state," and the
162.35 revenue must be deposited as provided in subdivision 3.

163.1 Subd. 3. **Deposit of revenues.** All revenues from the tax are for the use of
163.2 the Dakota County Board of Commissioners and must be deposited in the county's
163.3 environmental response fund under section 383D.76.

163.4 Subd. 4. **Initial implementation.** Documents presented for recording within 60
163.5 days after the date of imposition of the tax by the county that are acknowledged, sworn to
163.6 before a notary, or certified before the imposition date, must not be rejected for failure to
163.7 include the tax imposed under this section.

163.8 Subd. 5. **Expiration.** The authority to impose the tax under this section expires
163.9 January 1, 2013.

163.10 Sec. 16. **[383D.76] ENVIRONMENTAL RESPONSE FUND.**

163.11 Subdivision 1. **Creation.** An environmental response fund is created for the
163.12 purposes specified in this section. The taxes imposed under section 383D.75 must be
163.13 deposited in the fund. The Board of County Commissioners shall administer the fund
163.14 either as a county board or a housing and redevelopment authority.

163.15 Subd. 2. **Uses of fund.** The fund created in subdivision 1 must be used for the
163.16 following purposes:

163.17 (1) acquisition through purchase or condemnation of lands or property which are
163.18 polluted or contaminated with hazardous substances;

163.19 (2) paying the costs associated with indemnifying or holding harmless the
163.20 entity taking title to lands or property from any liability arising out of the ownership,
163.21 remediation, or use of the land or property;

163.22 (3) paying for the costs of remediating the acquired land or property; or

163.23 (4) paying the costs associated with remediating lands or property which are polluted
163.24 or contaminated with hazardous substances.

163.25 Subd. 3. **Matching funds.** In expending funds under this section, the county shall
163.26 seek matching funds from contamination cleanup funds administered by the commissioner
163.27 of the Department of Employment and Economic Development, the Metropolitan Council,
163.28 the federal government, the private sector, and any other source.

163.29 Subd. 4. **Bonds.** The county may pledge the proceeds from the taxes imposed by
163.30 section 383D.75 to bonds issued under this chapter and chapters 462, 469, and 475.

163.31 Subd. 5. **Land sales.** Land or property acquired under this section may be resold
163.32 at fair market value. Proceeds from the sale of the land must be deposited in the
163.33 environmental response fund.

163.34 Sec. 17. **[383E.235] COUNTY DEED AND MORTGAGE TAX.**

164.1 Subdivision 1. **Authority to impose; rate.** (a) The governing body of Anoka
164.2 County may impose a mortgage registry and deed tax.

164.3 (b) The rate of the mortgage registry tax equals .0001 of the principal.

164.4 (c) The rate of the deed tax equals .0001 of the amount.

164.5 Subd. 2. **General law provisions apply.** The taxes under this section apply to
164.6 the same base and must be imposed, collected, administered, and enforced in the same
164.7 manner as provided under chapter 287 for the state mortgage registry and deed taxes.

164.8 All the provisions of chapter 287 apply to these taxes, except the rate is as specified
164.9 in subdivision 1, the term "Anoka County" must be substituted for "the state," and the
164.10 revenue must be deposited as provided in subdivision 3.

164.11 Subd. 3. **Deposit of revenues.** All revenues from the tax are for the use of the Anoka
164.12 County Board of Commissioners and must be deposited in the county's environmental
164.13 response fund under section 383E.236.

164.14 Subd. 4. **Initial implementation.** Documents presented for recording within 60
164.15 days after the date of imposition of the tax by the county that are acknowledged, sworn to
164.16 before a notary, or certified before the imposition date, must not be rejected for failure to
164.17 include the tax imposed under this section.

164.18 Subd. 5. **Expiration.** The authority to impose the tax under this section expires
164.19 January 1, 2013.

164.20 Sec. 18. **[383E.236] ENVIRONMENTAL RESPONSE FUND.**

164.21 Subdivision 1. **Creation.** An environmental response fund is created for the
164.22 purposes specified in this section. The taxes imposed under section 383E.235 must be
164.23 deposited in the fund. The Board of County Commissioners shall administer the fund
164.24 either as a county board or a housing and redevelopment authority.

164.25 Subd. 2. **Uses of fund.** The fund created in subdivision 1 must be used for the
164.26 following purposes:

164.27 (1) acquisition through purchase or condemnation of lands or property which are
164.28 polluted or contaminated with hazardous substances;

164.29 (2) paying the costs associated with indemnifying or holding harmless the
164.30 entity taking title to lands or property from any liability arising out of the ownership,
164.31 remediation, or use of the land or property;

164.32 (3) paying for the costs of remediating the acquired land or property; or

164.33 (4) paying the costs associated with remediating lands or property which are polluted
164.34 or contaminated with hazardous substances.

165.1 Subd. 3. **Matching funds.** In expending funds under this section, the county shall
165.2 seek matching funds from contamination cleanup funds administered by the commissioner
165.3 of the Department of Employment and Economic Development, the Metropolitan Council,
165.4 the federal government, the private sector, and any other source.

165.5 Subd. 4. **Bonds.** The county may pledge the proceeds from the taxes imposed by
165.6 section 383E.235 to bonds issued under this section and chapters 462, 469, and 475.

165.7 Subd. 5. **Land sales.** Land or property acquired under this section may be resold
165.8 at fair market value. Proceeds from the sale of the land must be deposited in the
165.9 environmental response fund.

165.10 Subd. 6. **DOT assistance.** The commissioner of transportation shall collaborate with
165.11 the county and any affected municipality by providing technical assistance and support in
165.12 cleaning up a contaminated site related to a trunk highway or railroad improvement.

165.13 **ARTICLE 9**

165.14 **FEDERAL UPDATE**

165.15 Section 1. Minnesota Statutes 2006, section 272.02, subdivision 13, is amended to read:

165.16 Subd. 13. **Emergency shelters for victims of domestic abuse.** Property used in
165.17 a continuous program to provide emergency shelter for victims of domestic abuse is
165.18 exempt, provided the organization that owns and sponsors the shelter is exempt from
165.19 federal income taxation pursuant to section 501(c)(3) of the Internal Revenue Code
165.20 ~~of 1986, as amended through December 31, 1992,~~ notwithstanding the fact that the
165.21 sponsoring organization receives funding under Section 8 of the United States Housing
165.22 Act of 1937, as amended.

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

165.24 Sec. 2. Minnesota Statutes 2006, section 272.02, subdivision 20, is amended to read:

165.25 Subd. 20. **Transitional housing facilities.** Transitional housing facilities are
165.26 exempt. "Transitional housing facility" means a facility that meets the following
165.27 requirements. (i) It provides temporary housing to individuals, couples, or families. (ii)
165.28 It has the purpose of reuniting families and enabling parents or individuals to obtain
165.29 self-sufficiency, advance their education, get job training, or become employed in jobs
165.30 that provide a living wage. (iii) It provides support services such as child care, work
165.31 readiness training, and career development counseling; and a self-sufficiency program
165.32 with periodic monitoring of each resident's progress in completing the program's goals.
165.33 (iv) It provides services to a resident of the facility for at least three months but no longer

166.1 than three years, except residents enrolled in an educational or vocational institution or job
166.2 training program. These residents may receive services during the time they are enrolled
166.3 but in no event longer than four years. (v) It is owned and operated or under lease from a
166.4 unit of government or governmental agency under a property disposition program and
166.5 operated by one or more organizations exempt from federal income tax under section
166.6 501(c)(3) of the Internal Revenue Code of 1986, ~~as amended through December 31,~~
166.7 ~~1992~~. This exemption applies notwithstanding the fact that the sponsoring organization
166.8 receives financing by a direct federal loan or federally insured loan or a loan made by the
166.9 Minnesota Housing Finance Agency under the provisions of either Title II of the National
166.10 Housing Act, as amended, or the Minnesota Housing Finance Agency Law of 1971,
166.11 chapter 462A, or rules promulgated by the agency pursuant to it, and notwithstanding the
166.12 fact that the sponsoring organization receives funding under Section 8 of the United
166.13 States Housing Act of 1937, as amended.

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

166.15 Sec. 3. Minnesota Statutes 2006, section 272.02, subdivision 21, is amended to read:

166.16 Subd. 21. **Property used to provide computing resources to University of**
166.17 **Minnesota.** Real and personal property, including leasehold or other personal property
166.18 interests, is exempt if it is owned and operated by a corporation of which more than 50
166.19 percent of the total voting power of the stock of the corporation is owned collectively by:
166.20 (i) the Board of Regents of the University of Minnesota, (ii) the University of Minnesota
166.21 Foundation, an organization exempt from federal income taxation under section 501(c)(3)
166.22 of the Internal Revenue Code of 1986, ~~as amended through December 31, 1992~~, and (iii)
166.23 a corporation organized under chapter 317A, which by its articles of incorporation is
166.24 prohibited from providing pecuniary gain to any person or entity other than the regents
166.25 of the University of Minnesota; which property is used primarily to manage or provide
166.26 goods, services, or facilities utilizing or relating to large-scale advanced scientific
166.27 computing resources to the regents of the University of Minnesota and others.

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

166.29 Sec. 4. Minnesota Statutes 2006, section 272.02, subdivision 27, is amended to read:

166.30 Subd. 27. **Superior National Forest; recreational property for use by disabled**
166.31 **veterans.** Real and personal property is exempt if it is located in the Superior National
166.32 Forest, and owned or leased and operated by a nonprofit organization that is exempt
166.33 from federal income taxation under section 501(c)(3) of the Internal Revenue Code ~~of~~

167.1 ~~1986, as amended through December 31, 1992,~~ and primarily used to provide recreational
167.2 opportunities for disabled veterans and their families.

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

167.4 Sec. 5. Minnesota Statutes 2006, section 272.02, subdivision 31, is amended to read:

167.5 Subd. 31. **Business incubator property.** Property owned by a nonprofit charitable
167.6 organization that qualifies for tax exemption under section 501(c)(3) of the Internal
167.7 Revenue Code of ~~1986, as amended through December 31, 1997,~~ that is intended to be
167.8 used as a business incubator in a high-unemployment county, is exempt. As used in this
167.9 subdivision, a "business incubator" is a facility used for the development of nonretail
167.10 businesses, offering access to equipment, space, services, and advice to the tenant
167.11 businesses, for the purpose of encouraging economic development, diversification, and
167.12 job creation in the area served by the organization, and "high-unemployment county" is a
167.13 county that had an average annual unemployment rate of 7.9 percent or greater in 1997.
167.14 Property that qualifies for the exemption under this subdivision is limited to no more than
167.15 two contiguous parcels and structures that do not exceed in the aggregate 40,000 square
167.16 feet. This exemption expires after taxes payable in 2011.

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

167.18 Sec. 6. Minnesota Statutes 2006, section 272.02, subdivision 49, is amended to read:

167.19 Subd. 49. **Agricultural historical society property.** Property is exempt from
167.20 taxation if it is owned by a nonprofit charitable or educational organization that qualifies
167.21 for exemption under section 501(c)(3) of the Internal Revenue Code of ~~1986, as amended~~
167.22 ~~through December 31, 2000,~~ and meets the following criteria:

167.23 (1) the property is primarily used for storing and exhibiting tools, equipment, and
167.24 artifacts useful in providing an understanding of local or regional agricultural history.
167.25 Primary use is determined each year based on the number of days the property is used
167.26 solely for storage and exhibition purposes;

167.27 (2) the property is limited to a maximum of 20 acres per owner per county, but
167.28 includes the land and any taxable structures, fixtures, and equipment on the land;

167.29 (3) the property is not used for a revenue-producing activity for more than ten days
167.30 in each calendar year; and

167.31 (4) the property is not used for residential purposes on either a temporary or
167.32 permanent basis.

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

168.1 Sec. 7. Minnesota Statutes 2006, section 272.03, subdivision 3, is amended to read:

168.2 Subd. 3. **Construction of terms.** For the purposes of chapters 270 to 284, unless a
168.3 different meaning is indicated by the context, the words, phrases, and terms defined in
168.4 ~~subdivisions 4 to 11 shall~~ this section have the meanings given them.

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

168.6 Sec. 8. Minnesota Statutes 2006, section 272.03, is amended by adding a subdivision
168.7 to read:

168.8 Subd. 13. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal
168.9 Revenue Code" means the Internal Revenue Code as defined in section 289A.02,
168.10 subdivision 7.

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

168.12 Sec. 9. **[273.105] INTERNAL REVENUE CODE.**

168.13 Unless specifically defined otherwise, for purposes of this chapter, "Internal Revenue
168.14 Code" means the Internal Revenue Code as defined in section 289A.02, subdivision 7.

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

168.16 Sec. 10. Minnesota Statutes 2006, section 273.11, subdivision 8, is amended to read:

168.17 Subd. 8. **Limited equity cooperative apartments.** For the purposes of this
168.18 subdivision, the terms defined in this subdivision have the meanings given them.

168.19 A "limited equity cooperative" is a corporation organized under chapter 308A or
168.20 308B, which has as its primary purpose the provision of housing and related services to
168.21 its members which meets one of the following criteria with respect to the income of its
168.22 members: (1) a minimum of 75 percent of members must have incomes at or less than
168.23 90 percent of area median income, (2) a minimum of 40 percent of members must have
168.24 incomes at or less than 60 percent of area median income, or (3) a minimum of 20 percent
168.25 of members must have incomes at or less than 50 percent of area median income. For
168.26 purposes of this clause, "member income" shall mean the income of a member existing at
168.27 the time the member acquires cooperative membership, and median income shall mean
168.28 the St. Paul-Minneapolis metropolitan area median income as determined by the United
168.29 States Department of Housing and Urban Development. It must also meet the following
168.30 requirements:

169.1 (a) The articles of incorporation set the sale price of occupancy entitling cooperative
169.2 shares or memberships at no more than a transfer value determined as provided in the
169.3 articles. That value may not exceed the sum of the following:

169.4 (1) the consideration paid for the membership or shares by the first occupant of the
169.5 unit, as shown in the records of the corporation;

169.6 (2) the fair market value, as shown in the records of the corporation, of any
169.7 improvements to the real property that were installed at the sole expense of the member
169.8 with the prior approval of the board of directors;

169.9 (3) accumulated interest, or an inflation allowance not to exceed the greater of a ten
169.10 percent annual noncompounded increase on the consideration paid for the membership or
169.11 share by the first occupant of the unit, or the amount that would have been paid on that
169.12 consideration if interest had been paid on it at the rate of the percentage increase in the
169.13 revised Consumer Price Index for All Urban Consumers for the Minneapolis-St. Paul
169.14 metropolitan area prepared by the United States Department of Labor, provided that the
169.15 amount determined pursuant to this clause may not exceed \$500 for each year or fraction
169.16 of a year the membership or share was owned; plus

169.17 (4) real property capital contributions shown in the records of the corporation to
169.18 have been paid by the transferor member and previous holders of the same membership,
169.19 or of separate memberships that had entitled occupancy to the unit of the member
169.20 involved. These contributions include contributions to a corporate reserve account the
169.21 use of which is restricted to real property improvements or acquisitions, contributions to
169.22 the corporation which are used for real property improvements or acquisitions, and the
169.23 amount of principal amortized by the corporation on its indebtedness due to the financing
169.24 of real property acquisition or improvement or the averaging of principal paid by the
169.25 corporation over the term of its real property-related indebtedness.

169.26 (b) The articles of incorporation require that the board of directors limit the purchase
169.27 price of stock or membership interests for new member-occupants or resident shareholders
169.28 to an amount which does not exceed the transfer value for the membership or stock as
169.29 defined in clause (a).

169.30 (c) The articles of incorporation require that the total distribution out of capital to a
169.31 member shall not exceed that transfer value.

169.32 (d) The articles of incorporation require that upon liquidation of the corporation any
169.33 assets remaining after retirement of corporate debts and distribution to members will
169.34 be conveyed to a charitable organization described in section 501(c)(3) of the Internal
169.35 Revenue Code of 1986, as amended through December 31, 1992, or a public agency.

170.1 A "limited equity cooperative apartment" is a dwelling unit owned by a limited
170.2 equity cooperative.

170.3 "Occupancy entitling cooperative share or membership" is the ownership interest
170.4 in a cooperative organization which entitles the holder to an exclusive right to occupy a
170.5 dwelling unit owned or leased by the cooperative.

170.6 For purposes of taxation, the assessor shall value a unit owned by a limited equity
170.7 cooperative at the lesser of its market value or the value determined by capitalizing the net
170.8 operating income of a comparable apartment operated on a rental basis at the capitalization
170.9 rate used in valuing comparable buildings that are not limited equity cooperatives. If a
170.10 cooperative fails to operate in accordance with the provisions of clauses (a) to (d), the
170.11 property shall be subject to additional property taxes in the amount of the difference
170.12 between the taxes determined in accordance with this subdivision for the last ten years that
170.13 the property had been assessed pursuant to this subdivision and the amount that would
170.14 have been paid if the provisions of this subdivision had not applied to it. The additional
170.15 taxes, plus interest at the rate specified in section 549.09, shall be extended against the
170.16 property on the tax list for the current year.

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

170.18 Sec. 11. Minnesota Statutes 2006, section 273.124, subdivision 6, is amended to read:

170.19 Subd. 6. **Leasehold cooperatives.** When one or more dwellings or one or more
170.20 buildings which each contain several dwelling units is owned by a nonprofit corporation
170.21 subject to the provisions of chapter 317A and qualifying under section 501(c)(3) or
170.22 501(c)(4) of the Internal Revenue Code of 1986, ~~as amended through December 31,~~
170.23 ~~1990,~~ or a limited partnership which corporation or partnership operates the property in
170.24 conjunction with a cooperative association, and has received public financing, homestead
170.25 treatment may be claimed by the cooperative association on behalf of the members of
170.26 the cooperative for each dwelling unit occupied by a member of the cooperative. The
170.27 cooperative association must provide the assessor with the Social Security numbers of
170.28 those members. To qualify for the treatment provided by this subdivision, the following
170.29 conditions must be met:

170.30 (a) the cooperative association must be organized under chapter 308A or 308B and
170.31 all voting members of the board of directors must be resident tenants of the cooperative
170.32 and must be elected by the resident tenants of the cooperative;

170.33 (b) the cooperative association must have a lease for occupancy of the property for a
170.34 term of at least 20 years, which permits the cooperative association, while not in default on
170.35 the lease, to participate materially in the management of the property, including material

171.1 participation in establishing budgets, setting rent levels, and hiring and supervising a
171.2 management agent;

171.3 (c) to the extent permitted under state or federal law, the cooperative association
171.4 must have a right under a written agreement with the owner to purchase the property if the
171.5 owner proposes to sell it; if the cooperative association does not purchase the property it is
171.6 offered for sale, the owner may not subsequently sell the property to another purchaser at
171.7 a price lower than the price at which it was offered for sale to the cooperative association
171.8 unless the cooperative association approves the sale;

171.9 (d) a minimum of 40 percent of the cooperative association's members must have
171.10 incomes at or less than 60 percent of area median gross income as determined by the
171.11 United States Secretary of Housing and Urban Development under section 142(d)(2)(B)
171.12 of the Internal Revenue Code of 1986, ~~as amended through December 31, 1991~~. For
171.13 purposes of this clause, "member income" means the income of a member existing at the
171.14 time the member acquires cooperative membership;

171.15 (e) if a limited partnership owns the property, it must include as the managing
171.16 general partner a nonprofit organization operating under the provisions of chapter 317A
171.17 and qualifying under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code of 1986,
171.18 ~~as amended through December 31, 1990~~; and the limited partnership agreement must
171.19 provide that the managing general partner have sufficient powers so that it materially
171.20 participates in the management and control of the limited partnership;

171.21 (f) prior to becoming a member of a leasehold cooperative described in this
171.22 subdivision, a person must have received notice that (1) describes leasehold cooperative
171.23 property in plain language, including but not limited to the effects of classification
171.24 under this subdivision on rents, property taxes and tax credits or refunds, and operating
171.25 expenses, and (2) states that copies of the articles of incorporation and bylaws of the
171.26 cooperative association, the lease between the owner and the cooperative association, a
171.27 sample sublease between the cooperative association and a tenant, and, if the owner is a
171.28 partnership, a copy of the limited partnership agreement, can be obtained upon written
171.29 request at no charge from the owner, and the owner must send or deliver the materials
171.30 within seven days after receiving any request;

171.31 (g) if a dwelling unit of a building was occupied on the 60th day prior to the date on
171.32 which the unit became leasehold cooperative property described in this subdivision, the
171.33 notice described in paragraph (f) must have been sent by first class mail to the occupant of
171.34 the unit at least 60 days prior to the date on which the unit became leasehold cooperative
171.35 property. For purposes of the notice under this paragraph, the copies of the documents
171.36 referred to in paragraph (f) may be in proposed version, provided that any subsequent

172.1 material alteration of those documents made after the occupant has requested a copy
172.2 shall be disclosed to any occupant who has requested a copy of the document. Copies of
172.3 the articles of incorporation and certificate of limited partnership shall be filed with the
172.4 secretary of state after the expiration of the 60-day period unless the change to leasehold
172.5 cooperative status does not proceed;

172.6 (h) the county attorney of the county in which the property is located must certify to
172.7 the assessor that the property meets the requirements of this subdivision;

172.8 (i) the public financing received must be from at least one of the following sources:

172.9 (1) tax increment financing proceeds used for the acquisition or rehabilitation of the
172.10 building or interest rate write-downs relating to the acquisition of the building;

172.11 (2) government issued bonds exempt from taxes under section 103 of the Internal
172.12 Revenue Code of 1986, ~~as amended through December 31, 1991~~, the proceeds of which
172.13 are used for the acquisition or rehabilitation of the building;

172.14 (3) programs under section 221(d)(3), 202, or 236, of Title II of the National
172.15 Housing Act;

172.16 (4) rental housing program funds under Section 8 of the United States Housing Act
172.17 of 1937, as amended, or the market rate family graduated payment mortgage program
172.18 funds administered by the Minnesota Housing Finance Agency that are used for the
172.19 acquisition or rehabilitation of the building;

172.20 (5) low-income housing credit under section 42 of the Internal Revenue Code of
172.21 ~~1986, as amended through December 31, 1991~~;

172.22 (6) public financing provided by a local government used for the acquisition or
172.23 rehabilitation of the building, including grants or loans from (i) federal community
172.24 development block grants; (ii) HOME block grants; or (iii) residential rental bonds issued
172.25 under chapter 474A; or

172.26 (7) other rental housing program funds provided by the Minnesota Housing Finance
172.27 Agency for the acquisition or rehabilitation of the building;

172.28 (j) at the time of the initial request for homestead classification or of any transfer of
172.29 ownership of the property, the governing body of the municipality in which the property is
172.30 located must hold a public hearing and make the following findings:

172.31 (1) that the granting of the homestead treatment of the apartment's units will
172.32 facilitate safe, clean, affordable housing for the cooperative members that would otherwise
172.33 not be available absent the homestead designation;

172.34 (2) that the owner has presented information satisfactory to the governing body
172.35 showing that the savings garnered from the homestead designation of the units will be

173.1 used to reduce tenant's rents or provide a level of furnishing or maintenance not possible
173.2 absent the designation; and

173.3 (3) that the requirements of paragraphs (b), (d), and (i) have been met.

173.4 Homestead treatment must be afforded to units occupied by members of the
173.5 cooperative association and the units must be assessed as provided in subdivision 3,
173.6 provided that any unit not so occupied shall be classified and assessed pursuant to the
173.7 appropriate class. No more than three acres of land may, for assessment purposes,
173.8 be included with each dwelling unit that qualifies for homestead treatment under this
173.9 subdivision.

173.10 When dwelling units no longer qualify under this subdivision, the current owner
173.11 must notify the assessor within 60 days. Failure to notify the assessor within 60 days shall
173.12 result in the loss of benefits under this subdivision for taxes payable in the year that the
173.13 failure is discovered. For these purposes, "benefits under this subdivision" means the
173.14 difference in the net tax capacity of the units which no longer qualify as computed under
173.15 this subdivision and as computed under the otherwise applicable law, times the local tax
173.16 rate applicable to the building for that taxes payable year. Upon discovery of a failure to
173.17 notify, the assessor shall inform the auditor of the difference in net tax capacity for the
173.18 building or buildings in which units no longer qualify, and the auditor shall calculate the
173.19 benefits under this subdivision. Such amount, plus a penalty equal to 100 percent of that
173.20 amount, shall then be demanded of the building's owner. The property owner may appeal
173.21 the county's determination by serving copies of a petition for review with county officials
173.22 as provided in section 278.01 and filing a proof of service as provided in section 278.01
173.23 with the Minnesota Tax Court within 60 days of the date of the notice from the county.
173.24 The appeal shall be governed by the Tax Court procedures provided in chapter 271, for
173.25 cases relating to the tax laws as defined in section 271.01, subdivision 5; disregarding
173.26 sections 273.125, subdivision 5, and 278.03, but including section 278.05, subdivision 2.
173.27 If the amount of the benefits under this subdivision and penalty are not paid within 60
173.28 days, and if no appeal has been filed, the county auditor shall certify the amount of the
173.29 benefit and penalty to the succeeding year's tax list to be collected as part of the property
173.30 taxes on the affected buildings.

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

173.32 Sec. 12. Minnesota Statutes 2006, section 273.128, subdivision 1, as amended by Laws
173.33 2008, chapter 154, article 2, section 10, is amended to read:

174.1 Subdivision 1. **Requirement.** Low-income rental property classified as class 4d
174.2 under section 273.13, subdivision 25, is entitled to valuation under this section if at least 20
174.3 percent of the units in the rental housing property meet any of the following qualifications:

174.4 (1) the units are subject to a housing assistance payments contract under Section 8
174.5 of the United States Housing Act of 1937, as amended;

174.6 (2) the units are rent-restricted and income-restricted units of a qualified low-income
174.7 housing project receiving tax credits under section 42(g) of the Internal Revenue Code
174.8 ~~of 1986, as amended;~~

174.9 (3) the units are financed by the Rural Housing Service of the United States
174.10 Department of Agriculture and receive payments under the rental assistance program
174.11 pursuant to section 521(a) of the Housing Act of 1949, as amended; or

174.12 (4) the units are subject to rent and income restrictions under the terms of financial
174.13 assistance provided to the rental housing property by the federal government or the
174.14 state of Minnesota, or a local unit of government, as evidenced by a document recorded
174.15 against the property.

174.16 The restrictions must require assisted units to be occupied by residents whose
174.17 household income at the time of initial occupancy does not exceed 60 percent of the
174.18 greater of area or state median income, adjusted for family size, as determined by the
174.19 United States Department of Housing and Urban Development. The restriction must also
174.20 require the rents for assisted units to not exceed 30 percent of 60 percent of the greater of
174.21 area or state median income, adjusted for family size, as determined by the United States
174.22 Department of Housing and Urban Development.

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

174.24 Sec. 13. Minnesota Statutes 2006, section 273.13, subdivision 25, as amended by Laws
174.25 2008, chapter 154, article 2, section 13, is amended to read:

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

174.33 (b) Class 4b includes:

174.34 (1) residential real estate containing less than four units that does not qualify as class
174.35 4bb, other than seasonal residential recreational property;

- 175.1 (2) manufactured homes not classified under any other provision;
- 175.2 (3) a dwelling, garage, and surrounding one acre of property on a nonhomestead
- 175.3 farm classified under subdivision 23, paragraph (b) containing two or three units; and
- 175.4 (4) unimproved property that is classified residential as determined under subdivision
- 175.5 33.

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

175.7 (c) Class 4bb includes:

175.8 (1) nonhomestead residential real estate containing one unit, other than seasonal

175.9 residential recreational property; and

175.10 (2) a single family dwelling, garage, and surrounding one acre of property on a

175.11 nonhomestead farm classified under subdivision 23, paragraph (b).

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

175.13 Property that has been classified as seasonal residential recreational property at

175.14 any time during which it has been owned by the current owner or spouse of the current

175.15 owner does not qualify for class 4bb.

175.16 (d) Class 4c property includes:

175.17 (1) except as provided in subdivision 22, paragraph (c), or subdivision 23, paragraph

175.18 (b), clause (1), real and personal property devoted to temporary and seasonal residential

175.19 occupancy for recreation purposes, including real and personal property devoted to

175.20 temporary and seasonal residential occupancy for recreation purposes and not devoted to

175.21 commercial purposes for more than 250 days in the year preceding the year of assessment.

175.22 For purposes of this clause, property is devoted to a commercial purpose on a specific

175.23 day if any portion of the property is used for residential occupancy, and a fee is charged

175.24 for residential occupancy. Class 4c property must contain three or more rental units. A

175.25 "rental unit" is defined as a cabin, condominium, townhouse, sleeping room, or individual

175.26 camping site equipped with water and electrical hookups for recreational vehicles. Class

175.27 4c property must provide recreational activities such as renting ice fishing houses, boats

175.28 and motors, snowmobiles, downhill or cross-country ski equipment; provide marina

175.29 services, launch services, or guide services; or sell bait and fishing tackle. A camping

175.30 pad offered for rent by a property that otherwise qualifies for class 4c is also class 4c

175.31 regardless of the term of the rental agreement, as long as the use of the camping pad

175.32 does not exceed 250 days. In order for a property to be classified as class 4c, seasonal

175.33 residential recreational for commercial purposes, at least 40 percent of the annual gross

175.34 lodging receipts related to the property must be from business conducted during 90

175.35 consecutive days and either (i) at least 60 percent of all paid bookings by lodging guests

175.36 during the year must be for periods of at least two consecutive nights; or (ii) at least 20

176.1 percent of the annual gross receipts must be from charges for rental of fish houses, boats
176.2 and motors, snowmobiles, downhill or cross-country ski equipment, or charges for marina
176.3 services, launch services, and guide services, or the sale of bait and fishing tackle. For
176.4 purposes of this determination, a paid booking of five or more nights shall be counted as
176.5 two bookings. Class 4c also includes commercial use real property used exclusively
176.6 for recreational purposes in conjunction with class 4c property devoted to temporary
176.7 and seasonal residential occupancy for recreational purposes, up to a total of two acres,
176.8 provided the property is not devoted to commercial recreational use for more than 250
176.9 days in the year preceding the year of assessment and is located within two miles of the
176.10 class 4c property with which it is used. Owners of real and personal property devoted
176.11 to temporary and seasonal residential occupancy for recreation purposes and all or a
176.12 portion of which was devoted to commercial purposes for not more than 250 days in the
176.13 year preceding the year of assessment desiring classification as class 4c, must submit a
176.14 declaration to the assessor designating the cabins or units occupied for 250 days or less in
176.15 the year preceding the year of assessment by January 15 of the assessment year. Those
176.16 cabins or units and a proportionate share of the land on which they are located must be
176.17 designated class 4c as otherwise provided. The remainder of the cabins or units and
176.18 a proportionate share of the land on which they are located will be designated as class
176.19 3a. The owner of property desiring designation as class 4c property must provide guest
176.20 registers or other records demonstrating that the units for which class 4c designation is
176.21 sought were not occupied for more than 250 days in the year preceding the assessment if
176.22 so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop,
176.23 (4) conference center or meeting room, and (5) other nonresidential facility operated on a
176.24 commercial basis not directly related to temporary and seasonal residential occupancy for
176.25 recreation purposes does not qualify for class 4c;

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

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

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

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

176.34 (3) real property up to a maximum of three acres of land owned and used by a
176.35 nonprofit community service oriented organization and that is not used for residential

177.1 purposes on either a temporary or permanent basis, qualifies for class 4c provided that
177.2 it meets either of the following:

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

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

177.9 For purposes of this clause,

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

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

177.14 (C) a "nonprofit community service oriented organization" means any corporation,
177.15 society, association, foundation, or institution organized and operated exclusively for
177.16 charitable, religious, fraternal, civic, or educational purposes, and which is exempt from
177.17 federal income taxation pursuant to section 501(c)(3), (10), or (19) of the Internal Revenue
177.18 Code of 1986, as amended through December 31, 1990; and

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

177.25 Any portion of the property qualifying under item (i) which is used for revenue-producing
177.26 activities for more than six days in the calendar year preceding the year of assessment
177.27 shall be assessed as class 3a. The use of the property for social events open exclusively
177.28 to members and their guests for periods of less than 24 hours, when an admission is
177.29 not charged nor any revenues are received by the organization shall not be considered a
177.30 revenue-producing activity.

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

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

178.5 (5) manufactured home parks as defined in section 327.14, subdivision 3;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

179.1 Class 4c property has a class rate of 1.5 percent of market value, except that (i) each
179.2 parcel of seasonal residential recreational property not used for commercial purposes has
179.3 the same class rates as class 4bb property, (ii) manufactured home parks assessed under
179.4 clause (5) have the same class rate as class 4b property, (iii) commercial-use seasonal
179.5 residential recreational property has a class rate of one percent for the first \$500,000 of
179.6 market value, and 1.25 percent for the remaining market value, (iv) the market value of
179.7 property described in clause (4) has a class rate of one percent, (v) the market value of
179.8 property described in clauses (2) and (6) has a class rate of 1.25 percent, and (vi) that
179.9 portion of the market value of property in clause (9) qualifying for class 4c property
179.10 has a class rate of 1.25 percent.

179.11 (e) Class 4d property is qualifying low-income rental housing certified to the assessor
179.12 by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion
179.13 of the units in the building qualify as low-income rental housing units as certified under
179.14 section 273.128, subdivision 3, only the proportion of qualifying units to the total number
179.15 of units in the building qualify for class 4d. The remaining portion of the building shall be
179.16 classified by the assessor based upon its use. Class 4d also includes the same proportion of
179.17 land as the qualifying low-income rental housing units are to the total units in the building.
179.18 For all properties qualifying as class 4d, the market value determined by the assessor must
179.19 be based on the normal approach to value using normal unrestricted rents.

179.20 Class 4d property has a class rate of 0.75 percent.

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

179.22 Sec. 14. Minnesota Statutes 2006, section 287.20, subdivision 3a, is amended to read:

179.23 Subd. 3a. **Designated transfer.** "Designated transfer" means any of the following:

179.24 (1) a transfer between (i) an entity owned by a sole owner, and (ii) that sole owner;

179.25 (2) a transfer between (i) an entity in which a husband, a wife, or both are the sole
179.26 owners, and (ii) the husband, wife, or both;

179.27 (3) a transfer between (i) an entity with multiple co-owners, and (ii) all of the
179.28 co-owners, so long as each of the co-owners maintains the same percentage ownership
179.29 interest in the transferred real property, whether directly or through ownership of a
179.30 percentage of the entity;

179.31 (4) a transfer between (i) a revocable trust, and (ii) the grantor or grantors of the
179.32 revocable trust; or

179.33 (5) a transfer of substantially all of the assets of one or more entities pursuant to a
179.34 reorganization, as defined in section 287.20, subdivision 9.

180.1 For purposes of this definition of designated transfer, an interest in an entity that is
180.2 owned, directly or indirectly, by or for another entity shall be considered as being owned
180.3 proportionately by or for the owners of the other entity under provisions similar to those
180.4 of section 267(c)(1) and (5) of the Internal Revenue Code of 1986, as amended through
180.5 ~~December 31, 2004.~~

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

180.7 Sec. 15. Minnesota Statutes 2006, section 287.20, subdivision 9, is amended to read:

180.8 Subd. 9. **Reorganization.** "Reorganization" means the transfer of substantially all
180.9 of the assets of a corporation, a limited liability company, or a partnership not in the usual
180.10 or regular course of business if at the time of the transfer the transfer qualifies as: (i) a
180.11 corporate reorganization under section 368(a) of the Internal Revenue Code of 1986, as
180.12 ~~amended through December 31, 2004;~~ or (ii) a transfer from a partnership to another
180.13 partnership when the transferee is treated as a continuation of the transferor under section
180.14 708 of the Internal Revenue Code of 1986, as amended through ~~December 31, 2004.~~

180.15 Sec. 16. Minnesota Statutes 2006, section 287.20, is amended by adding a subdivision
180.16 to read:

180.17 Subd. 10. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal
180.18 Revenue Code" means the Internal Revenue Code as defined in section 289A.02,
180.19 subdivision 7.

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

180.21 Sec. 17. Minnesota Statutes 2006, section 295.53, subdivision 4a, is amended to read:

180.22 Subd. 4a. **Credit for research.** (a) In addition to the exemptions allowed under
180.23 subdivision 1, a hospital or health care provider may claim an annual credit against the
180.24 total amount of tax, if any, the hospital or health care provider owes for that calendar year
180.25 under sections 295.50 to 295.57. The credit shall equal 2.5 percent of revenues for patient
180.26 services used to fund expenditures for qualifying research conducted by an allowable
180.27 research program. The amount of the credit shall not exceed the tax liability of the hospital
180.28 or health care provider under sections 295.50 to 295.57.

180.29 (b) For purposes of this subdivision, the following requirements apply:

180.30 (1) expenditures must be for program costs of qualifying research conducted by
180.31 an allowable research program;

181.1 (2) an allowable research program must be a formal program of medical and health
181.2 care research conducted by an entity which is exempt under section 501(c)(3) of the
181.3 Internal Revenue Code ~~of 1986~~ as defined in section 289A.02, subdivision 7, or is owned
181.4 and operated under authority of a governmental unit;

181.5 (3) qualifying research must:

181.6 (A) be approved in writing by the governing body of the hospital or health care
181.7 provider which is taking the deduction under this subdivision;

181.8 (B) have as its purpose the development of new knowledge in basic or applied
181.9 science relating to the diagnosis and treatment of conditions affecting the human body;

181.10 (C) be subject to review by individuals with expertise in the subject matter of the
181.11 proposed study but who have no financial interest in the proposed study and are not
181.12 involved in the conduct of the proposed study; and

181.13 (D) be subject to review and supervision by an institutional review board operating
181.14 in conformity with federal regulations if the research involves human subjects or
181.15 an institutional animal care and use committee operating in conformity with federal
181.16 regulations if the research involves animal subjects. Research expenses are not exempt if
181.17 the study is a routine evaluation of health care methods or products used in a particular
181.18 setting conducted for the purpose of making a management decision. Costs of clinical
181.19 research activities paid directly for the benefit of an individual patient are excluded from
181.20 this exemption. Basic research in fields including biochemistry, molecular biology, and
181.21 physiology are also included if such programs are subject to a peer review process.

181.22 (c) No credit shall be allowed under this subdivision for any revenue received by the
181.23 hospital or health care provider in the form of a grant, gift, or otherwise, whether from a
181.24 government or nongovernment source, on which the tax liability under section 295.52 is
181.25 not imposed.

181.26 (d) The taxpayer shall apply for the credit under this section on the annual return
181.27 under section 295.55, subdivision 5.

181.28 (e) Beginning September 1, 2001, if the actual or estimated amount paid under
181.29 this section for the calendar year exceeds \$2,500,000, the commissioner of finance shall
181.30 determine the rate of the research credit for the following calendar year to the nearest
181.31 one-half percent so that refunds paid under this section will most closely equal \$2,500,000.
181.32 The commissioner of finance shall publish in the State Register by October 1 of each year
181.33 the rate of the credit for the following calendar year. A determination under this section
181.34 is not subject to the rulemaking provisions of chapter 14.

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

182.1 Sec. 18. Minnesota Statutes 2006, section 296A.16, subdivision 2, is amended to read:

182.2 Subd. 2. **Fuel used in other vehicle; claim for refund.** Any person who buys and
182.3 uses gasoline for a qualifying purpose other than use in motor vehicles, snowmobiles
182.4 except as provided in clause (2), or motorboats, or special fuel for a qualifying purpose
182.5 other than use in licensed motor vehicles, and who paid the tax directly or indirectly
182.6 through the amount of the tax being included in the price of the gasoline or special fuel, or
182.7 otherwise, shall be reimbursed and repaid the amount of the tax paid upon filing with the
182.8 commissioner a claim for refund in the form and manner prescribed by the commissioner,
182.9 and containing the information the commissioner shall require. By signing any such claim
182.10 which is false or fraudulent, the applicant shall be subject to the penalties provided in this
182.11 chapter for knowingly making a false claim. The claim shall set forth the total amount
182.12 of the gasoline so purchased and used by the applicant other than in motor vehicles, or
182.13 special fuel purchased and used by the applicant other than in licensed motor vehicles,
182.14 and shall state when and for what purpose it was used. When a claim contains an error
182.15 in computation or preparation, the commissioner is authorized to adjust the claim in
182.16 accordance with the evidence shown on the claim or other information available to the
182.17 commissioner. The commissioner, on being satisfied that the claimant is entitled to the
182.18 payments, shall approve the claim and transmit it to the commissioner of finance. The
182.19 words "gasoline" or "special fuel" as used in this subdivision do not include aviation
182.20 gasoline or special fuel for aircraft. Gasoline or special fuel bought and used for a
182.21 "qualifying purpose" means:

182.22 (1) Gasoline or special fuel used in carrying on a trade or business, used on a farm
182.23 situated in Minnesota, and used for a farming purpose. "Farm" and "farming purpose"
182.24 have the meanings given them in section 6420(c)(2), (3), and (4) of the Internal Revenue
182.25 Code of 1986, as amended through December 31, 1997 as defined in section 289A.02,
182.26 subdivision 7.

182.27 (2) Gasoline or special fuel used for off-highway business use.

182.28 (i) "Off-highway business use" means any use off the public highway by a person in
182.29 that person's trade, business, or activity for the production of income.

182.30 (ii) Off-highway business use includes use of a passenger snowmobile off the public
182.31 highways as part of the operations of a resort as defined in section 157.15, subdivision 11;
182.32 and use of gasoline or special fuel to operate a power takeoff unit on a vehicle, but not
182.33 including fuel consumed during idling time.

182.34 (iii) Off-highway business use does not include use as a fuel in a motor vehicle
182.35 which, at the time of use, is registered or is required to be registered for highway use under
182.36 the laws of any state or foreign country; or use of a licensed motor vehicle fuel tank in lieu

183.1 of a separate storage tank for storing fuel to be used for a qualifying purpose, as defined in
183.2 this section. Fuel purchased to be used for a qualifying purpose cannot be placed in the
183.3 fuel tank of a licensed motor vehicle and must be stored in a separate supply tank.

183.4 (3) Gasoline or special fuel placed in the fuel tanks of new motor vehicles,
183.5 manufactured in Minnesota, and shipped by interstate carrier to destinations in other
183.6 states or foreign countries.

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

183.8 Sec. 19. Minnesota Statutes 2006, section 297A.61, subdivision 22, is amended to read:

183.9 Subd. 22. **Internal Revenue Code.** Unless specifically provided otherwise,
183.10 "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through
183.11 ~~December 31, 2000~~ as defined in section 289A.02, subdivision 7.

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

183.13 Sec. 20. Minnesota Statutes 2006, section 297B.01, subdivision 7, is amended to read:

183.14 Subd. 7. **Sale, sells, selling, purchase, purchased, or acquired.** (a) "Sale," "sells,"
183.15 "selling," "purchase," "purchased," or "acquired" means any transfer of title of any motor
183.16 vehicle, whether absolutely or conditionally, for a consideration in money or by exchange
183.17 or barter for any purpose other than resale in the regular course of business.

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

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

183.24 (1) the acquisition of a motor vehicle by inheritance from or by bequest of, a
183.25 decedent who owned it;

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

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

184.1 (4) the voluntary or involuntary transfer of a motor vehicle between a husband and
184.2 wife in a divorce proceeding; or

184.3 (5) the transfer of a motor vehicle by way of a gift to an organization that is exempt
184.4 from federal income taxation under section 501(c)(3) of the Internal Revenue Code, ~~as~~
184.5 ~~amended through December 31, 1996~~, when the motor vehicle will be used exclusively for
184.6 religious, charitable, or educational purposes.

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

184.8 Sec. 21. Minnesota Statutes 2006, section 297B.01, is amended by adding a
184.9 subdivision to read:

184.10 **Subd. 10. Internal Revenue Code.** Unless specifically defined otherwise, "Internal
184.11 Revenue Code" means the Internal Revenue Code as defined in section 289A.02,
184.12 subdivision 7.

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

184.14 Sec. 22. Minnesota Statutes 2006, section 297B.03, is amended to read:

184.15 **297B.03 EXEMPTIONS.**

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

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

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

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

184.29 (4) purchase or use of any motor vehicle previously registered in the state of
184.30 Minnesota when such transfer constitutes a transfer within the meaning of section 118,
184.31 331, 332, 336, 337, 338, 351, 355, 368, 721, 731, 1031, 1033, or 1563(a) of the Internal
184.32 Revenue Code of 1986, ~~as amended through December 31, 1999~~;

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

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

185.10 (7) purchase of a motor vehicle for use as an ambulance by an ambulance service
185.11 licensed under section 144E.10;

185.12 (8) purchase of a motor vehicle by or for a public library, as defined in section
185.13 134.001, subdivision 2, as a bookmobile or library delivery vehicle;

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

185.15 (10) purchase or use of a motor vehicle by a town for use exclusively for road
185.16 maintenance, including snowplows and dump trucks, but not including automobiles,
185.17 vans, or pickup trucks;

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

185.22 (i) a truck, as defined in section 168.011, a bus, as defined in section 168.011, or a
185.23 passenger automobile, as defined in section 168.011, if the automobile is designed and
185.24 used for carrying more than nine persons including the driver; and

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

185.28 (12) purchase of a motor vehicle for use by a transit provider exclusively to provide
185.29 transit service is exempt if the transit provider is either (i) receiving financial assistance or
185.30 reimbursement under section 174.24 or 473.384, or (ii) operating under section 174.29,
185.31 473.388, or 473.405;

185.32 (13) purchase or use of a motor vehicle by a qualified business, as defined in section
185.33 469.310, located in a job opportunity building zone, if the motor vehicle is principally
185.34 garaged in the job opportunity building zone and is primarily used as part of or in direct
185.35 support of the person's operations carried on in the job opportunity building zone. The
185.36 exemption under this clause applies to sales, if the purchase was made and delivery

186.1 received during the duration of the job opportunity building zone. The exemption under
186.2 this clause also applies to any local sales and use tax.

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

186.4 Sec. 23. Minnesota Statutes 2006, section 297F.01, subdivision 8, is amended to read:

186.5 Subd. 8. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal
186.6 Revenue Code" means the Internal Revenue Code of 1986, as amended through December
186.7 31, 1996 as defined in section 289A.02, subdivision 7.

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

186.9 Sec. 24. Minnesota Statutes 2006, section 297G.01, subdivision 9, is amended to read:

186.10 Subd. 9. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal
186.11 Revenue Code" means the Internal Revenue Code of 1986, as amended through December
186.12 31, 1996 as defined in section 289A.02, subdivision 7.

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

186.14 Sec. 25. Minnesota Statutes 2006, section 297H.09, is amended to read:

186.15 **297H.09 BAD DEBTS.**

186.16 The remitter of the solid waste management tax may offset against the tax payable,
186.17 with respect to any reporting period, the amount of tax imposed by this chapter previously
186.18 remitted to the commissioner of revenue which qualified as a bad debt under section
186.19 166(a) of the Internal Revenue Code; as amended through December 31, 1993 defined
186.20 in section 289A.02, subdivision 7, during such reporting period, but only in proportion
186.21 to the portion of such debt which became uncollectable. This section applies only to
186.22 accrual basis remitters that remit tax before it is collected and to the extent they are
186.23 unable to collect the tax.

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

186.25 **ARTICLE 10**

186.26 **DEPARTMENT INDIVIDUAL INCOME AND CORPORATE FRANCHISE TAXES**

186.27 Section 1. Minnesota Statutes 2006, section 289A.18, subdivision 1, as amended by
186.28 Laws 2008, chapter 154, article 11, section 5, is amended to read:

186.29 Subdivision 1. **Individual income, fiduciary income, corporate franchise, and**
186.30 **entertainment taxes; partnership and S corporation returns; information returns;**

187.1 **mining company returns.** The returns required to be made under sections 289A.08 and
187.2 289A.12 must be filed at the following times:

187.3 (1) returns made on the basis of the calendar year must be filed on April 15 following
187.4 the close of the calendar year, except that returns of corporations must be filed on March
187.5 15 following the close of the calendar year;

187.6 (2) returns made on the basis of the fiscal year must be filed on the 15th day of the
187.7 fourth month following the close of the fiscal year, except that returns of corporations
187.8 must be filed on the 15th day of the third month following the close of the fiscal year;

187.9 (3) returns for a fractional part of a year must be filed on the 15th day of the fourth
187.10 month following the end of the month in which falls the last day of the period for which
187.11 the return is made, except that the returns of corporations must be filed on the 15th day of
187.12 the third month following the end of the tax year; or, in the case of a corporation which is
187.13 a member of a unitary group, the return of the corporation must be filed on the 15th day of
187.14 the third month following the end of the tax year of the unitary group in which falls the
187.15 last day of the period for which the return is made;

187.16 (4) in the case of a final return of a decedent for a fractional part of a year, the return
187.17 must be filed on the 15th day of the fourth month following the close of the 12-month
187.18 period that began with the first day of that fractional part of a year;

187.19 (5) in the case of the return of a cooperative association, returns must be filed on or
187.20 before the 15th day of the ninth month following the close of the taxable year;

187.21 (6) if a corporation has been divested from a unitary group and files a return for
187.22 a fractional part of a year in which it was a member of a unitary business that files a
187.23 combined report under section ~~290.34~~ 290.17, subdivision ~~2~~ 4, the divested corporation's
187.24 return must be filed on the 15th day of the third month following the close of the common
187.25 accounting period that includes the fractional year;

187.26 (7) returns of entertainment entities must be filed on April 15 following the close of
187.27 the calendar year;

187.28 (8) returns required to be filed under section 289A.08, subdivision 4, must be filed
187.29 on the 15th day of the fifth month following the close of the taxable year;

187.30 (9) returns of mining companies must be filed on May 1 following the close of the
187.31 calendar year; and

187.32 (10) returns required to be filed with the commissioner under section 289A.12,
187.33 subdivision 2 or 4 to 10, must be filed within 30 days after being demanded by the
187.34 commissioner.

188.1 **EFFECTIVE DATE.** This section is effective the day following final enactment
188.2 except that the change in clause (6) is effective for taxable years beginning after December
188.3 31, 2007.

188.4 Sec. 2. Minnesota Statutes 2006, section 290.01, subdivision 6b, is amended to read:

188.5 Subd. 6b. **Foreign operating corporation.** The term "foreign operating
188.6 corporation," when applied to a corporation, means a domestic corporation with the
188.7 following characteristics:

188.8 (1) it is part of a unitary business at least one member of which is taxable in this state;

188.9 (2) it is not a foreign sales corporation under section 922 of the Internal Revenue
188.10 Code, as amended through December 31, 1999, for the taxable year;

188.11 (3)(i) the average of the percentages of its property and payrolls, including the pro
188.12 rata share of its unitary partnerships' property and payrolls, assigned to locations outside
188.13 the United States, where the United States includes the District of Columbia and excludes
188.14 the commonwealth of Puerto Rico and possessions of the United States, as determined
188.15 under section 290.191 or 290.20, is 80 percent or more; or (ii) it has in effect a valid
188.16 election under section 936 of the Internal Revenue Code; and

188.17 (4) it has a minimum of \$1,000,000 of payroll and \$2,000,000 of property, as
188.18 determined under section 290.191 or 290.20, that are located outside the United States. If
188.19 the domestic corporation does not have payroll as determined under section 290.191 or
188.20 290.20, but it or its partnerships have paid \$1,000,000 for work, performed directly for the
188.21 domestic corporation or the partnerships, outside the United States, then paragraph (3)(i)
188.22 shall not require payrolls to be included in the average calculation.

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

188.24 Sec. 3. Minnesota Statutes 2006, section 290.068, subdivision 3, is amended to read:

188.25 Subd. 3. **Limitation; carryover.** (a)(1) The credit for the taxable year shall not
188.26 exceed the liability for tax. "Liability for tax" for purposes of this section means the tax
188.27 imposed under ~~this chapter~~ section 290.06, subdivision 1, for the taxable year reduced by
188.28 the sum of the nonrefundable credits allowed under this chapter.

188.29 (2) In the case of a corporation which is a partner in a partnership, the credit allowed
188.30 for the taxable year shall not exceed the lesser of the amount determined under clause (1)
188.31 for the taxable year or an amount (separately computed with respect to the corporation's
188.32 interest in the trade or business or entity) equal to the amount of tax attributable to that
188.33 portion of taxable income which is allocable or apportionable to the corporation's interest
188.34 in the trade or business or entity.

189.1 (b) If the amount of the credit determined under this section for any taxable year
189.2 exceeds the limitation under clause (a), the excess shall be a research credit carryover to
189.3 each of the 15 succeeding taxable years. The entire amount of the excess unused credit for
189.4 the taxable year shall be carried first to the earliest of the taxable years to which the credit
189.5 may be carried and then to each successive year to which the credit may be carried. The
189.6 amount of the unused credit which may be added under this clause shall not exceed the
189.7 taxpayer's liability for tax less the research credit for the taxable year.

189.8 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
189.9 December 31, 2007.

189.10 Sec. 4. Minnesota Statutes 2006, section 290.07, subdivision 1, is amended to read:

189.11 Subdivision 1. **Annual accounting period.** Net income and taxable net income
189.12 shall be computed upon the basis of the taxpayer's annual accounting period. If a taxpayer
189.13 has no annual accounting period, or has one other than a fiscal year, as heretofore defined,
189.14 the net income and taxable net income shall be computed on the basis of the calendar year.
189.15 Taxpayers shall employ the same accounting period on which they report, or would be
189.16 required to report, their net income under the Internal Revenue Code. The commissioner
189.17 shall provide by rule for the determination of the accounting period for taxpayers who
189.18 file a combined report under section ~~290.34~~ 290.17, subdivision ~~2~~ 4, when members of
189.19 the group use different accounting periods for federal income tax purposes. Unless the
189.20 taxpayer changes its accounting period for federal purposes, the due date of the return
189.21 is not changed.

189.22 A taxpayer may change accounting periods only with the consent of the
189.23 commissioner. In case of any such change, the taxpayer shall pay a tax for the period
189.24 not included in either the taxpayer's former or newly adopted taxable year, computed as
189.25 provided in section 290.32.

189.26 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
189.27 December 31, 2007.

189.28 Sec. 5. Minnesota Statutes 2006, section 290.21, subdivision 4, is amended to read:

189.29 Subd. 4. **Dividends received from another corporation.** (a)(1) Eighty percent
189.30 of dividends received by a corporation during the taxable year from another corporation,
189.31 in which the recipient owns 20 percent or more of the stock, by vote and value, not
189.32 including stock described in section 1504(a)(4) of the Internal Revenue Code when the
189.33 corporate stock with respect to which dividends are paid does not constitute the stock in

190.1 trade of the taxpayer or would not be included in the inventory of the taxpayer, or does not
190.2 constitute property held by the taxpayer primarily for sale to customers in the ordinary
190.3 course of the taxpayer's trade or business, or when the trade or business of the taxpayer
190.4 does not consist principally of the holding of the stocks and the collection of the income
190.5 and gains therefrom; and

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

190.10 (ii) the remaining 20 percent of dividends if the dividends are received from a
190.11 corporation which is subject to tax under section 290.36 and which is a member of an
190.12 affiliated group of corporations as defined by the Internal Revenue Code and the dividend
190.13 is eliminated in consolidation under Treasury Department Regulation 1.1502-14(a), as
190.14 amended through December 31, 1989, or is deducted under an election under section
190.15 243(b) of the Internal Revenue Code; or

190.16 (iii) the remaining 20 percent of the dividends if the dividends are received from a
190.17 property and casualty insurer as defined under section 60A.60, subdivision 8, which is a
190.18 member of an affiliated group of corporations as defined by the Internal Revenue Code
190.19 and either: (A) the dividend is eliminated in consolidation under Treasury Regulation
190.20 1.1502-14(a), as amended through December 31, 1989; or (B) the dividend is deducted
190.21 under an election under section 243(b) of the Internal Revenue Code.

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

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

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

191.1 The dividend deduction provided in this subdivision applies to the amount of
191.2 regulated investment company dividends only to the extent determined under section
191.3 854(b) of the Internal Revenue Code.

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

191.7 (d) If dividends received by a corporation that does not have nexus with Minnesota
191.8 under the provisions of Public Law 86-272 are included as income on the return of
191.9 an affiliated corporation permitted or required to file a combined report under section
191.10 290.17, subdivision 4 or 290.34, subdivision 2, then for purposes of this subdivision the
191.11 determination as to whether the trade or business of the corporation consists principally
191.12 of the holding of stocks and the collection of income and gains therefrom shall be made
191.13 with reference to the trade or business of the affiliated corporation having a nexus with
191.14 Minnesota.

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

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

191.23 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
191.24 December 31, 2007.

191.25 Sec. 6. Minnesota Statutes 2006, section 290.92, subdivision 26, is amended to read:

191.26 Subd. 26. **Extension of withholding to certain payments where identifying**
191.27 **number not furnished or inaccurate.** (a) If, in the case of any reportable payment, (1)
191.28 the payee fails to furnish the payee's Social Security account number to the payor, ~~or~~
191.29 (2) the payee is subject to federal backup withholding on the reportable payment under
191.30 section 3406 of the Internal Revenue Code, or (3) the commissioner notifies the payor that
191.31 the Social Security account number furnished by the payee is incorrect, then the payor
191.32 shall deduct and withhold from the payment a tax equal to the amount of the payment
191.33 multiplied by the highest rate used in determining the income tax liability of an individual
191.34 under section 290.06, subdivision 2c.

192.1 (b)(1) In the case of any failure described in clause (a)(1), clause (a) shall apply to
192.2 any reportable payment made by the payor during the period during which the Social
192.3 Security account number has not been furnished.

192.4 (2) In any case where there is a notification described in clause (a)~~(2)~~(3), clause (a)
192.5 shall apply to any reportable payment made by the payor (i) after the close of the 30th
192.6 day after the day on which the payor received the notification, and (ii) before the payee
192.7 furnishes another Social Security account number.

192.8 (3)(i) Unless the payor elects not to have this subparagraph apply with respect to
192.9 the payee, clause (a) shall also apply to any reportable payment made after the close of
192.10 the period described in paragraph (1) or (2) (as the case may be) and before the 30th
192.11 day after the close of the period.

192.12 (ii) If the payor elects the application of this subparagraph with respect to the payee,
192.13 clause (a) shall also apply to any reportable payment made during the 30-day period
192.14 described in paragraph (2).

192.15 (iii) The payor may elect a period shorter than the grace period set forth in
192.16 subparagraph (i) or (ii) as the case may be.

192.17 (c) The provisions of section 3406 of the Internal Revenue Code shall apply and
192.18 shall govern when withholding shall be required and the definition of terms. The term
192.19 "reportable payment" shall include only those payments for personal services. No tax
192.20 shall be deducted or withheld under this subdivision with respect to any amount for
192.21 which withholding is otherwise required under this section. For purposes of this section,
192.22 payments which are subject to withholding under this subdivision shall be treated as if
192.23 they were wages paid by an employer to an employee and amounts deducted and withheld
192.24 under this subdivision shall be treated as if deducted and withheld under subdivision 2a.

192.25 (d) Whenever the commissioner notifies a payor under this subdivision that the
192.26 Social Security account number furnished by any payee is incorrect, the commissioner
192.27 shall at the same time furnish a copy of the notice to the payor, and the payor shall
192.28 promptly furnish the copy to the payee. If the commissioner notifies a payor under this
192.29 subdivision that the Social Security account number furnished by any payee is incorrect
192.30 and the payee subsequently furnishes another Social Security account number to the
192.31 payor, the payor shall promptly notify the commissioner of the other Social Security
192.32 account number furnished.

192.33 **EFFECTIVE DATE.** This section is effective for payments made after December
192.34 31, 2008.

193.1 Sec. 7. Minnesota Statutes 2006, section 290.92, subdivision 31, as added by Laws
193.2 2008, chapter 154, article 3, section 8, is amended to read:

193.3 Subd. 31. **Payments to persons who are not employees.** (a) For purposes of this
193.4 subdivision, "contractor" means a person carrying on a trade or business described in
193.5 industry code numbers 23 through 238990 of the North American Industry Classification
193.6 System.

193.7 (b) A contractor ~~or a third-party bulk filer acting on behalf of a contractor,~~ who
193.8 makes payments to an individual; carrying on a trade or business described in paragraph
193.9 (a) as a sole proprietorship; must deduct and withhold two percent of the payment as
193.10 Minnesota withholding tax when the amount the contractor paid to that individual during
193.11 the calendar year exceeds \$600.

193.12 (c) A payment subject to withholding under this subdivision must be treated as if
193.13 the payment were a wage paid by an employer to an employee. The requirements in the
193.14 definitions of "employee" and "employer" in subdivision 1 relating to geographic location
193.15 apply in determining whether withholding tax applies under this subdivision, but without
193.16 regard to whether the contractor or the individual otherwise satisfy the definition of an
193.17 employer or an employee. Each recipient of a payment subject to withholding under this
193.18 subdivision must furnish the contractor with a statement of the recipient's name, address,
193.19 and Social Security account number.

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

193.21 Sec. 8. Laws 2008, chapter 154, article 3, section 7, the effective date, is amended to
193.22 read:

193.23 **EFFECTIVE DATE.** This section is effective for taxable years beginning
193.24 after December 31, 2007, except that to the extent this section impacts an employer's
193.25 requirement to withhold Minnesota tax, the requirement to withhold is effective for wages
193.26 paid after ~~April 1~~ December 31, 2008.

193.27 Sec. 9. **REPEALER.**

193.28 Minnesota Rules, part 8031.0100, subpart 3, is repealed effective the day following
193.29 final enactment.

193.30 Minnesota Rules, part 8093.2100, is repealed effective the day following final
193.31 enactment.

ARTICLE 11

DEPARTMENT SALES AND USE TAXES

194.1

194.2

194.3 Section 1. Minnesota Statutes 2006, section 289A.55, is amended by adding a
194.4 subdivision to read:

194.5 Subd. 10. Relief for purchasers. A purchaser that meets the requirements of section
194.6 297A.995, subdivision 11, is relieved from the imposition of interest on tax and penalty.

194.7 EFFECTIVE DATE. This section is effective for sales and purchases made after
194.8 December 31, 2008.

194.9 Sec. 2. Minnesota Statutes 2006, section 289A.60, is amended by adding a subdivision
194.10 to read:

194.11 Subd. 29. Relief for purchasers. A purchaser that meets the requirements of
194.12 section 297A.995, subdivision 11, is relieved from the imposition of penalty.

194.13 EFFECTIVE DATE. This section is effective for sales and purchases made after
194.14 December 31, 2008.

194.15 Sec. 3. Minnesota Statutes 2006, section 297A.61, subdivision 29, is amended to read:

194.16 Subd. 29. **State.** Unless specifically provided otherwise, "state" means any state of
194.17 the United States, the Commonwealth of Puerto Rico, and the District of Columbia.

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

194.19 Sec. 4. Minnesota Statutes 2006, section 297A.665, as amended by Laws 2008, chapter
194.20 154, article 12, section 20, is amended to read:

194.21 **297A.665 PRESUMPTION OF TAX; BURDEN OF PROOF.**

194.22 (a) For the purpose of the proper administration of this chapter and to prevent
194.23 evasion of the tax, until the contrary is established, it is presumed that:

194.24 (1) all gross receipts are subject to the tax; and

194.25 (2) all retail sales for delivery in Minnesota are for storage, use, or other consumption
194.26 in Minnesota.

194.27 (b) The burden of proving that a sale is not a taxable retail sale is on the seller.

194.28 However, a seller is relieved of liability if:

194.29 (1) the seller obtains a fully completed exemption certificate or all the relevant

194.30 information required by section 297A.72, subdivision 2, at the time of the sale or within

194.31 90 days after the date of the sale; or

195.1 (2) if the seller has not obtained a fully completed exemption certificate or all the
195.2 relevant information required by section 297A.72, subdivision 2, within the time provided
195.3 in clause (1), within 120 days after a request for substantiation by the commissioner,
195.4 the seller either:

195.5 (i) obtains in good faith a fully completed exemption certificate or all the relevant
195.6 information required by section 297A.72, subdivision 2, from the purchaser; or

195.7 (ii) proves by other means that the transaction was not subject to tax.

195.8 (c) Notwithstanding paragraph (b), relief from liability does not apply to a seller who:

195.9 (1) fraudulently fails to collect the tax; or

195.10 (2) solicits purchasers to participate in the unlawful claim of an exemption.

195.11 (d) A certified service provider, as defined in section 297A.995, subdivision 2, is
195.12 relieved of liability under this section to the extent a seller who is its client is relieved of
195.13 liability.

195.14 ~~(d)~~ (e) A purchaser of tangible personal property or any items listed in section
195.15 297A.63 that are shipped or brought to Minnesota by the purchaser has the burden
195.16 of proving that the property was not purchased from a retailer for storage, use, or
195.17 consumption in Minnesota.

195.18 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases
195.19 made after December 31, 2007.

195.20 Sec. 5. Minnesota Statutes 2006, section 297A.67, subdivision 7, as amended by Laws
195.21 2008, chapter 154, article 12, section 26, is amended to read:

195.22 Subd. 7. **Drugs; medical devices.** (a) Sales of the following drugs and medical
195.23 devices for human use are exempt:

195.24 (1) drugs ~~for human use~~, including over-the-counter drugs;

195.25 (2) single-use finger-pricking devices for the extraction of blood and other single-use
195.26 devices and single-use diagnostic agents used in diagnosing, monitoring, or treating
195.27 diabetes;

195.28 (3) insulin and medical oxygen for human use, regardless of whether prescribed
195.29 or sold over the counter;

195.30 (4) prosthetic devices;

195.31 (5) durable medical equipment for home use only;

195.32 (6) mobility enhancing equipment;

195.33 (7) prescription corrective eyeglasses; and

195.34 (8) kidney dialysis equipment, including repair and replacement parts.

195.35 (b) For purposes of this subdivision:

196.1 (1) "Drug" means a compound, substance, or preparation, and any component of
196.2 a compound, substance, or preparation, other than food and food ingredients, dietary
196.3 supplements, or alcoholic beverages that is:

196.4 (i) recognized in the official United States Pharmacopoeia, official Homeopathic
196.5 Pharmacopoeia of the United States, or official National Formulary, and supplement
196.6 to any of them;

196.7 (ii) intended for use in the diagnosis, cure, mitigation, treatment, or prevention
196.8 of disease; or

196.9 (iii) intended to affect the structure or any function of the body.

196.10 (2) "Durable medical equipment" means equipment, including repair and
196.11 replacement parts, but not including mobility enhancing equipment, that:

196.12 (i) can withstand repeated use;

196.13 (ii) is primarily and customarily used to serve a medical purpose;

196.14 (iii) generally is not useful to a person in the absence of illness or injury; and

196.15 (iv) is not worn in or on the body.

196.16 For purposes of this clause, "repair and replacement parts" includes all components
196.17 or attachments used in conjunction with the durable medical equipment, but does not
196.18 include repair and replacement parts which are for single patient use only.

196.19 (3) "Mobility enhancing equipment" means equipment, including repair and
196.20 replacement parts, but not including durable medical equipment, that:

196.21 (i) is primarily and customarily used to provide or increase the ability to move from
196.22 one place to another and that is appropriate for use either in a home or a motor vehicle;

196.23 (ii) is not generally used by persons with normal mobility; and

196.24 (iii) does not include any motor vehicle or equipment on a motor vehicle normally
196.25 provided by a motor vehicle manufacturer.

196.26 (4) "Over-the-counter drug" means a drug that contains a label that identifies the
196.27 product as a drug as required by Code of Federal Regulations, title 21, section 201.66. The
196.28 label must include a "drug facts" panel or a statement of the active ingredients with a list of
196.29 those ingredients contained in the compound, substance, or preparation. Over-the-counter
196.30 drugs do not include grooming and hygiene products, regardless of whether they otherwise
196.31 meet the definition. "Grooming and hygiene products" are soaps, cleaning solutions,
196.32 shampoo, toothpaste, mouthwash, antiperspirants, and suntan lotions and sunscreens.

196.33 (5) "Prescribed" and "prescription" means a direction in the form of an order,
196.34 formula, or recipe issued in any form of oral, written, electronic, or other means of
196.35 transmission by a duly licensed health care professional.

197.1 (6) "Prosthetic device" means a replacement, corrective, or supportive device,
197.2 including repair and replacement parts, worn on or in the body to:
197.3 (i) artificially replace a missing portion of the body;
197.4 (ii) prevent or correct physical deformity or malfunction; or
197.5 (iii) support a weak or deformed portion of the body.

197.6 Prosthetic device does not include corrective eyeglasses.

197.7 (7) "Kidney dialysis equipment" means equipment that:

197.8 (i) is used to remove waste products that build up in the blood when the kidneys are
197.9 not able to do so on their own; and

197.10 (ii) can withstand repeated use, including multiple use by a single patient,
197.11 notwithstanding the provisions of clause (2).

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

197.13 Sec. 6. Minnesota Statutes 2006, section 297A.995, subdivision 10, is amended to read:

197.14 Subd. 10. **Relief from certain liability.** (a) Notwithstanding subdivision 9, sellers
197.15 and certified service providers are relieved from liability to the state for having charged
197.16 and collected the incorrect amount of sales or use tax resulting from the seller or certified
197.17 service provider (1) relying on erroneous data provided by ~~this state~~ the commissioner
197.18 in the database files on tax rates, boundaries, or taxing jurisdiction assignments, or (2)
197.19 relying on erroneous data provided by the state in its taxability matrix concerning the
197.20 taxability of products and services.

197.21 (b) Notwithstanding subdivision 9, sellers and certified service providers are
197.22 relieved from liability to the state for having charged and collected the incorrect amount
197.23 of sales or use tax resulting from the seller or certified service provider relying on the
197.24 certification by the commissioner as to the accuracy of a certified automated system as to
197.25 the taxability of product categories. The relief from liability provided by this paragraph
197.26 does not apply when the sellers or certified service providers have incorrectly classified
197.27 an item or transaction into a product category, unless the item or transaction within a
197.28 product category was approved by the commissioner or approved jointly by the states that
197.29 are signatories to the agreement. The sellers and certified service providers must revise a
197.30 classification within ten days after receipt of notice from the commissioner that an item or
197.31 transaction within a product category is incorrectly classified as to its taxability, or they
197.32 are not relieved from liability for the incorrect classification following the notification.

197.33 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases
197.34 made after December 31, 2007.

198.1 Sec. 7. Minnesota Statutes 2006, section 297A.995, is amended by adding a
198.2 subdivision to read:

198.3 Subd. 11. **Purchaser relief from certain liability.** (a) Notwithstanding other
198.4 provisions in the law, a purchaser is relieved from liability resulting from having paid
198.5 the incorrect amount of sales or use tax if a purchaser, whether or not holding a direct
198.6 pay permit, or a purchaser's seller or certified service provider relied on erroneous data
198.7 provided by this state in the database files on tax rates, boundaries, taxing jurisdiction
198.8 assignments, or in the taxability matrix. After providing an address-based database for
198.9 assigning taxing jurisdictions and their associated rates, no relief for errors resulting from
198.10 the purchaser's reliance on a database using zip codes is allowed.

198.11 (b) With respect to reliance on the taxability matrix provided by this state in
198.12 paragraph (a), relief is limited to erroneous classifications in the taxability matrix for
198.13 items included within the classifications as "taxable," "exempt," "included in sales
198.14 price," "excluded from sales price," "included in the definition," and "excluded from
198.15 the definition."

198.16 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
198.17 December 31, 2008.

198.18 Sec. 8. Minnesota Statutes 2006, section 297A.995, is amended by adding a
198.19 subdivision to read:

198.20 Subd. 12. **Database files.** For purposes of this section, "database files on tax rates,
198.21 boundaries, and taxing jurisdiction assignments" and the "taxability matrix" means those
198.22 databases and the taxability matrix required under the agreement.

198.23 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases
198.24 made after December 31, 2007.

198.25 **ARTICLE 12**

198.26 **DEPARTMENT SPECIAL TAXES AND FEES**

198.27 Section 1. Minnesota Statutes 2007 Supplement, section 115A.1314, subdivision 2,
198.28 is amended to read:

198.29 **Subd. 2. Creation of account; appropriations.** (a) The electronic waste account
198.30 is established in the environmental fund. The commissioner of revenue must deposit
198.31 receipts from the fee established in subdivision 1 in the account. Any interest earned on
198.32 the account must be credited to the account. Money from other sources may be credited to
198.33 the account. Beginning in the second program year and continuing each program year

199.1 thereafter, as of the last day of each program year, the commissioner of revenue shall
199.2 determine the total amount of the variable fees that were collected. By July 15, 2009, and
199.3 each July 15 thereafter, the commissioner of the Pollution Control Agency shall inform
199.4 the commissioner of revenue of the amount necessary to operate the program in the new
199.5 program year. To the extent that the total fees collected by the commissioner of revenue in
199.6 connection with this section ~~exceeds~~ exceed the amount the commissioner of the Pollution
199.7 Control Agency determines necessary to operate the program for the new program
199.8 year, the commissioner of revenue shall refund on a pro rata basis, to all manufacturers
199.9 who paid any fees for the previous program year, the amount of fees collected by the
199.10 commissioner of revenue in excess of the amount necessary to operate the program for the
199.11 new program year. No individual refund is required of amounts of \$100 or less for a fiscal
199.12 year. Manufacturers who report collections less than 50 percent of their obligation for the
199.13 previous program year are not eligible for a refund. Amounts not refunded pursuant to this
199.14 paragraph shall remain in the account. The commissioner of revenue shall issue refunds
199.15 by August 10. In lieu of issuing a refund, the commissioner of revenue may grant credit
199.16 against a manufacturer's variable fee due by September 1.

199.17 (b) Until June 30, 2009, money in the account is annually appropriated to the
199.18 Pollution Control Agency:

199.19 (1) for the purpose of implementing sections 115A.1312 to 115A.1330, including
199.20 transfer to the commissioner of revenue to carry out the department's duties under
199.21 section 115A.1320, subdivision 2, and transfer to the commissioner of administration for
199.22 responsibilities under section 115A.1324; and

199.23 (2) to the commissioner of the Pollution Control Agency to be distributed on a
199.24 competitive basis through contracts with counties outside the 11-county metropolitan
199.25 area, as defined in paragraph (c), and with private entities that collect for recycling
199.26 covered electronic devices in counties outside the 11-county metropolitan area, where the
199.27 collection and recycling is consistent with the respective county's solid waste plan, for
199.28 the purpose of carrying out the activities under sections 115A.1312 to 115A.1330. In
199.29 awarding competitive grants under this clause, the commissioner must give preference to
199.30 counties and private entities that are working cooperatively with manufacturers to help
199.31 them meet their recycling obligations under section 115A.1318, subdivision 1.

199.32 (c) The 11-county metropolitan area consists of the counties of Anoka, Carver,
199.33 Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, Washington, and Wright.

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

200.1 Sec. 2. Minnesota Statutes 2006, section 270C.56, subdivision 1, as amended by Laws
200.2 2008, chapter 154, article 15, section 7, is amended to read:

200.3 Subdivision 1. **Liability imposed.** A person who, either singly or jointly with
200.4 others, has the control of, supervision of, or responsibility for filing returns or reports,
200.5 paying taxes, or collecting or withholding and remitting taxes and who fails to do so, or a
200.6 person who is liable under any other law, is liable for the payment of taxes, penalties, and
200.7 interest arising under chapters 295, 296A, 297A, 297F, and 297G, or sections 256.9658,
200.8 290.92 and 297E.02, and, for the taxes listed in this subdivision, the applicable penalties
200.9 for nonpayment under section 289A.60.

200.10 **EFFECTIVE DATE.** This section is effective for fees due after June 30, 2008.

200.11 Sec. 3. Minnesota Statutes 2006, section 295.50, subdivision 4, is amended to read:

200.12 Subd. 4. **Health care provider.** (a) "Health care provider" means:

200.13 (1) a person whose health care occupation is regulated or required to be regulated by
200.14 the state of Minnesota furnishing any or all of the following goods or services directly to a
200.15 patient or consumer: medical, surgical, optical, visual, dental, hearing, nursing services,
200.16 drugs, laboratory, diagnostic or therapeutic services;

200.17 (2) a person who provides goods and services not listed in clause (1) that qualify for
200.18 reimbursement under the medical assistance program provided under chapter 256B;

200.19 (3) a staff model health plan company;

200.20 (4) an ambulance service required to be licensed; or

200.21 (5) a person who sells or repairs hearing aids and related equipment or prescription
200.22 eyewear.

200.23 (b) Health care provider does not include:

200.24 (1) hospitals; medical supplies distributors, except as specified under paragraph

200.25 (a), clause (5); nursing homes licensed under chapter 144A or licensed in any other

200.26 jurisdiction; wholesale drug distributors; pharmacies; surgical centers; bus and taxicab
200.27 transportation, or any other providers of transportation services other than ambulance

200.28 services required to be licensed; supervised living facilities for persons with developmental

200.29 disabilities, licensed under Minnesota Rules, parts 4665.0100 to 4665.9900; housing

200.30 with services establishments required to be registered under chapter 144D; board

200.31 and lodging establishments providing only custodial services that are licensed under

200.32 chapter 157 and registered under section 157.17 to provide supportive services or health

200.33 supervision services; adult foster homes as defined in Minnesota Rules, part 9555.5105;

200.34 day training and habilitation services for adults with developmental disabilities as defined

201.1 in section 252.41, subdivision 3; boarding care homes, as defined in Minnesota Rules, part
 201.2 4655.0100; and adult day care centers as defined in Minnesota Rules, part 9555.9600;

201.3 (2) home health agencies as defined in Minnesota Rules, part 9505.0175, subpart
 201.4 15; a person providing personal care services and supervision of personal care services
 201.5 as defined in Minnesota Rules, part 9505.0335; a person providing private duty nursing
 201.6 services as defined in Minnesota Rules, part 9505.0360; and home care providers required
 201.7 to be licensed under chapter 144A;

201.8 (3) a person who employs health care providers solely for the purpose of providing
 201.9 patient services to its employees; ~~and~~

201.10 (4) an educational institution that employs health care providers solely for the
 201.11 purpose of providing patient services to its students if the institution does not receive fee
 201.12 for service payments or payments for extended coverage; and

201.13 (5) a person who receives all payments for patient services from health care
 201.14 providers, surgical centers, or hospitals for goods and services that are taxable to the
 201.15 paying health care providers, surgical centers, or hospitals, as provided under section
 201.16 295.53, subdivision 1, clause (3) or (4), or from a source of funds that is exempt from tax
 201.17 under this chapter.

201.18 **EFFECTIVE DATE.** Paragraph (b), clause (1) is effective the day following final
 201.19 enactment. Paragraph (b), clause (5) is effective for payments received after June 30, 2008.

201.20 Sec. 4. Minnesota Statutes 2006, section 295.52, subdivision 4, as amended by Laws
 201.21 2008, chapter 154, article 14, section 5, is amended to read:

201.22 Subd. 4. **Use tax; ~~prescription~~ legend drugs.** (a) A person that receives
 201.23 prescription drugs for resale or use in Minnesota, other than from a wholesale drug
 201.24 distributor that is subject to tax under subdivision 3, is subject to a tax equal to the
 201.25 price paid to the wholesale drug distributor for the legend drugs, multiplied by the tax
 201.26 percentage specified in this section. Liability for the tax is incurred when prescription
 201.27 drugs are received or delivered in Minnesota by the person.

201.28 (b) A tax imposed under this subdivision does not apply to purchases by an
 201.29 individual for personal consumption.

201.30 **EFFECTIVE DATE.** This section is effective for drug purchases after June 30,
 201.31 2008.

201.32 Sec. 5. Minnesota Statutes 2006, section 296A.07, subdivision 4, is amended to read:

202.1 Subd. 4. **Exemptions.** The provisions of subdivision 1 do not apply to gasoline or
 202.2 denatured ethanol purchased by:

202.3 (1) a transit system or transit provider receiving financial assistance or
 202.4 reimbursement under section 174.24, 256B.0625, subdivision 17, or 473.384; ~~or~~

202.5 (2) an ambulance service licensed under chapter 144E; or

202.6 (3) a licensed distributor to be delivered to a terminal for use in blending.

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

202.8 Sec. 6. Minnesota Statutes 2006, section 296A.08, subdivision 3, is amended to read:

202.9 Subd. 3. **Exemptions.** The provisions of subdivisions 1 and 2 do not apply to
 202.10 special fuel or alternative fuels purchased by:

202.11 (1) a transit system or transit provider receiving financial assistance or

202.12 reimbursement under section 174.24, 256B.0625, subdivision 17, or 473.384; ~~or~~

202.13 (2) an ambulance service licensed under chapter 144E; or

202.14 (3) a licensed distributor to be delivered to a terminal for use in blending.

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

202.16 Sec. 7. Minnesota Statutes 2006, section 297F.21, subdivision 1, is amended to read:

202.17 Subdivision 1. **Contraband defined.** The following are declared to be contraband
 202.18 and therefore subject to civil and criminal penalties under this chapter:

202.19 (a) Cigarette packages which do not have stamps affixed to them as provided in this
 202.20 chapter, including but not limited to (i) packages with illegible stamps and packages with
 202.21 stamps that are not complete or whole even if the stamps are legible, and (ii) all devices
 202.22 for the vending of cigarettes in which packages as defined in item (i) are found, including
 202.23 all contents contained within the devices.

202.24 (b) A device for the vending of cigarettes and all packages of cigarettes, where the
 202.25 device does not afford at least partial visibility of contents. Where any package exposed
 202.26 to view does not carry the stamp required by this chapter, it shall be presumed that all
 202.27 packages contained in the device are unstamped and contraband.

202.28 (c) A device for the vending of cigarettes to which the commissioner or authorized
 202.29 agents have been denied access for the inspection of contents. In lieu of seizure, the
 202.30 commissioner or an agent may seal the device to prevent its use until inspection of
 202.31 contents is permitted.

202.32 (d) A device for the vending of cigarettes which does not carry the name and address
 202.33 of the owner, plainly marked and visible from the front of the machine.

203.1 (e) A device including, but not limited to, motor vehicles, trailers, snowmobiles,
203.2 airplanes, and boats used with the knowledge of the owner or of a person operating with
203.3 the consent of the owner for the storage or transportation of more than 5,000 cigarettes
203.4 which are contraband under this subdivision. When cigarettes are being transported in
203.5 the course of interstate commerce, or are in movement from either a public warehouse to
203.6 a distributor upon orders from a manufacturer or distributor, or from one distributor to
203.7 another, the cigarettes are not contraband, notwithstanding the provisions of clause (a).

203.8 (f) A device including, but not limited to, motor vehicles, trailers, snowmobiles,
203.9 airplanes, and boats used with the knowledge of the owner, or of a person operating with
203.10 the consent of the owner, for the storage or transportation of untaxed tobacco products
203.11 intended for sale in Minnesota other than those in the possession of a licensed distributor
203.12 on or before the due date for payment of the tax under section 297F.09, subdivision 2.

203.13 (g) Cigarette packages or tobacco products obtained from an unlicensed seller.

203.14 (h) Cigarette packages offered for sale or held as inventory in violation of section
203.15 297F.20, subdivision 7.

203.16 (i) Tobacco products on which the tax has not been paid by a licensed distributor.

203.17 (j) Any cigarette packages or tobacco products offered for sale or held as inventory
203.18 for which there is not an invoice from a licensed seller as required under section 297F.13,
203.19 subdivision 4.

203.20 (k) Cigarette packages which have been imported into the United States in violation
203.21 of United States Code, title 26, section 5754. All cigarettes held in violation of that section
203.22 shall be presumed to have entered the United States after December 31, 1999, in the
203.23 absence of proof to the contrary.

203.24 (l) Cigarettes and cigarette packaging which are not in compliance with fire safety
203.25 requirements of sections 299F.850 to 299F.859.

203.26 **EFFECTIVE DATE.** Property added in paragraph (l) of this section is contraband
203.27 effective December 1, 2008.

203.28 Sec. 8. Minnesota Statutes 2006, section 297I.05, subdivision 12, is amended to read:

203.29 Subd. 12. **Other entities.** (a) A tax is imposed equal to two percent of:

203.30 (1) gross premiums less return premiums written for risks resident or located in
203.31 Minnesota by a risk retention group;

203.32 (2) gross premiums less return premiums received by an attorney in fact acting
203.33 in accordance with chapter 71A;

203.34 (3) gross premiums less return premiums received pursuant to assigned risk policies
203.35 and contracts of coverage under chapter 79;

204.1 (4) the direct funded premium received by the reinsurance association under section
 204.2 79.34 from self-insurers approved under section 176.181 and political subdivisions that
 204.3 self-insure; and

204.4 ~~(5) gross premiums less return premiums received by a nonprofit health service plan~~
 204.5 ~~corporation authorized under chapter 62C; and~~

204.6 ~~(6)~~ (5) gross premiums less return premiums paid to an insurer other than a licensed
 204.7 insurance company or a surplus lines licensee for coverage of risks resident or located in
 204.8 Minnesota by a purchasing group or any members of the purchasing group to a broker or
 204.9 agent for the purchasing group.

204.10 (b) A tax is imposed on a joint self-insurance plan operating under chapter 60F. The
 204.11 rate of tax is equal to two percent of the total amount of claims paid during the fund year,
 204.12 with no deduction for claims wholly or partially reimbursed through stop-loss insurance.

204.13 (c) A tax is imposed on a joint self-insurance plan operating under chapter 62H.
 204.14 The rate of tax is equal to two percent of the total amount of claims paid during the
 204.15 fund's fiscal year, with no deduction for claims wholly or partially reimbursed through
 204.16 stop-loss insurance.

204.17 (d) A tax is imposed equal to the tax imposed under section 297I.05, subdivision 5,
 204.18 on the gross premiums less return premiums on all coverages received by an accountable
 204.19 provider network or agents of an accountable provider network in Minnesota, in cash or
 204.20 otherwise, during the year.

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

204.22 **ARTICLE 13**
 204.23 **DEPARTMENT PROPERTY TAXES AND AIDS**

204.24 Section 1. Minnesota Statutes 2006, section 13.51, subdivision 3, is amended to read:

204.25 Subd. 3. **Data on income of individuals.** Income information on individuals
 204.26 collected and maintained by political subdivisions to determine eligibility of property for
 204.27 class 4d under ~~section 273.126~~ sections 273.128 and 273.13, is private data on individuals
 204.28 as defined in section 13.02, subdivision 12.

204.29 **EFFECTIVE DATE.** This section is effective for data collected or maintained by
 204.30 political subdivisions beginning the day following final enactment.

204.31 Sec. 2. Minnesota Statutes 2006, section 13.585, subdivision 5, is amended to read:

204.32 Subd. 5. **Private data on individuals.** Income information on individuals collected
 204.33 and maintained by a housing agency to determine eligibility of property for class 4d

205.1 under sections ~~273.126~~ 273.128 and 273.13, is private data on individuals as defined in
205.2 section 13.02, subdivision 12. The data may be disclosed to the county and local assessors
205.3 responsible for determining eligibility of the property for classification 4d.

205.4 **EFFECTIVE DATE.** This section is effective for data collected or maintained by a
205.5 housing agency beginning the day following final enactment.

205.6 Sec. 3. Minnesota Statutes 2006, section 272.02, subdivision 38, is amended to read:

205.7 Subd. 38. **Conversion to exempt or taxable uses.** (a) Any property, except
205.8 property taxed as personal property under section 273.125, that is exempt from taxation on
205.9 January 2 of any year which, due to sale or other reason, loses its exemption prior to July 1
205.10 of any year, shall be placed on the current assessment rolls for that year.

205.11 The valuation shall be determined with respect to its value on January 2 of such
205.12 year. The classification shall be based upon the use to which the property was put by the
205.13 purchaser, or in the event the purchaser has not utilized the property by July 1, the intended
205.14 use of the property, determined by the county assessor, based upon all relevant facts.

205.15 (b) Property, except property taxed as personal property under section 273.125, that
205.16 is subject to tax on January 2 that is acquired before July 1 of the year is exempt for that
205.17 assessment year if the property is to be used for an exempt purpose under subdivisions 2
205.18 to 8.

205.19 (c) Property which forfeits to the state for nonpayment of real estate taxes on or
205.20 before December 31 in an assessment year, shall be removed from the assessment rolls for
205.21 that assessment year. Forfeited property that is repurchased, or sold at a public or private
205.22 sale, on or before December 31 of an assessment year shall be placed on the assessment
205.23 rolls for that year's assessment.

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

205.25 Sec. 4. Minnesota Statutes 2007 Supplement, section 273.1231, subdivision 7, is
205.26 amended to read:

205.27 Subd. 7. **Reassessed market value.** "Reassessed market value" means the taxable
205.28 market value of the property established for the January 2 assessment in the year that the
205.29 disaster or destruction occurs, as adjusted by the county assessor or the commissioner of
205.30 revenue to reflect the loss in market value caused by the damage. ~~As soon as practical, the~~
205.31 ~~assessor or commissioner shall report the reassessed value to the county auditor.~~

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

206.1 Sec. 5. Minnesota Statutes 2007 Supplement, section 273.1231, is amended by adding
206.2 a subdivision to read:

206.3 Subd. 8. **Utility property.** "Utility property" means property appraised and
206.4 classified for tax purposes by the commissioner of revenue under sections 273.33 to
206.5 273.3711.

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

206.7 Sec. 6. Minnesota Statutes 2007 Supplement, section 273.1232, subdivision 1, is
206.8 amended to read:

206.9 Subdivision 1. **Reassessments required.** For the purposes of sections 273.1231
206.10 to 273.1235, the county assessor must reassess all damaged property in a disaster or
206.11 emergency area, ~~and the county assessor or~~ except that the commissioner of revenue
206.12 ~~as appropriate~~ shall reassess all property for which an application is submitted to the
206.13 commissioner under section 273.1233 or 273.1235. As soon as practical, the assessor or
206.14 commissioner of revenue must report the reassessed value to the county auditor.

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

206.16 Sec. 7. Minnesota Statutes 2007 Supplement, section 273.1233, subdivision 1, is
206.17 amended to read:

206.18 Subdivision 1. **Abatement authorization.** (a) Notwithstanding section 375.192,
206.19 a county board may grant an abatement of net tax for homestead and nonhomestead
206.20 property under the provisions of this paragraph for taxes payable in the year in which
206.21 the destruction occurs if:

206.22 (1) the owner submits a written application to the county assessor as soon as
206.23 practical after the damage has occurred;

206.24 (2) the owner submits a written application to the county board as soon as practical
206.25 after the damage has occurred; and

206.26 (3) the county assessor determines that 50 percent or more of a homestead dwelling
206.27 or other building has been (i) unintentionally or accidentally destroyed, or (ii) destroyed
206.28 by arson or vandalism by someone other than the owner.

206.29 Abatements granted under this paragraph are not subject to approval by the
206.30 commissioner of revenue.

206.31 (b) Notwithstanding sections 270C.86 and 375.192, the commissioner of revenue
206.32 may grant an abatement of net tax for utility property ~~that the commissioner is required by~~
206.33 ~~law to appraise~~ for taxes payable in the year in which the destruction occurs if:

207.1 (1) the owner submits a written application to the commissioner as soon as practical
207.2 after the damage has occurred;

207.3 (2) the owner forwards a copy of the written application to the county board as soon
207.4 as practical after the damage has occurred; and

207.5 (3) the commissioner determines that 50 percent or more of the property has been
207.6 (i) unintentionally or accidentally destroyed, or (ii) destroyed by arson or vandalism by
207.7 someone other than the owner.

207.8 Abatements granted under this paragraph are not subject to approval by the county
207.9 board of the county where the property is located.

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

207.11 Sec. 8. Minnesota Statutes 2007 Supplement, section 273.1233, subdivision 3, is
207.12 amended to read:

207.13 Subd. 3. **Reimbursement, levy, and appropriation.** (a) If the destruction occurs as
207.14 a result of a disaster or emergency and the property is located in a disaster or emergency
207.15 area, the county auditor shall certify the abatements granted under this section to the
207.16 commissioner of revenue for reimbursement to each taxing jurisdiction in which the
207.17 damaged property is located. The commissioner shall make the payments to the taxing
207.18 jurisdictions containing the property, other than school districts and the state, at the time
207.19 distributions are made under section 473H.10, subdivision 3. Reimbursements to school
207.20 districts shall be made as provided in section 273.1392. No reimbursement is to be paid
207.21 to the state treasury.

207.22 (b) Local taxing authorities may levy in the following year the amount of
207.23 unreimbursed tax dollars lost as a result of the reductions granted pursuant to this
207.24 ~~subdivision~~ section and sections 273.1234 and 273.1235 outside of any statutory
207.25 restriction as to levy amount or tax rate.

207.26 (c) There is annually appropriated from the general fund to the commissioner of
207.27 revenue an amount necessary to make the payments required by this section.

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

207.29 Sec. 9. Minnesota Statutes 2007 Supplement, section 273.1234, is amended to read:

207.30 **273.1234 TAX RELIEF FOR DESTROYED PROPERTY; HOMESTEAD**
207.31 **AND DISASTER CREDITS.**

207.32 Subdivision 1. **Credit provided.** The county auditor shall compute a credit for taxes
207.33 payable in the year following the year in which the damage or destruction occurred for

208.1 each reassessed homestead property within the county that is located within a disaster
208.2 or emergency area. The credit is equal to the difference in the net tax on the property
208.3 computed using the market value of the property established for the January 2 assessment
208.4 in the year in which the damage occurred and as computed using the reassessed value.

208.5 Subd. 2. **Credit reimbursements.** The county auditor shall certify the credits
208.6 granted under this section to the commissioner of revenue for reimbursement to each
208.7 taxing jurisdiction in which the damaged property is located. The commissioner shall
208.8 make the payments to the taxing jurisdictions containing the property, other than
208.9 school districts and the state, at the time distributions are made under section 473H.10,
208.10 subdivision 3. Reimbursements to school districts shall be made as provided in section
208.11 273.1392. ~~No reimbursement is to be paid to the state treasury.~~

208.12 Subd. 3. **Appropriation.** There is annually appropriated from the general fund
208.13 to the commissioner of revenue an amount necessary to make the payments required
208.14 by this section.

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

208.16 Sec. 10. Minnesota Statutes 2007 Supplement, section 273.1235, subdivision 1,
208.17 is amended to read:

208.18 Subdivision 1. **Credit provided.** The county board may grant a credit for taxes
208.19 payable in the year following the year in which the damage or destruction occurred
208.20 for: (1) homestead ~~properties~~ property that meets all the requirements under section
208.21 273.1233, subdivision 1, paragraph (a), but that ~~do~~ does not qualify for a credit under
208.22 section 273.1234, except that an application need only be submitted by the end of the
208.23 year in which the damage occurred; and (2) nonhomestead and utility property meeting
208.24 the requirements that meets all the requirements under section 273.1233, subdivision 1,
208.25 paragraph (b), except that an application need only be submitted by the end of the year
208.26 in which the damage occurred.

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

208.28 Sec. 11. Minnesota Statutes 2007 Supplement, section 273.1235, subdivision 3,
208.29 is amended to read:

208.30 Subd. 3. **Credit reimbursements.** The county auditor shall certify the credits
208.31 granted under this section for property within a disaster or emergency area to the
208.32 commissioner of revenue for reimbursement to each taxing jurisdiction in which the
208.33 damaged property is located. The commissioner shall make the payments to the taxing

209.1 jurisdictions containing the property, other than school districts and the state, at the time
209.2 distributions are made under section 473H.10, subdivision 3. Reimbursements to school
209.3 districts shall be made as provided in section 273.1392. ~~No reimbursement is to be paid~~
209.4 ~~to the state treasury.~~ No reimbursement is to be made for credits to property not located
209.5 in a disaster or emergency area.

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

209.7 Sec. 12. Minnesota Statutes 2006, section 273.124, subdivision 13, as amended by
209.8 Laws 2008, chapter 154, article 13, section 29, is amended to read:

209.9 Subd. 13. **Homestead application.** (a) A person who meets the homestead
209.10 requirements under subdivision 1 must file a homestead application with the county
209.11 assessor to initially obtain homestead classification.

209.12 (b) The format and contents of a uniform homestead application shall be prescribed
209.13 by the commissioner of revenue. The application must clearly inform the taxpayer that
209.14 this application must be signed by all owners who occupy the property or by the qualifying
209.15 relative and returned to the county assessor in order for the property to receive homestead
209.16 treatment.

209.17 (c) Every property owner applying for homestead classification must furnish to the
209.18 county assessor the Social Security number of each occupant who is listed as an owner
209.19 of the property on the deed of record, the name and address of each owner who does not
209.20 occupy the property, and the name and Social Security number of each owner's spouse who
209.21 occupies the property. The application must be signed by each owner who occupies the
209.22 property and by each owner's spouse who occupies the property, or, in the case of property
209.23 that qualifies as a homestead under subdivision 1, paragraph (c), by the qualifying relative.

209.24 If a property owner occupies a homestead, the property owner's spouse may not
209.25 claim another property as a homestead unless the property owner and the property owner's
209.26 spouse file with the assessor an affidavit or other proof required by the assessor stating that
209.27 the property qualifies as a homestead under subdivision 1, paragraph (e).

209.28 Owners or spouses occupying residences owned by their spouses and previously
209.29 occupied with the other spouse, either of whom fail to include the other spouse's name
209.30 and Social Security number on the homestead application or provide the affidavits or
209.31 other proof requested, will be deemed to have elected to receive only partial homestead
209.32 treatment of their residence. The remainder of the residence will be classified as
209.33 nonhomestead residential. When an owner or spouse's name and Social Security number
209.34 appear on homestead applications for two separate residences and only one application is

210.1 signed, the owner or spouse will be deemed to have elected to homestead the residence for
210.2 which the application was signed.

210.3 The Social Security numbers, state or federal tax returns or tax return information,
210.4 including the federal income tax schedule F required by this section, or affidavits or other
210.5 proofs of the property owners and spouses, ~~and the federal income tax schedule F required~~
210.6 ~~by this section,~~ submitted under this or another section to support a claim for a property
210.7 tax homestead classification are private data on individuals as defined by section 13.02,
210.8 subdivision 12, but, notwithstanding that section, the private data may be disclosed to the
210.9 commissioner of revenue, or, for purposes of proceeding under the Revenue Recapture
210.10 Act to recover personal property taxes owing, to the county treasurer.

210.11 (d) If residential real estate is occupied and used for purposes of a homestead by a
210.12 relative of the owner and qualifies for a homestead under subdivision 1, paragraph (c), in
210.13 order for the property to receive homestead status, a homestead application must be filed
210.14 with the assessor. The Social Security number of each relative and spouse of a relative
210.15 occupying the property shall be required on the homestead application filed under this
210.16 subdivision. If a different relative of the owner subsequently occupies the property, the
210.17 owner of the property must notify the assessor within 30 days of the change in occupancy.
210.18 The Social Security number of a relative or relative's spouse occupying the property
210.19 is private data on individuals as defined by section 13.02, subdivision 12, but may be
210.20 disclosed to the commissioner of revenue, or, for the purposes of proceeding under the
210.21 Revenue Recapture Act to recover personal property taxes owing, to the county treasurer.

210.22 (e) The homestead application shall also notify the property owners that the
210.23 application filed under this section will not be mailed annually and that if the property
210.24 is granted homestead status for any assessment year, that same property shall remain
210.25 classified as homestead until the property is sold or transferred to another person, or
210.26 the owners, the spouse of the owner, or the relatives no longer use the property as their
210.27 homestead. Upon the sale or transfer of the homestead property, a certificate of value must
210.28 be timely filed with the county auditor as provided under section 272.115. Failure to
210.29 notify the assessor within 30 days that the property has been sold, transferred, or that the
210.30 owner, the spouse of the owner, or the relative is no longer occupying the property as a
210.31 homestead, shall result in the penalty provided under this subdivision and the property
210.32 will lose its current homestead status.

210.33 (f) If the homestead application is not returned within 30 days, the county will send a
210.34 second application to the present owners of record. The notice of proposed property taxes
210.35 prepared under section 275.065, subdivision 3, shall reflect the property's classification. If
210.36 a homestead application has not been filed with the county by December 15, the assessor

211.1 shall classify the property as nonhomestead for the current assessment year for taxes
211.2 payable in the following year, provided that the owner may be entitled to receive the
211.3 homestead classification by proper application under section 375.192.

211.4 (g) At the request of the commissioner, each county must give the commissioner a
211.5 list that includes the name and Social Security number of each occupant of homestead
211.6 property who is the property owner, property owner's spouse, qualifying relative of a
211.7 property owner, or a spouse of a qualifying relative. The commissioner shall use the
211.8 information provided on the lists as appropriate under the law, including for the detection
211.9 of improper claims by owners, or relatives of owners, under chapter 290A.

211.10 (h) If the commissioner finds that a property owner may be claiming a fraudulent
211.11 homestead, the commissioner shall notify the appropriate counties. Within 90 days of
211.12 the notification, the county assessor shall investigate to determine if the homestead
211.13 classification was properly claimed. If the property owner does not qualify, the county
211.14 assessor shall notify the county auditor who will determine the amount of homestead
211.15 benefits that had been improperly allowed. For the purpose of this section, "homestead
211.16 benefits" means the tax reduction resulting from the classification as a homestead under
211.17 section 273.13, the taconite homestead credit under section 273.135, the residential
211.18 homestead and agricultural homestead credits under section 273.1384, and the
211.19 supplemental homestead credit under section 273.1391.

211.20 The county auditor shall send a notice to the person who owned the affected property
211.21 at the time the homestead application related to the improper homestead was filed,
211.22 demanding reimbursement of the homestead benefits plus a penalty equal to 100 percent
211.23 of the homestead benefits. The person notified may appeal the county's determination
211.24 by serving copies of a petition for review with county officials as provided in section
211.25 278.01 and filing proof of service as provided in section 278.01 with the Minnesota Tax
211.26 Court within 60 days of the date of the notice from the county. Procedurally, the appeal
211.27 is governed by the provisions in chapter 271 which apply to the appeal of a property tax
211.28 assessment or levy, but without requiring any prepayment of the amount in controversy. If
211.29 the amount of homestead benefits and penalty is not paid within 60 days, and if no appeal
211.30 has been filed, the county auditor shall certify the amount of taxes and penalty to the county
211.31 treasurer. The county treasurer will add interest to the unpaid homestead benefits and
211.32 penalty amounts at the rate provided in section 279.03 for real property taxes becoming
211.33 delinquent in the calendar year during which the amount remains unpaid. Interest may be
211.34 assessed for the period beginning 60 days after demand for payment was made.

211.35 If the person notified is the current owner of the property, the treasurer may add the
211.36 total amount of homestead benefits, penalty, interest, and costs to the ad valorem taxes

212.1 otherwise payable on the property by including the amounts on the property tax statements
212.2 under section 276.04, subdivision 3. The amounts added under this paragraph to the ad
212.3 valorem taxes shall include interest accrued through December 31 of the year preceding
212.4 the taxes payable year for which the amounts are first added. These amounts, when added
212.5 to the property tax statement, become subject to all the laws for the enforcement of real or
212.6 personal property taxes for that year, and for any subsequent year.

212.7 If the person notified is not the current owner of the property, the treasurer may
212.8 collect the amounts due under the Revenue Recapture Act in chapter 270A, or use any of
212.9 the powers granted in sections 277.20 and 277.21 without exclusion, to enforce payment
212.10 of the homestead benefits, penalty, interest, and costs, as if those amounts were delinquent
212.11 tax obligations of the person who owned the property at the time the application related
212.12 to the improperly allowed homestead was filed. The treasurer may relieve a prior owner
212.13 of personal liability for the homestead benefits, penalty, interest, and costs, and instead
212.14 extend those amounts on the tax lists against the property as provided in this paragraph
212.15 to the extent that the current owner agrees in writing. On all demands, billings, property
212.16 tax statements, and related correspondence, the county must list and state separately the
212.17 amounts of homestead benefits, penalty, interest and costs being demanded, billed or
212.18 assessed.

212.19 (i) Any amount of homestead benefits recovered by the county from the property
212.20 owner shall be distributed to the county, city or town, and school district where the
212.21 property is located in the same proportion that each taxing district's levy was to the total
212.22 of the three taxing districts' levy for the current year. Any amount recovered attributable
212.23 to taconite homestead credit shall be transmitted to the St. Louis County auditor to be
212.24 deposited in the taconite property tax relief account. Any amount recovered that is
212.25 attributable to supplemental homestead credit is to be transmitted to the commissioner of
212.26 revenue for deposit in the general fund of the state treasury. The total amount of penalty
212.27 collected must be deposited in the county general fund.

212.28 (j) If a property owner has applied for more than one homestead and the county
212.29 assessors cannot determine which property should be classified as homestead, the county
212.30 assessors will refer the information to the commissioner. The commissioner shall make
212.31 the determination and notify the counties within 60 days.

212.32 (k) In addition to lists of homestead properties, the commissioner may ask the
212.33 counties to furnish lists of all properties and the record owners. The Social Security
212.34 numbers and federal identification numbers that are maintained by a county or city
212.35 assessor for property tax administration purposes, and that may appear on the lists retain
212.36 their classification as private or nonpublic data; but may be viewed, accessed, and used by

213.1 the county auditor or treasurer of the same county for the limited purpose of assisting the
 213.2 commissioner in the preparation of microdata samples under section 270C.12.

213.3 (l) On or before April 30 each year beginning in 2007, each county must provide the
 213.4 commissioner with the following data for each parcel of homestead property by electronic
 213.5 means as defined in section 289A.02, subdivision 8:

213.6 (i) the property identification number assigned to the parcel for purposes of taxes
 213.7 payable in the current year;

213.8 (ii) the name and Social Security number of each occupant of homestead property
 213.9 who is the property owner, property owner's spouse, qualifying relative of a property
 213.10 owner, or spouse of a qualifying relative;

213.11 (iii) the classification of the property under section 273.13 for taxes payable in the
 213.12 current year and in the prior year;

213.13 (iv) an indication of whether the property was classified as a homestead for taxes
 213.14 payable in the current year because of occupancy by a relative of the owner or by a
 213.15 spouse of a relative;

213.16 (v) the property taxes payable as defined in section 290A.03, subdivision 13, for the
 213.17 current year and the prior year;

213.18 (vi) the market value of improvements to the property first assessed for tax purposes
 213.19 for taxes payable in the current year;

213.20 (vii) the assessor's estimated market value assigned to the property for taxes payable
 213.21 in the current year and the prior year;

213.22 (viii) the taxable market value assigned to the property for taxes payable in the
 213.23 current year and the prior year;

213.24 (ix) whether there are delinquent property taxes owing on the homestead;

213.25 (x) the unique taxing district in which the property is located; and

213.26 (xi) such other information as the commissioner decides is necessary.

213.27 The commissioner shall use the information provided on the lists as appropriate
 213.28 under the law, including for the detection of improper claims by owners, or relatives
 213.29 of owners, under chapter 290A.

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

213.31 Sec. 13. Minnesota Statutes 2006, section 273.124, subdivision 21, is amended to read:

213.32 Subd. 21. **Trust property; homestead.** Real property held by a trustee under a trust
 213.33 is eligible for classification as homestead property if:

213.34 (1) the grantor or surviving spouse of the grantor of the trust occupies and uses the
 213.35 property as a homestead;

214.1 (2) a relative or surviving relative of the grantor who meets the requirements of
214.2 subdivision 1, paragraph (c), in the case of residential real estate; or subdivision 1,
214.3 paragraph (d), in the case of agricultural property, occupies and uses the property as
214.4 a homestead;

214.5 (3) a family farm corporation, joint farm venture, limited liability company, or
214.6 partnership operating a family farm in which the grantor or the grantor's surviving spouse
214.7 is a shareholder, member, or partner rents the property ~~held by a trustee under a trust~~, and
214.8 ~~the grantor, the spouse of the grantor, or the son or daughter of the grantor, who is also a~~
214.9 shareholder, member, or partner of the corporation, joint farm venture, limited liability
214.10 company, or partnership occupies and uses the property as a homestead, or is actively
214.11 farming the property on behalf of the corporation, joint farm venture, limited liability
214.12 company, or partnership; or

214.13 (4) a person who has received homestead classification for property taxes payable in
214.14 2000 on the basis of an unqualified legal right under the terms of the trust agreement to
214.15 occupy the property as that person's homestead and who continues to use the property as
214.16 a homestead or a person who received the homestead classification for taxes payable in
214.17 2005 under clause (3) who does not qualify under clause (3) for taxes payable in 2006
214.18 or thereafter but who continues to qualify under clause (3) as it existed for taxes payable
214.19 in 2005.

214.20 For purposes of this subdivision, "grantor" is defined as the person creating or
214.21 establishing a testamentary, inter Vivos, revocable or irrevocable trust by written
214.22 instrument or through the exercise of a power of appointment.

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

214.24 Sec. 14. Minnesota Statutes 2006, section 273.13, subdivision 34, as added by Laws
214.25 2008, chapter 154, article 2, section 14, is amended to read:

214.26 Subd. 34. **Homestead of disabled veteran.** (a) All or a portion of the market
214.27 value of property owned by a veteran or by the veteran and their spouse, qualifying
214.28 for homestead classification under subdivision 22 or 23 is excluded in determining the
214.29 property's taxable market value if it serves as the homestead of a military veteran, as
214.30 defined in section 197.447, who has a service-connected disability of 70 percent or more.
214.31 To qualify for exclusion under this subdivision, the veteran must have been honorably
214.32 discharged from the United States armed forces, as indicated by United States Government
214.33 Form DD214 or other official military discharge papers, and must be certified by the
214.34 United States Veterans Administration as having a service-connected disability.

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

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

215.5 (c) If a disabled veteran qualifying for a valuation exclusion under paragraph (b),
215.6 clause (2), predeceases the veteran's spouse, and if upon the death of the veteran the
215.7 spouse holds the legal or beneficial title to the homestead and permanently resides there,
215.8 the exclusion shall carry over to the benefit of the veteran's spouse until such time as
215.9 the spouse sells, transfers, or otherwise disposes of the property. The benefits granted
215.10 under this section for the property of a surviving spouse also apply to property that
215.11 received surviving-spouse benefits under subdivision 22, paragraph (b), clause (2), for
215.12 taxes payable in 2008.

215.13 (d) In the case of an agricultural homestead, only the portion of the property
215.14 consisting of the house and garage and immediately surrounding one acre of land qualifies
215.15 for the valuation exclusion under this subdivision.

215.16 (e) A property qualifying for a valuation exclusion under this subdivision is not
215.17 eligible for the credit under section 273.1384, subdivision 1, or classification under
215.18 subdivision 22, paragraph (b).

215.19 (f) To qualify for a valuation exclusion under this subdivision a property owner must
215.20 apply to the assessor by July 1 of each assessment year, except that an annual reapplication
215.21 is not required once a property has been accepted for a valuation exclusion under paragraph
215.22 (b), clause (2), and the property continues to qualify until there is a change in ownership.

215.23 **EFFECTIVE DATE.** This section is effective for assessment year 2008 and
215.24 thereafter, for taxes payable in 2009 and thereafter, except that the application date in
215.25 paragraph (f) for the 2008 assessment year is extended to September 1, 2008.

215.26 Sec. 15. Minnesota Statutes 2006, section 274.01, subdivision 3, is amended to read:

215.27 Subd. 3. **Local board duties transferred to county.** The town board of any town
215.28 or the governing body of any home rule charter or statutory city may transfer its powers
215.29 and duties under subdivision 1 to the county board, and no longer perform the function
215.30 of a local board. Before the town board or the governing body of a city transfers the
215.31 powers and duties to the county board, the town board or city's governing body shall give
215.32 public notice of the meeting at which the proposal for transfer is to be considered. The
215.33 public notice shall follow the procedure contained in section 13D.04, subdivision 2. A
215.34 transfer of duties as permitted under this subdivision must be communicated to the county
215.35 assessor, in writing, before December 1 of any year to be effective for the following

216.1 year's assessment. This transfer of duties to the county may either be permanent or for a
216.2 specified number of years, provided that the transfer cannot be for less than three years.
216.3 Its length must be stated in writing. A town or city may renew its option to transfer. ~~The~~
216.4 ~~option to transfer duties under this subdivision is only available to a town or city whose~~
216.5 ~~assessment is done by the county.~~

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

216.7 Sec. 16. Minnesota Statutes 2006, section 274.014, subdivision 3, is amended to read:

216.8 Subd. 3. **Proof of compliance; transfer of duties.** (a) Any city or town that
216.9 conducts local boards of appeal and equalization meetings must provide proof to the
216.10 county assessor by December 1, 2006, and each year thereafter, that it is in compliance
216.11 with the requirements of subdivision 2. Beginning in 2006, this notice must also verify
216.12 that there was a quorum of voting members at each meeting of the board of appeal
216.13 and equalization in the current year. A city or town that does not comply with these
216.14 requirements is deemed to have transferred its board of appeal and equalization powers
216.15 to the county beginning with the following year's assessment and continuing unless the
216.16 powers are reinstated under paragraph (c).

216.17 (b) The county shall notify the taxpayers when the board of appeal and equalization
216.18 for a city or town has been transferred to the county under this subdivision and, prior to
216.19 the meeting time of the county board of equalization, the county shall make available to
216.20 those taxpayers a procedure for a review of the assessments, including, but not limited to,
216.21 open book meetings. This alternate review process shall take place in April and May.

216.22 (c) A local board whose powers are transferred to the county under this subdivision
216.23 may be reinstated by resolution of the governing body of the city or town and upon proof
216.24 of compliance with the requirements of subdivision 2. The resolution and proofs must be
216.25 provided to the county assessor by December 1 in order to be effective for the following
216.26 year's assessment.

216.27 (d) A local board whose powers are transferred to the county under this subdivision
216.28 may continue to employ a local assessor and is not deemed to have transferred its powers
216.29 to make assessments.

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

216.31 Sec. 17. Minnesota Statutes 2006, section 290B.04, subdivision 1, is amended to read:

216.32 Subdivision 1. **Initial application.** (a) A taxpayer meeting the program
216.33 qualifications under section 290B.03 may apply to the commissioner of revenue for the

217.1 deferral of taxes. Applications are due on or before July 1 for deferral of any of the
217.2 following year's property taxes. A taxpayer may apply in the year in which the taxpayer
217.3 becomes 65 years old, provided that no deferral of property taxes will be made until the
217.4 calendar year after the taxpayer becomes 65 years old. The application, which shall be
217.5 prescribed by the commissioner of revenue, shall include the following items and any
217.6 other information which the commissioner deems necessary:

217.7 (1) the name, address, and Social Security number of the owner or owners;

217.8 (2) a copy of the property tax statement for the current payable year for the
217.9 homesteaded property;

217.10 (3) the initial year of ownership and occupancy as a homestead;

217.11 (4) the owner's household income for the previous calendar year; and

217.12 (5) information on any mortgage loans or other amounts secured by mortgages or
217.13 other liens against the property, for which purpose the commissioner may require the
217.14 applicant to provide a copy of the mortgage note, the mortgage, or a statement of the
217.15 balance owing on the mortgage loan provided by the mortgage holder. The commissioner
217.16 may require the appropriate documents in connection with obtaining and confirming
217.17 information on unpaid amounts secured by other liens.

217.18 The application must state that program participation is voluntary. The application
217.19 must also state that the deferred amount depends directly on the applicant's household
217.20 income, and that program participation includes authorization for the annual deferred
217.21 amount, the cumulative deferral and interest that appear on each year's notice prepared by
217.22 the county under subdivision 6, is public data.

217.23 The application must state that program participants may claim the property tax
217.24 refund based on the full amount of property taxes eligible for the refund, including any
217.25 deferred amounts. The application must also state that property tax refunds will be used to
217.26 offset any deferral and interest under this program, and that any other amounts subject to
217.27 revenue recapture under section 270A.03, subdivision 7, will also be used to offset any
217.28 deferral and interest under this program.

217.29 (b) As part of the initial application process, the commissioner may require the
217.30 applicant to obtain at the applicant's own cost and submit:

217.31 (1) if the property is registered property under chapter 508 or 508A, a copy of the
217.32 original certificate of title in the possession of the county registrar of titles (sometimes
217.33 referred to as "condition of register"); or

217.34 (2) if the property is abstract property, a report prepared by a licensed abstracter
217.35 showing the last deed and any unsatisfied mortgages, liens, judgments, and state and

218.1 federal tax lien notices which were recorded on or after the date of that last deed with
218.2 respect to the property or to the applicant.

218.3 The certificate or report under clauses (1) and (2) need not include references to
218.4 any documents filed or recorded more than 40 years prior to the date of the certification
218.5 or report. The certification or report must be as of a date not more than 30 days prior
218.6 to submission of the application.

218.7 The commissioner may also require the county recorder or county registrar of the
218.8 county where the property is located to provide copies of recorded documents related to
218.9 the applicant or the property, for which the recorder or registrar shall not charge a fee. The
218.10 commissioner may use any information available to determine or verify eligibility under
218.11 this section. The household income from the application is private data on individuals as
218.12 defined in section 13.02, subdivision 12.

218.13 **EFFECTIVE DATE.** This section is effective for data collected or maintained by
218.14 the commissioner of revenue beginning the day following final enactment.

218.15 Sec. 18. Minnesota Statutes 2006, section 469.040, subdivision 4, is amended to read:

218.16 Subd. 4. **Facilities funded from multiple sources.** In the metropolitan area, as
218.17 defined in section 473.121, subdivision 2, the tax treatment provided in subdivision 3
218.18 applies to that portion of any multifamily rental housing facility represented by the ratio of
218.19 (1) the number of units in the facility that are subject to the requirements of Section 5 of
218.20 the United States Housing Act of 1937, as the result of the implementation of a federal
218.21 court order or consent decree to (2) the total number of units within the facility.

218.22 The housing and redevelopment authority for the city in which the facility is located,
218.23 any public entity exercising the powers of such housing and redevelopment authority, or
218.24 the county housing and redevelopment authority for the county in which the facility is
218.25 located, shall annually certify to the assessor responsible for assessing the facility, at the
218.26 time and in the manner required by the assessor, the number of units in the facility that are
218.27 subject to the requirements of Section 5 of the United States Housing Act of 1937.

218.28 Nothing in this subdivision shall prevent that portion of the facility not subject to
218.29 this subdivision from meeting the requirements of section ~~273.126~~ 273.128, and for that
218.30 purpose the total number of units in the facility must be taken into account.

218.31 **EFFECTIVE DATE.** This section is effective retroactively for taxes payable in
218.32 2006 and thereafter.

219.1 Sec. 19. Minnesota Statutes 2006, section 469.174, subdivision 10b, is amended to
219.2 read:

219.3 Subd. 10b. **Qualified disaster area.** A "qualified disaster area" is an area that
219.4 meets the following requirements:

219.5 (1) parcels consisting of 70 percent of the area of the district were occupied by
219.6 buildings, streets, utilities, paved or gravel parking lots, or other similar structures
219.7 immediately before the disaster or emergency;

219.8 (2) the area of the district was subject to a disaster or emergency, as defined in
219.9 section ~~273.123, subdivision 1~~ 273.1231, subdivision 2, within the 18-month period
219.10 ending on the day the request for certification of the district is made; and

219.11 (3) 50 percent or more of the buildings in the area have suffered substantial damage
219.12 as a result of the disaster or emergency.

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

219.14 Sec. 20. Minnesota Statutes 2006, section 469.177, subdivision 1c, is amended to read:

219.15 Subd. 1c. **Original net tax capacity adjustments; presidential disaster area.** (a)
219.16 The provisions of this subdivision apply to a district located in a disaster area, as described
219.17 in section ~~273.123, subdivision 1, paragraph (b)~~ 273.1231, subdivision 3, paragraph (a),
219.18 clause (1), and are effective for taxes payable in the first calendar year beginning at least
219.19 four months after the date of the determination.

219.20 (b) For a district certified before the date of the disaster area determination as
219.21 provided in section ~~273.123, subdivision 1, paragraph (b)~~ 273.1231, subdivision 3,
219.22 paragraph (a), clause (1), upon the request of the municipality, the county auditor shall
219.23 reduce the original net tax capacity of the district by the reduction in the net tax capacity
219.24 of properties in the district that is attributable to the physical effects of the disaster, but not
219.25 below zero. The assessor shall determine the amount of the reduction in market value that
219.26 is attributable to the physical effects of the disaster to be used by the county auditor in
219.27 computing the reduction in net tax capacity.

219.28 (c) For a district that does not qualify under paragraph (b) and for which the request
219.29 for certification is made in the same calendar year as the disaster area determination,
219.30 upon the request of the municipality, the assessor shall determine the reduction in market
219.31 value of properties in the district that is attributable to the physical effects of the disaster.
219.32 The county auditor shall use the reduced market value in certifying the original net tax
219.33 capacity of the district.

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

ARTICLE 14

DEPARTMENT MISCELLANEOUS

220.1
220.2

220.3 Section 1. Minnesota Statutes 2006, section 16D.02, subdivision 3, is amended to read:

220.4 Subd. 3. **Debt.** "Debt" means an amount owed to the state directly, or through a
220.5 state agency, on account of a fee, duty, lease, direct loan, loan insured or guaranteed by
220.6 the state, rent, service, sale of real or personal property, overpayment, fine, assessment,
220.7 penalty, restitution, damages, interest, tax, bail bond, forfeiture, reimbursement, liability
220.8 owed, an assignment to the state including assignments under section 256.741, the Social
220.9 Security Act, or other state or federal law, recovery of costs incurred by the state, or any
220.10 other source of indebtedness to the state. Debt also includes amounts owed to individuals
220.11 as a result of civil, criminal, or administrative action brought by the state or a state agency
220.12 pursuant to its statutory authority or for which the state or state agency acts in a fiduciary
220.13 capacity in providing collection services in accordance with the regulations adopted under
220.14 the Social Security Act at Code of Federal Regulations, title 45, section 302.33. When the
220.15 commissioner provides collection services pursuant to a debt qualification plan, debt also
220.16 includes an amount owed to the courts, local government units, Minnesota state colleges
220.17 and universities governed by the Board of Trustees of the Minnesota State Colleges and
220.18 Universities, or University of Minnesota ~~for which the commissioner provides collection~~
220.19 ~~services pursuant to contract.~~

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

220.21 Sec. 2. Minnesota Statutes 2006, section 16D.02, subdivision 6, is amended to read:

220.22 Subd. 6. **Referring agency.** "Referring agency" means a state agency, local
220.23 government unit, Minnesota state colleges and universities governed by the Board of
220.24 Trustees of the Minnesota State Colleges and Universities, University of Minnesota, or
220.25 a court, that has entered into a debt qualification plan with the commissioner to refer
220.26 debts to the commissioner for collection.

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

220.28 Sec. 3. Minnesota Statutes 2006, section 16D.04, subdivision 2, as amended by Laws
220.29 2008, chapter 154, article 15, section 2, is amended to read:

220.30 Subd. 2. **Agency participation.** (a) A referring agency must refer, by electronic
220.31 means, debts to the commissioner for collection. ~~Responsibility for the debt, including the~~
220.32 ~~reporting of the debt to the commissioner of finance and the decision with regard to the~~

221.1 ~~continuing collection and uncollectibility of the debt, remains with the referring agency.~~
221.2 Decisions with regard to continuing collection and the uncollectibility of referred debts
221.3 shall be made by the commissioner who shall then notify the commissioner of finance and
221.4 the referring agency. A decision by the commissioner that a referred debt is uncollectible
221.5 does not prevent the referring agency from taking additional collection action.

221.6 (b) Before a debt becomes 121 days past due, a referring agency may refer the
221.7 debt to the commissioner for collection at any time after a debt becomes delinquent and
221.8 uncontested and the debtor has no further administrative appeal of the amount of the debt.
221.9 When a debt owed to a referring agency becomes 121 days past due, the referring agency
221.10 must refer the debt to the commissioner for collection. This requirement does not apply if
221.11 there is a dispute over the amount or validity of the debt, if the debt is the subject of legal
221.12 action or administrative proceedings, or the agency determines that the debtor is adhering
221.13 to acceptable payment arrangements. The commissioner may provide that certain types of
221.14 debt need not be referred to the commissioner for collection under this paragraph. Methods
221.15 and procedures for referral must follow internal guidelines prepared by the commissioner.

221.16 (c) If the referring agency is a court, the court must furnish a debtor's Social Security
221.17 number to the commissioner when the court refers the debt.

221.18 **EFFECTIVE DATE.** This section is effective for debts referred after December
221.19 31, 2008.

221.20 Sec. 4. Minnesota Statutes 2006, section 270A.08, subdivision 1, is amended to read:

221.21 Subdivision 1. **Notice to debtor.** (a) Not later than five days after the claimant
221.22 agency has sent notification to the department pursuant to section 270A.07, subdivision 1,
221.23 the claimant agency shall send a written notification to the debtor asserting the right of the
221.24 claimant agency to the refund or any part thereof. If the notice is returned to the claimant
221.25 agency as undeliverable, or the claimant agency has reason to believe the debtor did not
221.26 receive the notice, the claimant agency shall obtain the ~~current~~ last known address of the
221.27 debtor from the commissioner and resend the corrected notice.

221.28 (b) If a debt has been referred to the commissioner for collection under chapter 16D
221.29 and the referring agency meets the definition of claimant agency under this chapter, the
221.30 commissioner must notify the debtor prior to using revenue recapture under this chapter
221.31 for collection of the debt. The notice must be sent by United States mail or personal
221.32 delivery to the last known address of the debtor.

221.33 **EFFECTIVE DATE.** This section is effective for debts referred after December
221.34 31, 2008.

222.1 Sec. 5. Minnesota Statutes 2006, section 270C.33, subdivision 5, is amended to read:

222.2 Subd. 5. **Prohibition against collection during appeal period of an order.** No
222.3 collection action can be taken on an order of assessment, or any other order imposing a
222.4 liability, including the filing of liens under section 270C.63, and no late payment penalties
222.5 may be imposed when a return has been filed for the tax type and period upon which the
222.6 order is based, during the appeal period of an order. The appeal period of an order ends:
222.7 (1) 60 days after the order has been mailed to the taxpayer by the commissioner; (2) if an
222.8 administrative appeal is filed under section 270C.35, 60 days after determination of the
222.9 administrative appeal; (3) if an appeal to Tax Court is filed under chapter 271, when the
222.10 decision of the Tax Court is made; or (4) if an appeal to Tax Court is filed and the appeal is
222.11 based upon a constitutional challenge to the tax, 60 days after final determination of the
222.12 appeal. This subdivision does not apply to a jeopardy assessment under section 270C.36,
222.13 or a jeopardy collection under section 270C.36.

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

222.15 ARTICLE 15

222.16 MISCELLANEOUS TAXES

222.17 Section 1. Minnesota Statutes 2006, section 60A.196, is amended to read:

222.18 **60A.196 DEFINITIONS.**

222.19 Unless the context otherwise requires, the following terms have the meanings given
222.20 them for the purposes of sections 60A.195 to 60A.209:

222.21 (a) "Surplus lines insurance" means insurance placed with an insurer permitted
222.22 to transact the business of insurance in this state only pursuant to sections 60A.195 to
222.23 60A.209.

222.24 (b) "Eligible surplus lines insurer" means an insurer recognized as eligible to write
222.25 insurance business under sections 60A.195 to 60A.209 but not licensed by any other
222.26 Minnesota law to transact the business of insurance.

222.27 (c) "Ineligible surplus lines insurer" means an insurer not recognized as an eligible
222.28 surplus lines insurer pursuant to sections 60A.195 to 60A.209 and not licensed by any
222.29 other Minnesota law to transact the business of insurance. "Ineligible surplus lines
222.30 insurer" includes a risk retention group as defined under the Liability Risk Retention
222.31 Act, Public Law 99-563.

222.32 (d) "Surplus lines licensee" or "licensee" means a person licensed under sections
222.33 60A.195 to 60A.209 to place insurance with an eligible or ineligible surplus lines insurer.

222.34 (e) "Association" means an association registered under section 60A.208.

223.1 (f) "Alien insurer" means any insurer which is incorporated or otherwise organized
223.2 outside of the United States.

223.3 (g) "Insurance laws" means chapters 60 to 79 inclusive.

223.4 (h) "Stamping" means electronically assigning a unique identifying number that is
223.5 specific to a submitted policy, contract, or insurance document.

223.6 **EFFECTIVE DATE.** This section is effective the day following final enactment
223.7 and applies to policies written or renewed on or after that date.

223.8 **Sec. 2. [60A.2085] SURPLUS LINES ASSOCIATION OF MINNESOTA.**

223.9 **Subdivision 1. Association created; duties.** There is hereby created a nonprofit
223.10 association to be known as the Surplus Lines Association of Minnesota. All surplus lines
223.11 licensees are members of this association. Section 60A.208, subdivision 5, does not apply
223.12 to the provisions of this section. The association shall perform its functions under the
223.13 plan of operation established under subdivision 3 and must exercise its powers through a
223.14 board of directors established under subdivision 2. The association shall be authorized
223.15 and have the duty to:

223.16 (1) receive, record, and stamp all surplus lines insurance documents that surplus
223.17 lines licensees are required to file with the association;

223.18 (2) prepare and deliver monthly to the commissioners of revenue and commerce a
223.19 report regarding surplus lines business. The report must include a list of all the business
223.20 procured during the preceding month, in the form the commissioners prescribe;

223.21 (3) educate its members regarding the surplus lines law of this state including
223.22 insurance tax responsibilities and the rules and regulations of the commissioners of
223.23 revenue and commerce relative to surplus lines insurance;

223.24 (4) communicate with organizations of agents, brokers, and admitted insurers with
223.25 respect to the proper use of the surplus lines market;

223.26 (5) employ and retain persons necessary to carry out the duties of the association;

223.27 (6) borrow money necessary to effect the purposes of the association;

223.28 (7) enter contracts necessary to effect the purposes of the association;

223.29 (8) provide other services to its members that are incidental or related to the
223.30 purposes of the association; and

223.31 (9) take other actions reasonably required to implement the provisions of this section.

223.32 **Subd. 2. Board of directors.** (a) The commissioner shall appoint an interim board
223.33 of five directors within 30 days of enactment of this section. The interim board must:

223.34 (1) establish a plan of operation within 60 days after the appointment of the interim
223.35 board;

224.1 (2) create a stamping office that is operational no later than December 31, 2008; and
224.2 (3) conduct an election for a board of directors by the membership after December
224.3 31, 2008, and no later than one year after the appointment of the interim board.

224.4 (b) Once the responsibilities of the interim board in paragraph (a) are fulfilled, the
224.5 association shall function through a board of directors composed of the following:

224.6 (1) one director appointed by the commissioner of revenue;

224.7 (2) one director appointed by the commissioner of commerce; and

224.8 (3) at least five but no more than seven directors elected by the members. The
224.9 elected directors must be members of the association.

224.10 Directors may serve until their successors are appointed or elected and their terms
224.11 are completed as outlined in the plan of operation.

224.12 Subd. 3. **Plan of operation.** (a) The plan of operation shall provide for the
224.13 formation, operation, and governance of the association. The plan of operation must
224.14 provide for the election of a board of directors by the members of the association. The
224.15 board of directors shall elect officers as provided for in the plan of operation. The plan
224.16 of operation shall establish the manner of voting and may weigh each member's vote to
224.17 reflect the annual surplus lines insurance premium written by the member. Members
224.18 employed by the same or affiliated employers may consolidate their premiums written
224.19 and delegate an individual officer or partner to represent the member in the exercise of
224.20 association affairs, including service on the board of directors.

224.21 (b) The plan of operation shall provide for an independent audit once each year of all
224.22 the books and records of the association and a report of such independent audit shall be
224.23 made to the board of directors, the commissioner of revenue, and the commissioner of
224.24 commerce, with a copy made available to each member to review at the association office.

224.25 (c) The plan of operation and any amendments to the plan of operation shall be
224.26 submitted to the commissioner and shall be effective upon approval in writing by the
224.27 commissioner. The association and all members shall comply with the plan of operation or
224.28 any amendments to it. Failure to comply with the plan of operation or any amendments
224.29 shall constitute a violation for which the commissioner may issue an order requiring
224.30 discontinuance of the violation.

224.31 (d) If the interim board of directors fails to submit a suitable plan of operation
224.32 within 60 days following the creation of the interim board, or if at any time thereafter the
224.33 association fails to submit required amendments to the plan, the commissioner may submit
224.34 to the association a plan of operation or amendments to the plan, which the association
224.35 must follow. The plan of operation or amendments submitted by the commissioner shall
224.36 continue in force until amended by the commissioner or superseded by a plan of operation

225.1 or amendment submitted by the association and approved by the commissioner. A plan
225.2 of operation or an amendment submitted by the commissioner constitutes an order of
225.3 the commissioner.

225.4 Subd. 4. **Reporting requirement.** The association shall file with the commissioner:
225.5 (1) a copy of its plan of operation and any amendments to it;
225.6 (2) a current list of its members revised at least annually; and
225.7 (3) the name and address of a member of the board residing in this state upon
225.8 whom notices or orders of the commissioner or processes issued at the direction of the
225.9 commissioner may be served.

225.10 Subd. 5. **Examination.** The commissioner shall, at such times as deemed necessary,
225.11 make or cause to be made an examination of the association. The officers, managers,
225.12 agents, and employees of the association may be examined at any time, under oath, and
225.13 shall exhibit all books, records, accounts, documents, or agreements governing its method
225.14 of operation. The commissioner shall furnish a copy of the examination report to the
225.15 association. If the commissioner finds the association to be in violation of this section, the
225.16 commissioner may issue an order requiring the discontinuance of the violation.

225.17 Subd. 6. **Immunity.** There shall be no liability on the part of and no causes of action
225.18 of any nature shall arise against the association, its directors, officers, agents, or employees
225.19 for any action taken or omitted by them in the performance of their powers and duties
225.20 under this section, absent gross negligence or willful misconduct.

225.21 Subd. 7. **Stamping fee.** The services performed by the association shall be
225.22 funded by a stamping fee assessed for each premium-bearing document submitted to
225.23 the association. The stamping fee shall be established by the board of directors of the
225.24 association from time to time. The stamping fee shall be paid by the insured to the surplus
225.25 lines licensee and remitted electronically to the association by the surplus lines licensee.

225.26 Subd. 8. **Data classification.** Unless otherwise classified by statute, a temporary
225.27 classification under section 13.06, or federal law, information obtained by the
225.28 commissioner from the association is public, except that any data identifying insureds is
225.29 private data on individuals or nonpublic data as defined in section 13.02, subdivisions
225.30 9 and 12.

225.31 **EFFECTIVE DATE.** This section is effective the day following final enactment
225.32 and applies to policies written or renewed on or after that date.

225.33 Sec. 3. **[60A.2086] LICENSEE'S DUTY TO SUBMIT DOCUMENTS; PENALTY.**

225.34 Subdivision 1. **Submission of documents to the Surplus Lines Association**
225.35 **of Minnesota; certification.** (a) A surplus lines licensee shall submit every insurance

226.1 policy or contract issued under the licensee's license to the Surplus Lines Association of
226.2 Minnesota for recording and stamping. The submission and stamping must be effected
226.3 through electronic means. The submission must include:

226.4 (1) the name of the insured;

226.5 (2) a description and location of the insured property or risk;

226.6 (3) the amount insured;

226.7 (4) the gross premiums charged or returned;

226.8 (5) the name of the surplus lines insurer from whom coverage has been procured;

226.9 (6) the kind or kinds of insurance procured; and

226.10 (7) the amount of premium subject to tax.

226.11 (b) The submission of insurance policies or contracts to the Surplus Lines
226.12 Association of Minnesota constitutes a certification by the surplus lines licensee, or by the
226.13 insurance producer who presented the risk to the surplus lines licensee for placement as a
226.14 surplus lines risk, that the insurance policies or contracts were procured in accordance
226.15 with sections 60A.195 to 60A.209.

226.16 Subd. 2. **Stamping requirement; penalty.** (a) It shall be unlawful for an insurance
226.17 agent, broker, or surplus lines licensee to deliver in this state any surplus lines insurance
226.18 policy or contract unless the insurance document is stamped by the association. A
226.19 licensee's failure to comply with the requirements of this subdivision shall not affect the
226.20 validity of the coverage.

226.21 (b) Any insurance agent, broker, or surplus lines licensee who delivers in this state
226.22 any insurance policy or contract that has not been stamped by the association shall be
226.23 subject to a penalty payable to the commissioner as follows:

226.24 (1) \$50 for delivery of the first unstamped policy;

226.25 (2) \$250 for delivery of a second unstamped policy; and

226.26 (3) \$1,000 per policy for delivery of any additional unstamped policies.

226.27 **EFFECTIVE DATE.** This section is effective January 1, 2009, and applies to
226.28 policies written or renewed after December 31, 2008.

226.29 Sec. 4. Minnesota Statutes 2007 Supplement, section 298.227, is amended to read:

226.30 **298.227 TACONITE ECONOMIC DEVELOPMENT FUND.**

226.31 For production in 2007, distributions in 2008, and beginning for production in
226.32 2013, distributions in 2014 and thereafter, an amount equal to that distributed pursuant to
226.33 each taconite producer's taxable production and qualifying sales under section 298.28,
226.34 subdivision 9a, shall be held by the Iron Range Resources and Rehabilitation Board in a

227.1 separate taconite economic development fund for each taconite and direct reduced ore
227.2 producer. Money from the fund for each producer shall be released by the commissioner
227.3 after review by a joint committee consisting of an equal number of representatives of the
227.4 salaried employees and the nonsalaried production and maintenance employees of that
227.5 producer. The District 11 director of the United States Steelworkers of America, on advice
227.6 of each local employee president, shall select the employee members. In nonorganized
227.7 operations, the employee committee shall be elected by the nonsalaried production and
227.8 maintenance employees. The review must be completed no later than six months after the
227.9 producer presents a proposal for expenditure of the funds to the committee. The funds
227.10 held pursuant to this section may be released only for acquisition of plant and stationary
227.11 mining equipment and facilities for the producer or for research and development in
227.12 Minnesota on new mining, or taconite, iron, or steel production technology, but only if
227.13 the producer provides a matching expenditure to be used for the same purpose of at least
227.14 50 percent of the distribution based on 14.7 cents per ton beginning with distributions in
227.15 2002. Effective for proposals for expenditures of money from the fund beginning May 26,
227.16 2007, the commissioner may not release the funds before the next scheduled meeting of
227.17 the board. If the board rejects a proposed expenditure, the funds must be deposited in the
227.18 Taconite Environmental Protection Fund under sections 298.222 to 298.225. If a producer
227.19 uses money which has been released from the fund prior to May 26, 2007 to procure
227.20 haulage trucks, mobile equipment, or mining shovels, and the producer removes the piece
227.21 of equipment from the taconite tax relief area defined in section 273.134 within ten years
227.22 from the date of receipt of the money from the fund, a portion of the money granted
227.23 from the fund must be repaid to the taconite economic development fund. The portion
227.24 of the money to be repaid is 100 percent of the grant if the equipment is removed from
227.25 the taconite tax relief area within 12 months after receipt of the money from the fund,
227.26 declining by ten percent for each of the subsequent nine years during which the equipment
227.27 remains within the taconite tax relief area. If a taconite production facility is sold after
227.28 operations at the facility had ceased, any money remaining in the fund for the former
227.29 producer may be released to the purchaser of the facility on the terms otherwise applicable
227.30 to the former producer under this section. If a producer fails to provide matching funds
227.31 for a proposed expenditure within six months after the commissioner approves release
227.32 of the funds, the funds are available for release to another producer in proportion to the
227.33 distribution provided and under the conditions of this section. Any portion of the fund
227.34 which is not released by the commissioner within two years of its deposit in the fund shall
227.35 be divided between the taconite environmental protection fund created in section 298.223
227.36 and the Douglas J. Johnson economic protection trust fund created in section 298.292 for

228.1 placement in their respective special accounts. Two-thirds of the unreleased funds shall be
228.2 distributed to the taconite environmental protection fund and one-third to the Douglas J.
228.3 Johnson economic protection trust fund.

228.4 **Sec. 5. [298.2271] IRON RANGE REVITALIZATION ACCOUNT.**

228.5 For production years 2008 through 2012, and for distributions in 2009 through
228.6 distributions in 2013 only, an amount equal to that distributed pursuant to each taconite
228.7 producer's taxable production and qualifying sales under section 298.28, subdivision
228.8 9a, shall be held by the Iron Range Resources and Rehabilitation Board in a separate
228.9 Iron Range revitalization account. Funds from the account may be spent for projects
228.10 including but not limited to public facility improvements, community development,
228.11 economic development, renewable energy, and diversification of the Iron Range economy.
228.12 Money from the account shall be released by the commissioner only after the Iron Range
228.13 Resources and Rehabilitation Board has approved the project by a majority vote. A
228.14 project review panel shall consist of nine members. Three members shall be Iron Range
228.15 Resources and Rehabilitation Board members appointed by the chair; three members shall
228.16 be selected by the District 11 director of the United States Steelworkers of America;
228.17 and three members shall be mining company representatives, one each from United
228.18 States Steel Corporation, Cleveland-Cliffs Incorporated, and ArcelorMittal. The review
228.19 panel must review each project for which funds are sought under this section and make
228.20 recommendations to the board by August 31 of each year. The board must vote on the
228.21 recommendations no later than October 31 of each year.

228.22 Sec. 6. Minnesota Statutes 2006, section 298.24, subdivision 1, as amended by Laws
228.23 2008, chapter 154, article 8, section 5, is amended to read:

228.24 Subdivision 1. **Imposed; calculation.** (a) For concentrate produced in 2001, 2002,
228.25 and 2003, there is imposed upon taconite and iron sulphides, and upon the mining and
228.26 quarrying thereof, and upon the production of iron ore concentrate therefrom, and upon
228.27 the concentrate so produced, a tax of \$2.103 per gross ton of merchantable iron ore
228.28 concentrate produced therefrom. For concentrates produced in 2005, the tax rate is the
228.29 same rate imposed for concentrates produced in 2004.

228.30 (b)(1) For concentrates produced in 2006 and subsequent years, the tax rate shall be
228.31 equal to the preceding year's tax rate plus an amount equal to the preceding year's tax rate
228.32 multiplied by the percentage increase in the implicit price deflator from the fourth quarter
228.33 of the second preceding year to the fourth quarter of the preceding year. "Implicit price

229.1 deflator" means the implicit price deflator for the gross domestic product prepared by the
229.2 Bureau of Economic Analysis of the United States Department of Commerce.

229.3 (2) For concentrates produced in 2009, the amount of the increase in the tax rate
229.4 under this paragraph over the tax rate applicable to concentrates produced in 2008 equals
229.5 the greater of (A) the increase computed under clause (1) or (B) ten cents per taxable
229.6 ton. The resulting tax rate for concentrates produced in 2009 must be used as the base
229.7 for determining the tax rate under this paragraph for concentrates produced in 2010 and
229.8 subsequent years.

229.9 (c) On concentrates produced in 1997 and thereafter, an additional tax is imposed
229.10 equal to three cents per gross ton of merchantable iron ore concentrate for each one
229.11 percent that the iron content of the product exceeds 72 percent, when dried at 212 degrees
229.12 Fahrenheit.

229.13 (d) The tax shall be imposed on the average of the production for the current year
229.14 and the previous two years. The rate of the tax imposed will be the current year's tax rate.
229.15 This clause shall not apply in the case of the closing of a taconite facility if the property
229.16 taxes on the facility would be higher if this clause and section 298.25 were not applicable.

229.17 (e) If the tax or any part of the tax imposed by this subdivision is held to be
229.18 unconstitutional, a tax of \$2.103 per gross ton of merchantable iron ore concentrate
229.19 produced shall be imposed.

229.20 (f) Consistent with the intent of this subdivision to impose a tax based upon the
229.21 weight of merchantable iron ore concentrate, the commissioner of revenue may indirectly
229.22 determine the weight of merchantable iron ore concentrate included in fluxed pellets by
229.23 subtracting the weight of the limestone, dolomite, or olivine derivatives or other basic
229.24 flux additives included in the pellets from the weight of the pellets. For purposes of this
229.25 paragraph, "fluxed pellets" are pellets produced in a process in which limestone, dolomite,
229.26 olivine, or other basic flux additives are combined with merchantable iron ore concentrate.
229.27 No subtraction from the weight of the pellets shall be allowed for binders, mineral and
229.28 chemical additives other than basic flux additives, or moisture.

229.29 (g)(1) Notwithstanding any other provision of this subdivision, for the first two years
229.30 of a plant's commercial production of direct reduced ore, no tax is imposed under this
229.31 section. As used in this paragraph, "commercial production" is production of more than
229.32 50,000 tons of direct reduced ore in the current year or in any prior year, "noncommercial
229.33 production" is production of 50,000 tons or less of direct reduced ore in any year, and
229.34 "direct reduced ore" is ore that results in a product that has an iron content of at least 75
229.35 percent. For the third year of a plant's commercial production of direct reduced ore, the
229.36 rate to be applied to direct reduced ore is 25 percent of the rate otherwise determined

230.1 under this subdivision. For the fourth commercial production year, the rate is 50 percent of
230.2 the rate otherwise determined under this subdivision; for the fifth commercial production
230.3 year, the rate is 75 percent of the rate otherwise determined under this subdivision; and for
230.4 all subsequent commercial production years, the full rate is imposed.

230.5 (2) Subject to clause (1), production of direct reduced ore in this state is subject to
230.6 the tax imposed by this section, but if that production is not produced by a producer
230.7 of taconite or iron sulfides, the production of taconite or iron sulfides consumed in the
230.8 production of direct reduced iron in this state is not subject to the tax imposed by this
230.9 section on taconite or iron sulfides.

230.10 (3) Notwithstanding any other provision of this subdivision, no tax is imposed
230.11 on direct reduced ore under this section during the facility's noncommercial production
230.12 of direct reduced ore. The taconite or iron sulphides consumed in the noncommercial
230.13 production of direct reduced ore is subject to the tax imposed by this section on taconite
230.14 and iron sulphides. Three-year average production of direct reduced ore does not
230.15 include production of direct reduced ore in any noncommercial year. Three-year average
230.16 production for a direct reduced ore facility that has noncommercial production is the
230.17 average of the commercial production of direct reduced ore for the current year and the
230.18 previous two commercial years.

230.19 (4) This paragraph applies only to plants for which all environmental permits have
230.20 been obtained and construction has begun before July 1, 2008.

APPENDIX
Article locations in H3149-2

ARTICLE 1	HOMESTEAD CREDIT STATE REFUND	Page.Ln 2.46
ARTICLE 2	AIDS TO LOCAL GOVERNMENTS	Page.Ln 12.16
ARTICLE 3	INCOME AND ESTATE TAXES	Page.Ln 25.25
ARTICLE 4	LOCAL DEVELOPMENT	Page.Ln 38.1
ARTICLE 5	PROPERTY TAXES	Page.Ln 60.28
ARTICLE 6	SALES AND USE TAXES	Page.Ln 138.6
ARTICLE 7	JUNE ACCELERATED TAX PAYMENTS	Page.Ln 152.7
ARTICLE 8	SPECIAL TAXES	Page.Ln 154.18
ARTICLE 9	FEDERAL UPDATE	Page.Ln 165.13
ARTICLE 10	DEPARTMENT INDIVIDUAL INCOME AND CORPORATE FRANCHISE TAXES	Page.Ln 186.25
ARTICLE 11	DEPARTMENT SALES AND USE TAXES	Page.Ln 194.1
ARTICLE 12	DEPARTMENT SPECIAL TAXES AND FEES	Page.Ln 198.25
ARTICLE 13	DEPARTMENT PROPERTY TAXES AND AIDS	Page.Ln 204.22
ARTICLE 14	DEPARTMENT MISCELLANEOUS	Page.Ln 220.1
ARTICLE 15	MISCELLANEOUS TAXES	Page.Ln 222.15

273.11 VALUATION OF PROPERTY.

Subd. 14. **Vacant land platted before August 1, 2001.** (a) All land platted before August 1, 2001, and not improved with a permanent structure, shall be assessed as provided in this subdivision. The assessor shall determine the market value of each individual lot based upon the highest and best use of the property as unplatted land. In establishing the market value of the property, the assessor shall consider the sale price of the unplatted land or comparable sales of unplatted land of similar use and similar availability of public utilities.

(b) The market value determined in paragraph (a) shall be increased as follows for each of the three assessment years immediately following the final approval of the plat: one-third of the difference between the property's unplatted market value as determined under paragraph (a) and the market value based upon the highest and best use of the land as platted property shall be added in each of the three subsequent assessment years.

(c) Any increase in market value after the first assessment year following the plat's final approval shall be added to the property's market value in the next assessment year. Notwithstanding paragraph (b), if construction begins before the expiration of the three years in paragraph (b), that lot shall be eligible for revaluation in the next assessment year. The market value of a platted lot determined under this subdivision shall not exceed the value of that lot based upon the highest and best use of the property as platted land.

Subd. 14a. **Vacant land platted on or after August 1, 2001; located in metropolitan counties.** (a) All land platted on or after August 1, 2001, located in a metropolitan county, and not improved with a permanent structure, shall be assessed as provided in this subdivision. The assessor shall determine the market value of each individual lot based upon the highest and best use of the property as unplatted land. In establishing the market value of the property, the assessor shall consider the sale price of the unplatted land or comparable sales of unplatted land of similar use and similar availability of public utilities.

(b) The market value determined in paragraph (a) shall be increased as follows for each of the three assessment years immediately following the final approval of the plat: one-third of the difference between the property's unplatted market value as determined under paragraph (a) and the market value based upon the highest and best use of the land as platted property shall be added in each of the three subsequent assessment years.

(c) Any increase in market value after the first assessment year following the plat's final approval shall be added to the property's market value in the next assessment year. Notwithstanding paragraph (b), if construction begins before the expiration of the three years in paragraph (b), that lot shall be eligible for revaluation in the next assessment year. The market value of a platted lot determined under this subdivision shall not exceed the value of that lot based upon the highest and best use of the property as platted land.

(d) For purposes of this section, "metropolitan county" means the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

273.111 AGRICULTURAL PROPERTY TAX.

Subd. 6. **Agricultural use.** Real property qualifying under subdivision 3 shall be considered to be in agricultural use provided that annually:

(1) at least 33-1/3 percent of the total family income of the owner is derived therefrom, or the total production income including rental from the property is \$300 plus \$10 per tillable acre; and

(2) it is devoted to the production for sale of agricultural products as defined in section 273.13, subdivision 23, paragraph (e).

Slough, wasteland, and woodland contiguous to or surrounded by land that is entitled to valuation and tax deferral under this section is considered to be in agricultural use if under the same ownership and management.

290.191 APPORTIONMENT OF NET INCOME.

Subd. 4. **Apportionment formula for certain mail order businesses.** If the business of a corporation, partnership, or proprietorship consists exclusively of the selling of tangible personal property and services at retail, as defined in section 297A.61, subdivision 4, paragraph (a), in response to orders received by United States mail, telephone, facsimile, or other electronic media, and 99 percent of the taxpayer's property and payroll is within Minnesota, then the taxpayer may apportion net income to Minnesota based solely upon the percentage that the sales made within this state in connection with its trade or business during the tax period are of the total sales

APPENDIX

Repealed Minnesota Statutes: H3149-2

wherever made in connection with the trade or business during the tax period. Property and payroll factors are disregarded. In determining eligibility for this subdivision:

(1) the sale not in the ordinary course of business of tangible or intangible assets used in conducting business activities must be disregarded; and

(2) property and payroll at a distribution center outside of Minnesota are disregarded if the sole activity at the distribution center is the filling of orders, and no solicitation of orders occurs at the distribution center.

290A.04 REFUND ALLOWABLE.

Subd. 2. **Homeowners.** A claimant whose property taxes payable are in excess of the percentage of the household income stated below shall pay an amount equal to the percent of income shown for the appropriate household income level along with the percent to be paid by the claimant of the remaining amount of property taxes payable. The state refund equals the amount of property taxes payable that remain, up to the state refund amount shown below.

Household Income	Percent of Income	Percent Paid by Claimant	Maximum State Refund
\$0 to 1,189	1.0 percent	15 percent	\$1,450
1,190 to 2,379	1.1 percent	15 percent	\$1,450
2,380 to 3,589	1.2 percent	15 percent	\$1,410
3,590 to 4,789	1.3 percent	20 percent	\$1,410
4,790 to 5,979	1.4 percent	20 percent	\$1,360
5,980 to 8,369	1.5 percent	20 percent	\$1,360
8,370 to 9,559	1.6 percent	25 percent	\$1,310
9,560 to 10,759	1.7 percent	25 percent	\$1,310
10,760 to 11,949	1.8 percent	25 percent	\$1,260
11,950 to 13,139	1.9 percent	30 percent	\$1,260
13,140 to 14,349	2.0 percent	30 percent	\$1,210
14,350 to 16,739	2.1 percent	30 percent	\$1,210
16,740 to 17,929	2.2 percent	35 percent	\$1,160
17,930 to 19,119	2.3 percent	35 percent	\$1,160
19,120 to 20,319	2.4 percent	35 percent	\$1,110
20,320 to 25,099	2.5 percent	40 percent	\$1,110
25,100 to 28,679	2.6 percent	40 percent	\$1,070
28,680 to 35,849	2.7 percent	40 percent	\$1,070
35,850 to 41,819	2.8 percent	45 percent	\$ 970
41,820 to 47,799	3.0 percent	45 percent	\$ 970
47,800 to 53,779	3.2 percent	45 percent	\$ 870
53,780 to 59,749	3.5 percent	50 percent	\$ 780
59,750 to 65,729	4.0 percent	50 percent	\$ 680
65,730 to 69,319	4.0 percent	50 percent	\$ 580
69,320 to 71,719	4.0 percent	50 percent	\$ 480
71,720 to 74,619	4.0 percent	50 percent	\$ 390
74,620 to 77,519	4.0 percent	50 percent	\$ 290

The payment made to a claimant shall be the amount of the state refund calculated under this subdivision. No payment is allowed if the claimant's household income is \$77,520 or more.

APPENDIX

Repealed Minnesota Statutes: H3149-2

Subd. 2b. **Tables may be reconstructed.** The commissioner may reconstruct the tables in subdivision 2 for homeowners to reflect the elimination of the homestead credit beginning for claims based on taxes payable in 1990.

473.4461 ADDITIONS TO TRANSIT TAXING DISTRICT.

Notwithstanding any provision of section 473.446 or any other law, the Metropolitan Council may not levy a tax under section 473.446, subdivision 1, in any city or town not included in the transit taxing district as it existed on January 1, 2001, unless the council and the governing body of that city or town have agreed on a service expansion plan.

477A.014 COMMISSIONER'S RESPONSIBILITIES.

Subd. 4. **Costs.** The director of the Office of Strategic and Long-Range Planning shall annually bill the commissioner of revenue for one-half of the costs incurred by the state demographer in the preparation of materials required by section 4A.02. The state auditor shall bill the commissioner of revenue for the costs of best practices reviews and the services provided by the Government Information Division and the parts of the constitutional office that are related to the government information function; and for the services provided by the Tax Increment Financing Investment and Finance Division required by section 469.3201, not to exceed \$614,000 each fiscal year. The commissioner of administration shall bill the commissioner of revenue for the costs of the local government records program and the intergovernmental information systems activity, not to exceed \$205,800 each fiscal year. The commissioner of employee relations shall bill the commissioner of revenue for the costs of administering the local government pay equity function, not to exceed \$55,000 each fiscal year.

Subd. 5. **Deduction from aid payments.** The commissioner of revenue shall deduct the amounts certified under subdivision 4 from the aid payments to be made to appropriate local units of government in the next aid payment year.

APPENDIX
Repealed Minnesota Session Laws: H3149-2

Laws 2005, First Special Session chapter 3, article 5, section 24

Sec. 24. Laws 1991, chapter 291, article 8, section 27, is amended by adding a subdivision to read:

Subd. 3a. **Limitations on use.** Notwithstanding any other provision of this section, the city may use up to \$1,500,000 annually, of the revenues collected from the taxes imposed in subdivisions 1 and 2, to fund operation, maintenance, and improvements for the Riverfront 2000 and related facilities. This amount may only be used if sufficient revenues remain to meet the annual debt obligations for the bonds paid from these revenue sources. This authority to spend money for operation, maintenance, and improvements expires April 1, 2007, unless approved by the voters at a special or general election held by December 31, 2006.