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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-SIXTH
SESSION

HOUSE FILE No. 885

February 16, 2009

Authored by Lenczewski

The bill was read for the first time and referred to the Committee on Taxes

A bill for an act

1.1 relating to taxation; making policy, technical, administrative, and clarifying
1.2 changes to various taxes and tax-related provisions; amending Minnesota
1.3 Statutes 2008, sections 16D.16, subdivision 2; 126C.21, subdivision 4; 126C.48,
1.4 subdivision 8; 270B.14, subdivision 16; 270C.446, subdivisions 2, 5; 270C.56,
1.5 subdivision 1; 273.11, subdivision 23; 273.111, subdivision 4; 273.1115,
1.6 subdivision 2; 273.113, subdivisions 1, 2; 273.1231, subdivision 8; 273.124,
1.7 subdivisions 13, 21; 273.13, subdivisions 23, 25, 33; 273.33, subdivision 2;
1.8 273.37, subdivision 2; 274.13, subdivision 2; 274.135, subdivision 3; 274.14;
1.9 274.175; 275.70, subdivision 5; 275.71, subdivision 4; 282.01, subdivisions 1,
1.10 1a, 1c, 1d, 2, 3, 4, 7, 7a, by adding a subdivision; 287.04; 287.05, by adding a
1.11 subdivision; 287.22; 287.2205; 287.25; 289A.08, subdivision 3; 289A.12, by
1.12 adding a subdivision; 289A.18, subdivision 1; 289A.19, subdivision 4; 289A.38,
1.13 subdivision 7; 289A.41; 289A.60, by adding a subdivision; 290.01, subdivision
1.14 19b; 290.0671, subdivision 1; 290A.10; 290A.14; 290C.06; 290C.07; 295.56;
1.15 295.57, subdivision 5; 296A.21, subdivision 1; 297A.70, subdivisions 2, 4;
1.16 297A.992, subdivision 2; 297A.993, subdivision 1; 297E.02, subdivision 4;
1.17 297E.06, by adding a subdivision; 297E.11, subdivision 1; 297F.09, subdivision
1.18 7; 297G.09, subdivision 6; 297I.30, by adding a subdivision; 297I.35,
1.19 subdivision 2; 298.28, subdivisions 4, 11; 473.843, subdivision 3; 477A.011,
1.20 subdivisions 34, 42; 477A.013, subdivision 8; repealing Minnesota Statutes
1.21 2008, sections 282.01, subdivisions 1b, 9, 10, 11; 287.26; 287.27, subdivision
1.22 1; 297A.67, subdivision 24; 298.28, subdivisions 11a, 13; Minnesota Rules,
1.23 parts 8009.3000; 8115.0200; 8115.0300; 8115.0400; 8115.0500; 8115.0600;
1.24 8115.1000; 8115.1100; 8115.1200; 8115.1300; 8115.1400; 8115.1500;
1.25 8115.1600; 8115.1700; 8115.1800; 8115.1900; 8115.2000; 8115.2100;
1.26 8115.2200; 8115.2300; 8115.2400; 8115.2500; 8115.2600; 8115.2700;
1.27 8115.2800; 8115.2900; 8115.3000; 8115.4000; 8115.4100; 8115.4200;
1.28 8115.4300; 8115.4400; 8115.4500; 8115.4600; 8115.4700; 8115.4800;
1.29 8115.4900; 8115.5000; 8115.5100; 8115.5200; 8115.5300; 8115.5400;
1.30 8115.5500; 8115.5600; 8115.5700; 8115.5800; 8115.5900; 8115.6000;
1.31 8115.6100; 8115.6200; 8115.6300; 8115.6400; 8115.9900.
1.32

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

ARTICLE 1

INDIVIDUAL INCOME, CORPORATE FRANCHISE, AND ESTATE TAXES

Section 1. Minnesota Statutes 2008, section 289A.08, subdivision 3, is amended to read:

Subd. 3. **Corporations.** (a) A corporation that is subject to the state's jurisdiction to tax under section 290.014, subdivision 5, must file a return, except that a foreign operating corporation as defined in section 290.01, subdivision 6b, is not required to file a return.

(b) Members of a unitary business that are required to file a combined report on one return must designate a member of the unitary business to be responsible for tax matters, including the filing of returns, the payment of taxes, additions to tax, penalties, interest, or any other payment, and for the receipt of refunds of taxes or interest paid in excess of taxes lawfully due. The designated member must be a member of the unitary business that is filing the single combined report and either:

(1) a corporation that is subject to the taxes imposed by chapter 290; or

(2) a corporation that is not subject to the taxes imposed by chapter 290:

(i) Such corporation consents by filing the return as a designated member under this clause to remit taxes, penalties, interest, or additions to tax due from the members of the unitary business subject to tax, and receive refunds or other payments on behalf of other members of the unitary business. The member designated under this clause is a "taxpayer" for the purposes of this chapter and chapter 270C, and is liable for any liability imposed on the unitary business under this chapter and chapter 290.

(ii) If the state does not otherwise have the jurisdiction to tax the member designated under this clause, consenting to be the designated member does not create the jurisdiction to impose tax on the designated member, other than as described in item (i).

(iii) The member designated under this clause must apply for a business tax account identification number.

(c) The commissioner shall adopt rules for the filing of one return on behalf of the members of an affiliated group of corporations that are required to file a combined report. All members of an affiliated group that are required to file a combined report must file one return on behalf of the members of the group under rules adopted by the commissioner.

(d) If a corporation claims on a return that it has paid tax in excess of the amount of taxes lawfully due, that corporation must include on that return information necessary for payment of the tax in excess of the amount lawfully due by electronic means.

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

3.1 Sec. 2. Minnesota Statutes 2008, section 289A.12, is amended by adding a subdivision
3.2 to read:

3.3 Subd. 16. **Qualified intermediaries.** The commissioner may by notice and demand
3.4 require a qualified intermediary to file a return relating to transactions for which the
3.5 intermediary acted to facilitate exchanges under section 1031 of the Internal Revenue
3.6 Code. The return must include the name, address, and state or federal tax identification
3.7 number or Social Security number of each of the parties to the exchange, information
3.8 relating to the property subject to the exchange, and any other information required by
3.9 the commissioner.

3.10 **EFFECTIVE DATE.** This section is effective July 1, 2009, and applies to all
3.11 transactions whether facilitated on, before, or after that date.

3.12 Sec. 3. Minnesota Statutes 2008, section 289A.18, subdivision 1, is amended to read:

3.13 Subdivision 1. **Individual income, fiduciary income, corporate franchise, and**
3.14 **entertainment taxes; partnership and S corporation returns; information returns;**
3.15 **mining company returns.** The returns required to be made under sections 289A.08 and
3.16 289A.12 must be filed at the following times:

3.17 (1) returns made on the basis of the calendar year must be filed on April 15 following
3.18 the close of the calendar year, except that returns of corporations must be filed on March
3.19 15 following the close of the calendar year;

3.20 (2) returns made on the basis of the fiscal year must be filed on the 15th day of the
3.21 fourth month following the close of the fiscal year, except that returns of corporations
3.22 must be filed on the 15th day of the third month following the close of the fiscal year;

3.23 (3) returns for a fractional part of a year must be filed on the 15th day of the fourth
3.24 month following the end of the month in which falls the last day of the period for which
3.25 the return is made, except that the returns of corporations must be filed on the 15th day of
3.26 the third month following the end of the tax year; or, in the case of a corporation which is
3.27 a member of a unitary group, the return of the corporation must be filed on the 15th day of
3.28 the third month following the end of the tax year of the unitary group in which falls the
3.29 last day of the period for which the return is made;

3.30 (4) in the case of a final return of a decedent for a fractional part of a year, the return
3.31 must be filed on the 15th day of the fourth month following the close of the 12-month
3.32 period that began with the first day of that fractional part of a year;

3.33 (5) in the case of the return of a cooperative association, returns must be filed on or
3.34 before the 15th day of the ninth month following the close of the taxable year;

4.1 (6) if a corporation has been divested from a unitary group and files a return for
 4.2 a fractional part of a year in which it was a member of a unitary business that files a
 4.3 combined report under section 290.17, subdivision 4, the divested corporation's return
 4.4 must be filed on the 15th day of the third month following the close of the common
 4.5 accounting period that includes the fractional year;

4.6 (7) returns of entertainment entities must be filed on April 15 following the close of
 4.7 the calendar year;

4.8 (8) returns required to be filed under section 289A.08, subdivision 4, must be filed
 4.9 on the 15th day of the fifth month following the close of the taxable year;

4.10 (9) returns of mining companies must be filed on May 1 following the close of the
 4.11 calendar year; and

4.12 (10) returns required to be filed with the commissioner under section 289A.12,
 4.13 subdivision 2 ~~or~~ 4 to 10, or 16 must be filed within 30 days after being demanded by
 4.14 the commissioner.

4.15 **EFFECTIVE DATE.** This section is effective July 1, 2009.

4.16 Sec. 4. Minnesota Statutes 2008, section 289A.19, subdivision 4, is amended to read:

4.17 Subd. 4. **Estate tax returns.** ~~When an extension to file the federal estate tax return~~
 4.18 ~~has been granted under section 6081 of the Internal Revenue Code, the time for filing~~
 4.19 ~~the estate tax return is extended for that period. If the estate requests an extension to~~
 4.20 ~~file an estate tax return within the time provided in section 289A.18, subdivision 3, the~~
 4.21 ~~commissioner shall extend the time for filing the estate tax return for six months. The time~~
 4.22 for filing an estate tax return shall be extended for either six months or the amount of
 4.23 time granted under section 6081 of the Internal Revenue Code to file the federal estate
 4.24 tax return, whichever is longer.

4.25 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after
 4.26 December 31, 2008.

4.27 Sec. 5. Minnesota Statutes 2008, section 289A.38, subdivision 7, is amended to read:

4.28 Subd. 7. **Federal tax changes.** If the amount of income, items of tax preference,
 4.29 deductions, or credits for any year of a taxpayer, or the wages paid by a taxpayer for
 4.30 any period, as reported to the Internal Revenue Service is changed or corrected by the
 4.31 commissioner of Internal Revenue or other officer of the United States or other competent
 4.32 authority, or where a renegotiation of a contract or subcontract with the United States
 4.33 results in a change in income, items of tax preference, deductions, credits, or withholding

5.1 tax, or, in the case of estate tax, where there are adjustments to the taxable estate, the
5.2 taxpayer shall report the change or correction or renegotiation results in writing to the
5.3 commissioner. The report must be submitted within 180 days after the final determination
5.4 and must be in the form of either an amended Minnesota estate, withholding tax, corporate
5.5 franchise tax, or income tax return conceding the accuracy of the federal determination
5.6 or a letter detailing how the federal determination is incorrect or does not change the
5.7 Minnesota tax. An amended Minnesota income tax return must be accompanied by an
5.8 amended property tax refund return, if necessary. A taxpayer filing an amended federal
5.9 tax return must also file a copy of the amended return with the commissioner of revenue
5.10 within 180 days after filing the amended return.

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

5.12 Sec. 6. Minnesota Statutes 2008, section 289A.60, is amended by adding a subdivision
5.13 to read:

5.14 **Subd. 31. Penalty for failure to withhold tax.** (a) An employer who fails to
5.15 withhold tax from the wages of an employee when required to do so under section 290.92,
5.16 subdivision 2a, is subject to a penalty equal to three percent of the wages paid to the
5.17 employee.

5.18 (b) A contractor who fails to withhold tax from payments made to a sole proprietor
5.19 when required to do so under section 290.92, subdivision 31, is subject to a penalty
5.20 equal to two percent of the amount of the payments made to the independent contractor
5.21 that are subject to withholding.

5.22 (c) The penalty imposed under this subdivision is in lieu of any tax for which
5.23 liability could be imposed under section 289A.31, subdivision 5.

5.24 (d) The penalty is assessed under section 270C.33, subdivision 4, paragraph (a),
5.25 clause (5), and is not subject to abatement under section 270C.34.

5.26 **EFFECTIVE DATE.** This section is effective for taxes required to be withheld
5.27 after June 30, 2009.

5.28 Sec. 7. Minnesota Statutes 2008, section 290.01, subdivision 19b, is amended to read:

5.29 Subd. 19b. **Subtractions from federal taxable income.** For individuals, estates,
5.30 and trusts, there shall be subtracted from federal taxable income:

5.31 (1) net interest income on obligations of any authority, commission, or
5.32 instrumentality of the United States to the extent includable in taxable income for federal
5.33 income tax purposes but exempt from state income tax under the laws of the United States;

6.1 (2) if included in federal taxable income, the amount of any overpayment of income
6.2 tax to Minnesota or to any other state, for any previous taxable year, whether the amount
6.3 is received as a refund or as a credit to another taxable year's income tax liability;

6.4 (3) the amount paid to others, less the amount used to claim the credit allowed under
6.5 section 290.0674, not to exceed \$1,625 for each qualifying child in grades kindergarten
6.6 to 6 and \$2,500 for each qualifying child in grades 7 to 12, for tuition, textbooks, and
6.7 transportation of each qualifying child in attending an elementary or secondary school
6.8 situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a
6.9 resident of this state may legally fulfill the state's compulsory attendance laws, which
6.10 is not operated for profit, and which adheres to the provisions of the Civil Rights Act
6.11 of 1964 and chapter 363A. For the purposes of this clause, "tuition" includes fees or
6.12 tuition as defined in section 290.0674, subdivision 1, clause (1). As used in this clause,
6.13 "textbooks" includes books and other instructional materials and equipment purchased
6.14 or leased for use in elementary and secondary schools in teaching only those subjects
6.15 legally and commonly taught in public elementary and secondary schools in this state.
6.16 Equipment expenses qualifying for deduction includes expenses as defined and limited in
6.17 section 290.0674, subdivision 1, clause (3). "Textbooks" does not include instructional
6.18 books and materials used in the teaching of religious tenets, doctrines, or worship, the
6.19 purpose of which is to instill such tenets, doctrines, or worship, nor does it include books
6.20 or materials for, or transportation to, extracurricular activities including sporting events,
6.21 musical or dramatic events, speech activities, driver's education, or similar programs. No
6.22 deduction is permitted for any expense the taxpayer incurred in using the taxpayer's or
6.23 the qualifying child's vehicle to provide such transportation for a qualifying child. For
6.24 purposes of the subtraction provided by this clause, "qualifying child" has the meaning
6.25 given in section 32(c)(3) of the Internal Revenue Code;

6.26 (4) income as provided under section 290.0802;

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

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

7.1 (7) for taxable years beginning before January 1, 2008, the amount of the federal
7.2 small ethanol producer credit allowed under section 40(a)(3) of the Internal Revenue Code
7.3 which is included in gross income under section 87 of the Internal Revenue Code;

7.4 (8) for individuals who are allowed a federal foreign tax credit for taxes that do not
7.5 qualify for a credit under section 290.06, subdivision 22, an amount equal to the carryover
7.6 of subnational foreign taxes for the taxable year, but not to exceed the total subnational
7.7 foreign taxes reported in claiming the foreign tax credit. For purposes of this clause,
7.8 "federal foreign tax credit" means the credit allowed under section 27 of the Internal
7.9 Revenue Code, and "carryover of subnational foreign taxes" equals the carryover allowed
7.10 under section 904(c) of the Internal Revenue Code minus national level foreign taxes to
7.11 the extent they exceed the federal foreign tax credit;

7.12 (9) in each of the five tax years immediately following the tax year in which an
7.13 addition is required under subdivision 19a, clause (7), or 19c, clause (15), in the case
7.14 of a shareholder of a corporation that is an S corporation, an amount equal to one-fifth
7.15 of the delayed depreciation. For purposes of this clause, "delayed depreciation" means
7.16 the amount of the addition made by the taxpayer under subdivision 19a, clause (7), or
7.17 subdivision 19c, clause (15), in the case of a shareholder of an S corporation, minus the
7.18 positive value of any net operating loss under section 172 of the Internal Revenue Code
7.19 generated for the tax year of the addition. The resulting delayed depreciation cannot be
7.20 less than zero;

7.21 (10) job opportunity building zone income as provided under section 469.316;

7.22 (11) to the extent included in federal taxable income, the amount of compensation
7.23 paid to members of the Minnesota National Guard or other reserve components of the
7.24 United States military for active service performed in Minnesota, excluding compensation
7.25 for services performed under the Active Guard Reserve (AGR) program. For purposes of
7.26 this clause, "active service" means (i) state active service as defined in section 190.05,
7.27 subdivision 5a, clause (1); (ii) federally funded state active service as defined in section
7.28 190.05, subdivision 5b; or (iii) federal active service as defined in section 190.05,
7.29 subdivision 5c, but "active service" excludes service performed in accordance with section
7.30 190.08, subdivision 3;

7.31 (12) to the extent included in federal taxable income, the amount of compensation
7.32 paid to Minnesota residents who are members of the armed forces of the United States or
7.33 United Nations for active duty performed outside Minnesota under United States Code,
7.34 title 10, section 101(d); United States Code, title 32, section 101(12); or the authority of
7.35 the United Nations;

8.1 (13) an amount, not to exceed \$10,000, equal to qualified expenses related to a
8.2 qualified donor's donation, while living, of one or more of the qualified donor's organs
8.3 to another person for human organ transplantation. For purposes of this clause, "organ"
8.4 means all or part of an individual's liver, pancreas, kidney, intestine, lung, or bone marrow;
8.5 "human organ transplantation" means the medical procedure by which transfer of a human
8.6 organ is made from the body of one person to the body of another person; "qualified
8.7 expenses" means unreimbursed expenses for both the individual and the qualified donor
8.8 for (i) travel, (ii) lodging, and (iii) lost wages net of sick pay, except that such expenses
8.9 may be subtracted under this clause only once; and "qualified donor" means the individual
8.10 or the individual's dependent, as defined in section 152 of the Internal Revenue Code. An
8.11 individual may claim the subtraction in this clause for each instance of organ donation for
8.12 transplantation during the taxable year in which the qualified expenses occur;

8.13 (14) in each of the five tax years immediately following the tax year in which an
8.14 addition is required under subdivision 19a, clause (8), or 19c, clause (16), in the case of a
8.15 shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the
8.16 addition made by the taxpayer under subdivision 19a, clause (8), or 19c, clause (16), in the
8.17 case of a shareholder of a corporation that is an S corporation, minus the positive value of
8.18 any net operating loss under section 172 of the Internal Revenue Code generated for the
8.19 tax year of the addition. If the net operating loss exceeds the addition for the tax year, a
8.20 subtraction is not allowed under this clause;

8.21 (15) to the extent included in federal taxable income, compensation paid to a service
8.22 member as defined in United States Code, title 10, section 101(a)(5), for military service
8.23 as defined in the Servicemembers Civil Relief Act, Public Law 108-189, section 101(2);

8.24 (16) international economic development zone income as provided under section
8.25 469.325; and

8.26 (17) to the extent included in federal taxable income, the amount of national service
8.27 educational awards received from the National Service Trust under United States Code,
8.28 title 42, sections 12601 to 12604, for service in an approved Americorps National Service
8.29 program.

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

8.31 Sec. 8. Minnesota Statutes 2008, section 290.0671, subdivision 1, is amended to read:

8.32 Subdivision 1. **Credit allowed.** (a) An individual is allowed a credit against the tax
8.33 imposed by this chapter equal to a percentage of earned income. To receive a credit, a
8.34 taxpayer must be eligible for a credit under section 32 of the Internal Revenue Code.

9.1 (b) For individuals with no qualifying children, the credit equals 1.9125 percent of
9.2 the first \$4,620 of earned income. The credit is reduced by 1.9125 percent of earned
9.3 income or adjusted gross income, whichever is greater, in excess of \$5,770, but in no
9.4 case is the credit less than zero.

9.5 (c) For individuals with one qualifying child, the credit equals 8.5 percent of the first
9.6 \$6,920 of earned income and 8.5 percent of earned income over \$12,080 but less than
9.7 \$13,450. The credit is reduced by 5.73 percent of earned income or adjusted gross income,
9.8 whichever is greater, in excess of \$15,080, but in no case is the credit less than zero.

9.9 (d) For individuals with two or more qualifying children, the credit equals ten
9.10 percent of the first \$9,720 of earned income and 20 percent of earned income over
9.11 \$14,860 but less than \$16,800. The credit is reduced by 10.3 percent of earned income
9.12 or adjusted gross income, whichever is greater, in excess of \$17,890, but in no case is
9.13 the credit less than zero.

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

9.16 (f) For a person who was a resident for the entire tax year and has earned income
9.17 not subject to tax under this chapter, including income excluded under section 290.01,
9.18 subdivision 19b, clause (10) or (16), the credit must be allocated based on the ratio of
9.19 federal adjusted gross income reduced by the earned income not subject to tax under
9.20 this chapter over federal adjusted gross income. For purposes of this paragraph, the
9.21 subtractions for military pay under section 290.01, subdivision 19b, clauses (11) and (12),
9.22 are not considered "earned income not subject to tax under this chapter."

9.23 For the purposes of this paragraph, the exclusion of combat pay under section 112
9.24 of the Internal Revenue Code is not considered "earned income not subject to tax under
9.25 this chapter."

9.26 ~~(g) For tax years beginning after December 31, 2001, and before December 31,
9.27 2004, the \$5,770 in paragraph (b), the \$15,080 in paragraph (c), and the \$17,890 in
9.28 paragraph (d), after being adjusted for inflation under subdivision 7, are each increased by
9.29 \$1,000 for married taxpayers filing joint returns.~~

9.30 ~~(h) For tax years beginning after December 31, 2004, and before December 31,
9.31 2007, the \$5,770 in paragraph (b), the \$15,080 in paragraph (c), and the \$17,890 in
9.32 paragraph (d), after being adjusted for inflation under subdivision 7, are each increased by
9.33 \$2,000 for married taxpayers filing joint returns.~~

9.34 ~~(i)~~ (g) For tax years beginning after December 31, 2007, and before December
9.35 31, 2010, the \$5,770 in paragraph (b), the \$15,080 in paragraph (c), and the \$17,890 in
9.36 paragraph (d), after being adjusted for inflation under subdivision 7, are each increased by

10.1 \$3,000 for married taxpayers filing joint returns. For tax years beginning after December
 10.2 31, 2008, the commissioner shall annually adjust the \$3,000 is adjusted annually for
 10.3 inflation under subdivision 7; by the percentage determined pursuant to the provisions
 10.4 of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B), the word
 10.5 "2007" shall be substituted for the word "1992." For 2009, the commissioner shall then
 10.6 determine the percent change from the 12 months ending on August 31, 2007, to the 12
 10.7 months ending on August 31, 2008, and in each subsequent year, from the 12 months
 10.8 ending on August 31, 2007, to the 12 months ending on August 31 of the year preceding
 10.9 the taxable year. The earned income thresholds as adjusted for inflation must be rounded
 10.10 to the nearest \$10. If the amount ends in \$5, the amount is rounded up to the nearest \$10.
 10.11 The determination of the commissioner under this subdivision is not a rule under the
 10.12 Administrative Procedure Act.

10.13 ⊕ (h) The commissioner shall construct tables showing the amount of the credit
 10.14 at various income levels and make them available to taxpayers. The tables shall follow
 10.15 the schedule contained in this subdivision, except that the commissioner may graduate
 10.16 the transition between income brackets.

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

10.19 Sec. 9. Minnesota Statutes 2008, section 290A.10, is amended to read:

10.20 **290A.10 PROOF OF TAXES PAID.**

10.21 Every claimant who files a claim for relief for property taxes payable shall include
 10.22 with the claim a property tax statement or a reproduction thereof in a form deemed
 10.23 satisfactory by the commissioner of revenue indicating that there are no delinquent
 10.24 property taxes on the homestead. Indication on the property tax statement from the county
 10.25 treasurer that there are no delinquent taxes on the homestead shall be sufficient proof.
 10.26 Taxes included in a confession of judgment under section 277.23 or 279.37 shall not
 10.27 constitute delinquent taxes as long as the claimant is current on the payments required to
 10.28 be made under section 277.23 or 279.37.

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

10.30 Sec. 10. Minnesota Statutes 2008, section 290A.14, is amended to read:

10.31 **290A.14 PROPERTY TAX STATEMENT.**

10.32 The county treasurer shall prepare and send a sufficient number of copies of the
 10.33 property tax statement to the owner, and to the owner's escrow agent if the taxes are

11.1 paid via an escrow account, to enable the owner to comply with the filing requirements
 11.2 of this chapter and to retain one copy as a record. The property tax statement, in a form
 11.3 prescribed by the commissioner, shall indicate the manner in which the claimant may
 11.4 claim relief from the state under both this chapter and chapter 290B, and the amount of the
 11.5 tax for which the applicant may claim relief. The statement shall also indicate if there
 11.6 are delinquent property taxes on the property in the preceding year. Taxes included in a
 11.7 confession of judgment under section 277.23 or 279.37 shall not constitute delinquent
 11.8 taxes as long as the claimant is current on the payments required to be made under section
 11.9 277.23 or 279.37.

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

11.11 Sec. 11. **REPEALER.**

11.12 Minnesota Rules, part 8009.3000, is repealed.

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

11.14 **ARTICLE 2**
 11.15 **SALES AND USE TAXES**

11.16 Section 1. Minnesota Statutes 2008, section 297A.70, subdivision 2, is amended to
 11.17 read:

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

11.21 (1) the United States and its agencies and instrumentalities;

11.22 (2) school districts, the University of Minnesota, state universities, community
 11.23 colleges, technical colleges, state academies, the Perpich Minnesota Center for Arts
 11.24 Education, and an instrumentality of a political subdivision that is accredited as an
 11.25 optional/special function school by the North Central Association of Colleges and Schools;

11.26 (3) hospitals and nursing homes owned and operated by political subdivisions of
 11.27 the state of tangible personal property and taxable services used at or by hospitals and
 11.28 nursing homes;

11.29 (4) the Metropolitan Council, for its purchases of vehicles and repair parts to equip
 11.30 operations provided for in section 473.4051;

11.31 (5) other states or political subdivisions of other states, if the sale would be exempt
 11.32 from taxation if it occurred in that state; and

12.1 (6) sales to public libraries, public library systems, multicounty, multitype library
 12.2 systems as defined in section 134.001, county law libraries under chapter 134A, state
 12.3 agency libraries, the state library under section 480.09, and the Legislative Reference
 12.4 Library.

12.5 (b) This exemption does not apply to the sales of the following products and services:

12.6 (1) building, construction, or reconstruction materials purchased by a contractor
 12.7 or a subcontractor as a part of a lump-sum contract or similar type of contract with a
 12.8 guaranteed maximum price covering both labor and materials for use in the construction,
 12.9 alteration, or repair of a building or facility;

12.10 (2) construction materials purchased by tax exempt entities or their contractors to
 12.11 be used in constructing buildings or facilities which will not be used principally by the
 12.12 tax exempt entities;

12.13 (3) the leasing of a motor vehicle as defined in section 297B.01, subdivision 11,
 12.14 except for leases entered into by the United States or its agencies or instrumentalities; or

12.15 (4) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause
 12.16 (2), and prepared food, candy, ~~and~~ soft drinks, and alcoholic beverages as defined in
 12.17 section 297A.67, subdivision 2, except for lodging, prepared food, candy, ~~and~~ soft
 12.18 drinks, and alcoholic beverages purchased directly by the United States or its agencies
 12.19 or instrumentalities.

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

12.23 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
 12.24 June 30, 2009.

12.25 Sec. 2. Minnesota Statutes 2008, section 297A.70, subdivision 4, is amended to read:

12.26 Subd. 4. **Sales to nonprofit groups.** (a) All sales, except those listed in paragraph
 12.27 (b), to the following "nonprofit organizations" are exempt:

12.28 (1) a corporation, society, association, foundation, or institution organized and
 12.29 operated exclusively for charitable, religious, or educational purposes if the item
 12.30 purchased is used in the performance of charitable, religious, or educational functions; and

12.31 (2) any senior citizen group or association of groups that:

12.32 (i) in general limits membership to persons who are either age 55 or older, or
 12.33 physically disabled; ~~and~~

13.1 (ii) is organized and operated exclusively for pleasure, recreation, and other
13.2 nonprofit purposes, not including housing, no part of the net earnings of which inures to
13.3 the benefit of any private shareholders; and

13.4 (iii) is an exempt organization under section 501(c) of the Internal Revenue Code.

13.5 For purposes of this subdivision, charitable purpose includes the maintenance of a
13.6 cemetery owned by a religious organization.

13.7 (b) This exemption does not apply to the following sales:

13.8 (1) building, construction, or reconstruction materials purchased by a contractor
13.9 or a subcontractor as a part of a lump-sum contract or similar type of contract with a
13.10 guaranteed maximum price covering both labor and materials for use in the construction,
13.11 alteration, or repair of a building or facility;

13.12 (2) construction materials purchased by tax-exempt entities or their contractors to
13.13 be used in constructing buildings or facilities that will not be used principally by the
13.14 tax-exempt entities; and

13.15 (3) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause
13.16 (2), and prepared food, candy, ~~and~~ soft drinks, and alcoholic beverages as defined in
13.17 section 297A.67, subdivision 2, except wine purchased by an established religious
13.18 organization for sacramental purposes; and

13.19 (4) leasing of a motor vehicle as defined in section 297B.01, subdivision 11, except
13.20 as provided in paragraph (c).

13.21 (c) This exemption applies to the leasing of a motor vehicle as defined in section
13.22 297B.01, subdivision 11, only if the vehicle is:

13.23 (1) a truck, as defined in section 168.002, a bus, as defined in section 168.002, or a
13.24 passenger automobile, as defined in section 168.002, if the automobile is designed and
13.25 used for carrying more than nine persons including the driver; and

13.26 (2) intended to be used primarily to transport tangible personal property or
13.27 individuals, other than employees, to whom the organization provides service in
13.28 performing its charitable, religious, or educational purpose.

13.29 (d) A limited liability company also qualifies for exemption under this subdivision if
13.30 (1) it consists of a sole member that would qualify for the exemption, and (2) the items
13.31 purchased qualify for the exemption.

13.32 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
13.33 June 30, 2009, except that the amendment to paragraph (a) is effective the day following
13.34 final enactment.

14.1 Sec. 3. Minnesota Statutes 2008, section 297A.992, subdivision 2, is amended to read:

14.2 Subd. 2. **Authorization; rates.** (a) Notwithstanding section 297A.99, subdivisions
14.3 1, 2, and 3, or 477A.016, or any other law, the board of a county participating in a
14.4 joint powers agreement as specified in this section shall impose by resolution (1) a
14.5 transportation sales and use tax at a rate of one-quarter of one percent on retail sales and
14.6 uses taxable under this chapter, and (2) an excise tax of \$20 per motor vehicle, as defined
14.7 in section 297B.01, subdivision 5, purchased or acquired from any person engaged in the
14.8 business of selling motor vehicles at retail, occurring within the jurisdiction of the taxing
14.9 authority. The taxes authorized are to fund transportation improvements as specified in
14.10 this section, including debt service on obligations issued to finance such improvements
14.11 pursuant to subdivision 7.

14.12 (b) The tax imposed under this section is not included in determining if the total tax
14.13 on lodging in the city of Minneapolis exceeds the maximum allowed tax under Laws 1986,
14.14 chapter 396, section 5, as amended by Laws 2001, First Special Session chapter 5, article
14.15 12, section 87, or in determining a tax that may be imposed under any other limitations.

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

14.17 Sec. 4. Minnesota Statutes 2008, section 297A.993, subdivision 1, is amended to read:

14.18 Subdivision 1. **Authorization; rates.** Notwithstanding section 297A.99,
14.19 subdivisions 1, 2, 3, 5, and 13, or 477A.016, or any other law, the board of a county outside
14.20 the metropolitan transportation area, as defined under section 297A.992, subdivision 1, or
14.21 more than one county outside the metropolitan transportation area acting under a joint
14.22 powers agreement, may impose (1) a transportation sales tax at a rate of up to one-half of
14.23 one percent on retail sales and uses taxable under this chapter, and (2) an excise tax of \$20
14.24 per motor vehicle, as defined in section 297B.01, subdivision 5, purchased or acquired
14.25 from any person engaged in the business of selling motor vehicles at retail, occurring
14.26 within the jurisdiction of the taxing authority. The taxes imposed under this section are
14.27 subject to approval by a majority of the voters in each of the counties affected at a general
14.28 election who vote on the question to impose the taxes.

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

14.30 Sec. 5. **REPEALER.**

14.31 Minnesota Statutes 2008, section 297A.67, subdivision 24, is repealed.

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

15.1 **ARTICLE 3**
 15.2 **SPECIAL TAXES**

15.3 Section 1. Minnesota Statutes 2008, section 126C.21, subdivision 4, is amended to read:

15.4 Subd. 4. **Taconite deductions.** For districts that have revenue under sections
 15.5 298.018; 298.225; 298.24 to 298.28, excluding 298.26 and 298.28, subdivision 4,
 15.6 paragraph (b), item (ii), two cents per taxable ton under paragraphs (c), item (i), and
 15.7 (d); 298.34 to 298.39; 298.391 to 298.396; 298.405; and 477A.15, or any law imposing
 15.8 a tax upon severed mineral values; the general education aid must be reduced in the
 15.9 final adjustment payment by (1) the amount of the revenue recognized pursuant to those
 15.10 sections for the fiscal year to which the final adjustment is attributable, less (2) the amount
 15.11 that was calculated, pursuant to section 126C.48, subdivision 8, as a reduction of the levy
 15.12 attributable to the fiscal year to which the final adjustment is attributable. If the final
 15.13 adjustment of a district's general education aid for a fiscal year is a negative amount
 15.14 because of this subdivision, the next fiscal year's general education aid to that district must
 15.15 be reduced by this negative amount in the following manner: there must be withheld from
 15.16 each scheduled general education aid payment due the district in such fiscal year, 15
 15.17 percent of the total negative amount, until the total negative amount has been withheld.
 15.18 The amount reduced from general education aid pursuant to this subdivision must reduce
 15.19 revenue in the fiscal year to which the final adjustment payment is attributable.

15.20 **EFFECTIVE DATE.** The section is effective the day following final enactment.

15.21 Sec. 2. Minnesota Statutes 2008, section 126C.48, subdivision 8, is amended to read:

15.22 Subd. 8. **Taconite payment and other reductions.** (1) Reductions in levies
 15.23 pursuant to subdivision 1 must be made prior to the reductions in clause (2).

15.24 (2) Notwithstanding any other law to the contrary, districts that have revenue
 15.25 pursuant to sections 298.018; 298.225; 298.24 to 298.28, except an amount distributed
 15.26 under sections 298.26; 298.28, subdivision 4, paragraph (b), item (ii), two cents per
 15.27 taxable ton under paragraphs (c), ~~clause~~ items (i) and (ii), and (d); 298.34 to 298.39;
 15.28 298.391 to 298.396; 298.405; 477A.15; and any law imposing a tax upon severed
 15.29 mineral values must reduce the levies authorized by this chapter and chapters 120B,
 15.30 122A, 123A, 123B, 124A, 124D, 125A, and 127A by 95 percent of the previous year's
 15.31 revenue specified under this clause.

15.32 (3) The amount of any voter approved referendum, facilities down payment, and
 15.33 debt levies shall not be reduced by more than 50 percent under this subdivision. In
 15.34 administering this paragraph, the commissioner shall first reduce the nonvoter approved

16.1 levies of a district; then, if any payments, severed mineral value tax revenue or recognized
16.2 revenue under paragraph (2) remains, the commissioner shall reduce any voter approved
16.3 referendum levies authorized under section 126C.17; then, if any payments, severed
16.4 mineral value tax revenue or recognized revenue under paragraph (2) remains, the
16.5 commissioner shall reduce any voter approved facilities down payment levies authorized
16.6 under section 123B.63 and then, if any payments, severed mineral value tax revenue or
16.7 recognized revenue under paragraph (2) remains, the commissioner shall reduce any
16.8 voter approved debt levies.

16.9 (4) Before computing the reduction pursuant to this subdivision of the health and
16.10 safety levy authorized by sections 123B.57 and 126C.40, subdivision 5, the commissioner
16.11 shall ascertain from each affected school district the amount it proposes to levy under
16.12 each section or subdivision. The reduction shall be computed on the basis of the amount
16.13 so ascertained.

16.14 (5) To the extent the levy reduction calculated under paragraph (2) exceeds the
16.15 limitation in paragraph (3), an amount equal to the excess must be distributed from the
16.16 school district's distribution under sections 298.225, 298.28, and 477A.15 in the following
16.17 year to the cities and townships within the school district in the proportion that their
16.18 taxable net tax capacity within the school district bears to the taxable net tax capacity of
16.19 the school district for property taxes payable in the year prior to distribution. No city or
16.20 township shall receive a distribution greater than its levy for taxes payable in the year prior
16.21 to distribution. The commissioner of revenue shall certify the distributions of cities and
16.22 towns under this paragraph to the county auditor by September 30 of the year preceding
16.23 distribution. The county auditor shall reduce the proposed and final levies of cities and
16.24 towns receiving distributions by the amount of their distribution. Distributions to the cities
16.25 and towns shall be made at the times provided under section 298.27.

16.26 **EFFECTIVE DATE.** The section is effective the day following final enactment.

16.27 Sec. 3. Minnesota Statutes 2008, section 287.04, is amended to read:

16.28 **287.04 EXEMPTIONS.**

16.29 The tax imposed by section 287.035 does not apply to:

- 16.30 (a) A decree of marriage dissolution or an instrument made pursuant to it.
16.31 (b) A mortgage given to correct a misdescription of the mortgaged property.
16.32 (c) A mortgage or other instrument that adds additional security for the same debt
16.33 for which mortgage registry tax has been paid.

17.1 (d) A contract for the conveyance of any interest in real property, including a
17.2 contract for deed.

17.3 (e) A mortgage secured by real property subject to the minerals production tax of
17.4 sections 298.24 to 298.28.

17.5 (f) The principal amount of a mortgage loan made under a low and moderate
17.6 income or other affordable housing program, if the mortgagee is a federal, state, or local
17.7 government agency.

17.8 (g) Mortgages granted by fraternal benefit societies subject to section 64B.24.

17.9 (h) A mortgage amendment or extension, as defined in section 287.01.

17.10 (i) An agricultural mortgage if the proceeds of the loan secured by the mortgage are
17.11 used to acquire or improve real property classified under section 273.13, subdivision 23,
17.12 paragraph (a), or (b), ~~clause (1), (2), or (3).~~

17.13 (j) A mortgage on an armory building as set forth in section 193.147.

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

17.15 Sec. 4. Minnesota Statutes 2008, section 287.05, is amended by adding a subdivision
17.16 to read:

17.17 Subd. 9. **Modification of mortgage.** If a mortgage, or a document modifying a
17.18 mortgage, contains more than one statement that purports to limit: the enforcement of
17.19 the mortgage to a certain dollar amount; the tax imposed on the mortgage under this
17.20 chapter; or the effect of a modifying document, including but not limited to the statements
17.21 authorized in subdivisions 1, 1a, and 8, then the tax must be imposed based on the
17.22 combined effect, if any, of all the statements.

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

17.24 Sec. 5. Minnesota Statutes 2008, section 287.22, is amended to read:

17.25 **287.22 EXEMPTIONS.**

17.26 The tax imposed by section 287.21 does not apply to:

17.27 (1) an executory contract for the sale of real property under which the purchaser is
17.28 entitled to or does take possession of the real property, or any assignment or cancellation
17.29 of the contract;

17.30 (2) a mortgage or an amendment, assignment, extension, partial release, or
17.31 satisfaction of a mortgage;

17.32 (3) a will;

17.33 (4) a plat;

- 18.1 (5) a lease, amendment of lease, assignment of lease, or memorandum of lease;
- 18.2 (6) a deed, instrument, or writing in which the United States or any agency or
- 18.3 instrumentality thereof is the grantor, assignor, transferor, conveyor, grantee, or assignee;
- 18.4 (7) a deed for a cemetery lot or lots;
- 18.5 (8) a deed of distribution by a personal representative;
- 18.6 (9) a deed to or from a co-owner partitioning their undivided interest in the same
- 18.7 piece of real property;
- 18.8 (10) a deed or other instrument of conveyance issued pursuant to a permanent school
- 18.9 fund land exchange under section 92.121 and related laws;
- 18.10 (11) a referee's or sheriff's certificate of sale in a mortgage or lien foreclosure sale;
- 18.11 (12) a referee's, sheriff's, or certificate holder's certificate of redemption from a
- 18.12 mortgage or lien foreclosure sale issued under section 580.23 or other statute applicable to
- 18.13 redemption by an owner of real property;
- 18.14 (13) a deed, instrument, or writing which grants, creates, modifies, or terminates
- 18.15 an easement;
- 18.16 (14) a decree of marriage dissolution, as defined in section 287.01, subdivision 4,
- 18.17 or a deed or other instrument between the parties to the dissolution made pursuant to the
- 18.18 terms of the decree; and
- 18.19 (15) a transfer on death deed under section 507.071, and any affidavit or other
- 18.20 document to the extent it references a transfer on death deed.

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

18.22 Sec. 6. Minnesota Statutes 2008, section 287.25, is amended to read:

18.23 **287.25 PAYMENT OF TAX; STAMPS.**

18.24 Except for documents filed electronically, ~~the county board shall determine the~~

18.25 ~~method for collection of the tax imposed by section 287.21:~~

- 18.26 ~~(1) The tax imposed by section 287.21 may be paid by the affixing of a documentary~~
- 18.27 ~~stamp or stamps in the amount of the tax to the document or instrument with respect to~~
- 18.28 ~~which the tax is paid, provided that the county board may permit the payment of the~~
- 18.29 ~~tax without the affixing of the documentary stamps and in such cases shall direct the~~
- 18.30 ~~treasurer to endorse a receipt for such tax upon the face of the document or instrument.~~
- 18.31 ~~Documents submitted electronically must have the deed tax data affixed electronically and~~
- 18.32 ~~the tax paid as provided in section 287.08.~~

19.1 ~~(2)~~ the tax imposed by section 287.21 ~~may~~ must be paid in the manner prescribed by
 19.2 section 287.08 relating to payment of mortgage registration tax, and the treasurer must
 19.3 endorse a receipt for the tax on the face of the document or instrument.

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

19.5 Sec. 7. Minnesota Statutes 2008, section 295.56, is amended to read:

19.6 **295.56 TRANSFER OF ACCOUNTS RECEIVABLE.**

19.7 When a hospital ~~or~~, surgical center, health care provider, or wholesale drug
 19.8 distributor transfers, assigns, or sells accounts receivable to another person who is subject
 19.9 to tax under this chapter, liability for the tax on the accounts receivable is imposed on the
 19.10 transferee, assignee, or buyer of the accounts receivable. No liability for these accounts
 19.11 receivable is imposed on the transferor, assignor, or seller of the accounts receivable.

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

19.13 Sec. 8. Minnesota Statutes 2008, section 295.57, subdivision 5, is amended to read:

19.14 Subd. 5. **Exemption for amounts paid for legend drugs.** If a hospital, surgical
 19.15 center, or health care provider cannot determine the actual cost or reimbursement of
 19.16 legend drugs under the exemption provided in section 295.53, subdivision 1, paragraph
 19.17 (a), clause ~~(6)~~ (5), the following method must be used:

19.18 A hospital, surgical center, or health care provider must determine the amount paid
 19.19 for legend drugs used during the month or quarter and multiply that amount by a ratio,
 19.20 the numerator of which is the total amount received for taxable patient services, and the
 19.21 denominator of which is the total amount received for all patient services, including
 19.22 amounts exempt under section 295.53, subdivision 1. The result represents the allowable
 19.23 exemption for the monthly or quarterly cost of drugs.

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

19.25 Sec. 9. Minnesota Statutes 2008, section 296A.21, subdivision 1, is amended to read:

19.26 Subdivision 1. **General rules.** (a) The commissioner shall make determinations,
 19.27 corrections, assessments, and refunds with respect to taxes and fees under this chapter,
 19.28 including interest, additions to taxes, and assessable penalties. Except as otherwise
 19.29 provided in this section, the amount of taxes assessable must be assessed within 3-1/2
 19.30 years after the date the return is filed. For purposes of this section, a tax return filed before
 19.31 the last day prescribed by law for filing is considered to be filed on the last day.

20.1 (b) A claim for a refund of an overpayment of state tax or fees must be filed within
20.2 3-1/2 years from the date prescribed for filing the return, plus any extension of time
20.3 granted for filing the return, but only if filed within the extended time; or the claim must
20.4 be filed within one year from the date of an order assessing tax or fees, or from the date of
20.5 a return filed by the commissioner, upon payment in full of the tax, fees, penalties, and
20.6 interest shown on the order or return, whichever period expires later.

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

20.8 Sec. 10. Minnesota Statutes 2008, section 297E.02, subdivision 4, is amended to read:

20.9 Subd. 4. **Pull-tab and tipboard tax.** (a) A tax is imposed on the sale of each deal
20.10 of pull-tabs and tipboards sold by a distributor. The rate of the tax is 1.7 percent of the
20.11 ideal gross of the pull-tab or tipboard deal. The sales tax imposed by chapter 297A on the
20.12 sale of the pull-tabs and tipboards by the distributor is imposed on the retail sales price
20.13 less the tax imposed by this subdivision. The retail sale of pull-tabs or tipboards by the
20.14 organization is exempt from taxes imposed by chapter 297A and is exempt from all local
20.15 taxes and license fees except a fee authorized under section 349.16, subdivision 8.

20.16 (b) The liability for the tax imposed by this section is incurred when the pull-tabs
20.17 and tipboards are delivered by the distributor to the customer or to a common or contract
20.18 carrier for delivery to the customer, or when received by the customer's authorized
20.19 representative at the distributor's place of business, regardless of the distributor's method
20.20 of accounting or the terms of the sale.

20.21 The tax imposed by this subdivision is imposed on all sales of pull-tabs and
20.22 tipboards, except the following:

20.23 (1) sales to the governing body of an Indian tribal organization for use on an Indian
20.24 reservation;

20.25 (2) sales to distributors licensed under the laws of another state or of a province of
20.26 Canada, as long as all statutory and regulatory requirements are met in the other state or
20.27 province;

20.28 (3) sales of promotional tickets as defined in section 349.12; and

20.29 (4) pull-tabs and tipboards sold to an organization that sells pull-tabs and tipboards
20.30 under the exemption from licensing in section 349.166, subdivision 2. A distributor shall
20.31 require an organization conducting exempt gambling to show proof of its exempt status
20.32 before making a tax-exempt sale of pull-tabs or tipboards to the organization. A distributor
20.33 shall identify, on all reports submitted to the commissioner, all sales of pull-tabs and
20.34 tipboards that are exempt from tax under this subdivision.

21.1 (c) A distributor having a liability of ~~\$120,000~~ \$10,000 or more during a fiscal year
 21.2 ending June 30 must remit all liabilities in the subsequent calendar year by electronic
 21.3 means.

21.4 (d) Any customer who purchases deals of pull-tabs or tipboards from a distributor
 21.5 may file an annual claim for a refund or credit of taxes paid pursuant to this subdivision
 21.6 for unsold pull-tab and tipboard tickets. The claim must be filed with the commissioner on
 21.7 a form prescribed by the commissioner by March 20 of the year following the calendar
 21.8 year for which the refund is claimed. The refund must be filed as part of the customer's
 21.9 February monthly return. The refund or credit is equal to 1.7 percent of the face value
 21.10 of the unsold pull-tab or tipboard tickets, provided that the refund or credit will be 1.75
 21.11 percent of the face value of the unsold pull-tab or tipboard tickets for claims for a refund
 21.12 or credit of taxes filed on the February 2001 monthly return. The refund claimed will be
 21.13 applied as a credit against tax owing under this chapter on the February monthly return. If
 21.14 the refund claimed exceeds the tax owing on the February monthly return, that amount
 21.15 will be refunded. The amount refunded will bear interest pursuant to section 270C.405
 21.16 from 90 days after the claim is filed.

21.17 **EFFECTIVE DATE.** This section is effective for payments due in calendar year
 21.18 2010 and thereafter, based upon liabilities incurred in the fiscal year ending June 30,
 21.19 2009, and in fiscal years thereafter.

21.20 Sec. 11. Minnesota Statutes 2008, section 297E.06, is amended by adding a subdivision
 21.21 to read:

21.22 Subd. 1a. **Required signatures.** The gambling manager and the chief executive
 21.23 officer of the organization, or their respective designees, and the person who completed
 21.24 the tax return must sign the tax return. The organization shall inform the commissioner of
 21.25 revenue in writing of the identity of the designees as soon as practicable in the form and
 21.26 manner prescribed by the commissioner.

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

21.28 Sec. 12. Minnesota Statutes 2008, section 297E.11, subdivision 1, is amended to read:

21.29 Subdivision 1. **General rule.** Except as otherwise provided in this chapter, the
 21.30 amount of taxes assessable must be assessed within 3-1/2 years after the return is filed,
 21.31 whether or not the return is filed on or after the date prescribed. A return must not be
 21.32 treated as filed until it is in processible form. A return is in processible form if it is filed
 21.33 on a permitted form and contains sufficient data to identify the taxpayer and permit the

22.1 mathematical verification of the tax liability shown on the return. For purposes of this
22.2 section, a tax return filed before the last day prescribed by law for filing is considered to
22.3 be filed on the last day.

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

22.5 Sec. 13. Minnesota Statutes 2008, section 297F.09, subdivision 7, is amended to read:

22.6 Subd. 7. **Electronic payment.** A cigarette or tobacco products distributor having a
22.7 liability of ~~\$120,000~~ \$10,000 or more during a fiscal year ending June 30 must remit all
22.8 liabilities in the subsequent calendar year by electronic means.

22.9 **EFFECTIVE DATE.** This section is effective for payments due in calendar year
22.10 2010 and thereafter, based upon liabilities incurred in the fiscal year ending June 30,
22.11 2009, and in fiscal years thereafter.

22.12 Sec. 14. Minnesota Statutes 2008, section 297G.09, subdivision 6, is amended to read:

22.13 Subd. 6. **Electronic payments.** A licensed brewer, importer, or wholesaler having
22.14 an excise tax liability of ~~\$120,000~~ \$10,000 or more during a fiscal year ending June 30
22.15 must remit all excise tax liabilities in the subsequent calendar year by electronic means.

22.16 **EFFECTIVE DATE.** This section is effective for payments due in calendar year
22.17 2010 and thereafter, based upon liabilities incurred in the fiscal year ending June 30,
22.18 2009, and in fiscal years thereafter.

22.19 Sec. 15. Minnesota Statutes 2008, section 297I.30, is amended by adding a subdivision
22.20 to read:

22.21 Subd. 9. **Extensions for filing returns.** When, in the commissioner's judgment,
22.22 good cause exists, the commissioner may extend the time for filing returns for not more
22.23 than six months.

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

22.25 Sec. 16. Minnesota Statutes 2008, section 297I.35, subdivision 2, is amended to read:

22.26 Subd. 2. **Electronic payments.** If the aggregate amount of tax and surcharges
22.27 due under this chapter during a calendar year is equal to or exceeds ~~\$120,000~~ \$10,000,
22.28 or if the taxpayer is required to make payment of any other tax to the commissioner by
22.29 electronic means, then all tax and surcharge payments in the subsequent calendar year
22.30 must be paid by electronic means.

23.1 **EFFECTIVE DATE.** This section is effective for payments due in calendar year
23.2 2010 and thereafter, based upon liabilities incurred in the fiscal year ending June 30,
23.3 2009, and in fiscal years thereafter.

23.4 Sec. 17. Minnesota Statutes 2008, section 298.28, subdivision 4, is amended to read:

23.5 Subd. 4. **School districts.** (a) 23.15 cents per taxable ton, plus the increase provided
23.6 in paragraph (d) must be allocated to qualifying school districts to be distributed, based
23.7 upon the certification of the commissioner of revenue, under paragraphs (b), (c), and (f).

23.8 (b)(i) 3.43 cents per taxable ton must be distributed to the school districts in which
23.9 the lands from which taconite was mined or quarried were located or within which the
23.10 concentrate was produced. The distribution must be based on the apportionment formula
23.11 prescribed in subdivision 2.

23.12 (ii) Four cents per taxable ton from each taconite facility must be distributed to
23.13 each affected school district for deposit in a fund dedicated to building maintenance
23.14 and repairs, as follows:

23.15 (1) proceeds from Keewatin Taconite or its successor are distributed to Independent
23.16 School Districts Nos. 316, Coleraine, and 319, Nashwauk-Keewatin, or their successor
23.17 districts;

23.18 (2) proceeds from the Hibbing Taconite Company or its successor are distributed to
23.19 Independent School Districts Nos. 695, Chisholm, and 701, Hibbing, or their successor
23.20 districts;

23.21 (3) proceeds from the Mittal Steel Company and Minntac or their successors are
23.22 distributed to Independent School Districts Nos. 712, Mountain Iron-Buhl, 706, Virginia,
23.23 2711, Mesabi East, and 2154, Eveleth-Gilbert, or their successor districts;

23.24 (4) proceeds from the Northshore Mining Company or its successor are distributed
23.25 to Independent School Districts Nos. 2142, St. Louis County, and 381, Lake Superior,
23.26 or their successor districts; and

23.27 (5) proceeds from United Taconite or its successor are distributed to Independent
23.28 School Districts Nos. 2142, St. Louis County, and 2154, Eveleth-Gilbert, or their
23.29 successor districts.

23.30 Revenues that are required to be distributed to more than one district shall be
23.31 apportioned according to the number of pupil units identified in section 126C.05,
23.32 subdivision 1, enrolled in the second previous year.

23.33 (c)(i) 15.72 cents per taxable ton, less any amount distributed under paragraph (e),
23.34 shall be distributed to a group of school districts comprised of those school districts which
23.35 qualify as a tax relief area under section 273.134, paragraph (b), or in which there is a

24.1 qualifying municipality as defined by section 273.134, paragraph (a), in direct proportion
24.2 to school district indexes as follows: for each school district, its pupil units determined
24.3 under section 126C.05 for the prior school year shall be multiplied by the ratio of the
24.4 average adjusted net tax capacity per pupil unit for school districts receiving aid under
24.5 this clause as calculated pursuant to chapters 122A, 126C, and 127A for the school year
24.6 ending prior to distribution to the adjusted net tax capacity per pupil unit of the district.
24.7 Each district shall receive that portion of the distribution which its index bears to the sum
24.8 of the indices for all school districts that receive the distributions.

24.9 (ii) Notwithstanding clause (i), each school district that receives a distribution
24.10 under sections 298.018; 298.23 to 298.28, exclusive of any amount received under this
24.11 clause; 298.34 to 298.39; 298.391 to 298.396; 298.405; or any law imposing a tax on
24.12 severed mineral values after reduction for any portion distributed to cities and towns under
24.13 section 126C.48, subdivision 8, paragraph (5), that is less than the amount of its levy
24.14 reduction under section 126C.48, subdivision 8, for the second year prior to the year of the
24.15 distribution shall receive a distribution equal to the difference; the amount necessary to
24.16 make this payment shall be derived from proportionate reductions in the initial distribution
24.17 to other school districts under clause (i).

24.18 (d) Any school district described in paragraph (c) where a levy increase pursuant to
24.19 section 126C.17, subdivision 9, was authorized by referendum for taxes payable in 2001,
24.20 shall receive a distribution of 21.3 cents per ton. Each district shall receive \$175 times the
24.21 pupil units identified in section 126C.05, subdivision 1, enrolled in the second previous
24.22 year or the 1983-1984 school year, whichever is greater, less the product of 1.8 percent
24.23 times the district's taxable net tax capacity in the second previous year.

24.24 If the total amount provided by paragraph (d) is insufficient to make the payments
24.25 herein required then the entitlement of \$175 per pupil unit shall be reduced uniformly
24.26 so as not to exceed the funds available. Any amounts received by a qualifying school
24.27 district in any fiscal year pursuant to paragraph (d) shall not be applied to reduce general
24.28 education aid which the district receives pursuant to section 126C.13 or the permissible
24.29 levies of the district. Any amount remaining after the payments provided in this paragraph
24.30 shall be paid to the commissioner of Iron Range resources and rehabilitation who shall
24.31 deposit the same in the taconite environmental protection fund and the Douglas J. Johnson
24.32 economic protection trust fund as provided in subdivision 11.

24.33 Each district receiving money according to this paragraph shall reserve the lesser of
24.34 the amount received under this paragraph or \$25 times the number of pupil units served
24.35 in the district. It may use the money for early childhood programs or for outcome-based

25.1 learning programs that enhance the academic quality of the district's curriculum. The
 25.2 outcome-based learning programs must be approved by the commissioner of education.

25.3 (e) There shall be distributed to any school district the amount which the school
 25.4 district was entitled to receive under section 298.32 in 1975.

25.5 ~~(f) Four cents per taxable ton must be distributed to qualifying school districts~~
 25.6 ~~according to the distribution specified in paragraph (b), clause (ii), and two cents per~~
 25.7 ~~taxable ton must be distributed according to the distribution specified in paragraph~~
 25.8 ~~(c). These amounts are not subject to sections 126C.21, subdivision 4, and 126C.48,~~
 25.9 ~~subdivision 8.~~

25.10 **EFFECTIVE DATE.** This section is effective for distributions in 2009 and
 25.11 thereafter.

25.12 Sec. 18. Minnesota Statutes 2008, section 298.28, subdivision 11, is amended to read:

25.13 Subd. 11. **Remainder.** (a) The proceeds of the tax imposed by section 298.24
 25.14 which remain after the distributions and payments in subdivisions 2 to 10a, as certified
 25.15 by the commissioner of revenue, and paragraphs (b), (c), and (d), ~~and (e)~~ have been
 25.16 made, together with interest earned on all money distributed under this section prior to
 25.17 distribution, shall be divided between the taconite environmental protection fund created
 25.18 in section 298.223 and the Douglas J. Johnson economic protection trust fund created in
 25.19 section 298.292 as follows: Two-thirds to the taconite environmental protection fund and
 25.20 one-third to the Douglas J. Johnson economic protection trust fund. The proceeds shall be
 25.21 placed in the respective special accounts.

25.22 (b) There shall be distributed to each city, town, and county the amount that it
 25.23 received under section 294.26 in calendar year 1977; provided, however, that the amount
 25.24 distributed in 1981 to the unorganized territory number 2 of Lake County and the town
 25.25 of Beaver Bay based on the between-terminal trackage of Erie Mining Company will be
 25.26 distributed in 1982 and subsequent years to the unorganized territory number 2 of Lake
 25.27 County and the towns of Beaver Bay and Stony River based on the miles of track of Erie
 25.28 Mining Company in each taxing district.

25.29 (c) There shall be distributed to the Iron Range Resources and Rehabilitation Board
 25.30 the amounts it received in 1977 under section 298.22. The amount distributed under
 25.31 this paragraph shall be expended within or for the benefit of the taconite assistance area
 25.32 defined in section 273.1341.

25.33 (d) There shall be distributed to each school district 62 percent of the amount that it
 25.34 received under section 294.26 in calendar year 1977.

26.1 (c) ~~In 2003 only, \$100,000 must be distributed to a township located in a taconite~~
 26.2 ~~tax relief area as defined in section 273.134, paragraph (a), that received \$119,259 of~~
 26.3 ~~homestead and agricultural credit aid and \$182,014 in local government aid in 2001.~~

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

26.5 Sec. 19. Minnesota Statutes 2008, section 473.843, subdivision 3, is amended to read:

26.6 Subd. 3. **Payment of fee.** On or before the 20th day of each month each operator
 26.7 shall pay the fee due under this section for the previous month, using a form provided
 26.8 by the commissioner of revenue.

26.9 An operator having a fee of ~~\$120,000~~ \$10,000 or more during a fiscal year ending
 26.10 June 30 must pay all fees in the subsequent calendar year by electronic means.

26.11 **EFFECTIVE DATE.** This section is effective for payments due in calendar year
 26.12 2010 and thereafter, based upon liabilities incurred in the fiscal year ending June 30,
 26.13 2009, and in fiscal years thereafter.

26.14 Sec. 20. **REPEALER.**

26.15 Minnesota Statutes 2008, sections 287.26; 287.27, subdivision 1; and 298.28,
 26.16 subdivisions 11a and 13, are repealed.

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

26.18 ARTICLE 4

26.19 PROPERTY TAXES AND AIDS

26.20 Section 1. Minnesota Statutes 2008, section 273.11, subdivision 23, is amended to read:

26.21 Subd. 23. **First tier valuation limit; agricultural homestead property.** (a)
 26.22 ~~Beginning with assessment year 2006,~~ The commissioner of revenue shall annually
 26.23 certify the first tier limit for agricultural homestead property ~~as~~ For assessment year
 26.24 2010, the limit is \$..... Beginning with assessment year 2011, the limit is the product of
 26.25 (i) ~~\$600,000~~ the first tier limit for the preceding assessment year, and (ii) the ratio of the
 26.26 statewide average taxable market value of agricultural property per acre of deeded farm
 26.27 land in the preceding assessment year to the statewide average taxable market value of
 26.28 agricultural property per acre of deeded farm land for the second preceding assessment
 26.29 year ~~2004~~. The limit shall be rounded to the nearest \$10,000.

26.30 (b) For the purposes of this subdivision, "agricultural property" means all class
 26.31 ~~2~~ 2a property under section 273.13, subdivision 23, except for ~~(1) timberland, (2) a~~

27.1 ~~landing area or public access area of a privately owned public use airport, and (3) property~~
 27.2 consisting of the house, garage, and immediately surrounding one acre of land of an
 27.3 agricultural homestead.

27.4 (c) The commissioner shall certify the limit by January 2 of each assessment year;
 27.5 ~~except that for assessment year 2006 the commissioner shall certify the limit by June~~
 27.6 ~~1, 2006.~~

27.7 **EFFECTIVE DATE.** This section is effective for taxes payable in 2011 and
 27.8 thereafter.

27.9 Sec. 2. Minnesota Statutes 2008, section 273.111, subdivision 4, is amended to read:

27.10 Subd. 4. **Determination of value.** (a) The value of any real estate described
 27.11 in subdivision 3 shall upon timely application by the owner, in the manner provided
 27.12 in subdivision 8, be determined solely with reference to its appropriate agricultural
 27.13 classification and value notwithstanding sections 272.03, subdivision 8, and 273.11.
 27.14 Furthermore, the assessor shall not consider any added values resulting from
 27.15 nonagricultural factors. In order to account for the presence of nonagricultural influences
 27.16 that may affect the value of agricultural land, the commissioner of revenue shall develop a
 27.17 fair and uniform method of determining agricultural values for each county in the state
 27.18 that are consistent with this subdivision. The commissioner shall annually assign the
 27.19 resulting values to each county, and these values shall be used as the basis for determining
 27.20 the agricultural value for all properties in the county qualifying for tax deferral under
 27.21 this section.

27.22 (b) In the case of property qualifying for tax deferral only under subdivision 3a,
 27.23 the value shall be based on the value in effect for assessment year 2008, multiplied by
 27.24 the ratio of the total taxable market value of all property in the county for the year prior
 27.25 to the current assessment year divided by the total taxable market value of all property
 27.26 in the county for assessment year 2008.

27.27 **EFFECTIVE DATE.** This section is effective for taxes payable in 2009 and
 27.28 thereafter.

27.29 Sec. 3. Minnesota Statutes 2008, section 273.1115, subdivision 2, is amended to read:

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

27.32 (1) the property is classified as class 1a, 1b, 2a, or 2b property under section 273.13,
 27.33 subdivisions 22 and 23, or the property is classified as class 2e under section 273.13,

28.1 subdivision 23, and immediately before being classified as class 2e was classified as
 28.2 class 1a or 1b;

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

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

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

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

28.9 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and
 28.10 thereafter.

28.11 Sec. 4. Minnesota Statutes 2008, section 273.113, subdivision 1, is amended to read:

28.12 Subdivision 1. **Definition.** For the purposes of this section, the following terms
 28.13 have the meanings given to them:

28.14 (1) "proposed bovine tuberculosis modified accredited zone" means the modified
 28.15 accredited zone proposed by the Board of Animal Health under section 35.244; ~~and~~

28.16 (2) "located within" ~~means~~ requires that (i) the herd is was kept in the area on the
 28.17 land for at least a part of calendar year 2007; or (ii) the herd on the land was eradicated or
 28.18 purchased by a state or federal governmental agency in 2006 for the purpose of controlling
 28.19 the spread of bovine tuberculosis.

28.20 **EFFECTIVE DATE.** This section is effective for taxes payable in 2009 and
 28.21 thereafter.

28.22 Sec. 5. Minnesota Statutes 2008, section 273.113, subdivision 2, is amended to read:

28.23 Subd. 2. **Eligibility; amount of credit.** Agricultural land classified under section
 28.24 273.13, subdivision 23, located within a proposed bovine tuberculosis modified accredited
 28.25 zone is eligible for a property tax credit equal to the property tax on the ~~parcel~~ property
 28.26 where the herd had been located, excluding any tax attributable to residential structures.

28.27 To begin to qualify for the tax credit, the owner shall file an application with the county by
 28.28 December 1 of the levy year. The credit must be given for each subsequent taxes payable
 28.29 year until the credit terminates under subdivision 4. The assessor shall indicate the amount
 28.30 of the property tax reduction on the property tax statement of each taxpayer receiving a
 28.31 credit under this section. The credit paid pursuant to this section shall be deducted from
 28.32 the tax due on the property as provided in section 273.1393.

29.1 **EFFECTIVE DATE.** This section is effective for taxes payable in 2009 and
29.2 thereafter.

29.3 Sec. 6. Minnesota Statutes 2008, section 273.1231, subdivision 8, is amended to read:

29.4 Subd. 8. **Utility property.** "Utility property" means property appraised and
29.5 classified for tax purposes by order of the commissioner of revenue under sections 273.33
29.6 to 273.3711.

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

29.8 Sec. 7. Minnesota Statutes 2008, section 273.124, subdivision 13, is amended to read:

29.9 Subd. 13. **Homestead application.** (a) A person who meets the homestead
29.10 requirements under subdivision 1 must file a homestead application with the county
29.11 assessor to initially obtain homestead classification.

29.12 (b) The format and contents of a uniform homestead application shall be prescribed
29.13 by the commissioner of revenue. The application must clearly inform the taxpayer that
29.14 this application must be signed by all owners who occupy the property or by the qualifying
29.15 relative and returned to the county assessor in order for the property to receive homestead
29.16 treatment.

29.17 (c) Every property owner applying for homestead classification must furnish to the
29.18 county assessor the Social Security number of each occupant who is listed as an owner
29.19 of the property on the deed of record, the name and address of each owner who does not
29.20 occupy the property, and the name and Social Security number of each owner's spouse who
29.21 occupies the property. The application must be signed by each owner who occupies the
29.22 property and by each owner's spouse who occupies the property, ~~or, in the case of property~~
29.23 ~~that qualifies as a homestead under subdivision 1, paragraph (c), by the qualifying relative.~~

29.24 If a property owner occupies a homestead, the property owner's spouse may not
29.25 claim another property as a homestead unless the property owner and the property owner's
29.26 spouse file with the assessor an affidavit or other proof required by the assessor stating that
29.27 the property qualifies as a homestead under subdivision 1, paragraph (e).

29.28 Owners or spouses occupying residences owned by their spouses and previously
29.29 occupied with the other spouse, either of whom fail to include the other spouse's name
29.30 and Social Security number on the homestead application or provide the affidavits or
29.31 other proof requested, will be deemed to have elected to receive only partial homestead
29.32 treatment of their residence. The remainder of the residence will be classified as
29.33 nonhomestead residential. When an owner or spouse's name and Social Security number
29.34 appear on homestead applications for two separate residences and only one application is

30.1 signed, the owner or spouse will be deemed to have elected to homestead the residence for
30.2 which the application was signed.

30.3 The Social Security numbers, state or federal tax returns or tax return information,
30.4 including the federal income tax schedule F required by this section, or affidavits or other
30.5 proofs of the property owners and spouses submitted under this or another section to
30.6 support a claim for a property tax homestead classification are private data on individuals
30.7 as defined by section 13.02, subdivision 12, but, notwithstanding that section, the private
30.8 data may be disclosed to the commissioner of revenue, or, for purposes of proceeding
30.9 under the Revenue Recapture Act to recover personal property taxes owing, to the county
30.10 treasurer.

30.11 (d) If residential real estate is occupied and used for purposes of a homestead by
30.12 a relative of the owner and qualifies for a homestead under subdivision 1, paragraph
30.13 (c) or (d), in order for the property to receive homestead status, a homestead application
30.14 must be filed with the assessor. The application must be signed by each relative of an
30.15 owner who occupies the property and by each relative's spouse who also occupies the
30.16 property. The Social Security number of each relative and spouse of a relative occupying
30.17 the property shall be required on the homestead application filed under this subdivision.
30.18 If a different relative of the owner subsequently occupies the property, the owner of the
30.19 property must notify the assessor within 30 days of the change in occupancy. The Social
30.20 Security number of a relative or relative's spouse occupying the property is private data
30.21 on individuals as defined by section 13.02, subdivision 12, but may be disclosed to the
30.22 commissioner of revenue, or, for the purposes of proceeding under the Revenue Recapture
30.23 Act to recover personal property taxes owing, to the county treasurer.

30.24 (e) The homestead application shall also notify the property owners that the
30.25 application filed under this section will not be mailed annually and that if the property
30.26 is granted homestead status for any assessment year, that same property shall remain
30.27 classified as homestead until the property is sold or transferred to another person, or
30.28 the owners, the spouse of the owner, or the relatives no longer use the property as their
30.29 homestead. Upon the sale or transfer of the homestead property, a certificate of value must
30.30 be timely filed with the county auditor as provided under section 272.115. Failure to
30.31 notify the assessor within 30 days that the property has been sold, transferred, or that the
30.32 owner, the spouse of the owner, or the relative is no longer occupying the property as a
30.33 homestead, shall result in the penalty provided under this subdivision and the property
30.34 will lose its current homestead status.

30.35 (f) If the homestead application is not returned within 30 days, the county will send a
30.36 second application to the present owners of record. The notice of proposed property taxes

31.1 prepared under section 275.065, subdivision 3, shall reflect the property's classification. If
31.2 a homestead application has not been filed with the county by December 15, the assessor
31.3 shall classify the property as nonhomestead for the current assessment year for taxes
31.4 payable in the following year, provided that the owner may be entitled to receive the
31.5 homestead classification by proper application under section 375.192.

31.6 (g) At the request of the commissioner, each county must give the commissioner a
31.7 list that includes the name and Social Security number of each occupant of homestead
31.8 property who is the property owner, property owner's spouse, qualifying relative of a
31.9 property owner, or a spouse of a qualifying relative. The commissioner shall use the
31.10 information provided on the lists as appropriate under the law, including for the detection
31.11 of improper claims by owners, or relatives of owners, under chapter 290A.

31.12 (h) If the commissioner finds that a property owner may be claiming a fraudulent
31.13 homestead, the commissioner shall notify the appropriate counties. Within 90 days of
31.14 the notification, the county assessor shall investigate to determine if the homestead
31.15 classification was properly claimed. If the property owner does not qualify, the county
31.16 assessor shall notify the county auditor who will determine the amount of homestead
31.17 benefits that had been improperly allowed. For the purpose of this section, "homestead
31.18 benefits" means the tax reduction resulting from the classification as a homestead under
31.19 section 273.13, the taconite homestead credit under section 273.135, the residential
31.20 homestead and agricultural homestead credits under section 273.1384, and the
31.21 supplemental homestead credit under section 273.1391.

31.22 The county auditor shall send a notice to the person who owned the affected property
31.23 at the time the homestead application related to the improper homestead was filed,
31.24 demanding reimbursement of the homestead benefits plus a penalty equal to 100 percent
31.25 of the homestead benefits. The person notified may appeal the county's determination
31.26 by serving copies of a petition for review with county officials as provided in section
31.27 278.01 and filing proof of service as provided in section 278.01 with the Minnesota Tax
31.28 Court within 60 days of the date of the notice from the county. Procedurally, the appeal
31.29 is governed by the provisions in chapter 271 which apply to the appeal of a property tax
31.30 assessment or levy, but without requiring any prepayment of the amount in controversy. If
31.31 the amount of homestead benefits and penalty is not paid within 60 days, and if no appeal
31.32 has been filed, the county auditor shall certify the amount of taxes and penalty to the county
31.33 treasurer. The county treasurer will add interest to the unpaid homestead benefits and
31.34 penalty amounts at the rate provided in section 279.03 for real property taxes becoming
31.35 delinquent in the calendar year during which the amount remains unpaid. Interest may be
31.36 assessed for the period beginning 60 days after demand for payment was made.

32.1 If the person notified is the current owner of the property, the treasurer may add the
32.2 total amount of homestead benefits, penalty, interest, and costs to the ad valorem taxes
32.3 otherwise payable on the property by including the amounts on the property tax statements
32.4 under section 276.04, subdivision 3. The amounts added under this paragraph to the ad
32.5 valorem taxes shall include interest accrued through December 31 of the year preceding
32.6 the taxes payable year for which the amounts are first added. These amounts, when added
32.7 to the property tax statement, become subject to all the laws for the enforcement of real or
32.8 personal property taxes for that year, and for any subsequent year.

32.9 If the person notified is not the current owner of the property, the treasurer may
32.10 collect the amounts due under the Revenue Recapture Act in chapter 270A, or use any of
32.11 the powers granted in sections 277.20 and 277.21 without exclusion, to enforce payment
32.12 of the homestead benefits, penalty, interest, and costs, as if those amounts were delinquent
32.13 tax obligations of the person who owned the property at the time the application related
32.14 to the improperly allowed homestead was filed. The treasurer may relieve a prior owner
32.15 of personal liability for the homestead benefits, penalty, interest, and costs, and instead
32.16 extend those amounts on the tax lists against the property as provided in this paragraph
32.17 to the extent that the current owner agrees in writing. On all demands, billings, property
32.18 tax statements, and related correspondence, the county must list and state separately the
32.19 amounts of homestead benefits, penalty, interest and costs being demanded, billed or
32.20 assessed.

32.21 (i) Any amount of homestead benefits recovered by the county from the property
32.22 owner shall be distributed to the county, city or town, and school district where the
32.23 property is located in the same proportion that each taxing district's levy was to the total
32.24 of the three taxing districts' levy for the current year. Any amount recovered attributable
32.25 to taconite homestead credit shall be transmitted to the St. Louis County auditor to be
32.26 deposited in the taconite property tax relief account. Any amount recovered that is
32.27 attributable to supplemental homestead credit is to be transmitted to the commissioner of
32.28 revenue for deposit in the general fund of the state treasury. The total amount of penalty
32.29 collected must be deposited in the county general fund.

32.30 (j) If a property owner has applied for more than one homestead and the county
32.31 assessors cannot determine which property should be classified as homestead, the county
32.32 assessors will refer the information to the commissioner. The commissioner shall make
32.33 the determination and notify the counties within 60 days.

32.34 (k) In addition to lists of homestead properties, the commissioner may ask the
32.35 counties to furnish lists of all properties and the record owners. The Social Security
32.36 numbers and federal identification numbers that are maintained by a county or city

33.1 assessor for property tax administration purposes, and that may appear on the lists retain
33.2 their classification as private or nonpublic data; but may be viewed, accessed, and used by
33.3 the county auditor or treasurer of the same county for the limited purpose of assisting the
33.4 commissioner in the preparation of microdata samples under section 270C.12.

33.5 (l) On or before April 30 each year beginning in 2007, each county must provide the
33.6 commissioner with the following data for each parcel of homestead property by electronic
33.7 means as defined in section 289A.02, subdivision 8:

33.8 (i) the property identification number assigned to the parcel for purposes of taxes
33.9 payable in the current year;

33.10 (ii) the name and Social Security number of each occupant of homestead property
33.11 who is the property owner, property owner's spouse, qualifying relative of a property
33.12 owner, or spouse of a qualifying relative;

33.13 (iii) the classification of the property under section 273.13 for taxes payable in the
33.14 current year and in the prior year;

33.15 (iv) an indication of whether the property was classified as a homestead for taxes
33.16 payable in the current year because of occupancy by a relative of the owner or by a
33.17 spouse of a relative;

33.18 (v) the property taxes payable as defined in section 290A.03, subdivision 13, for the
33.19 current year and the prior year;

33.20 (vi) the market value of improvements to the property first assessed for tax purposes
33.21 for taxes payable in the current year;

33.22 (vii) the assessor's estimated market value assigned to the property for taxes payable
33.23 in the current year and the prior year;

33.24 (viii) the taxable market value assigned to the property for taxes payable in the
33.25 current year and the prior year;

33.26 (ix) whether there are delinquent property taxes owing on the homestead;

33.27 (x) the unique taxing district in which the property is located; and

33.28 (xi) such other information as the commissioner decides is necessary.

33.29 The commissioner shall use the information provided on the lists as appropriate
33.30 under the law, including for the detection of improper claims by owners, or relatives
33.31 of owners, under chapter 290A.

33.32 **EFFECTIVE DATE.** This section is effective for applications received after June
33.33 30, 2009.

33.34 Sec. 8. Minnesota Statutes 2008, section 273.124, subdivision 21, is amended to read:

34.1 Subd. 21. **Trust property; homestead.** Real or personal property held by a trustee
 34.2 under a trust is eligible for classification as homestead property if: the property satisfies
 34.3 the requirements of paragraph (a), (b), (c), or (d).

34.4 ~~(1)~~ (a) The grantor or surviving spouse of the grantor of the trust occupies and
 34.5 uses the property as a homestead;

34.6 ~~(2)~~ (b) A relative or surviving relative of the grantor who meets the requirements
 34.7 of subdivision 1, paragraph (c), in the case of residential real estate; or subdivision 1,
 34.8 paragraph (d), in the case of agricultural property, occupies and uses the property as
 34.9 a homestead;

34.10 ~~(3)~~ (c) A family farm corporation, joint farm venture, limited liability company, or
 34.11 partnership operating a family farm in which the grantor or the grantor's surviving spouse
 34.12 is a shareholder, member, or partner rents the property; and, either (1) a shareholder,
 34.13 member, or partner of the corporation, joint farm venture, limited liability company, or
 34.14 partnership occupies and uses the property as a homestead; or ~~is actively farming,~~ (2) the
 34.15 property is at least 40 acres, including undivided government lots and correctional 40's, and
 34.16 a shareholder, member, or partner of the tenant-entity is actively farming the property on
 34.17 behalf of the corporation, joint farm venture, limited liability company, or partnership; or,

34.18 ~~(4)~~ (d) A person who has received homestead classification for property taxes
 34.19 payable in 2000 on the basis of an unqualified legal right under the terms of the trust
 34.20 agreement to occupy the property as that person's homestead and who continues to use the
 34.21 property as a homestead; or, a person who received the homestead classification for taxes
 34.22 payable in 2005 under ~~clause (3)~~ paragraph (c) who does not qualify under ~~clause (3)~~
 34.23 paragraph (c) for taxes payable in 2006 or thereafter but who continues to qualify under
 34.24 ~~clause (3)~~ paragraph (c) as it existed for taxes payable in 2005.

34.25 For purposes of this subdivision, "grantor" is defined as the person creating or
 34.26 establishing a testamentary, inter Vivos, revocable or irrevocable trust by written
 34.27 instrument or through the exercise of a power of appointment.

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

34.29 Sec. 9. Minnesota Statutes 2008, section 273.13, subdivision 23, is amended to read:

34.30 Subd. 23. **Class 2.** (a) An agricultural homestead consists of class 2a agricultural
 34.31 land that is homesteaded, along with any class 2b rural vacant land that is contiguous to
 34.32 the class 2a land under the same ownership. The market value of the house and garage
 34.33 and immediately surrounding one acre of land has the same class rates as class 1a or 1b
 34.34 property under subdivision 22. The value of the remaining land including improvements
 34.35 up to the first tier valuation limit of agricultural homestead property has a net class rate

35.1 of 0.5 percent of market value. The remaining property over the first tier has a class rate
35.2 of one percent of market value. For purposes of this subdivision, the "first tier valuation
35.3 limit of agricultural homestead property" and "first tier" means the limit certified under
35.4 section 273.11, subdivision 23.

35.5 (b) Class 2a agricultural land consists of parcels of property, or portions thereof, that
35.6 are agricultural land and buildings. Class 2a property has a net class rate of one percent of
35.7 market value, unless it is part of an agricultural homestead under paragraph (a). Class 2a
35.8 property may contain property that would otherwise be classified as 2b, including but not
35.9 limited to sloughs, wooded wind shelters, acreage abutting ditches, and other similar land
35.10 impractical for the assessor to value separately from the rest of the property.

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

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

35.23 (d) Class 2c managed forest land consists of no less than 20 and no more than 1,920
35.24 acres statewide per taxpayer that is being managed under a forest management plan that
35.25 meets the requirements of chapter 290C, but is not enrolled in the sustainable forest
35.26 resource management incentive program. It has a class rate of .65 percent, provided
35.27 that the owner of the property must apply to the assessor ~~to receive the reduced class in~~
35.28 order for the property to initially qualify for the reduced rate and provide the information
35.29 required by the assessor to verify that the property qualifies for the reduced rate. If the
35.30 assessor receives the application and information before May 1 in an assessment year,
35.31 the property qualifies beginning with that assessment year. If the assessor receives the
35.32 application and information after April 30 in an assessment year, the property qualifies
35.33 beginning with the next assessment year. The commissioner of natural resources must
35.34 concur that the land is qualified. The commissioner of natural resources shall annually
35.35 provide county assessors verification information on a timely basis. The presence of a

36.1 minor, ancillary nonresidential structure as defined by the commissioner of revenue does
36.2 not disqualify the property from classification under this paragraph.

36.3 (e) Agricultural land as used in this section means contiguous acreage of ten
36.4 acres or more, used during the preceding year for agricultural purposes. "Agricultural
36.5 purposes" as used in this section means the raising, cultivation, drying, or storage of
36.6 agricultural products for sale, or the storage of machinery or equipment used in support
36.7 of agricultural production by the same farm entity. For a property to be classified as
36.8 agricultural based only on the drying or storage of agricultural products, the products
36.9 being dried or stored must have been produced by the same farm entity as the entity
36.10 operating the drying or storage facility. "Agricultural purposes" also includes enrollment
36.11 in the Reinvest in Minnesota program under sections 103F.501 to 103F.535 or the federal
36.12 Conservation Reserve Program as contained in Public Law 99-198 or a similar state
36.13 or federal conservation program if the property was classified as agricultural (i) under
36.14 this subdivision for the assessment year 2002 or (ii) in the year prior to its enrollment.
36.15 Agricultural classification shall not be based upon the market value of any residential
36.16 structures on the parcel or contiguous parcels under the same ownership.

36.17 (f) Real estate of less than ten acres, which is exclusively or intensively used for
36.18 raising or cultivating agricultural products, shall be considered as agricultural land. To
36.19 qualify under this paragraph, property that includes a residential structure must be used
36.20 intensively for one of the following purposes:

36.21 (i) for drying or storage of grain or storage of machinery or equipment used to
36.22 support agricultural activities on other parcels of property operated by the same farming
36.23 entity;

36.24 (ii) as a nursery, provided that only those acres used to produce nursery stock are
36.25 considered agricultural land;

36.26 (iii) for livestock or poultry confinement, provided that land that is used only for
36.27 pasturing and grazing does not qualify; or

36.28 (iv) for market farming; for purposes of this paragraph, "market farming" means the
36.29 cultivation of one or more fruits or vegetables or production of animal or other agricultural
36.30 products for sale to local markets by the farmer or an organization with which the farmer
36.31 is affiliated.

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

36.34 Classification under this subdivision is not determinative for qualifying under
36.35 section 273.111.

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

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

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

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

37.11 (3) the commercial boarding of horses if the boarding is done in conjunction with
37.12 raising or cultivating agricultural products as defined in clause (1);

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

37.15 (5) game birds and waterfowl bred and raised for use on a shooting preserve licensed
37.16 under section 97A.115;

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

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

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

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

37.24 (1) wholesale and retail sales;

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

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

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

37.29 the assessor shall classify the part of the parcel used for agricultural purposes as class
37.30 1b, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its
37.31 use. The grading, sorting, and packaging of raw agricultural products for first sale is
37.32 considered an agricultural purpose. A greenhouse or other building where horticultural
37.33 or nursery products are grown that is also used for the conduct of retail sales must be
37.34 classified as agricultural if it is primarily used for the growing of horticultural or nursery
37.35 products from seed, cuttings, or roots and occasionally as a showroom for the retail sale of

38.1 those products. Use of a greenhouse or building only for the display of already grown
38.2 horticultural or nursery products does not qualify as an agricultural purpose.

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

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

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

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

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

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

38.27 ~~(l)~~ (m) Class 2e consists of land with a commercial aggregate deposit that is not
38.28 actively being mined and is not otherwise classified as class 2a or 2b. It has a class rate of
38.29 one percent of market value. To qualify for classification under this paragraph, the property
38.30 must be at least ten contiguous acres in size and the owner of the property must record with
38.31 the county recorder of the county in which the property is located an affidavit containing:

38.32 (1) a legal description of the property;

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

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

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

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

39.9 ~~(m)~~ (n) When any portion of the property under this subdivision or subdivision 22
39.10 begins to be actively mined, the owner must file a supplemental affidavit within 60 days
39.11 from the day any aggregate is removed stating the number of acres of the property that is
39.12 actively being mined. The acres actively being mined must be (1) valued and classified
39.13 under subdivision 24 in the next subsequent assessment year, and (2) removed from the
39.14 aggregate resource preservation property tax program under section 273.1115, if the
39.15 land was enrolled in that program. Copies of the original affidavit and all supplemental
39.16 affidavits must be filed with the county assessor, the local zoning administrator, and the
39.17 Department of Natural Resources, Division of Land and Minerals. A supplemental
39.18 affidavit must be filed each time a subsequent portion of the property is actively mined,
39.19 provided that the minimum acreage change is five acres, even if the actual mining activity
39.20 constitutes less than five acres.

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

39.24 **EFFECTIVE DATE.** The section is effective the day following final enactment.

39.25 Sec. 10. Minnesota Statutes 2008, section 273.13, subdivision 25, is amended to read:

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

39.33 (b) Class 4b includes:

39.34 (1) residential real estate containing less than four units that does not qualify as class
39.35 4bb, other than seasonal residential recreational property;

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

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

40.4 (4) unimproved property that is classified residential as determined under subdivision
40.5 33.

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

40.7 (c) Class 4bb includes:

40.8 (1) nonhomestead residential real estate containing one unit, other than seasonal
40.9 residential recreational property; and

40.10 (2) a single family dwelling, garage, and surrounding one acre of property on a
40.11 nonhomestead farm classified under subdivision 23, paragraph (b).

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

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

40.16 (d) Class 4c property includes:

40.17 (1) except as provided in subdivision 22, paragraph (c), ~~or subdivision 23, paragraph~~

40.18 ~~(b), clause (1)~~; real and personal property devoted to temporary and seasonal residential
40.19 occupancy for recreation purposes, including real and personal property devoted to

40.20 temporary and seasonal residential occupancy for recreation purposes and not devoted to
40.21 commercial purposes for more than 250 days in the year preceding the year of assessment.

40.22 For purposes of this clause, property is devoted to a commercial purpose on a specific
40.23 day if any portion of the property is used for residential occupancy, and a fee is charged

40.24 for residential occupancy. Class 4c property under this clause must contain three or
40.25 more rental units. A "rental unit" is defined as a cabin, condominium, townhouse,

40.26 sleeping room, or individual camping site equipped with water and electrical hookups

40.27 for recreational vehicles. Class 4c property under this clause must provide recreational

40.28 activities such as renting ice fishing houses, boats and motors, snowmobiles, downhill or
40.29 cross-country ski equipment; provide marina services, launch services, or guide services;

40.30 or sell bait and fishing tackle. A camping pad offered for rent by a property that otherwise
40.31 qualifies for class 4c under this clause is also class 4c under this clause regardless of the

40.32 term of the rental agreement, as long as the use of the camping pad does not exceed 250

40.33 days. In order for a property to be classified as class 4c, seasonal residential recreational

40.34 for commercial purposes under this clause, at least 40 percent of the annual gross lodging

40.35 receipts related to the property must be from business conducted during 90 consecutive

40.36 days and either (i) at least 60 percent of all paid bookings by lodging guests during the

41.1 year must be for periods of at least two consecutive nights; or (ii) at least 20 percent
41.2 of the annual gross receipts must be from charges for rental of fish houses, boats and
41.3 motors, snowmobiles, downhill or cross-country ski equipment, or charges for marina
41.4 services, launch services, and guide services, or the sale of bait and fishing tackle. For
41.5 purposes of this determination, a paid booking of five or more nights shall be counted as
41.6 two bookings. Class 4c property classified under this clause also includes commercial
41.7 use real property used exclusively for recreational purposes in conjunction with other
41.8 class 4c property classified under this clause and devoted to temporary and seasonal
41.9 residential occupancy for recreational purposes, up to a total of two acres, provided the
41.10 property is not devoted to commercial recreational use for more than 250 days in the year
41.11 preceding the year of assessment and is located within two miles of the class 4c property
41.12 with which it is used. Owners of real and personal property devoted to temporary and
41.13 seasonal residential occupancy for recreation purposes and all or a portion of which was
41.14 devoted to commercial purposes for not more than 250 days in the year preceding the
41.15 year of assessment desiring classification as class 4c, must submit a declaration to the
41.16 assessor designating the cabins or units occupied for 250 days or less in the year preceding
41.17 the year of assessment by January 15 of the assessment year. Those cabins or units and
41.18 a proportionate share of the land on which they are located must be designated class
41.19 4c under this clause as otherwise provided. The remainder of the cabins or units and a
41.20 proportionate share of the land on which they are located will be designated as class 3a.
41.21 The owner of property desiring designation as class 4c property under this clause must
41.22 provide guest registers or other records demonstrating that the units for which class 4c
41.23 designation is sought were not occupied for more than 250 days in the year preceding the
41.24 assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar,
41.25 (3) gift shop, (4) conference center or meeting room, and (5) other nonresidential facility
41.26 operated on a commercial basis not directly related to temporary and seasonal residential
41.27 occupancy for recreation purposes does not qualify for class 4c;

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

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

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

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

42.1 (3) real property up to a maximum of three acres of land owned and used by a
 42.2 nonprofit community service oriented organization and ~~that is~~ not used for residential
 42.3 purposes on either a temporary or permanent basis, ~~qualifies for class 4c~~ provided that
 42.4 ~~it meets either of the following:~~

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

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

42.11 For purposes of this clause,

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

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

42.16 (C) a "nonprofit community service oriented organization" means any corporation,
 42.17 society, association, foundation, or institution organized and operated exclusively for
 42.18 charitable, religious, fraternal, civic, or educational purposes, and which is exempt from
 42.19 federal income taxation pursuant to section 501(c)(3), (8), (10), or (19) of the Internal
 42.20 Revenue Code; and

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

42.27 Any portion of the property not qualifying under either item (i) ~~which is used for~~
 42.28 ~~revenue-producing activities for more than six days in the calendar year preceding the~~
 42.29 ~~year of assessment shall be assessed as~~ or (ii) is class 3a. The use of the property for social
 42.30 events open exclusively to members and their guests for periods of less than 24 hours,
 42.31 when an admission is not charged nor any revenues are received by the organization shall
 42.32 not be considered a revenue-producing activity.

42.33 The organization shall maintain records of its charitable contributions and donations
 42.34 and of public meetings and events held on the property and make them available upon
 42.35 request any time to the assessor to ensure eligibility. An organization meeting the
 42.36 requirement under item (ii) must file an application by May 1 with the assessor for

43.1 eligibility for the current year's assessment. The commissioner shall prescribe a uniform
43.2 application form and instructions;

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

43.7 (5) manufactured home parks as defined in section 327.14, subdivision 3;

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

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

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

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

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

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

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

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

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

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

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

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

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

43.35 The market value subject to the 4c classification under this clause is limited to five rental
43.36 units. Any rental units on the property in excess of five, must be valued and assessed as

44.1 class 3a. The portion of the property used for purposes of a homestead by the owner must
44.2 be classified as class 1a property under subdivision 22; and

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

44.15 Class 4c property has a class rate of 1.5 percent of market value, except that (i) each
44.16 parcel of seasonal residential recreational property not used for commercial purposes has
44.17 the same class rates as class 4bb property, (ii) manufactured home parks assessed under
44.18 clause (5) have the same class rate as class 4b property, (iii) commercial-use seasonal
44.19 residential recreational property has a class rate of one percent for the first \$500,000 of
44.20 market value, and 1.25 percent for the remaining market value, (iv) the market value of
44.21 property described in clause (4) has a class rate of one percent, (v) the market value of
44.22 property described in clauses (2), (6), and (10) has a class rate of 1.25 percent, and (vi)
44.23 that portion of the market value of property in clause (9) qualifying for class 4c property
44.24 has a class rate of 1.25 percent.

44.25 (e) Class 4d property is qualifying low-income rental housing certified to the assessor
44.26 by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion
44.27 of the units in the building qualify as low-income rental housing units as certified under
44.28 section 273.128, subdivision 3, only the proportion of qualifying units to the total number
44.29 of units in the building qualify for class 4d. The remaining portion of the building shall be
44.30 classified by the assessor based upon its use. Class 4d also includes the same proportion of
44.31 land as the qualifying low-income rental housing units are to the total units in the building.
44.32 For all properties qualifying as class 4d, the market value determined by the assessor must
44.33 be based on the normal approach to value using normal unrestricted rents.

44.34 Class 4d property has a class rate of 0.75 percent.

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

45.1 Sec. 11. Minnesota Statutes 2008, section 273.13, subdivision 33, is amended to read:

45.2 Subd. 33. **Classification of unimproved property.** (a) All real property that is not
45.3 improved with a structure must be classified according to its current use.

45.4 (b) Except as provided in subdivision 23, paragraph (c) or (d), real property that is
45.5 not improved with a structure and for which there is no identifiable current use must be
45.6 classified according to its highest and best use permitted under the local zoning ordinance.
45.7 If the ordinance permits more than one use, the land must be classified according to the
45.8 highest and best use permitted under the ordinance. If no such ordinance exists, the
45.9 assessor shall consider the most likely potential use of the unimproved land based upon
45.10 the use made of surrounding land or land in proximity to the unimproved land.

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

45.12 Sec. 12. Minnesota Statutes 2008, section 273.33, subdivision 2, is amended to read:

45.13 Subd. 2. **Listing and assessment by commissioner.** The personal property,
45.14 consisting of the pipeline system of mains, pipes, and equipment attached thereto, of
45.15 pipeline companies and others engaged in the operations or business of transporting natural
45.16 gas, gasoline, crude oil, or other petroleum products by pipelines, shall be listed with and
45.17 assessed by the commissioner of revenue and the values provided to the city or county
45.18 assessor by order. This subdivision shall not apply to the assessment of the products
45.19 transported through the pipelines nor to the lines of local commercial gas companies
45.20 engaged primarily in the business of distributing gas to consumers at retail nor to pipelines
45.21 used by the owner thereof to supply natural gas or other petroleum products exclusively
45.22 for such owner's own consumption and not for resale to others. If more than 85 percent
45.23 of the natural gas or other petroleum products actually transported over the pipeline is
45.24 used for the owner's own consumption and not for resale to others, then this subdivision
45.25 shall not apply; provided, however, that in that event, the pipeline shall be assessed in
45.26 proportion to the percentage of gas actually transported over such pipeline that is not used
45.27 for the owner's own consumption. On or before ~~June 30~~ August 1, the commissioner shall
45.28 certify to the auditor of each county, the amount of such personal property assessment
45.29 against each company in each district in which such property is located.

45.30 **EFFECTIVE DATE.** This section is effective for assessment year 2009 and
45.31 thereafter.

45.32 Sec. 13. Minnesota Statutes 2008, section 273.37, subdivision 2, is amended to read:

46.1 Subd. 2. **Listing and assessment by commissioner.** Transmission lines of less
46.2 than 69 kv, transmission lines of 69 kv and above located in an unorganized township,
46.3 and distribution lines, and equipment attached thereto, having a fixed situs outside the
46.4 corporate limits of cities except distribution lines taxed as provided in sections 273.40 and
46.5 273.41, shall be listed with and assessed by the commissioner of revenue in the county
46.6 where situated and the values provided to the city or county assessor by order. The
46.7 commissioner shall assess such property at the percentage of market value fixed by law;
46.8 and, on or before ~~June 30~~ August 1, shall certify to the auditor of each county in which
46.9 such property is located the amount of the assessment made against each company and
46.10 person owning such property.

46.11 **EFFECTIVE DATE.** This section is effective for assessment year 2009 and
46.12 thereafter.

46.13 Sec. 14. Minnesota Statutes 2008, section 274.13, subdivision 2, is amended to read:

46.14 Subd. 2. **Special board; delegated duties.** The board of equalization for any
46.15 county may appoint a special board of equalization and may delegate to it the powers and
46.16 duties in subdivision 1. The special board of equalization shall serve at the direction and
46.17 discretion of the appointing county board, subject to the restrictions imposed by law on
46.18 the appointing board. The appointing board may determine the number of members to be
46.19 appointed to the special board, the compensation and expenses to be paid, and the term of
46.20 office of each member. At least one member of the special board of equalization must be
46.21 an appraiser, realtor, or other person familiar with property valuations in the county. The
46.22 county auditor is a nonvoting member and serves as the recorder for the special board.
46.23 The special board is subject to the quorum requirements for county boards and the training
46.24 requirements for county boards in section 274.135, subdivision 2.

46.25 **EFFECTIVE DATE.** The section is effective the day following final enactment.

46.26 Sec. 15. Minnesota Statutes 2008, section 274.135, subdivision 3, is amended to read:

46.27 Subd. 3. **Proof of compliance; transfer of duties.** (a) Any county that
46.28 conducts county boards of appeal and equalization meetings must provide proof to the
46.29 commissioner by December 1, 2009, and each year thereafter, that it is in compliance
46.30 with the requirements of subdivision 2. Beginning in 2009, this notice must also verify
46.31 that there was a quorum of voting members at each meeting of the board of appeal and
46.32 equalization in the current year. A county that does not comply with these requirements
46.33 is deemed to have transferred its board of appeal and equalization powers to the special

47.1 board of equalization appointed pursuant to section 274.13, subdivision 2, beginning
47.2 with the following year's assessment and continuing unless the powers are reinstated
47.3 under paragraph (c). A county that does not comply with the requirements of subdivision
47.4 2 and has not appointed a special board of equalization shall appoint a special board of
47.5 equalization before the following year's assessment.

47.6 (b) The county shall notify the taxpayers when the board of appeal and equalization
47.7 for a county has been transferred to the special board of equalization under this subdivision
47.8 and, prior to the meeting time of the special board of equalization, the county shall make
47.9 available to those taxpayers a procedure for a review of the assessments, including, but
47.10 not limited to, open book meetings. This alternate review process must take place in
47.11 April and May.

47.12 (c) A county board whose powers are transferred to the special board of equalization
47.13 under this subdivision may be reinstated by resolution of the county board and upon proof
47.14 of compliance with the requirements of subdivision 2. The resolution and proofs must be
47.15 provided to the commissioner by December 1 in order to be effective for the following
47.16 year's assessment.

47.17 (d) If a person who was entitled to appeal to the county board of appeal and
47.18 equalization or to the county special board of equalization is not able to do so in a
47.19 particular year because the county board or special board did not meet the quorum and
47.20 training requirements in this section and section 274.13, or because the special board
47.21 was not appointed, that person may instead appeal to the commissioner of revenue,
47.22 provided that the appeal is received by the commissioner prior to August 1. The appeal
47.23 is not subject to either chapter 14 or section 270C.92. The commissioner must issue
47.24 an appropriate order to the county assessor in response to each timely appeal, either
47.25 upholding or changing the valuation or classification of the property. Prior to October 1 of
47.26 each year, the commissioner must charge and bill the county where the property is located
47.27 \$500 for each tax parcel covered by an order issued under this paragraph in that year.
47.28 Amounts received by the commissioner under this paragraph must be deposited in the
47.29 state's general fund. If payment of a billed amount is not received by the commissioner
47.30 before December 1 of the year when billed, the commissioner must deduct that unpaid
47.31 amount from any state aid the commissioner would otherwise pay to the county under
47.32 chapter 477A in the next year. Late payments may either be returned to the county
47.33 uncashed and undeposited or may be accepted. If a late payment is accepted, the state aid
47.34 paid to the county under chapter 477A must be adjusted within 12 months to eliminate any
47.35 reduction that occurred because the payment was late. Amounts needed to make these
47.36 adjustments are included in the appropriation under section 477A.03, subdivision 2.

48.1 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and
48.2 thereafter.

48.3 Sec. 16. Minnesota Statutes 2008, section 274.14, is amended to read:

48.4 **274.14 LENGTH OF SESSION; RECORD.**

48.5 The board ~~may~~ must meet ~~on any~~ after the second Friday in June on at least one
48.6 meeting day and may meet for up to ten consecutive meeting days ~~in June, after the~~
48.7 ~~second Friday in June.~~ The actual meeting dates must be contained on the valuation
48.8 notices mailed to each property owner in the county as provided in section 273.121. For
48.9 this purpose, "meeting days" is defined as any day of the week excluding Sunday. At
48.10 the board's discretion, "meeting days" may include Saturday. No action taken by the
48.11 county board of review after June 30 is valid, except for corrections permitted in sections
48.12 273.01 and 274.01. The county auditor shall keep an accurate record of the proceedings
48.13 and orders of the board. The record must be published like other proceedings of county
48.14 commissioners. A copy of the published record must be sent to the commissioner of
48.15 revenue, with the abstract of assessment required by section 274.16.

48.16 For counties that conduct either regular board of review meetings or open book
48.17 meetings, at least one of the meeting days must include a meeting that does not end
48.18 before 7:00 p.m. For counties that require taxpayer appointments for the board of review,
48.19 appointments must include some available times that extend until at least 7:00 p.m. The
48.20 county may have a Saturday meeting in lieu of, or in addition to, the extended meeting
48.21 times under this paragraph.

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

48.23 Sec. 17. Minnesota Statutes 2008, section 274.175, is amended to read:

48.24 **274.175 VALUES FINALIZED.**

48.25 The assessments recorded by the county assessor and the county auditor under
48.26 sections 273.124, subdivision 9; 274.16; 274.17; or other law for real and personal
48.27 property are final on July 1 of the assessment year, except for property added to the
48.28 assessment rolls under section 272.02, subdivision 38, and assessments certified to the
48.29 auditor under sections 273.33, subdivision 2, and 273.37, subdivision 2, or deleted
48.30 because of tax forfeiture pursuant to chapter 281. No changes in value may be made
48.31 after July 1 of the assessment year, except for corrections permitted in sections 273.01
48.32 and 274.01, or assessments certified to the auditor under sections 273.33, subdivision 2,
48.33 and 273.37, subdivision 2.

49.1 **EFFECTIVE DATE.** This section is effective for assessment year 2009 and
49.2 thereafter.

49.3 Sec. 18. Minnesota Statutes 2008, section 275.70, subdivision 5, is amended to read:

49.4 Subd. 5. **Special levies.** "Special levies" means those portions of ad valorem taxes
49.5 levied by a local governmental unit for the following purposes or in the following manner:

49.6 (1) to pay the costs of the principal and interest on bonded indebtedness or to
49.7 reimburse for the amount of liquor store revenues used to pay the principal and interest
49.8 due on municipal liquor store bonds in the year preceding the year for which the levy
49.9 limit is calculated;

49.10 (2) to pay the costs of principal and interest on certificates of indebtedness issued for
49.11 any corporate purpose except for the following:

49.12 (i) tax anticipation or aid anticipation certificates of indebtedness;

49.13 (ii) certificates of indebtedness issued under sections 298.28 and 298.282;

49.14 (iii) certificates of indebtedness used to fund current expenses or to pay the costs of
49.15 extraordinary expenditures that result from a public emergency; or

49.16 (iv) certificates of indebtedness used to fund an insufficiency in tax receipts or
49.17 an insufficiency in other revenue sources;

49.18 (3) to provide for the bonded indebtedness portion of payments made to another
49.19 political subdivision of the state of Minnesota;

49.20 (4) to fund payments made to the Minnesota State Armory Building Commission
49.21 under section 193.145, subdivision 2, to retire the principal and interest on armory
49.22 construction bonds;

49.23 (5) property taxes approved by voters which are levied against ~~the referendum~~
49.24 market value net tax capacity as provided under section 275.61;

49.25 (6) to fund matching requirements needed to qualify for federal or state grants or
49.26 programs to the extent that either (i) the matching requirement exceeds the matching
49.27 requirement in calendar year 2001, or (ii) it is a new matching requirement that did not
49.28 exist prior to 2002;

49.29 (7) to pay the expenses reasonably and necessarily incurred in preparing for or
49.30 repairing the effects of natural disaster including the occurrence or threat of widespread
49.31 or severe damage, injury, or loss of life or property resulting from natural causes, in
49.32 accordance with standards formulated by the Emergency Services Division of the state
49.33 Department of Public Safety, as allowed by the commissioner of revenue under section
49.34 275.74, subdivision 2;

50.1 (8) pay amounts required to correct an error in the levy certified to the county
50.2 auditor by a city or county in a levy year, but only to the extent that when added to the
50.3 preceding year's levy it is not in excess of an applicable statutory, special law or charter
50.4 limitation, or the limitation imposed on the governmental subdivision by sections 275.70
50.5 to 275.74 in the preceding levy year;

50.6 (9) to pay an abatement under section 469.1815;

50.7 (10) to pay any costs attributable to increases in the employer contribution rates
50.8 under chapter 353, or locally administered pension plans, that are effective after June
50.9 30, 2001;

50.10 (11) to pay the operating or maintenance costs of a county jail as authorized in
50.11 section 641.01 or 641.262, or of a correctional facility as defined in section 241.021,
50.12 subdivision 1, paragraph (f), to the extent that the county can demonstrate to the
50.13 commissioner of revenue that the amount has been included in the county budget as
50.14 a direct result of a rule, minimum requirement, minimum standard, or directive of the
50.15 Department of Corrections, or to pay the operating or maintenance costs of a regional jail
50.16 as authorized in section 641.262. For purposes of this clause, a district court order is
50.17 not a rule, minimum requirement, minimum standard, or directive of the Department of
50.18 Corrections. If the county utilizes this special levy, except to pay operating or maintenance
50.19 costs of a new regional jail facility under sections 641.262 to 641.264 which will not
50.20 replace an existing jail facility, any amount levied by the county in the previous levy year
50.21 for the purposes specified under this clause and included in the county's previous year's
50.22 levy limitation computed under section 275.71, shall be deducted from the levy limit
50.23 base under section 275.71, subdivision 2, when determining the county's current year
50.24 levy limitation. The county shall provide the necessary information to the commissioner
50.25 of revenue for making this determination;

50.26 (12) to pay for operation of a lake improvement district, as authorized under section
50.27 103B.555. ~~If the county utilizes this special levy, any amount levied by the county in the~~
50.28 ~~previous levy year for the purposes specified under this clause and included in the county's~~
50.29 ~~previous year's levy limitation computed under section 275.71 shall be deducted from~~
50.30 ~~the levy limit base under section 275.71, subdivision 2, when determining the county's~~
50.31 ~~current year levy limitation. The county shall provide the necessary information to the~~
50.32 ~~commissioner of revenue for making this determination;~~

50.33 (13) to repay a state or federal loan used to fund the direct or indirect required
50.34 spending by the local government due to a state or federal transportation project or other
50.35 state or federal capital project. This authority may only be used if the project is not a
50.36 local government initiative;

51.1 ~~(14) to pay for court administration costs as required under section 273.1398;~~
 51.2 ~~subdivision 4b, less the (i) county's share of transferred fines and fees collected by the~~
 51.3 ~~district courts in the county for calendar year 2001 and (ii) the aid amount certified to be~~
 51.4 ~~paid to the county in 2004 under section 273.1398, subdivision 4c; however, for taxes~~
 51.5 ~~levied to pay for these costs in the year in which the court financing is transferred to the~~
 51.6 ~~state, the amount under this clause is limited to the amount of aid the county is certified to~~
 51.7 ~~receive under section 273.1398, subdivision 4a;~~

51.8 ~~(15)~~ (14) to fund a police or firefighters relief association as required under section
 51.9 69.77 to the extent that the required amount exceeds the amount levied for this purpose
 51.10 in 2001;

51.11 ~~(16)~~ (15) for purposes of a storm sewer improvement district under section 444.20;

51.12 ~~(17)~~ (16) to pay for the maintenance and support of a city or county society for the
 51.13 prevention of cruelty to animals under section 343.11. If the city or county uses this
 51.14 special levy, any amount levied by the city or county in the previous levy year for the
 51.15 purposes specified in this clause and included in the city's or county's previous year's levy
 51.16 limit computed under section 275.71, must be deducted from the levy limit base under
 51.17 section 275.71, subdivision 2, in determining the city's or county's current year levy limit;

51.18 ~~(18)~~ (17) for counties, to pay for the increase in their share of health and human
 51.19 service costs caused by reductions in federal health and human services grants effective
 51.20 after September 30, 2007;

51.21 ~~(19)~~ (18) for a city, for the costs reasonably and necessarily incurred for securing,
 51.22 maintaining, or demolishing foreclosed or abandoned residential properties, as allowed by
 51.23 the commissioner of revenue under section 275.74, subdivision 2. A city must have either
 51.24 (i) a foreclosure rate of at least 1.4 percent in 2007, or (ii) a foreclosure rate in 2007 in
 51.25 the city or in a zip code area of the city that is at least 50 percent higher than the average
 51.26 foreclosure rate in the metropolitan area, as defined in section 473.121, subdivision 2,
 51.27 to use this special levy. For purposes of this paragraph, "foreclosure rate" means the
 51.28 number of foreclosures, as indicated by sheriff sales records, divided by the number of
 51.29 households in the city in 2007;

51.30 ~~(20)~~ (19) for a city, for the unreimbursed costs of redeployed traffic control agents
 51.31 and lost traffic citation revenue due to the collapse of the Interstate 35W bridge, as
 51.32 certified to the Federal Highway Administration;

51.33 ~~(21)~~ (20) to pay costs attributable to wages and benefits for sheriff, police, and fire
 51.34 personnel. If a local governmental unit did not use this special levy in the previous year its
 51.35 levy limit base under section 275.71 shall be reduced by the amount equal to the amount it
 51.36 levied for the purposes specified in this clause in the previous year; and

52.1 ~~(22)~~ (21) an amount equal to any reductions in the certified aids or credits payable
 52.2 under sections 477A.011 to 477A.014, and section 273.1384, due to unallotment under
 52.3 section 16A.152. The amount of the levy allowed under this clause is equal to the amount
 52.4 unallotted in the calendar year in which the tax is levied unless the unallotment amount is
 52.5 not known by September 1 of the levy year, in which case the unallotment amount may
 52.6 be levied in the following year.

52.7 **EFFECTIVE DATE.** This section is effective for taxes payable in 2009 and
 52.8 thereafter.

52.9 Sec. 19. Minnesota Statutes 2008, section 275.71, subdivision 4, is amended to read:

52.10 Subd. 4. **Adjusted levy limit base.** For taxes levied in 2008 through 2010, the
 52.11 adjusted levy limit base is equal to the levy limit base computed under subdivision 2
 52.12 or section 275.72, multiplied by:

52.13 (1) one plus the lesser of 3.9 percent or the percentage growth in the implicit price
 52.14 deflator;

52.15 (2) one plus a percentage equal to 50 percent of the percentage increase in the number
 52.16 of households, if any, for the most recent 12-month period for which data is available; and

52.17 (3) one plus a percentage equal to 50 percent of the percentage increase in the
 52.18 taxable market value of the jurisdiction due to new construction of class 3 property, as
 52.19 defined in section 273.13, subdivision ~~4~~ 24, except for state-assessed utility and railroad
 52.20 property, for the most recent year for which data is available.

52.21 **EFFECTIVE DATE.** This section is effective for taxes payable in 2009 through
 52.22 2011.

52.23 Sec. 20. Minnesota Statutes 2008, section 290C.06, is amended to read:

52.24 **290C.06 CALCULATION OF AVERAGE ESTIMATED MARKET VALUE;**
 52.25 **TIMBERLAND MANAGED FOREST LAND.**

52.26 The commissioner shall annually calculate a statewide average estimated market
 52.27 value per acre for class ~~2b timberland~~ 2c managed forest land under section 273.13,
 52.28 subdivision 23, ~~paragraph (b).~~

52.29 **EFFECTIVE DATE.** This section is effective for calculations made in 2010 and
 52.30 thereafter.

53.1 Sec. 21. Minnesota Statutes 2008, section 290C.07, is amended to read:

53.2 **290C.07 CALCULATION OF INCENTIVE PAYMENT.**

53.3 An approved claimant under the sustainable forest incentive program is eligible to
53.4 receive an annual payment. The payment shall equal the greater of:

53.5 (1) the difference between the property tax that would be paid on the land using the
53.6 previous year's statewide average total township tax rate and ~~the a class rate for class 2b~~
53.7 ~~timberland under section 273.13, subdivision 23, paragraph (b) of one percent,~~ if the land
53.8 were valued at (i) the average statewide ~~timberland~~ managed forest land market value per
53.9 acre calculated under section 290C.06, and (ii) the average statewide ~~timberland~~ managed
53.10 forest land current use value per acre calculated under section 290C.02, subdivision 5; or

53.11 (2) two-thirds of the property tax amount determined by using the previous
53.12 year's statewide average total township tax rate, the estimated market value per acre as
53.13 calculated in section 290C.06, and ~~the a class rate for 2b timberland under section 273.13,~~
53.14 ~~subdivision 23, paragraph (b) of one percent,~~ provided that the payment shall be no less
53.15 than \$7 per acre for each acre enrolled in the sustainable forest incentive program.

53.16 **EFFECTIVE DATE.** This section is effective for calculations made in 2010 and
53.17 thereafter.

53.18 Sec. 22. Minnesota Statutes 2008, section 477A.011, subdivision 34, is amended to
53.19 read:

53.20 Subd. 34. **City revenue need.** (a) For a city with a population equal to or greater
53.21 than 2,500, "city revenue need" is the greater of 285 or the sum of (1) 5.0734098 times the
53.22 pre-1940 housing percentage; plus (2) 19.141678 times the population decline percentage;
53.23 plus (3) 2504.06334 times the road accidents factor; plus (4) 355.0547; minus (5) the
53.24 metropolitan area factor; minus (6) 49.10638 times the household size.

53.25 (b) For a city with a population less than 2,500, "city revenue need" is the sum of
53.26 (1) 2.387 times the pre-1940 housing percentage; plus (2) 2.67591 times the commercial
53.27 industrial percentage; plus (3) 3.16042 times the population decline percentage; plus (4)
53.28 1.206 times the transformed population; minus (5) 62.772.

53.29 (c) For a city with a population of 2,500 or more and a population in one of the most
53.30 recently available five years that was less than 2,500, "city revenue need" is the sum of (1)
53.31 its city revenue need calculated under paragraph (a) multiplied by its transition factor;
53.32 plus (2) its city revenue need calculated under the formula in paragraph (b) multiplied
53.33 by the difference between one and its transition factor. For purposes of this paragraph, a
53.34 city's "transition factor" is equal to 0.2 multiplied by the number of years that the city's

54.1 population estimate has been 2,500 or more. This provision only applies for aids payable
 54.2 in calendar years 2006 to 2008 to cities with a 2002 population of less than 2,500. It
 54.3 applies to any city for aids payable in 2009 and thereafter. ~~The city revenue need under~~
 54.4 ~~this paragraph may not be less than 285.~~

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

54.6 (e) For calendar year 2005 and subsequent years, the city revenue need for a city,
 54.7 as determined in paragraphs (a) to (d), is multiplied by the ratio of the annual implicit
 54.8 price deflator for government consumption expenditures and gross investment for state
 54.9 and local governments as prepared by the United States Department of Commerce, for
 54.10 the most recently available year to the 2003 implicit price deflator for state and local
 54.11 government purchases.

54.12 **EFFECTIVE DATE.** This section is effective for aids payable in 2009 and
 54.13 thereafter.

54.14 Sec. 23. Minnesota Statutes 2008, section 477A.011, subdivision 42, is amended to
 54.15 read:

54.16 Subd. 42. **City jobs base.** (a) "City jobs base" for a city with a population of 5,000 or
 54.17 more is equal to the product of (1) \$25.20, (2) the number of jobs per capita in the city, and
 54.18 (3) its population. For cities with a population less than 5,000, the city jobs base is equal
 54.19 to zero. For a city receiving aid under subdivision 36, paragraph ~~(j)~~ (k), its city jobs base
 54.20 is reduced by the lesser of 36 percent of the amount of aid received under that paragraph
 54.21 or \$1,000,000. No city's city jobs base may exceed \$4,725,000 under this paragraph.

54.22 (b) For calendar year 2010 and subsequent years, the city jobs base for a city, as
 54.23 determined in paragraph (a), is multiplied by the ratio of the appropriation under section
 54.24 477A.03, subdivision 2a, for the year in which the aid is paid to the appropriation under
 54.25 that section for aids payable in 2009.

54.26 (c) For purposes of this subdivision, "jobs per capita in the city" means (1) the
 54.27 average annual number of employees in the city based on the data from the Quarterly
 54.28 Census of Employment and Wages, as reported by the Department of Employment and
 54.29 Economic Development, for the most recent calendar year available as of May 1, 2008,
 54.30 divided by (2) the city's population for the same calendar year as the employment data.
 54.31 The commissioner of the Department of Employment and Economic Development shall
 54.32 certify to the city the average annual number of employees for each city by June 1, 2008.
 54.33 A city may challenge an estimate under this paragraph by filing its specific objection,
 54.34 including the names of employers that it feels may have misreported data, in writing with
 54.35 the commissioner by June 20, 2008. The commissioner shall make every reasonable effort

55.1 to address the specific objection and adjust the data as necessary. The commissioner shall
 55.2 certify the estimates of the annual employment to the commissioner of revenue by July 15,
 55.3 2008, including any estimates still under objection.

55.4 **EFFECTIVE DATE.** This section is effective for aids payable in 2009 and
 55.5 thereafter.

55.6 Sec. 24. Minnesota Statutes 2008, section 477A.013, subdivision 8, is amended to read:

55.7 Subd. 8. **City formula aid.** (a) In calendar year 2009, the formula aid for a city
 55.8 is equal to the sum of (1) its city jobs base, (2) its small city aid base, and (3) the need
 55.9 increase percentage multiplied by its unmet need.

55.10 (b) In calendar year 2010 and subsequent years, the formula aid for a city is equal
 55.11 to the sum of (1) its city jobs base, (2) its small city aid base, and (3) the need increase
 55.12 percentage multiplied by the average of its unmet need for the most recently available
 55.13 two years.

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

55.16 The applicable need increase percentage must be calculated by the Department of
 55.17 Revenue so that the total of the aid under subdivision 9 equals the total amount available
 55.18 for aid under section 477A.03. For aids payable in 2009 only, all data used in calculating
 55.19 aid to cities under sections 477A.011 to 477A.013 will be based on the data available for
 55.20 calculating aid to cities for aids payable in 2008. For aids payable in 2010 and thereafter,
 55.21 data used in calculating aids to cities under sections 477A.011 to 477A.013 shall be the
 55.22 most recently available data as of January 1 in the year in which the aid is calculated
 55.23 except as provided in section 477A.011, subdivisions 3 and 35.

55.24 **EFFECTIVE DATE.** This section is effective for assessment year 2009 and
 55.25 thereafter.

55.26 Sec. 25. **REPEALER.**

55.27 Minnesota Rules, parts 8115.0200; 8115.0300; 8115.0400; 8115.0500; 8115.0600;
 55.28 8115.1000; 8115.1100; 8115.1200; 8115.1300; 8115.1400; 8115.1500; 8115.1600;
 55.29 8115.1700; 8115.1800; 8115.1900; 8115.2000; 8115.2100; 8115.2200; 8115.2300;
 55.30 8115.2400; 8115.2500; 8115.2600; 8115.2700; 8115.2800; 8115.2900; 8115.3000;
 55.31 8115.4000; 8115.4100; 8115.4200; 8115.4300; 8115.4400; 8115.4500; 8115.4600;
 55.32 8115.4700; 8115.4800; 8115.4900; 8115.5000; 8115.5100; 8115.5200; 8115.5300;

56.1 8115.5400; 8115.5500; 8115.5600; 8115.5700; 8115.5800; 8115.5900; 8115.6000;
56.2 8115.6100; 8115.6200; 8115.6300; 8115.6400; and 8115.9900; are repealed.

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

56.4 **ARTICLE 5**
56.5 **CONDITIONAL USE DEEDS**

56.6 Section 1. Minnesota Statutes 2008, section 282.01, subdivision 1, is amended to read:

56.7 Subdivision 1. **Classification as conservation or nonconservation.** (a) It is the
56.8 general policy of this state to encourage the best use of tax-forfeited lands, recognizing that
56.9 some lands in public ownership should be retained and managed for public benefits while
56.10 other lands should be returned to private ownership. Parcels of land becoming the property
56.11 of the state in trust under law declaring the forfeiture of lands to the state for taxes must be
56.12 classified by the county board of the county in which the parcels lie as conservation ~~or,~~
56.13 nonconservation, or as conservation land suited for particular purposes. In making the
56.14 classification the board shall consider the present use of adjacent lands, the productivity of
56.15 the soil, the character of forest or other growth, accessibility of lands to established roads,
56.16 schools, and other public services, their peculiar suitability or desirability for particular
56.17 uses, and the suitability of the forest resources on the land for multiple use, and sustained
56.18 yield management. The classification, furthermore, must encourage and foster a mode of
56.19 land utilization that will facilitate the economical and adequate provision of transportation,
56.20 roads, water supply, drainage, sanitation, education, and recreation; facilitate reduction of
56.21 governmental expenditures; conserve and develop the natural resources; and foster and
56.22 develop agriculture and other industries in the districts and places best suited to them.

56.23 ~~In making the classification the county board may use information made available~~
56.24 ~~by any office or department of the federal, state, or local governments, or by any other~~
56.25 ~~person or agency possessing pertinent information at the time the classification is made.~~
56.26 ~~The lands may be reclassified from time to time as the county board considers necessary~~
56.27 ~~or desirable, except for conservation lands held by the state free from any trust in favor of~~
56.28 ~~any taxing district.~~

56.29 ~~If the lands are located within the boundaries of an organized town, with taxable~~
56.30 ~~valuation in excess of \$20,000, or incorporated municipality, the classification or~~
56.31 ~~reclassification and sale must first be approved by the town board of the town or the~~
56.32 ~~governing body of the municipality in which the lands are located. The town board of~~
56.33 ~~the town or the governing body of the municipality is considered to have approved~~
56.34 ~~the classification or reclassification and sale if the county board is not notified of the~~

57.1 ~~disapproval of the classification or reclassification and sale within 60 days of the date the~~
57.2 ~~request for approval was transmitted to the town board of the town or governing body~~
57.3 ~~of the municipality. If the town board or governing body desires to acquire any parcel~~
57.4 ~~lying in the town or municipality by procedures authorized in this section, it must file a~~
57.5 ~~written application with the county board to withhold the parcel from public sale. The~~
57.6 ~~application must be filed within 60 days of the request for classification or reclassification~~
57.7 ~~and sale. The county board shall then withhold the parcel from public sale for six months.~~
57.8 ~~A municipality or governmental subdivision shall pay maintenance costs incurred by~~
57.9 ~~the county during the six-month period while the property is withheld from public sale,~~
57.10 ~~provided the property is not offered for public sale after the six-month period. A clerical~~
57.11 ~~error made by county officials does not serve to eliminate the request of the town board~~
57.12 ~~or governing body if the board or governing body has forwarded the application to the~~
57.13 ~~county auditor. If the town board or governing body of the municipality fails to submit an~~
57.14 ~~application and a resolution of the board or governing body to acquire the property within~~
57.15 ~~the withholding period, the county may offer the property for sale upon the expiration of~~
57.16 ~~the withholding period.~~

57.17 (b) Whenever the county board deems it appropriate, the board may hold a meeting
57.18 for the purpose of reclassifying tax-forfeited land that has not been sold or released from
57.19 the trust. The criteria and procedures for reclassification are the same as those required for
57.20 an initial classification.

57.21 (c) Prior to meeting for the purpose of classifying or reclassifying tax-forfeited
57.22 lands, the county board must give notice of its intent to meet for that purpose as provided
57.23 in this paragraph. The notice must be given no more than 90 days and no less than 60
57.24 days before the date of the meeting; provided that if the meeting is rescheduled, notice
57.25 of the new date, time, and location must be given at least 14 days before the date of the
57.26 rescheduled meeting. The notice must be posted on a Web site under the procedures in
57.27 section 331A.12. The board must also mail a notice by electronic means to each person
57.28 who requests notice of meetings dealing with this subject and who agrees as provided
57.29 in chapter 325L to accept notice that is mailed by electronic means. Receipt of actual
57.30 notice under the conditions specified in section 13D.04, subdivision 7, satisfies the notice
57.31 requirements of this paragraph.

57.32 The board may classify or reclassify tax-forfeited lands at any regular or special
57.33 meeting, as those terms are defined in chapter 13D and may conduct only this business, or
57.34 this business as well as other business or activities at the meeting.

57.35 (d) At the meeting, the county board must allow any person or agency possessing
57.36 pertinent information to make or submit comments and recommendations about the

58.1 pending classification or reclassification. In addition, representatives of governmental
 58.2 entities in attendance must be allowed to describe plans, ideas, or projects that may
 58.3 involve use or acquisition of the property by that or another governmental entity. After
 58.4 allowing testimony, the board may classify, reclassify, or delay taking action on any parcel
 58.5 or parcels.

58.6 (e) When classifying, reclassifying, appraising, and selling lands under this chapter,
 58.7 the county board may designate the tracts as assessed and acquired, or may by resolution
 58.8 provide for the subdivision of the tracts into smaller units or for the grouping of several
 58.9 tracts into one tract when the subdivision or grouping is deemed advantageous for
 58.10 conservation or sale purposes. This paragraph does not authorize the county board to
 58.11 subdivide a parcel or tract of tax-forfeited land that, as assessed and acquired, is withheld
 58.12 from sale under section 282.018, subdivision 1.

58.13 **EFFECTIVE DATE.** This section is effective July 1, 2009.

58.14 Sec. 2. Minnesota Statutes 2008, section 282.01, subdivision 1a, is amended to read:

58.15 Subd. 1a. **Conveyance; generally to public entities.** (a) Upon written request
 58.16 from a state agency or a governmental subdivision of the state, a parcel of unsold
 58.17 tax-forfeited land is withheld from sale or lease to others for a maximum of six months.
 58.18 The request must be submitted to the county auditor. Upon receipt, the county auditor
 58.19 must withhold the parcel from sale or lease to any other party for six months, and
 58.20 must confirm the starting date of the six-month withholding period to the requesting
 58.21 agency or subdivision. If the request is from a governmental subdivision of the state, the
 58.22 governmental subdivision must pay the maintenance costs incurred by the county during
 58.23 the period the parcel is withheld. The county board may approve a sale or conveyance to
 58.24 the requesting party during the withholding period. A conveyance of the property to the
 58.25 requesting party terminates the withholding period.

58.26 A governmental subdivision of the state must not make, and a county auditor must
 58.27 not act upon, a second request to withhold a parcel from sale or lease within 18 months of
 58.28 a previous request for that parcel.

58.29 (b) Nonconservation tax-forfeited lands may be sold by the county board, for
 58.30 their market value as determined by the county board, to an organized or incorporated
 58.31 governmental subdivision of the state for any public purpose for which the subdivision is
 58.32 authorized to acquire property or.

58.33 (c) Nonconservation tax-forfeited lands may be released from the trust in favor of the
 58.34 taxing districts on application of to the county board by a state agency for an authorized
 58.35 use at not less than their market value as determined by the county board.

59.1 (d) Nonconservation tax-forfeited lands may be sold by the county board to an
 59.2 organized or incorporated governmental subdivision of the state or state agency for less
 59.3 than their market value if:

59.4 (1) the county board determines that a sale at a reduced price is in the public interest
 59.5 because (i) a reduced price is necessary to provide an incentive to correct the blighted
 59.6 conditions that make the lands undesirable in the open market, or (ii) the reduced price
 59.7 will lead to the development of affordable housing; and

59.8 (2) the governmental subdivision or state agency has documented (i) its specific
 59.9 plans for correcting the blighted conditions or developing affordable housing, and (ii) the
 59.10 specific law or laws that empower it to acquire real property in furtherance of such plans.

59.11 (e) Nonconservation tax-forfeited land held in trust in favor of the taxing districts
 59.12 may be conveyed by the commissioner of revenue ~~may convey by deed~~ in the name
 59.13 of the state ~~a tract of tax-forfeited land held in trust in favor of the taxing districts~~ to a
 59.14 governmental subdivision for an authorized public use, if an application is submitted to
 59.15 the commissioner which includes a statement of facts as to the use to be made of the
 59.16 tract ~~and the need therefor~~ and the favorable recommendation of the county board. An
 59.17 authorized public use under this paragraph is a use that either (i) allows an indefinite
 59.18 segment of the public to physically use and enjoy the property in numbers appropriate to
 59.19 its size and use, or (ii) is for a public service facility. Authorized public uses as defined
 59.20 in this paragraph are limited to:

59.21 (1) a road, or right-of-way for a road;

59.22 (2) a park that is both available to, and accessible by, the public that contains
 59.23 amenities such as campgrounds, playgrounds, ball fields, trails, or shelters;

59.24 (3) trails for walking, bicycling, snowmobiling, or other recreational purposes, along
 59.25 with a reasonable amount of surrounding land maintained in its natural state;

59.26 (4) transit ways for buses or commuter trains;

59.27 (5) public beaches or boat launches;

59.28 (6) public parking;

59.29 (7) civic recreation or conference facilities; and

59.30 (8) public service facilities such as fire halls, police stations, lift stations, water
 59.31 tower, sanitation facilities, water treatment facilities, and administrative offices.

59.32 (f) The commissioner of revenue must convey a parcel of nonconservation
 59.33 tax-forfeited land to a local governmental subdivision by quit claim deed on behalf of
 59.34 the state upon the favorable recommendation of the county board if the governmental
 59.35 subdivision has certified to the board that prior to forfeiture the subdivision was entitled
 59.36 to the parcel under a written development agreement, but the conveyance failed to occur

60.1 prior to forfeiture. No compensation or consideration is required for, and no conditions
 60.2 attach to, the conveyance.

60.3 (g) Conservation tax-forfeited land may be sold to a governmental subdivision of
 60.4 the state for less than its market value for either: (i) creation or preservation of wetlands,
 60.5 (ii) drainage or storage of storm water under a storm water management plan, or (iii)
 60.6 preservation, or restoration and preservation, of the land in its natural state. The deed in
 60.7 such case must contain a restrictive covenant limiting the use of the land to one of these
 60.8 purposes for 30 years or until the property is reconveyed back to the state in trust. At any
 60.9 time, the governmental subdivision may reconvey the property to the state in trust for the
 60.10 taxing districts. The deed of reconveyance is subject to approval by the commissioner of
 60.11 revenue. No part of a purchase price determined under this paragraph shall be refunded
 60.12 upon a reconveyance, but the amount paid for a conveyance under this paragraph may be
 60.13 taken into account by the county board when setting the terms of a future sale of the same
 60.14 property to the same governmental subdivision under paragraph (b) or (d).

60.15 **EFFECTIVE DATE.** This section is effective July 1, 2009.

60.16 Sec. 3. Minnesota Statutes 2008, section 282.01, subdivision 1c, is amended to read:

60.17 Subd. 1c. **Deed of conveyance; form; approvals.** The deed of conveyance for
 60.18 property conveyed for ~~a~~ an authorized public use under the authorities in subdivision
 60.19 1a, paragraph (e), must be on a form approved by the attorney general and must be
 60.20 conditioned on continued use for the purpose stated in the application: as provided in this
 60.21 section. These deeds are conditional use deeds that convey a defeasible estate. Reversion
 60.22 of the estate occurs by operation of law and without the requirement for any affirmative
 60.23 act by, or on behalf of the state when there is a failure to put the property to the approved
 60.24 authorized public use for which it was conveyed, or an abandonment of that use; except as
 60.25 provided in subdivision 1d.

60.26 **EFFECTIVE DATE.** This section is effective July 1, 2009.

60.27 Sec. 4. Minnesota Statutes 2008, section 282.01, subdivision 1d, is amended to read:

60.28 Subd. 1d. **Reverter for failure to use; conveyance to state.** (a) If after three
 60.29 years from the date of the conveyance a governmental subdivision to which tax-forfeited
 60.30 land has been conveyed for ~~a specified~~ an authorized public use as provided in this
 60.31 section fails to put the land to that use, or abandons that use, the governing body of the
 60.32 subdivision ~~may,~~ must: (1) with the approval of the county board, purchase the property
 60.33 for an authorized public purpose at the present ~~appraised~~ market value as determined by

61.1 the county board. ~~In that case, the commissioner of revenue shall, upon proper written~~
61.2 ~~application approved by the county board, issue an appropriate deed to the subdivisions~~
61.3 ~~free of a use restriction and reverter. The governing body may also, or (2) authorize the~~
61.4 ~~proper officers to convey the land, or the part of the land not required for an authorized~~
61.5 ~~public use, to the state of Minnesota; in trust for the taxing districts. If the governing body~~
61.6 ~~purchases the property under clause (1), the commissioner of revenue shall, upon property~~
61.7 ~~application submitted by the county auditor, convey the property on behalf of the state by~~
61.8 ~~quit claim deed to the subdivision free of a use restriction and the possibility of reversion~~
61.9 ~~or defeasement. If the governing body decides to reconvey the property to the state under~~
61.10 ~~clause (2), the officers shall execute a deed of conveyance immediately. The conveyance is~~
61.11 ~~subject to the approval of the commissioner and its form must be approved by the attorney~~
61.12 ~~general. A sale, lease, transfer, or other conveyance of tax-forfeited lands by a housing~~
61.13 ~~and redevelopment authority, a port authority, an economic development authority, or a~~
61.14 ~~city as authorized by chapter 469 is not an abandonment of use and the lands shall not be~~
61.15 ~~reconveyed to the state nor shall they revert to the state. A certificate made by a housing~~
61.16 ~~and redevelopment authority, a port authority, an economic development authority, or a~~
61.17 ~~city referring to a conveyance by it and stating that the conveyance has been made as~~
61.18 ~~authorized by chapter 469 may be filed with the county recorder or registrar of titles, and~~
61.19 ~~the rights of reverter in favor of the state provided by subdivision 1c will then terminate.~~
61.20 ~~No vote of the people is required for the conveyance. For the purposes of this paragraph,~~
61.21 ~~there is no failure to put the land to the authorized public use and no abandonment of~~
61.22 ~~that use if a formal plan of the governmental subdivision shows an intended future use~~
61.23 ~~of the land for the authorized public use.~~

61.24 (b) Property held by a governmental subdivision of the state under a conditional use
61.25 deed executed by the commissioner of revenue after January 1, 2006, may be acquired
61.26 by that governmental subdivision after 15 years from the date of the conveyance if
61.27 the commissioner determines upon written application from the subdivision that, the
61.28 subdivision has in fact put the property to the authorized public use for which it was
61.29 conveyed, and the subdivision has made a finding that it has no current plans to change
61.30 the use of the lands. Prior to conveying the property, the commissioner shall inquire
61.31 whether the county board where the land is located objects to a conveyance of the property
61.32 to the subdivision without conditions and without further act by or obligation of the
61.33 subdivision. If the county does not object within 60 days, and the commissioner makes
61.34 a favorable determination, the commissioner shall issue a quit claim deed on behalf of
61.35 the state unconditionally conveying the property to the governmental subdivision. For
61.36 purposes of this paragraph, demonstration of an intended future use for the authorized

62.1 public use in a formal plan of the governmental subdivision does not constitute use for
 62.2 that authorized public use.

62.3 (c) Property held by a governmental subdivision of the state under a conditional use
 62.4 deed executed by the commissioner of revenue before January 1, 2006, is released from
 62.5 the use restriction and possibility of reversion on January 1, 2021, if the county board
 62.6 records a document describing the land and citing this paragraph. The county board may
 62.7 authorize the county treasurer to deduct the amount of the recording fees from future
 62.8 settlements of property taxes to the subdivision.

62.9 (d) All property held by a governmental subdivision of the state under a conditional
 62.10 use deed executed by the commissioner of revenue is released from the use restriction
 62.11 and possibility of reversion on the later of: (i) January 1, 2012; (ii) 40 years after the
 62.12 date the deed was executed; or (iii) upon final resolution of an appeal to district court
 62.13 under subdivision 1e if the appeal was commenced prior to January 1, 2012. Upon the
 62.14 occurrence of item (i), (ii), or (iii), the governmental subdivision may record a certificate
 62.15 referring to the land, the original conveyance, and to the release under this paragraph.

62.16 **EFFECTIVE DATE.** This section is effective July 1, 2009.

62.17 Sec. 5. Minnesota Statutes 2008, section 282.01, is amended by adding a subdivision
 62.18 to read:

62.19 Subd. 1g. **Conditional use deed fees.** (a) A governmental subdivision applying
 62.20 for a conditional use deed under subdivision 1a, paragraph (e), must submit a fee of \$250
 62.21 to the commissioner of revenue along with the application. If the application is denied,
 62.22 the commissioner shall refund \$150 of the application fee.

62.23 (b) The proceeds from the fees must be deposited in a Department of Revenue
 62.24 conditional use deed revolving fund. The sums deposited into the revolving fund are
 62.25 appropriated to the commissioner of revenue for the purpose of making the refunds
 62.26 described in this subdivision, and administering conditional use deed laws.

62.27 **EFFECTIVE DATE.** This section is effective for applications received by the
 62.28 commissioner after June 30, 2009.

62.29 Sec. 6. Minnesota Statutes 2008, section 282.01, subdivision 2, is amended to read:

62.30 Subd. 2. **Conservation lands; county board supervision.** (a) Lands classified as
 62.31 conservation lands, ~~unless reclassified as nonconservation lands, sold to a governmental~~
 62.32 ~~subdivision of the state, designated as lands primarily suitable for forest production and~~
 62.33 ~~sold as hereinafter provided, or released from the trust in favor of the taxing districts, as~~

63.1 ~~herein provided, will~~ must be held under the supervision of the county board of the county
 63.2 within which such parcels lie; and must not be conveyed or sold unless the lands are:

63.3 ~~The county board may, by resolution duly adopted, declare lands classified as~~
 63.4 ~~conservation lands as primarily suitable for timber production and as lands which should~~
 63.5 ~~be placed in private ownership for such purposes. If such action be approved by the~~
 63.6 ~~commissioner of natural resources, the lands so designated, or any part thereof, may be~~
 63.7 ~~sold by the county board in the same manner as provided for the sale of lands classified as~~
 63.8 ~~nonconservation lands. Such county action and the approval of the commissioner shall be~~
 63.9 ~~limited to lands lying within areas zoned for restricted uses under the provisions of Laws~~
 63.10 ~~1939, chapter 340, or any amendments thereof.~~

63.11 (1) reclassified as nonconservation lands;

63.12 (2) conveyed to a governmental subdivision of the state under subdivision 1a;

63.13 (3) released from the trust in favor of the taxing districts as provided in paragraph

63.14 (b); or

63.15 (4) conveyed or sold under the authority of another general or special law.

63.16 (b) The county board may, by resolution duly adopted, resolve that certain lands
 63.17 classified as conservation lands shall be devoted to conservation uses and may submit
 63.18 such resolution to the commissioner of natural resources. If, upon investigation, the
 63.19 commissioner of natural resources determines that the lands covered by such resolution,
 63.20 or any part thereof, can be managed and developed for conservation purposes, the
 63.21 commissioner shall make a certificate describing the lands and reciting the acceptance
 63.22 thereof on behalf of the state for such purposes. The commissioner shall transmit the
 63.23 certificate to the county auditor, who shall note the same upon the auditor's records and
 63.24 record the same with the county recorder. The title to all lands so accepted shall be held
 63.25 by the state free from any trust in favor of any and all taxing districts and such lands
 63.26 shall be devoted thereafter to the purposes of forestry, water conservation, flood control,
 63.27 parks, game refuges, controlled game management areas, public shooting grounds, or
 63.28 other public recreational or conservation uses, and managed, controlled, and regulated
 63.29 for such purposes under the jurisdiction of the commissioner of natural resources and
 63.30 the divisions of the department.

63.31 (c) All proceeds derived from the sale of timber, lease of hay stumpage, or other
 63.32 revenue from such lands under the jurisdiction of the commissioner of natural resources
 63.33 shall be paid into the general fund of the state.

63.34 ~~In case~~ (d) If the commissioner of natural resources ~~shall determine~~ determines that
 63.35 any tract of land ~~so held~~ acquired by the state under paragraph (b) and situated within
 63.36 or adjacent to the boundaries of any governmental subdivision of the state is suitable

64.1 for use by such subdivision for any authorized public purpose, the commissioner may
64.2 convey such tract by deed in the name of the state to such subdivision upon the filing
64.3 with the commissioner of a resolution adopted by a majority vote of all the members
64.4 of the governing body thereof, stating the purpose for which the land is desired. The
64.5 deed of conveyance shall be upon a form approved by the attorney general and must be
64.6 conditioned upon continued use for the purpose stated in the resolution. ~~All proceeds~~
64.7 ~~derived from the sale of timber, lease of hay stumpage, or other revenue from such~~
64.8 ~~lands under the jurisdiction of the natural resources commissioner shall be paid into the~~
64.9 ~~general fund of the state.~~

64.10 (e) The county auditor, with the approval of the county board, may lease conservation
64.11 lands remaining under the ~~jurisdiction~~ supervision of the county board and sell timber
64.12 and hay stumpage thereon in the manner hereinafter provided, and all proceeds derived
64.13 therefrom shall be distributed in the same manner as provided in section 282.04.

64.14 **EFFECTIVE DATE.** This section is effective July 1, 2009.

64.15 Sec. 7. Minnesota Statutes 2008, section 282.01, subdivision 3, is amended to read:

64.16 Subd. 3. **Nonconservation lands; appraisal and sale.** (a) All parcels of land
64.17 classified as nonconservation, except those which may be reserved, shall be sold as
64.18 provided, if it is determined, by the county board of the county in which the parcels lie,
64.19 that it is advisable to do so, having in mind their accessibility, their proximity to existing
64.20 public improvements, and the effect of their sale and occupancy on the public burdens.
64.21 Any parcels of land proposed to be sold shall be first appraised by the county board of
64.22 the county in which the parcels lie. The parcels may be reappraised whenever the county
64.23 board deems it necessary to carry out the intent of sections 282.01 to 282.13.

64.24 (b) In an appraisal the value of the land and any standing timber on it shall be
64.25 separately determined. No parcel of land containing any standing timber may be sold until
64.26 the appraised value of the timber on it and the sale of the land have been approved by the
64.27 commissioner of natural resources. The commissioner shall base review of a proposed
64.28 sale on the policy and considerations specified in subdivision 1. The decision of the
64.29 commissioner shall be in writing and shall state the reasons for it. The commissioner's
64.30 decision is exempt from the rulemaking provisions of chapter 14 and section 14.386
64.31 does not apply. The county may appeal the decision of the commissioner in accordance
64.32 with chapter 14.

64.33 (c) In any county in which a state forest or any part of it is located, the county
64.34 auditor shall submit to the commissioner at least 60 days before the first publication of the
64.35 list of lands to be offered for sale a list of all lands included on the list which are situated

65.1 outside of any incorporated municipality. If, at any time before the opening of the sale, the
 65.2 commissioner notifies the county auditor in writing that there is standing timber on any
 65.3 parcel of such land, the parcel shall not be sold unless the requirements of this section
 65.4 respecting the separate appraisal of the timber and the approval of the appraisal by the
 65.5 commissioner have been complied with. The commissioner may waive the requirement
 65.6 of the 60-day notice as to any parcel of land which has been examined and the timber
 65.7 value approved as required by this section.

65.8 (d) If any public improvement is made by a municipality after any parcel of land has
 65.9 been forfeited to the state for the nonpayment of taxes, and the improvement is assessed in
 65.10 whole or in part against the property benefited by it, the clerk of the municipality shall
 65.11 certify to the county auditor, immediately upon the determination of the assessments for
 65.12 the improvement, the total amount that would have been assessed against the parcel of land
 65.13 if it had been subject to assessment; or if the public improvement is made, petitioned for,
 65.14 ordered in or assessed, whether the improvement is completed in whole or in part, at any
 65.15 time between the appraisal and the sale of the parcel of land, the cost of the improvement
 65.16 shall be included as a separate item and added to the appraised value of the parcel of land
 65.17 at the time it is sold. No sale of a parcel of land shall discharge or free the parcel of land
 65.18 from lien for the special benefit conferred upon it by reason of the public improvement
 65.19 until the cost of it, including penalties, if any, is paid. The county board shall determine
 65.20 the amount, if any, by which the value of the parcel was enhanced by the improvement and
 65.21 include the amount as a separate item in fixing the appraised value for the purpose of sale.
 65.22 ~~In classifying, appraising, and selling the lands, the county board may designate the tracts~~
 65.23 ~~as assessed and acquired, or may by resolution provide for the subdivision of the tracts into~~
 65.24 ~~smaller units or for the grouping of several tracts into one tract when the subdivision or~~
 65.25 ~~grouping is deemed advantageous for the purpose of sale. Each such smaller tract or larger~~
 65.26 ~~tract must be classified and appraised as such before being offered for sale. If any such~~
 65.27 ~~lands have once been classified, the board of county commissioners, in its discretion, may,~~
 65.28 ~~by resolution, authorize the sale of the smaller tract or larger tract without reclassification.~~

65.29 **EFFECTIVE DATE.** This section is effective July 1, 2009.

65.30 Sec. 8. Minnesota Statutes 2008, section 282.01, subdivision 4, is amended to read:

65.31 Subd. 4. **Sale: method, requirements, effects.** The sale authorized under
 65.32 subdivision 3 must be conducted by the county auditor at the county seat of the county in
 65.33 which the parcels lie, except that in St. Louis and Koochiching Counties, the sale may
 65.34 be conducted in any county facility within the county. The sale must not be for less than
 65.35 the appraised value except as provided in subdivision 7a. The parcels must be sold for

66.1 cash only ~~and at not less than the appraised value~~, unless the county board of the county
66.2 has adopted a resolution providing for their sale on terms, in which event the resolution
66.3 controls with respect to the sale. When the sale is made on terms other than for cash only
66.4 (1) a payment of at least ten percent of the purchase price must be made at the time of
66.5 purchase, and the balance must be paid in no more than ten equal annual installments, or
66.6 (2) the payments must be made in accordance with county board policy, but in no event
66.7 may the board require more than 12 installments annually, and the contract term must not
66.8 be for more than ten years. Standing timber or timber products must not be removed from
66.9 these lands until an amount equal to the appraised value of all standing timber or timber
66.10 products on the lands at the time of purchase has been paid by the purchaser. If a parcel of
66.11 land bearing standing timber or timber products is sold at public auction for more than
66.12 the appraised value, the amount bid in excess of the appraised value must be allocated
66.13 between the land and the timber in proportion to their respective appraised values. In that
66.14 case, standing timber or timber products must not be removed from the land until the
66.15 amount of the excess bid allocated to timber or timber products has been paid in addition
66.16 to the appraised value of the land. The purchaser is entitled to immediate possession,
66.17 subject to the provisions of any existing valid lease made in behalf of the state.

66.18 For sales occurring on or after July 1, 1982, the unpaid balance of the purchase price
66.19 is subject to interest at the rate determined pursuant to section 549.09. The unpaid balance
66.20 of the purchase price for sales occurring after December 31, 1990, is subject to interest
66.21 at the rate determined in section 279.03, subdivision 1a. The interest rate is subject to
66.22 change each year on the unpaid balance in the manner provided for rate changes in section
66.23 549.09 or 279.03, subdivision 1a, whichever, is applicable. Interest on the unpaid contract
66.24 balance on sales occurring before July 1, 1982, is payable at the rate applicable to the sale
66.25 at the time that the sale occurred.

66.26 **EFFECTIVE DATE.** This section is effective July 1, 2009.

66.27 Sec. 9. Minnesota Statutes 2008, section 282.01, subdivision 7, is amended to read:

66.28 Subd. 7. **County sales; notice, purchase price, disposition.** The sale must
66.29 commence at the time determined by the county board of the county in which the parcels
66.30 are located. The county auditor shall offer the parcels of land in order in which they
66.31 appear in the notice of sale, and shall sell them to the highest bidder, but not for a sum
66.32 less than the appraised value, until all of the parcels of land have been offered. Then the
66.33 county auditor shall sell any remaining parcels to anyone offering to pay the appraised
66.34 value, except that if the person could have repurchased a parcel of property under section
66.35 282.012 or 282.241, that person may not purchase that same parcel of property at the sale

67.1 under this subdivision for a purchase price less than the sum of all taxes, assessments,
67.2 penalties, interest, and costs due at the time of forfeiture computed under section 282.251,
67.3 and any special assessments for improvements certified as of the date of sale. The sale
67.4 must continue until all the parcels are sold or until the county board orders a reappraisal or
67.5 withdraws any or all of the parcels from sale. The list of lands may be added to and the
67.6 added lands may be sold at any time by publishing the descriptions and appraised values.
67.7 The added lands must be: (1) parcels of land that have become forfeited and classified
67.8 as nonconservation since the commencement of any prior sale; (2) parcels classified as
67.9 nonconservation that have been reappraised; (3) parcels that have been reclassified as
67.10 nonconservation; or (4) other parcels that are subject to sale but were omitted from the
67.11 existing list for any reason. The descriptions and appraised values must be published in
67.12 the same manner as provided for the publication of the original list. Parcels added to the
67.13 list must first be offered for sale to the highest bidder before they are sold at appraised
67.14 value. All parcels of land not offered for immediate sale, as well as parcels that are offered
67.15 and not immediately sold, continue to be held in trust by the state for the taxing districts
67.16 interested in each of the parcels, under the supervision of the county board. Those parcels
67.17 may be used for public purposes until sold, as directed by the county board.

67.18 **EFFECTIVE DATE.** This section is effective July 1, 2009.

67.19 Sec. 10. Minnesota Statutes 2008, section 282.01, subdivision 7a, is amended to read:

67.20 Subd. 7a. **City sales; alternate procedures.** Land located in a home rule charter
67.21 or statutory city, or in a town which cannot be improved because of noncompliance with
67.22 local ordinances regarding minimum area, shape, frontage or access may be sold by the
67.23 county auditor pursuant to this subdivision if the auditor determines that a nonpublic sale
67.24 will encourage the approval of sale of the land by the city or town and promote its return
67.25 to the tax rolls. If the physical characteristics of the land indicate that its highest and best
67.26 use will be achieved by combining it with an adjoining parcel and the city or town has not
67.27 adopted a local ordinance governing minimum area, shape, frontage, or access, the land
67.28 may also be sold pursuant to this subdivision. If the property consists of an undivided
67.29 interest in land or land and improvements, the property may also be sold to the other
67.30 owners under this subdivision. The sale of land pursuant to this subdivision shall be
67.31 subject to any conditions imposed by the county board pursuant to section 282.03. The
67.32 governing body of the city or town may recommend to the county board conditions to be
67.33 imposed on the sale. The county auditor may restrict the sale to owners of lands adjoining
67.34 the land to be sold. The county auditor shall conduct the sale by sealed bid or may select
67.35 another means of sale. The land shall be sold to the highest bidder ~~but in no event shall the~~

68.1 ~~land~~ and may be sold for less than its appraised value. All owners of land adjoining the
 68.2 land to be sold shall be given a written notice at least 30 days prior to the sale.

68.3 This subdivision shall be liberally construed to encourage the sale and utilization
 68.4 of tax-forfeited land, to eliminate nuisances and dangerous conditions and to increase
 68.5 compliance with land use ordinances.

68.6 **EFFECTIVE DATE.** This section is effective July 1, 2009.

68.7 Sec. 11. Minnesota Statutes 2008, section 287.2205, is amended to read:

68.8 **287.2205 TAX-FORFEITED LAND.**

68.9 Before a state deed for tax-forfeited land may be issued, the deed tax must be paid
 68.10 by the purchaser of tax-forfeited land whether the purchase is the result of a public
 68.11 auction or private sale or a repurchase of tax-forfeited land. State agencies and local
 68.12 units of government that acquire tax-forfeited land by purchase or any other means are
 68.13 subject to this section. The deed tax is \$1.65 for a conveyance of tax-forfeited lands to a
 68.14 governmental subdivision for an authorized public use under section 282.01, subdivision
 68.15 1a, ~~or for redevelopment purposes under section 282.01, subdivision 1b.~~

68.16 **EFFECTIVE DATE.** This section is effective July 1, 2009.

68.17 Sec. 12. **REPEALER.**

68.18 Minnesota Statutes 2008, section 282.01, subdivisions 1b, 9, 10, and 11, are repealed.

68.19 **EFFECTIVE DATE.** This section is effective July 1, 2009.

68.20 **ARTICLE 6**

68.21 **MISCELLANEOUS**

68.22 Section 1. Minnesota Statutes 2008, section 16D.16, subdivision 2, is amended to read:

68.23 Subd. 2. **Notice and hearing.** Before setoff, the commissioner or state agency shall
 68.24 mail written notice ~~by certified mail~~ to the debtor, addressed to the debtor's last known
 68.25 address, that the commissioner or state agency intends to set off a debt owed to the state
 68.26 by the debtor against future payments due the debtor from the state. For debts owed to
 68.27 the state that have not been reduced to judgment, if no administrative appeal process or
 68.28 a hearing by an impartial decision maker on the validity or accuracy of the debt has yet
 68.29 been made available to the debtor, before setoff for a prejudgment debt, the notice to the
 68.30 debtor must advise that the debtor has a right to make a written request for a contested
 68.31 case hearing on the validity of the debt or the right to setoff. The debtor has 30 days from

69.1 the date of that notice to make a written request for a contested case hearing to contest
69.2 the validity of the debt or the right to setoff. The debtor's request must state the debtor's
69.3 reasons for contesting the debt or the right to setoff. If the commissioner or state agency
69.4 desires to pursue the right to setoff following receipt of the debtor's request for a hearing,
69.5 the commissioner or state agency shall schedule a contested case hearing within 30 days
69.6 of the receipt of the request for the hearing. If the commissioner or state agency decides
69.7 not to pursue the right to setoff, the debtor must be notified of that decision.

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

69.9 Sec. 2. Minnesota Statutes 2008, section 270B.14, subdivision 16, is amended to read:

69.10 Subd. 16. **Disclosure to law enforcement authorities.** Under circumstances
69.11 involving threat of death or physical injury to, or harassment of, any individual, the
69.12 commissioner may disclose return information to the extent necessary to apprise
69.13 appropriate federal, state, or local law enforcement authorities of such circumstances.
69.14 For purposes of this subdivision, "harassment" is purposeful conduct directed at an
69.15 individual and causing an individual to feel frightened, threatened, oppressed, persecuted,
69.16 or intimidated. Data disclosed under this subdivision are classified under section 13.82
69.17 once they are received by the law enforcement authority.

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

69.19 Sec. 3. Minnesota Statutes 2008, section 270C.446, subdivision 2, is amended to read:

69.20 Subd. 2. **Required and excluded tax preparers.** (a) Subject to the limitations of
69.21 paragraph (b), the commissioner must publish lists of tax preparers as defined in section
69.22 289A.60, subdivision 13, paragraph (f), who have been convicted under section 289A.63
69.23 for returns or claims prepared as a tax preparer or assessed penalties in excess of \$1,000
69.24 under section 289A.60, subdivision 13, paragraph (a).

69.25 (b) For the purposes of this section, tax preparers are not subject to publication if:

69.26 (1) an administrative or court action contesting the penalty has been filed or served
69.27 and is unresolved at the time when notice would be given under subdivision 3;

69.28 (2) an appeal period to contest the penalty has not expired; or

69.29 (3) the commissioner has been notified that the tax preparer is deceased.

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

69.31 Sec. 4. Minnesota Statutes 2008, section 270C.446, subdivision 5, is amended to read:

70.1 Subd. 5. **Removal from list.** The commissioner shall remove the name of a tax
70.2 preparer from the list of tax preparers published under this section:

70.3 (1) when the commissioner determines that the name was included on the list in error;

70.4 (2) within 90 days after the preparer has demonstrated to the commissioner that
70.5 the preparer fully paid all fines imposed, served any suspension, satisfied any sentence
70.6 imposed, and demonstrated to the satisfaction of the commissioner that the preparer has
70.7 successfully completed any remedial actions required by the commissioner, the State
70.8 Board of Accountancy, or the Lawyers Board of Professional Responsibility; or

70.9 (3) when the commissioner has been notified that the tax preparer is deceased.

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

70.11 Sec. 5. Minnesota Statutes 2008, section 270C.56, subdivision 1, is amended to read:

70.12 Subdivision 1. **Liability imposed.** A person who, either singly or jointly with
70.13 others, has the control of, supervision of, or responsibility for filing returns or reports,
70.14 paying taxes, or collecting or withholding and remitting taxes and who fails to do so, or a
70.15 person who is liable under any other law, is liable for the payment of taxes, ~~penalties, and~~
70.16 ~~interest~~ arising under chapters 295, 296A, 297A, 297F, and 297G, or sections 256.9658,
70.17 290.92, and 297E.02, and, ~~for the taxes listed in this subdivision,~~ the applicable penalties
70.18 ~~for nonpayment under section 289A.60~~ and interest on those taxes.

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

70.20 Sec. 6. Minnesota Statutes 2008, section 289A.41, is amended to read:

70.21 **289A.41 BANKRUPTCY; SUSPENSION OF TIME.**

70.22 The running of the period during which a tax must be assessed or collection
70.23 proceedings commenced is suspended during the period from the date of a filing of a
70.24 petition in bankruptcy until 30 days after either notice to the commissioner of revenue that
70.25 the bankruptcy proceedings have been closed or dismissed, or notice that the automatic
70.26 stay has been terminated or has expired, whichever occurs first.

70.27 The suspension of the statute of limitations under this section applies to the person
70.28 the petition in bankruptcy is filed against and other persons who may also be wholly or
70.29 partially liable for the tax.

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

APPENDIX
Article locations in 09-0114

	INDIVIDUAL INCOME, CORPORATE FRANCHISE, AND	
ARTICLE 1	ESTATE TAXES	Page.Ln 2.1
ARTICLE 2	SALES AND USE TAXES	Page.Ln 11.14
ARTICLE 3	SPECIAL TAXES	Page.Ln 15.1
ARTICLE 4	PROPERTY TAXES AND AIDS	Page.Ln 26.18
ARTICLE 5	CONDITIONAL USE DEEDS	Page.Ln 56.4
ARTICLE 6	MISCELLANEOUS	Page.Ln 68.20