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HOUSE OF REPRESENTATIVES

**EIGHTY-SIXTH
SESSION**

HOUSE FILE No. 2695

February 4, 2010

Authored by Lenczewski, Kelliher, Sterner, Nelson, Davnie and others
The bill was read for the first time and referred to the Committee on Taxes

March 24, 2010

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

March 25, 2010

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

March 29, 2010

Fiscal Calendar
Amended
Read Third Time as Amended
Passed by the House as Amended and transmitted to the Senate to include Floor Amendments

A bill for an act

relating to economic development; encouraging job creation; allowing tax credits for small business investment and historic structure rehabilitation; expanding the use of special assessment for certain energy improvements; expanding the permitted use of tax increment financing for certain projects; repealing restrictions on city of Bloomington's development of the Mall of America site; providing for tax system and debt collection management; establishing voluntary energy improvement financing program for local governments, transportation infrastructure loans, qualified green building and sustainable design projects, a create automotive recovery zone, and tax increment financing districts; modifying apprenticeship training facility property tax exemption and production tax distributions; repealing lower income fuel credit; providing a property tax exemption for certain property leased to charter schools; modifying research and development credit; conforming to changes made to the Internal Revenue Code; appropriating money; amending Minnesota Statutes 2008, sections 13.4967, by adding a subdivision; 272.02, subdivision 42; 290.068; 290.095, subdivision 11; 297A.815, subdivision 3; 297I.20, by adding a subdivision; 429.021, subdivision 1; 429.101, subdivision 1; 446A.085, by adding a subdivision; 469.174, by adding a subdivision; 469.175, by adding a subdivision; 469.176, subdivisions 1b, 4c, by adding subdivisions; 469.310, subdivisions 6, 11, by adding subdivisions; 469.312, subdivisions 1, 3; 469.314, subdivisions 1, 4; 469.315; Minnesota Statutes 2009 Supplement, sections 272.02, subdivision 86; 289A.02, subdivision 7; 290.01, subdivisions 19, as amended, 31; 290A.03, subdivision 15; 291.005, subdivision 1; 298.227; 298.28, subdivision 4; 298.294; 469.153, subdivision 2; 469.174, subdivision 22; 469.312, subdivision 5; Laws 1986, chapter 391, section 1; Laws 1995, chapter 264, article 5, sections 44, subdivision 4, as amended; 45, subdivision 1, as amended; Laws 2006, chapter 259, article 10, section 14, subdivision 3; Laws 2008, chapter 366, article 5, sections 28, subdivisions 1, 2; 29, subdivisions 1, 2, 4; Laws 2009, chapter 78, article 7, section 2; proposing coding for new law in Minnesota Statutes, chapters 116J; 216C; 290; 469; repealing Minnesota Statutes 2008, section 290.06, subdivision 34; Laws 1996, chapter 464, article 1, section 8, subdivision 5.

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

Section 1. Minnesota Statutes 2008, section 13.4967, is amended by adding a subdivision to read:

Subd. 8. **SMALL BUSINESS INVESTMENT TAX CREDIT.** Data related to small business investment tax credit certifications and certification of qualified small businesses, qualified investors, and qualified funds, are classified in section 116J.8737.

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

Sec. 2. **[116J.8737] SMALL BUSINESS INVESTMENT TAX CREDIT.**

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

(b) "Qualified small business" means a business that has been certified by the commissioner under subdivision 2.

(c) "Qualified investor" means an investor who has been certified by the commissioner under subdivision 3.

(d) "Qualified fund" means a pooled angel investment network fund that has been certified by the commissioner under subdivision 4.

(e) "Qualified investment" means a cash investment in a qualified small business of a minimum of:

(1) \$10,000 in a calendar year by a qualified investor; or

(2) \$30,000 in a calendar year by a qualified fund.

A qualified investment must be made in exchange for common stock, a partnership or membership interest, preferred stock, debt with mandatory conversion to equity, or an equivalent ownership interest as determined by the commissioner.

(f) "Family" means a family member within the meaning of the Internal Revenue Code, section 267(c)(4).

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

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

3.1 (b) Within 30 days of receiving an application for certification under this subdivision,
3.2 the commissioner must either certify the business as satisfying the conditions required of a
3.3 qualified small business, request additional information from the business, or reject the
3.4 application for certification. If the commissioner requests additional information from the
3.5 business, the commissioner must either certify the business or reject the application within
3.6 30 days of receiving the additional information. If the commissioner neither certifies the
3.7 business nor rejects the application within 30 days of receiving the original application or
3.8 within 30 days of receiving the additional information requested, whichever is later, then
3.9 the application is deemed rejected, and the commissioner must refund the \$150 application
3.10 fee. A business that applies for certification and is rejected may reapply.

3.11 (c) To receive certification, a business must satisfy all of the following conditions:

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

3.13 (2) at least 51 percent of the business's employees are employed in Minnesota, and
3.14 51 percent of the business's total payroll is paid or incurred in the state;

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

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

3.19 (ii) researching or developing a proprietary product, process, or service in a qualified
3.20 high-technology field; or

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

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

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

3.30 (6) the business must pay its employees annual wages of at least 175 percent of the
3.31 federal poverty guideline for the year for a family of four, except that this requirement
3.32 must be reduced proportionately for employees who work less than full-time, and does not
3.33 apply to an executive, officer, or member of the board of the business, or to any employee
3.34 who owns, controls, or holds power to vote more than 20 percent of the outstanding
3.35 securities of the business;

3.36 (7) the business has not been in operation for more than ten years;

4.1 (8) the business has not previously received private equity investments of more
4.2 than \$2,000,000; and

4.3 (9) the business is not an entity disqualified under section 80A.50, paragraph (b),
4.4 clause (3).

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

4.8 (e) In order for a qualified investment in a business to be eligible for tax credits, the
4.9 business must have applied for and received certification for the calendar year in which
4.10 the investment was made prior to the date on which the qualified investment was made.

4.11 (f) The commissioner must maintain a list of businesses certified under this
4.12 subdivision for the calendar year and make the list accessible to the public on the
4.13 department's Web site.

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

4.15 (1) "qualified high-technology field" includes aerospace, agricultural processing,
4.16 renewable energy, energy efficiency and conservation, environmental engineering, food
4.17 technology, cellulosic ethanol, information technology, materials science technology,
4.18 nanotechnology, telecommunications, biotechnology, medical device products,
4.19 pharmaceuticals, diagnostics, biologicals, chemistry, veterinary science, and similar
4.20 fields; and

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

4.24 Subd. 3. **Certification of qualified investors.** (a) Investors may apply to the
4.25 commissioner for certification as a qualified investor for a taxable year. The application
4.26 must be in the form and be made under the procedures specified by the commissioner,
4.27 accompanied by an application fee of \$350. Application fees are deposited in the small
4.28 business investment tax credit administration account in the special revenue fund. The
4.29 application for certification for 2010 must be made available on the department's Web
4.30 site by August 1, 2010. Applications for subsequent years' certification must be made
4.31 available on the department's Web site by November 1 of the preceding year.

4.32 (b) Within 30 days of receiving an application for certification under this subdivision,
4.33 the commissioner must either certify the investor as satisfying the conditions required
4.34 of a qualified investor, request additional information from the investor, or reject the
4.35 application for certification. If the commissioner requests additional information from the
4.36 investor, the commissioner must either certify the investor or reject the application within

5.1 30 days of receiving the additional information. If the commissioner neither certifies the
5.2 investor nor rejects the application within 30 days of receiving the original application or
5.3 within 30 days of receiving the additional information requested, whichever is later, then
5.4 the application is deemed rejected, and the commissioner must refund the \$350 application
5.5 fee. An investor who applies for certification and is rejected may reapply.

5.6 (c) To receive certification, an investor must certify to the commissioner that the
5.7 investor will only invest in a transaction that is exempt under section 80A.46, clause (13)
5.8 or (14), or in a security registered under section 80A.50, paragraph (b).

5.9 (d) In order for a qualified investment in a qualified small business to be eligible
5.10 for tax credits, a qualified investor who makes the investment must have applied for
5.11 and received certification for the calendar year prior to making the qualified investment,
5.12 except in the case of an investor who is not an accredited investor, within the meaning of
5.13 Regulation D of the Securities and Exchange Commission, Code of Federal Regulations,
5.14 title 17, section 230.501, paragraph (a), application for certification may be made within
5.15 30 days after making the qualified investment.

5.16 Subd. 4. **Certification of qualified funds.** (a) A pass-through entity may apply to
5.17 the commissioner for certification as a qualified fund for a calendar year. The application
5.18 must be in the form and be made under the procedures specified by the commissioner,
5.19 accompanied by an application fee of \$1,000. Application fees are deposited in the small
5.20 business investment tax credit administration account in the special revenue fund. The
5.21 application for certification for 2010 of qualified funds must be made available on the
5.22 department's Web site by August 1, 2010. Applications for subsequent years' certification
5.23 must be made available by November 1 of the preceding year.

5.24 (b) Within 30 days of receiving an application for certification under this subdivision,
5.25 the commissioner must either certify the fund as satisfying the conditions required of a
5.26 qualified fund, request additional information from the fund, or reject the application
5.27 for certification. If the commissioner requests additional information from the fund,
5.28 the commissioner must either certify the fund or reject the application within 30 days
5.29 of receiving the additional information. If the commissioner neither certifies the fund
5.30 nor rejects the application within 30 days of receiving the original application or within
5.31 30 days of receiving the additional information requested, whichever is later, then the
5.32 application is deemed rejected, and the commissioner must refund the \$1,000 application
5.33 fee. A fund that applies for certification and is rejected may reapply.

5.34 (c) To receive certification, a fund must:

5.35 (1) invest or intend to invest in qualified small businesses;

5.36 (2) be organized as a pass-through entity; and

6.1 (3) have at least three separate investors, all of whom satisfy the conditions in
6.2 subdivision 3, paragraph (c).

6.3 (d) Investments in the fund may consist of equity investments or notes that pay
6.4 interest or other fixed amounts, or any combination of both.

6.5 (e) In order for a qualified investment in a qualified small business to be eligible for
6.6 tax credits, a qualified fund that makes the investment must have applied for and received
6.7 certification for the calendar year prior to making the qualified investment.

6.8 Subd. 5. **Credit allowed.** (a) A qualified investor or qualified fund is eligible for
6.9 a credit equal to 25 percent of the qualified investment in a qualified small business.
6.10 Investments made by a pass-through entity qualify for a credit only if the entity is a
6.11 qualified fund. The commissioner must not allocate more than \$11,000,000 in credits to
6.12 qualified investors or qualified funds for taxable years beginning after December 31,
6.13 2009, and before January 1, 2011, and must not allocate more than \$12,000,000 in credits
6.14 per year for taxable years beginning after December 31, 2010, and before January 1,
6.15 2015. Any portion of a taxable year's credits that is not allocated by the commissioner
6.16 does not cancel and may be carried forward to subsequent taxable years until all credits
6.17 have been allocated.

6.18 (b) The commissioner may not allocate more than a total maximum amount in credits
6.19 for a taxable year to a qualified investor for the investor's cumulative qualified investments
6.20 as an individual qualified investor and as an investor in a qualified fund; for married
6.21 couples filing joint returns the maximum is \$250,000, and for all other filers the maximum
6.22 is \$125,000. The commissioner may not allocate more than a total of \$1,000,000 in credits
6.23 over all taxable years for qualified investments in any one qualified small business.

6.24 (c) The commissioner may not allocate a credit to a qualified investor either as an
6.25 individual qualified investor or as an investor in a qualified fund if the investor receives
6.26 more than 50 percent of the investor's gross annual income from the qualified small
6.27 business in which the qualified investment is proposed. A member of the family of an
6.28 individual disqualified by this paragraph is not eligible for a credit under this section. For
6.29 a married couple filing a joint return, the limitations in this paragraph apply collectively
6.30 to the investor and spouse. For purposes of determining the ownership interest of an
6.31 investor under this paragraph, the rules under section 267(c) and 267(e) of the Internal
6.32 Revenue Code apply.

6.33 (d) Applications for tax credits for 2010 must be made available on the department's
6.34 Web site by September 1, 2010, and the department must begin accepting applications
6.35 by September 1, 2010. Applications for subsequent years must be made available by
6.36 November 1 of the preceding year.

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

(f) All tax credit request applications filed with the department on the same day must be treated as having been filed contemporaneously. If two or more qualified investors or qualified funds file tax credit request applications on the same day, and the aggregate amount of credit allocation claims exceeds the aggregate limit of credits under this section or the lesser amount of credits that remain unallocated on that day, then the credits must be allocated among the qualified investors or qualified funds who filed on that day on a pro rata basis with respect to the amounts claimed. The pro rata allocation for any one qualified investor or qualified fund is the product obtained by multiplying a fraction, the numerator of which is the amount of the credit allocation claim filed on behalf of a qualified investor and the denominator of which is the total of all credit allocation claims filed on behalf of all applicants on that day, by the amount of credits that remain unallocated on that day for the taxable year.

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

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

8.3 (2) 80 percent or more of the assets of the qualified small business is sold before
8.4 the end of the three-year period;

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

8.6 (4) the qualified small business's common stock begins trading on a public exchange
8.7 before the end of the three-year period.

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

8.10 Subd. 6. **Annual reports.** (a) By February 1 of each year each qualified small
8.11 business that received an investment that qualified for a credit, and each qualified investor
8.12 and qualified fund that made an investment that qualified for a credit, must submit an
8.13 annual report to the commissioner and pay a filing fee of \$100 as required under this
8.14 subdivision. Each qualified investor and qualified fund must submit reports for three
8.15 years following each year in which it made an investment that qualified for a credit, and
8.16 each qualified small business must submit reports for five years following the year in
8.17 which it received an investment qualifying for a credit. Reports must be made in the form
8.18 required by the commissioner. All filing fees collected are deposited in the small business
8.19 investment tax credit administration account in the special revenue fund.

8.20 (b) A report from a qualified small business must certify that the business satisfies
8.21 the following requirements:

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

8.23 (2) at least 51 percent of the business's employees are employed in Minnesota, and
8.24 51 percent of the business's total payroll is paid or incurred in the state;

8.25 (3) that the business is engaged in, or is committed to engage in, innovation in
8.26 Minnesota as defined under subdivision 2; and

8.27 (4) that the business meets the payroll requirements in subdivision 2, paragraph
8.28 (c), clause (6).

8.29 (c) Reports from qualified investors must certify that the investor remains invested
8.30 in the qualified small business as required by subdivision 5, paragraph (g).

8.31 (d) Reports from qualified funds must certify that the fund remains invested in the
8.32 qualified small business as required by subdivision 5, paragraph (g).

8.33 (e) A qualified small business that ceases all operations and becomes insolvent
8.34 must file a final annual report in the form required by the commissioner documenting
8.35 its insolvency. In following years the business is exempt from the annual reporting
8.36 requirement, the report filing fee, and the fine for failure to file a report.

(f) A qualified small business, qualified investor, or qualified fund that fails to file an annual report as required under this subdivision is subject to a \$500 fine.

Subd. 7. **Revocation of credits.** (a) If the commissioner determines that a qualified investor or qualified fund did not meet the three-year holding period required in subdivision 5, paragraph (g), any credit allocated and certified to the investor or fund is revoked and must be repaid by the investor.

(b) If the commissioner determines that a business did not meet the employment and payroll requirements in subdivision 2, paragraph (c), clause (2), in any of the five calendar years following the year in which an investment in the business that qualified for a tax credit under this section was made, the business must repay the following percentage of the credits allowed for qualified investments in the business:

<u>Year following the year in which the investment was made:</u>	<u>Percentage of credit required to be repaid:</u>
<u>First</u>	<u>100%</u>
<u>Second</u>	<u>80%</u>
<u>Third</u>	<u>60%</u>
<u>Fourth</u>	<u>40%</u>
<u>Fifth</u>	<u>20%</u>
<u>Sixth and later</u>	<u>0</u>

(c) The commissioner must notify the commissioner of revenue of every credit revoked and subject to full or partial repayment under this section.

(d) For the repayment of credits allowed under this section and section 290.0692, a qualified small business, qualified investor, or investor in a qualified fund must file an amended return with the commissioner of revenue and pay any amounts required to be repaid within 30 days after becoming subject to repayment under this section.

Subd. 8. **Data privacy.** (a) Data contained in an application submitted to the commissioner under subdivision 2, 3, or 4 are nonpublic data, or private data on individuals, as defined in section 13.02, subdivision 9 or 12, except that the following data items are public:

(1) the name of a qualified small business upon approval of the application and certification by the commissioner under subdivision 2;

(2) the name of a qualified investor upon approval of the application and certification by the commissioner under subdivision 3;

(3) the name of a qualified fund upon approval of the application and certification by the commissioner under subdivision 4;

(4) for credit certificates issued under subdivision 5, the amount of the credit certificate issued, amount of the qualifying investment, the name of the qualifying investor

10.1 or qualifying fund that received the certificate, and the name of the qualifying small
10.2 business in which the qualifying investment was made;

10.3 (5) for credits revoked under subdivision 7, paragraph (a), the amount revoked and
10.4 the name of the qualified investor or qualified fund; and

10.5 (6) for credits revoked under subdivision 7, paragraphs (b) and (c), the amount
10.6 revoked and the name of the qualified small business.

10.7 (b) The following data, including data classified as nonpublic or private, must be
10.8 provided to the consultant for use in conducting the program evaluation under subdivision
10.9 10:

10.10 (1) the commissioner of employment and economic development shall provide data
10.11 contained in an application for certification received from a qualified small business,
10.12 qualified investor, or qualified fund, and any annual reporting information received on a
10.13 qualified small business, qualified investor, or qualified fund; and

10.14 (2) the commissioner of revenue shall provide data contained in any applicable tax
10.15 returns of a qualified small business, qualified investor, or qualified fund.

10.16 Subd. 9. **Report to legislature.** Beginning in 2011, the commissioner must
10.17 annually report by March 15 to the chairs and ranking minority members of the legislative
10.18 committees having jurisdiction over taxes and economic development in the senate and
10.19 the house of representatives, in compliance with Minnesota Statutes, sections 3.195 and
10.20 3.197, on the tax credits issued under this section. The report must include:

10.21 (1) the number and amount of the credits issued;

10.22 (2) the recipients of the credits;

10.23 (3) for each qualified small business, its location, line of business, and if it received
10.24 an investment resulting in certification of tax credits;

10.25 (4) the total amount of investment in each qualified small business resulting in
10.26 certification of tax credits;

10.27 (5) for each qualified small business that received investments resulting in tax
10.28 credits, the total amount of additional investment that did not qualify for the tax credit;

10.29 (6) the number and amount of credits revoked under subdivision 7;

10.30 (7) the number and amount of credits that are no longer subject to the three-year
10.31 holding period because of the exceptions under subdivision 5, paragraph (g), clauses
10.32 (1) to (4); and

10.33 (8) any other information relevant to evaluating the effect of these credits.

10.34 Subd. 10. **Program evaluation.** (a) No later than December 31, 2012, the
10.35 commissioner of revenue, after consultation with the commissioners of management and
10.36 budget and employment and economic development, shall contract with a qualified outside

11.1 entity or individual to evaluate the effects of the small business investment tax credit on
11.2 the Minnesota economy. The contractor must not be associated with, employed by, or
11.3 have contracts with the entities involved in or associated with the venture capital, angel
11.4 investment, life science, or high technology industries. The program evaluation must be
11.5 completed by January 2014, and provided to the chairs and ranking minority members of
11.6 the legislative committees having jurisdiction over taxes and economic development in
11.7 the senate and the house of representatives, in compliance with sections 3.195 and 3.197.
11.8 The program evaluation must include, in addition to any other matters the commissioner
11.9 considers relevant to evaluating the effectiveness of the credit, analysis of:

11.10 (1) the effect of the credit on the level of equity investment in qualified small
11.11 businesses in Minnesota, including investments by angel investors, venture capital firms,
11.12 and other sources of equity capital for startup businesses;

11.13 (2) the effect of the credit, if any, on investment in firms other than qualified small
11.14 businesses;

11.15 (3) the amount of economic activity, including the number of jobs and the wages
11.16 of those jobs, generated by qualified small businesses that received investments that
11.17 qualified for the credit;

11.18 (4) the incremental change in Minnesota state and local taxes paid as a result of
11.19 the allowance of the credit; and

11.20 (5) the net benefit to the Minnesota economy of allowance of the credit relative to
11.21 alternative uses of the resources, such as increasing the research and development credit
11.22 or reducing the corporate franchise tax rate.

11.23 (b) \$100,000 is appropriated to the commissioner of revenue from the general fund
11.24 for fiscal year 2013 for the purposes of this evaluation. Any unspent amount of this
11.25 appropriation carries over to fiscal year 2014. The allocation of the credit in subdivision 5
11.26 for taxable year 2013 is reduced by \$100,000. This appropriation may be used to hire a
11.27 consultant or consultants to prepare all or part of the study.

11.28 (c) To the extent necessary to complete the program evaluation, and as provided
11.29 in subdivision 8, the consultant or consultants may request from the commissioner of
11.30 revenue tax return information of taxpayers who are qualified small businesses, qualified
11.31 investors, and qualified funds. To the extent necessary to complete the program evaluation,
11.32 the consultant or consultants may request from the commissioner of employment and
11.33 economic development applications for certification and annual reports made by qualified
11.34 small businesses, qualified investors, and qualified funds.

12.1 The consultant or consultants may not disclose or release any data received under
12.2 this section except as permitted for a government entity under chapter 13, and is subject to
12.3 the penalties and remedies provided in law for violation of that chapter.

12.4 Subd. 11. **Appropriations.** Amounts in the small business investment tax credit
12.5 administration account in the special revenue fund are appropriated to the commissioner of
12.6 employment and economic development for costs associated with certifying applications
12.7 and refunding application fees as provided in subdivisions 2, 3, and 4, and for personnel
12.8 and administrative expenses related to administering the small business investment tax
12.9 credit in this section.

12.10 Subd. 12. **Sunset.** This section expires for taxable years beginning after December
12.11 31, 2014, except that reporting requirements under subdivision 6 and revocation of credits
12.12 under subdivision 7 remain in effect through 2016 for qualified investors and qualified
12.13 funds, and through 2018 for qualified small businesses, reporting requirements under
12.14 subdivision 9 remain in effect through 2019, and the appropriation in subdivision 11
12.15 remains in effect through 2018.

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

12.17 Sec. 3. **[216C.435] DEFINITIONS.**

12.18 Subdivision 1. **Scope.** For the purposes of this section and section 216C.436, the
12.19 terms defined in this section have the meanings given them.

12.20 Subd. 2. **City.** "City" means a home rule charter or statutory city.

12.21 Subd. 3. **Local government.** "Local government" means a city, county, or town.

12.22 Subd. 4. **Energy audit.** "Energy audit" means a formal evaluation of the energy
12.23 consumption of a building by a certified energy auditor, whose certification is approved by
12.24 the commissioner, for the purpose of identifying appropriate energy improvements that
12.25 could be made to the building and including an estimate of the length of time a specific
12.26 energy improvement will take to repay its purchase and installation costs, based on the
12.27 amount of energy saved and estimated future energy prices.

12.28 Subd. 5. **Energy improvement.** "Energy improvement" means:

12.29 (1) any renovation or retrofitting of a building to improve energy efficiency that
12.30 is permanently affixed to the property and that results in a net reduction in energy
12.31 consumption without altering the principal source of energy;

12.32 (2) permanent installation of new or upgraded electrical circuits and related
12.33 equipment to enable electrical vehicle charging; or

12.34 (3) a renewable energy system attached to, installed within, or proximate to a
12.35 building that generates electrical or thermal energy from a renewable energy source.

13.1 Subd. 6. **Qualifying real property.** "Qualifying real property" means a
13.2 single-family or multifamily residential dwelling, or a commercial or industrial building,
13.3 that the city has determined, after review of an energy audit or renewable energy system
13.4 feasibility study, can be benefited by installation of energy improvements.

13.5 Subd. 7. **Renewable energy.** "Renewable energy" means energy produced by
13.6 means of solar thermal, solar photovoltaic, wind, or geothermal resources.

13.7 Subd. 8. **Renewable energy system feasibility study.** "Renewable energy system
13.8 feasibility study" means a written study, conducted by a contractor trained to perform that
13.9 analysis, for the purpose of determining the feasibility of installing a renewable energy
13.10 system in a building, including an estimate of the length of time a specific renewable
13.11 energy system will take to repay its purchase and installation costs, based on the amount of
13.12 energy saved and estimated future energy prices. For a geothermal energy improvement,
13.13 the feasibility study must calculate net savings in terms of nongeothermal energy and costs.

13.14 Subd. 9. **Solar thermal.** "Solar thermal" has the meaning given to "qualifying solar
13.15 thermal project" in section 216B.2411, subdivision 2, paragraph (e).

13.16 Subd. 10. **Solar photovoltaic.** "Solar photovoltaic" has the meaning given in
13.17 section 216C.06, subdivision 16, and must meet the requirements of section 216C.25.

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

13.19 Sec. 4. **[216C.436] VOLUNTARY ENERGY IMPROVEMENTS FINANCING**
13.20 **PROGRAM FOR LOCAL GOVERNMENTS.**

13.21 Subdivision 1. **Program authority.** A local government may establish a program
13.22 to finance energy improvements to enable owners of qualifying real property to pay for
13.23 cost-effective energy improvements to the qualifying real property with the net proceeds
13.24 and interest earnings of revenue bonds authorized in this section. A local government may
13.25 limit the number of qualifying real properties for which a property owner may receive
13.26 program financing.

13.27 Subd. 2. **Program requirements.** A financing program must:

13.28 (1) impose requirements and conditions on financing arrangements to ensure timely
13.29 repayment;

13.30 (2) require an energy audit or renewable energy system feasibility study to be
13.31 conducted on the qualifying real property and reviewed by the local government prior to
13.32 approval of the financing;

13.33 (3) require the inspection of all installations and a performance verification of at
13.34 least ten percent of the energy improvements financed by the program;

14.1 (4) require that all cost-effective energy improvements be made to a qualifying
14.2 real property prior to, or in conjunction with, an applicant's repayment of financing for
14.3 energy improvements for that property;

14.4 (5) have energy improvements financed by the program performed by licensed
14.5 contractors as required by chapter 326B or other law or ordinance;

14.6 (6) require disclosures to borrowers by the local government of the risks involved in
14.7 borrowing, including the risk of foreclosure if a tax delinquency results from a default;

14.8 (7) provide financing only to those who demonstrate an ability to repay;

14.9 (8) not provide financing for a qualifying real property in which the owner is not
14.10 current on mortgage or real property tax payments;

14.11 (9) require a petition by all owners of the qualifying real property requesting
14.12 collections of repayments as a special assessment under section 429.101;

14.13 (10) provide that payments and assessments are not accelerated due to a default and
14.14 that a tax delinquency exists only for assessments not paid when due; and

14.15 (11) require that liability for special assessments related to the financing runs with
14.16 the qualifying real property.

14.17 Subd. 3. **Retail and end use prohibited.** Energy generated by an energy
14.18 improvement may not be sold, transmitted, or distributed at retail and may not provide for
14.19 end use of the electrical energy from an off-site facility. On-site generation is allowed to
14.20 the extent provided for in section 216B.1611.

14.21 This section does not modify the exclusive service territories or exclusive right to
14.22 serve as provided in sections 216B.37 to 216B.43.

14.23 Subd. 4. **Financing terms.** Financing provided under this section must have:

14.24 (1) a term not to exceed the weighted average of the useful life of the energy
14.25 improvements installed, as determined by the local government, but in no event may
14.26 a term exceed 20 years;

14.27 (2) a principal amount not to exceed the lesser of ten percent of the assessed value
14.28 of the real property on which the improvements are to be installed or the actual cost of
14.29 installing the energy improvements, including the costs of necessary equipment, materials,
14.30 and labor, the costs of each related energy audit or renewable energy system feasibility
14.31 study, and the cost of verification of installation; and

14.32 (3) an interest rate sufficient to pay the financing costs of the program, including the
14.33 issuance of bonds and any financing delinquencies.

14.34 Subd. 5. **Coordination with other programs.** A financing program must include
14.35 cooperation and coordination with the conservation improvement activities of the utility

15.1 serving the qualifying real property and other public and private energy improvement
15.2 programs.

15.3 Subd. 6. **Certificate of participation.** Upon completion of a project, a local
15.4 government shall provide a borrower with a certificate stating participation in the program
15.5 and what energy improvements have been made with financing program proceeds.

15.6 Subd. 7. **Repayment.** A local government financing an energy improvement
15.7 under this section must:

15.8 (1) secure payment with a lien against the benefited qualifying real property; and

15.9 (2) collect repayments as a special assessment as provided for in section 429.101
15.10 or by charter.

15.11 Subd. 8. **Bond issuance; repayment.** (a) A local government may issue revenue
15.12 bonds as provided in chapter 475 for the purposes of this section.

15.13 (b) The bonds must be payable as to both principal and interest solely from the
15.14 revenues from the assessments established in subdivision 7.

15.15 (c) No holder of bonds issued under this subdivision may compel any exercise of the
15.16 taxing power of the local government that issued the bonds to pay principal or interest on
15.17 the bonds. Bonds issued under this subdivision are not a debt or obligation of the local
15.18 government that issued them, nor is the payment of the bonds enforceable out of any
15.19 money other than the revenue pledged to the payment of the bonds.

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

15.21 Sec. 5. Minnesota Statutes 2008, section 272.02, subdivision 42, is amended to read:

15.22 Subd. 42. **Property leased to ~~school districts~~ schools.** (a) Property that is leased or
15.23 rented to a school district is exempt from taxation if it meets the following requirements:

15.24 (1) the lease must be for a period of at least 12 consecutive months;

15.25 (2) the terms of the lease must require the school district to pay a nominal
15.26 consideration for use of the building;

15.27 (3) the school district must use the property to provide direct instruction in any
15.28 grade from kindergarten through grade 12; special education for disabled children; adult
15.29 basic education as described in section 124D.52; preschool and early childhood family
15.30 education; or community education programs, including provision of administrative
15.31 services directly related to the educational program at that site; and

15.32 (4) the lease must provide that the school district has the exclusive use of the
15.33 property during the lease period.

15.34 (b) Property that is leased or rented to a charter school formed and operated under
15.35 section 124D.10 is exempt from taxation if it meets all of the following requirements:

- 16.1 (1) the lease is for a period of at least 12 consecutive months;
- 16.2 (2) the property is owned by (i) a nonprofit corporation or association exempt from
- 16.3 federal income tax under section 501(c)(2) or (3) of the Internal Revenue Code; (ii) a
- 16.4 public school district, college, or university; (iii) a private academy, college, university, or
- 16.5 seminary of learning; (iv) a church; or (v) the state or a political subdivision of the state;
- 16.6 (3) the charter school must use the property to provide (i) direct instruction in any
- 16.7 grade from kindergarten through grade 12; (ii) special education for disabled children; or
- 16.8 (iii) administrative services directly related to the educational program at that site; and
- 16.9 (4) except for lease provisions that allow for the shared use of the property by (i)
- 16.10 the charter school and another public or private school; (ii) the charter school and a
- 16.11 church; or (iii) the charter school and the state or a political subdivision of the state, the
- 16.12 lease must provide that the charter school has the exclusive right to use the property
- 16.13 during the lease period.

16.14 **EFFECTIVE DATE.** This section is effective for assessment year 2010 and

16.15 thereafter, for taxes payable in 2011 and thereafter.

16.16 Sec. 6. Minnesota Statutes 2009 Supplement, section 272.02, subdivision 86, is

16.17 amended to read:

16.18 Subd. 86. **Apprenticeship training facilities.** All or a portion of a building used

16.19 exclusively for a state-approved apprenticeship program through the Department of Labor

16.20 and Industry is exempt if:

16.21 (1) it is owned by a nonprofit organization or a nonprofit trust, and operated by a

16.22 nonprofit organization or a nonprofit trust;

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

16.24 (3) it is located:

16.25 (i) in the Minneapolis and St. Paul standard metropolitan statistical area as

16.26 determined by the 2000 federal census ~~or~~;

16.27 (ii) in a city outside the Minneapolis and St. Paul standard metropolitan statistical

16.28 area that has a population of ~~7,500~~ 7,400 or greater according to the most recent federal

16.29 census; or

16.30 (iii) in a township that has a population greater than 2,000 but less than 3,000

16.31 determined by the 2000 federal census and the building was previously used by a school

16.32 and was exempt for taxes payable in 2010.

16.33 Use of the property for advanced skills training of incumbent workers does not

16.34 disqualify the property for the exemption under this subdivision. This exemption includes

16.35 up to five acres of the land on which the building is located and associated parking areas

17.1 on that land, except that if the building meets the requirements of clause (3), item (iii),
17.2 then the exemption includes up to ten acres of land on which the building is located and
17.3 associated parking areas on that land. If a parking area associated with the facility is
17.4 used for the purposes of the facility and for other purposes, a portion of the parking area
17.5 shall be exempt in proportion to the square footage of the facility used for purposes of
17.6 apprenticeship training.

17.7 **EFFECTIVE DATE.** This section is effective for property taxes payable in 2011
17.8 and thereafter.

17.9 Sec. 7. Minnesota Statutes 2009 Supplement, section 289A.02, subdivision 7, is
17.10 amended to read:

17.11 Subd. 7. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal
17.12 Revenue Code" means the Internal Revenue Code of 1986, as amended through March
17.13 ~~31, 2009~~ 18, 2010.

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

17.15 Sec. 8. Minnesota Statutes 2009 Supplement, section 290.01, subdivision 19, as
17.16 amended by Laws 2010, chapter 187, section 1, is amended to read:

17.17 Subd. 19. **Net income.** The term "net income" means the federal taxable income,
17.18 as defined in section 63 of the Internal Revenue Code of 1986, as amended through the
17.19 date named in this subdivision, incorporating the federal effective dates of changes to the
17.20 Internal Revenue Code and any elections made by the taxpayer in accordance with the
17.21 Internal Revenue Code in determining federal taxable income for federal income tax
17.22 purposes, and with the modifications provided in subdivisions 19a to 19f.

17.23 In the case of a regulated investment company or a fund thereof, as defined in section
17.24 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment
17.25 company taxable income as defined in section 852(b)(2) of the Internal Revenue Code,
17.26 except that:

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

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

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

18.4 The net income of a real estate investment trust as defined and limited by section
18.5 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust
18.6 taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

18.7 The net income of a designated settlement fund as defined in section 468B(d) of
18.8 the Internal Revenue Code means the gross income as defined in section 468B(b) of the
18.9 Internal Revenue Code.

18.10 The Internal Revenue Code of 1986, as amended through March ~~31, 2009~~ 18, 2010,
18.11 shall be in effect for taxable years beginning after December 31, 1996. The provisions of
18.12 the act of January 22, 2010, Public Law 111-126, to accelerate the benefits for charitable
18.13 cash contributions for the relief of victims of the Haitian earthquake, are effective at the
18.14 same time it became effective for federal purposes and apply to the subtraction under
18.15 subdivision 19b, clause (6).

18.16 Except as otherwise provided, references to the Internal Revenue Code in
18.17 subdivisions 19 to 19f mean the code in effect for purposes of determining net income for
18.18 the applicable year.

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

18.20 Sec. 9. Minnesota Statutes 2009 Supplement, section 290.01, subdivision 31, is
18.21 amended to read:

18.22 Subd. 31. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal
18.23 Revenue Code" means the Internal Revenue Code of 1986, as amended through March
18.24 ~~31, 2009~~ 18, 2010. Internal Revenue Code also includes any uncodified provision in
18.25 federal law that relates to provisions of the Internal Revenue Code that are incorporated
18.26 into Minnesota law.

18.27 **EFFECTIVE DATE.** This section is effective the day following final enactment
18.28 except that the changes incorporated by federal changes are effective at the same time as
18.29 the changes were effective for federal purposes.

18.30 Sec. 10. Minnesota Statutes 2008, section 290.068, is amended to read:

18.31 **290.068 CREDIT FOR INCREASING RESEARCH ACTIVITIES.**

18.32 Subdivision 1. **Credit allowed.** A corporation, ~~other than~~ partners in a partnership,
18.33 or shareholders in a corporation treated as an "S" corporation under section 290.9725;

19.1 ~~is~~ are allowed a credit against ~~the portion of the franchise tax computed under section~~
19.2 ~~290.06, subdivision 1, this chapter~~ for the taxable year equal to:

- 19.3 (a) ~~5~~ ten percent of the first \$2,000,000 of the excess (if any) of
19.4 (1) the qualified research expenses for the taxable year, over
19.5 (2) the base amount; and
19.6 (b) 2.5 percent on all of such excess expenses over \$2,000,000.

19.7 Subd. 2. **Definitions.** For purposes of this section, the following terms have the
19.8 meanings given.

19.9 (a) "Qualified research expenses" means (i) qualified research expenses and basic
19.10 research payments as defined in section 41(b) and (e) of the Internal Revenue Code, except
19.11 it does not include expenses incurred for qualified research or basic research conducted
19.12 outside the state of Minnesota pursuant to section 41(d) and (e) of the Internal Revenue
19.13 Code; and (ii) contributions to a nonprofit corporation established and operated pursuant
19.14 to the provisions of chapter 317A for the purpose of promoting the establishment and
19.15 expansion of business in this state, provided the contributions are invested by the nonprofit
19.16 corporation for the purpose of providing funds for small, technologically innovative
19.17 enterprises in Minnesota during the early stages of their development.

19.18 (b) "Qualified research" means qualified research as defined in section 41(d) of the
19.19 Internal Revenue Code, except that the term does not include qualified research conducted
19.20 outside the state of Minnesota.

19.21 (c) "Base amount" means base amount as defined in section 41(c) of the Internal
19.22 Revenue Code, except that the average annual gross receipts must be calculated using
19.23 Minnesota sales or receipts under section 290.191 and the definitions contained in clauses
19.24 (a) and (b) shall apply.

19.25 Subd. 3. **Limitation; carryover.** (a)(1) The credit for ~~the~~ a taxable year beginning
19.26 before January 1, 2010, shall not exceed the liability for tax. "Liability for tax" for
19.27 purposes of this section means the tax imposed under section 290.06, subdivision 1, for the
19.28 taxable year reduced by the sum of the nonrefundable credits allowed under this chapter.

19.29 (2) In the case of a corporation which is a partner in a partnership, the credit allowed
19.30 for the taxable year shall not exceed the lesser of the amount determined under clause (1)
19.31 for the taxable year or an amount (separately computed with respect to the corporation's
19.32 interest in the trade or business or entity) equal to the amount of tax attributable to that
19.33 portion of taxable income which is allocable or apportionable to the corporation's interest
19.34 in the trade or business or entity.

19.35 (b) If the amount of the credit determined under this section for any taxable year
19.36 exceeds the limitation under clause (a), the excess shall be a research credit carryover to

each of the 15 succeeding taxable years. The entire amount of the excess unused credit for the taxable year shall be carried first to the earliest of the taxable years to which the credit may be carried and then to each successive year to which the credit may be carried. The amount of the unused credit which may be added under this clause shall not exceed the taxpayer's liability for tax less the research credit for the taxable year.

Subd. 4. **Partnerships and S corporations.** In the case of partnerships the credit shall be allocated in the same manner provided by section 41(f)(2) of the Internal Revenue Code.

For shareholders in S corporations the credit must be allocated in the same manner as provided by section 1366(a) of the Internal Revenue Code.

Subd. 5. **Adjustments; acquisitions and dispositions.** If a taxpayer acquires or disposes of the major portion of a trade or business or the major portion of a separate unit of a trade or business in a transaction with another taxpayer, the taxpayer's qualified research expenses and base amount are adjusted in the same manner provided by section 41(f)(3) of the Internal Revenue Code.

Subd. 6. **Credit to be refundable.** If the amount of credit allowed in this section for qualified research expenses incurred in taxable years beginning after December 31, 2009, exceeds the taxpayer's tax liability under this chapter, the commissioner shall refund the excess amount. The credit allowed for qualified research expenses incurred in taxable years beginning after December 31, 2009, must be used before any research credit earned under subdivision 3.

Subd. 7. **Appropriation.** An amount sufficient to pay the refunds required by this section is appropriated to the commissioner from the general fund.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2009.

Sec. 11. **[290.0681] CREDIT FOR HISTORIC STRUCTURE REHABILITATION.**

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

(b) "Account" means the historic credit administration account in the special revenue fund.

(c) "Office" means the State Historic Preservation Office of the Minnesota Historical Society.

21.1 (d) "Project" means rehabilitation of a certified historic structure, as defined in
21.2 section 47(c)(3)(A) of the Internal Revenue Code, that is located in Minnesota and is
21.3 allowed a federal credit under section 47(a)(2) of the Internal Revenue Code.

21.4 (e) "Society" means the Minnesota Historical Society.

21.5 Subd. 2. **Credit or grant allowed; certified historic structure.** (a) A credit is
21.6 allowed against the tax imposed under this chapter equal to not more than 100 percent
21.7 of the credit allowed under section 47(a)(2) of the Internal Revenue Code for a project.
21.8 To qualify for the credit:

21.9 (1) the project must receive Part 3 certification and be placed in service during
21.10 the taxable year; and

21.11 (2) the taxpayer must be allowed the federal credit and be issued a credit certificate
21.12 for the taxable year as provided in subdivision 4.

21.13 (b) The society may pay a grant in lieu of the credit. The grant equals 90 percent of
21.14 the credit that would be allowed for the project.

21.15 (c) In lieu of the credit under paragraph (a), an insurance company may claim a
21.16 credit against the insurance premiums tax imposed under chapter 297I.

21.17 Subd. 3. **Applications; allocations.** (a) To qualify for a credit or grant under this
21.18 section, the developer of a project must apply to the office before the rehabilitation begins.
21.19 The application must contain the information and be in the form prescribed by the office.
21.20 The office may collect a fee for application of up to \$5,000, based on estimated qualified
21.21 rehabilitation expenses, to offset costs associated with personnel and administrative
21.22 expenses related to administering the credit and preparing the economic impact report
21.23 in subdivision 9. Application fees are deposited in the account. The application must
21.24 indicate if the application is for a credit or a grant in lieu of the credit or a combination of
21.25 the two and designate the taxpayer qualifying for the credit or the recipient of the grant.

21.26 (b) Upon approving an application for credit, the office shall issue allocation
21.27 certificates that:

21.28 (1) verify eligibility for the credit or grant;

21.29 (2) state the amount of credit or grant anticipated with the project, with the credit
21.30 amount equal to 100 percent and the grant amount equal to 90 percent of the federal
21.31 credit anticipated in the application;

21.32 (3) state that the credit or grant allowed may increase or decrease if the federal
21.33 credit the project receives at the time it is placed in service is different than the amount
21.34 anticipated at the time the allocation certificate is issued; and

21.35 (4) state the fiscal year in which the credit or grant is allocated, and that the taxpayer
21.36 or grant recipient is entitled to receive the credit or grant at the time the project is placed

22.1 in service, provided that date is within three calendar years following the issuance of
22.2 the allocation certificate.

22.3 (c) The office, in consultation with the commissioner of revenue, shall determine if
22.4 the project is eligible for a credit or a grant under this section. Eligibility for the credit is
22.5 subject to review and audit by the commissioner of revenue.

22.6 (d) The federal credit recapture and repayment requirements under section 50 of the
22.7 Internal Revenue Code do not apply to the credit allowed under this section.

22.8 Subd. 4. **Credit certificates.** (a)(1) The developer of a project for which the office
22.9 has issued an allocation certificate must notify the office when the project is placed in
22.10 service. Upon verifying that the project has been placed in service, and was allowed a
22.11 federal credit, the office must issue a credit certificate to the taxpayer designated in the
22.12 application or must issue a grant to the recipient designated in the application. The credit
22.13 certificate must state the amount of the credit.

22.14 (2) The credit amount equals the federal credit allowed for the project.

22.15 (3) The grant amount equals 90 percent of the federal credit allowed for the project.

22.16 (b) The recipient of a credit certificate may assign the certificate to another taxpayer,
22.17 which is then allowed the credit under this section or section 297I.20, subdivision 3. The
22.18 commissioner shall prescribe the forms necessary for claiming a credit by assignment.

22.19 Subd. 5. **Partnerships; multiple owners.** Credits granted to a partnership, a limited
22.20 liability company taxed as a partnership, S corporation, or multiple owners of property are
22.21 passed through to the partners, members, shareholders, or owners, respectively, pro rata to
22.22 each partner, member, shareholder, or owner based on their share of the entity's assets or as
22.23 specially allocated in their organizational documents, as of the last day of the taxable year.

22.24 Subd. 6. **Credit refundable.** If the amount of credit that the taxpayer is eligible to
22.25 receive under this section exceeds the liability for tax under this chapter, the commissioner
22.26 shall refund the excess to the taxpayer.

22.27 Subd. 7. **Appropriations.** (a) An amount sufficient to pay the refunds authorized
22.28 under this section is appropriated to the commissioner from the general fund.

22.29 (b) An amount sufficient to pay the grants authorized under this section is
22.30 appropriated to the society from the general fund.

22.31 (c) Amounts in the account are appropriated to the society for costs associated with
22.32 personnel and administrative expenses related to administering the credit for historic
22.33 structure rehabilitation in this section, for refunding application fees under subdivision
22.34 3, and for costs associated with preparing the determination of economic impact report
22.35 required in subdivision 9.

23.1 Subd. 8. **Manner of claiming.** (a) The commissioner shall prescribe the manner in
23.2 which the credit may be issued or claimed. This may include allowing the credit only as
23.3 a separately processed claim for refund.

23.4 (b) The office shall prescribe the manner in which grants are paid.

23.5 Subd. 9. **Report; determination of economic impact.** The society must annually
23.6 determine the economic impact to the state from the rehabilitation of property for which
23.7 credits or grants are provided under this section and provide a written report on the impact
23.8 to the chairs and ranking minority members of the legislative committees on taxes of the
23.9 senate and house of representatives, in compliance with Minnesota Statutes, sections
23.10 3.195 and 3.197.

23.11 Subd. 10. **Sunset.** This section expires after fiscal year 2015, except that the office's
23.12 authority to issue credit certificates under subdivision 4 based on allocation certificates
23.13 that were issued before fiscal year 2016 remains in effect through 2018, and the reporting
23.14 requirements in subdivision 9 remain in effect through the year following the year in
23.15 which all allocation certificates have either been canceled or resulted in issuance of credit
23.16 certificates, or 2019, whichever is earlier.

23.17 **EFFECTIVE DATE.** This section is effective for taxable years beginning
23.18 after December 31, 2009, for certified historic structures for which qualified costs of
23.19 rehabilitation are first paid under construction contracts entered into after May 1, 2010.

23.20 Sec. 12. **[290.0692] SMALL BUSINESS INVESTMENT CREDIT.**

23.21 Subdivision 1. **Definitions.** For purposes of this section, terms defined in section
23.22 116J.8737 have the meaning given in that section.

23.23 Subd. 2. **Credit allowed.** A qualified investor is allowed a credit against the tax
23.24 imposed under this chapter for qualified investments made in a qualified small business
23.25 for the taxable year. The credit equals the amount and applies to the taxable year indicated
23.26 on the certificate provided to the qualified investor under section 116J.8737, but the
23.27 maximum credit in any taxable year is \$250,000 for a married couple filing a joint return,
23.28 and \$125,000 for all other claimants.

23.29 Subd. 3. **Proportional credits.** Each pass-through entity must provide each
23.30 investor a statement indicating the investor's share of the credit amount certified to the
23.31 pass-through entity based on its share of the pass-through entity's capital assets at the
23.32 time of the qualified investment.

23.33 Subd. 4. **Credit refundable.** If the amount of the credit under this section for any
23.34 taxable year exceeds the claimant's liability for tax under this chapter, the commissioner

24.1 shall refund the excess to the claimant. An amount sufficient to pay the refunds required
24.2 by this section is appropriated to the commissioner from the general fund.

24.3 Subd. 5. **Audit powers.** Notwithstanding the certification eligibility issued by the
24.4 commissioner of employment and economic development under section 116J.8737, the
24.5 commissioner may utilize any audit and examination powers under chapters 270C or
24.6 289A to the extent necessary to verify that the taxpayer is eligible for the credit and to
24.7 assess for the amount of any improperly claimed credit.

24.8 **EFFECTIVE DATE.** This section is effective for investments made after July
24.9 1, 2010, for taxable years beginning after December 31, 2009, and before January 1,
24.10 2015, and only applies to investments made after the qualified small business receiving
24.11 the investment has been certified by the commissioner of employment and economic
24.12 development.

24.13 Sec. 13. Minnesota Statutes 2008, section 290.095, subdivision 11, is amended to read:

24.14 Subd. 11. **Carryback or carryover adjustments.** (a) Except as provided in
24.15 paragraph (c), for individuals, estates, and trusts the amount of a net operating loss
24.16 that may be carried back or carried over shall be the same dollar amount allowable in
24.17 the determination of federal taxable income, provided that, notwithstanding any other
24.18 provision, estates and trusts must apply the following adjustments to the amount of the net
24.19 operating loss that may be carried back or carried over:

24.20 (1) Nonassignable income or losses as required by section 290.17.

24.21 (2) Deductions not allocable to Minnesota under section 290.17.

24.22 (b) The net operating loss carryback or carryover applied as a deduction in the taxable
24.23 year to which the net operating loss is carried back or carried over shall be equal to the
24.24 net operating loss carryback or carryover applied in the taxable year in arriving at federal
24.25 taxable income provided that trusts and estates must apply the following modifications:

24.26 (1) Increase the amount of carryback or carryover applied in the taxable year by
24.27 the amount of losses and interest, taxes and other expenses not assignable or allowable
24.28 to Minnesota incurred in the taxable year.

24.29 (2) Decrease the amount of carryback or carryover applied in the taxable year by
24.30 the amount of income not assignable to Minnesota earned in the taxable year. For estates
24.31 and trusts, the net operating loss carryback or carryover to the next consecutive taxable
24.32 year shall be the net operating loss carryback or carryover as calculated in clause (b)
24.33 less the amount applied in the earlier taxable year(s). No additional net operating loss
24.34 carryback or carryover shall be allowed to estates and trusts if the entire amount has been
24.35 used to offset Minnesota income in a year earlier than was possible on the federal return.

25.1 However, if a net operating loss carryback or carryover was allowed to offset federal
25.2 income in a year earlier than was possible on the Minnesota return, an estate or trust
25.3 shall still be allowed to offset Minnesota income but only if the loss was assignable to
25.4 Minnesota in the year the loss occurred.

25.5 (c) This paragraph does not apply to eligible small businesses that make a valid
25.6 election to carry back their losses for federal purposes under section 172(b)(1)(H) of the
25.7 Internal Revenue Code as amended through March 31, 2009.

25.8 (1) A net operating loss of an individual, estate, or trust that is allowed under this
25.9 subdivision and for which the taxpayer elects to carry back for more than two years under
25.10 section 172(b)(1)(H) of the Internal Revenue Code is a net operating loss carryback to
25.11 each of the two taxable years preceding the loss, and unused portions may be carried
25.12 forward for 20 taxable years after the loss.

25.13 (2) The entire amount of the net operating loss for any taxable year must be carried
25.14 to the earliest of the taxable years to which the loss may be carried. The portion of the
25.15 loss which may be carried to each of the other taxable years is the excess, if any, of the
25.16 amount of the loss over the taxable net income for each of the taxable years to which
25.17 the loss may be carried.

25.18 **EFFECTIVE DATE.** This section is effective for net operating losses generated in
25.19 taxable years beginning after December 31, 2007.

25.20 Sec. 14. Minnesota Statutes 2009 Supplement, section 290A.03, subdivision 15,
25.21 is amended to read:

25.22 Subd. 15. **Internal Revenue Code.** "Internal Revenue Code" means the Internal
25.23 Revenue Code of 1986, as amended through March ~~31, 2009~~ 18, 2010.

25.24 **EFFECTIVE DATE.** This section is effective for property tax refunds based on
25.25 property taxes payable after December 31, 2009, and rent paid after December 31, 2008.

25.26 Sec. 15. Minnesota Statutes 2009 Supplement, section 291.005, subdivision 1, is
25.27 amended to read:

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

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

(2) "Federal gross estate" means the gross estate of a decedent as valued and otherwise determined for federal estate tax purposes by federal taxing authorities pursuant to the provisions of the Internal Revenue Code.

(3) "Internal Revenue Code" means the United States Internal Revenue Code of 1986, as amended through March 31, ~~2009~~ 18, 2010.

(4) "Minnesota adjusted taxable estate" means federal adjusted taxable estate as defined by section 2011(b)(3) of the Internal Revenue Code, increased by the amount of deduction for state death taxes allowed under section 2058 of the Internal Revenue Code.

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

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

(7) "Personal representative" means the executor, administrator or other person appointed by the court to administer and dispose of the property of the decedent. If there is no executor, administrator or other person appointed, qualified, and acting within this state, then any person in actual or constructive possession of any property having a situs in this state which is included in the federal gross estate of the decedent shall be deemed to be a personal representative to the extent of the property and the Minnesota estate tax due with respect to the property.

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

(9) "Situs of property" means, with respect to real property, the state or country in which it is located; with respect to tangible personal property, the state or country in which it was normally kept or located at the time of the decedent's death; and with respect to intangible personal property, the state or country in which the decedent was domiciled at death.

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

Sec. 16. Minnesota Statutes 2008, section 297A.815, subdivision 3, is amended to read:

Subd. 3. **Motor vehicle lease sales tax revenue.** (a) For purposes of this subdivision, "net revenue" means an amount equal to:

(1) the revenues, including interest and penalties, collected under this section, during the fiscal year; less

(2) ~~the estimated reduction in individual income tax receipts and the estimated amount of refunds paid out under section 290.06, subdivision 34, for the fiscal year in fiscal year 2011, \$30,100,000; in fiscal year 2012, \$31,100,000; and in fiscal year 2013 and following fiscal years, \$32,000,000.~~

(b) On or before June 30 of each fiscal year, the commissioner of revenue shall estimate the amount of the revenues and subtraction under paragraph (a) for the current fiscal year.

(c) On or after July 1 of the subsequent fiscal year, the commissioner of management and budget shall transfer the net revenue as estimated in paragraph (b) from the general fund, as follows:

(1) 50 percent to the greater Minnesota transit account; and

(2) 50 percent to the county state-aid highway fund. Notwithstanding any other law to the contrary, the commissioner of transportation shall allocate the funds transferred under this clause to the counties in the metropolitan area, as defined in section 473.121, subdivision 4, excluding the counties of Hennepin and Ramsey, so that each county shall receive of such amount the percentage that its population, as defined in section 477A.011, subdivision 3, estimated or established by July 15 of the year prior to the current calendar year, bears to the total population of the counties receiving funds under this clause.

(d) For fiscal years 2010 and 2011, the amount under paragraph (a), clause (1), must be calculated using the following percentages of the total revenues:

(1) for fiscal year 2010, 83.75 percent; and

(2) for fiscal year 2011, 93.75 percent.

Sec. 17. Minnesota Statutes 2008, section 297I.20, is amended by adding a subdivision to read:

Subd. 3. **Historic structure rehabilitation credit.** An insurance company may claim a credit against the premiums tax imposed under this chapter equal to the amount of the credit certificate issued to it, or to a person who has assigned the credit to the insurance company, under section 290.0681. If the amount of the credit exceeds the liability for tax under this chapter, the commissioner shall refund the excess to the insurance company. An amount sufficient to pay the refunds under this section is appropriated to the commissioner from the general fund. This credit does not affect the calculation of police and fire aid under section 69.021.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2009, for certified historic structures for which qualified costs of rehabilitation are first paid under construction contracts entered into after May 1, 2010.

28.1 Sec. 18. Minnesota Statutes 2009 Supplement, section 298.227, is amended to read:

28.2 **298.227 TACONITE ECONOMIC DEVELOPMENT FUND.**

28.3 (a) An amount equal to that distributed pursuant to each taconite producer's taxable
28.4 production and qualifying sales under section 298.28, subdivision 9a, shall be held by
28.5 the Iron Range Resources and Rehabilitation Board in a separate taconite economic
28.6 development fund for each taconite and direct reduced ore producer. Money from the
28.7 fund for each producer shall be released by the commissioner after review by a joint
28.8 committee consisting of an equal number of representatives of the salaried employees and
28.9 the nonsalaried production and maintenance employees of that producer. The District 11
28.10 director of the United States Steelworkers of America, on advice of each local employee
28.11 president, shall select the employee members. In nonorganized operations, the employee
28.12 committee shall be elected by the nonsalaried production and maintenance employees. The
28.13 review must be completed no later than six months after the producer presents a proposal
28.14 for expenditure of the funds to the committee. The funds held pursuant to this section may
28.15 be released only for workforce development and associated public facility improvement,
28.16 or for acquisition of plant and stationary mining equipment and facilities for the producer
28.17 or for research and development in Minnesota on new mining, or taconite, iron, or steel
28.18 production technology, but only if the producer provides a matching expenditure to be
28.19 used for the same purpose of at least 50 percent of the distribution based on 14.7 cents
28.20 per ton beginning with distributions in 2002. Effective for proposals for expenditures of
28.21 money from the fund beginning May 26, 2007, the commissioner may not release the
28.22 funds before the next scheduled meeting of the board. If a proposed expenditure is not
28.23 approved by at least seven Iron Range Resources and Rehabilitation Board members, the
28.24 funds must be deposited in the Taconite Environmental Protection Fund under sections
28.25 298.222 to 298.225. If a producer uses money which has been released from the fund
28.26 prior to May 26, 2007 to procure haulage trucks, mobile equipment, or mining shovels,
28.27 and the producer removes the piece of equipment from the taconite tax relief area defined
28.28 in section 273.134 within ten years from the date of receipt of the money from the fund,
28.29 a portion of the money granted from the fund must be repaid to the taconite economic
28.30 development fund. The portion of the money to be repaid is 100 percent of the grant if the
28.31 equipment is removed from the taconite tax relief area within 12 months after receipt of
28.32 the money from the fund, declining by ten percent for each of the subsequent nine years
28.33 during which the equipment remains within the taconite tax relief area. If a taconite
28.34 production facility is sold after operations at the facility had ceased, any money remaining
28.35 in the fund for the former producer may be released to the purchaser of the facility on
28.36 the terms otherwise applicable to the former producer under this section. If a producer

29.1 fails to provide matching funds for a proposed expenditure within six months after the
29.2 commissioner approves release of the funds, the funds are available for release to another
29.3 producer in proportion to the distribution provided and under the conditions of this section.
29.4 Any portion of the fund which is not released by the commissioner within one year of its
29.5 deposit in the fund shall be divided between the taconite environmental protection fund
29.6 created in section 298.223 and the Douglas J. Johnson economic protection trust fund
29.7 created in section 298.292 for placement in their respective special accounts. Two-thirds
29.8 of the unreleased funds shall be distributed to the taconite environmental protection fund
29.9 and one-third to the Douglas J. Johnson economic protection trust fund.

29.10 (b)(i) Notwithstanding the requirements of paragraph (a), setting the amount of
29.11 distributions and the review process, an amount equal to ten cents per taxable ton of
29.12 production in 2007, for distribution in 2008 only, that would otherwise be distributed
29.13 under paragraph (a), may be used for a loan or grant for the cost of providing for a
29.14 ~~biomass-energy~~ value-added wood product facility located in the taconite tax relief area
29.15 and in a county that contains a city of the first class. This amount must be deducted from
29.16 the distribution under paragraph (a) for which a matching expenditure by the producer
29.17 is not required. The granting of the loan or grant is subject to approval by at least seven
29.18 Iron Range Resources and Rehabilitation Board members~~;~~. If the money is provided as
29.19 a loan, interest must be payable on the loan at the rate prescribed in section 298.2213,
29.20 subdivision 3. (ii) Repayments of the loan and interest, if any, must be deposited in the
29.21 taconite environment protection fund under sections 298.222 to 298.225. If a loan or grant
29.22 is not made under this paragraph by July 1, ~~2010~~ 2012, the amount that had been made
29.23 available for the loan under this paragraph must be transferred to the taconite environment
29.24 protection fund under sections 298.222 to 298.225. (iii) Money distributed in 2008 to the
29.25 fund established under this section that exceeds ten cents per ton is available to qualifying
29.26 producers under paragraph (a) on a pro rata basis.

29.27 (c) Repayment or transfer of money to the taconite environmental protection fund
29.28 under paragraph (b), item (ii), must be allocated by the Iron Range Resources and
29.29 Rehabilitation Board for public works projects in house legislative districts in the same
29.30 proportion as taxable tonnage of production in 2007 in each house legislative district, for
29.31 distribution in 2008, bears to total taxable tonnage of production in 2007, for distribution
29.32 in 2008. Notwithstanding any other law to the contrary, expenditures under this paragraph
29.33 do not require approval by the governor. For purposes of this paragraph, "house legislative
29.34 districts" means the legislative districts in existence on May 15, 2009.

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

30.1 Sec. 19. Minnesota Statutes 2009 Supplement, section 298.28, subdivision 4, is
30.2 amended to read:

30.3 Subd. 4. **School districts.** (a) 23.15 cents per taxable ton, plus the increase provided
30.4 in paragraph (d), less the amount that would have been computed under Minnesota
30.5 Statutes 2008, section 126C.21, subdivision 4, for the current year for that district, must be
30.6 allocated to qualifying school districts to be distributed, based upon the certification of the
30.7 commissioner of revenue, under paragraphs (b), (c), and (f).

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

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

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

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

30.21 (3) proceeds from the Mittal Steel Company and Minntac or their successors are
30.22 distributed to Independent School Districts Nos. 712, Mountain Iron-Buhl, 706, Virginia,
30.23 2711, Mesabi East, and 2154, Eveleth-Gilbert, or their successor districts;

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

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

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

30.33 (c)(i) 15.72 cents per taxable ton, less any amount distributed under paragraph (e),
30.34 shall be distributed to a group of school districts comprised of those school districts which
30.35 qualify as a tax relief area under section 273.134, paragraph (b), or in which there is a
30.36 qualifying municipality as defined by section 273.134, paragraph (a), in direct proportion

31.1 to school district indexes as follows: for each school district, its pupil units determined
31.2 under section 126C.05 for the prior school year shall be multiplied by the ratio of the
31.3 average adjusted net tax capacity per pupil unit for school districts receiving aid under
31.4 this clause as calculated pursuant to chapters 122A, 126C, and 127A for the school year
31.5 ending prior to distribution to the adjusted net tax capacity per pupil unit of the district.
31.6 Each district shall receive that portion of the distribution which its index bears to the sum
31.7 of the indices for all school districts that receive the distributions.

31.8 (ii) Notwithstanding clause (i), each school district that receives a distribution
31.9 under sections 298.018; 298.23 to 298.28, exclusive of any amount received under this
31.10 clause; 298.34 to 298.39; 298.391 to 298.396; 298.405; or any law imposing a tax on
31.11 severed mineral values after reduction for any portion distributed to cities and towns
31.12 under section 126C.48, subdivision 8, paragraph (5), that is less than the amount of its
31.13 levy reduction under section 126C.48, subdivision 8, for the second year prior to the
31.14 year of the distribution shall receive a distribution equal to the difference; the amount
31.15 necessary to make this payment shall be derived from proportionate reductions in the
31.16 initial distribution to other school districts under clause (i). If there are insufficient tax
31.17 proceeds to make the distribution provided under this paragraph in any year, money must
31.18 be transferred from the taconite property tax relief account in subdivision 6, to the extent
31.19 of the shortfall in the distribution.

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

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

31.35 Each district receiving money according to this paragraph shall reserve the lesser of
31.36 the amount received under this paragraph or \$25 times the number of pupil units served

32.1 in the district. It may use the money for early childhood programs or for outcome-based
32.2 learning programs that enhance the academic quality of the district's curriculum. The
32.3 outcome-based learning programs must be approved by the commissioner of education.

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

32.6 (f) Four cents per taxable ton must be distributed to qualifying school districts
32.7 according to the distribution specified in paragraph (b), clause (ii), and two cents per
32.8 taxable ton must be distributed according to the distribution specified in paragraph
32.9 (c). These amounts are not subject to sections 126C.21, subdivision 4, and 126C.48,
32.10 subdivision 8.

32.11 **EFFECTIVE DATE.** This section is effective beginning with distributions made
32.12 in 2010.

32.13 Sec. 20. Minnesota Statutes 2009 Supplement, section 298.294, is amended to read:

32.14 **298.294 INVESTMENT OF FUND.**

32.15 (a) The trust fund established by section 298.292 shall be invested pursuant to law
32.16 by the State Board of Investment and the net interest, dividends, and other earnings arising
32.17 from the investments shall be transferred, except as provided in paragraph (b), on the first
32.18 day of each month to the trust and shall be included and become part of the trust fund.
32.19 The amounts transferred, including the interest, dividends, and other earnings earned
32.20 prior to July 13, 1982, together with the additional amount of \$10,000,000 for fiscal year
32.21 1983, which is appropriated April 21, 1983, are appropriated from the trust fund to the
32.22 commissioner of Iron Range resources and rehabilitation for deposit in a separate account
32.23 for expenditure for the purposes set forth in section 298.292. Amounts appropriated
32.24 pursuant to this section shall not cancel but shall remain available unless expended.

32.25 (b) For fiscal years 2010 and 2011 only, ~~\$1,000,000~~ \$1,500,000 of the net interest,
32.26 dividends, and other earnings under paragraph (a) shall be transferred to a special account.
32.27 Funds in the special account are available for loans or grants to businesses, with priority
32.28 given to businesses with 25 or fewer employees. Funds may be used for wage subsidies
32.29 for up to 52 weeks of up to \$5 per hour or other activities, including, but not limited to,
32.30 short-term operating expenses and purchase of equipment and materials by businesses
32.31 under financial duress, that will create additional jobs in the taconite assistance area under
32.32 section 273.1341. Expenditures from the special account must be approved by at least
32.33 seven Iron Range Resources and Rehabilitation Board members.

33.1 (c) To qualify for a grant or loan, a business must be currently operating and have
33.2 been operating for one year immediately prior to its application for a loan or grant, and its
33.3 corporate headquarters must be located in the taconite assistance area.

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

33.5 Sec. 21. Minnesota Statutes 2008, section 429.021, subdivision 1, is amended to read:

33.6 Subdivision 1. **Improvements authorized.** The council of a municipality shall have
33.7 power to make the following improvements:

33.8 (1) To acquire, open, and widen any street, and to improve the same by constructing,
33.9 reconstructing, and maintaining sidewalks, pavement, gutters, curbs, and vehicle parking
33.10 strips of any material, or by grading, graveling, oiling, or otherwise improving the same,
33.11 including the beautification thereof and including storm sewers or other street drainage
33.12 and connections from sewer, water, or similar mains to curb lines.

33.13 (2) To acquire, develop, construct, reconstruct, extend, and maintain storm and
33.14 sanitary sewers and systems, including outlets, holding areas and ponds, treatment plants,
33.15 pumps, lift stations, service connections, and other appurtenances of a sewer system,
33.16 within and without the corporate limits.

33.17 (3) To construct, reconstruct, extend, and maintain steam heating mains.

33.18 (4) To install, replace, extend, and maintain street lights and street lighting systems
33.19 and special lighting systems.

33.20 (5) To acquire, improve, construct, reconstruct, extend, and maintain water works
33.21 systems, including mains, valves, hydrants, service connections, wells, pumps, reservoirs,
33.22 tanks, treatment plants, and other appurtenances of a water works system, within and
33.23 without the corporate limits.

33.24 (6) To acquire, improve and equip parks, open space areas, playgrounds, and
33.25 recreational facilities within or without the corporate limits.

33.26 (7) To plant trees on streets and provide for their trimming, care, and removal.

33.27 (8) To abate nuisances and to drain swamps, marshes, and ponds on public or private
33.28 property and to fill the same.

33.29 (9) To construct, reconstruct, extend, and maintain dikes and other flood control
33.30 works.

33.31 (10) To construct, reconstruct, extend, and maintain retaining walls and area walls.

33.32 (11) To acquire, construct, reconstruct, improve, alter, extend, operate, maintain, and
33.33 promote a pedestrian skyway system. Such improvement may be made upon a petition
33.34 pursuant to section 429.031, subdivision 3.

34.1 (12) To acquire, construct, reconstruct, extend, operate, maintain, and promote
34.2 underground pedestrian concourses.

34.3 (13) To acquire, construct, improve, alter, extend, operate, maintain, and promote
34.4 public malls, plazas or courtyards.

34.5 (14) To construct, reconstruct, extend, and maintain district heating systems.

34.6 (15) To construct, reconstruct, alter, extend, operate, maintain, and promote fire
34.7 protection systems in existing buildings, but only upon a petition pursuant to section
34.8 429.031, subdivision 3.

34.9 (16) To acquire, construct, reconstruct, improve, alter, extend, and maintain highway
34.10 sound barriers.

34.11 (17) To improve, construct, reconstruct, extend, and maintain gas and electric
34.12 distribution facilities owned by a municipal gas or electric utility.

34.13 (18) To purchase, install, and maintain signs, posts, and other markers for addressing
34.14 related to the operation of enhanced 911 telephone service.

34.15 (19) To improve, construct, extend, and maintain facilities for Internet access and
34.16 other communications purposes, if the council finds that:

34.17 (i) the facilities are necessary to make available Internet access or other
34.18 communications services that are not and will not be available through other providers or
34.19 the private market in the reasonably foreseeable future; and

34.20 (ii) the service to be provided by the facilities will not compete with service provided
34.21 by private entities.

34.22 (20) To assess affected property owners for all or a portion of the costs agreed to
34.23 with an electric utility, telecommunications carrier, or cable system operator to bury or
34.24 alter a new or existing distribution system within the public right-of-way that exceeds the
34.25 utility's design and construction standards, or those set by law, tariff, or franchise, but only
34.26 upon petition under section 429.031, subdivision 3.

34.27 (21) To assess affected property owners for repayment of voluntary energy
34.28 improvement financings under section 216C.436, subdivision 7.

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

34.30 Sec. 22. Minnesota Statutes 2008, section 429.101, subdivision 1, is amended to read:

34.31 Subdivision 1. **Ordinances.** (a) In addition to any other method authorized by
34.32 law or charter, the governing body of any municipality may provide for the collection
34.33 of unpaid special charges as a special assessment against the property benefited for all
34.34 or any part of the cost of:

34.35 (1) snow, ice, or rubbish removal from sidewalks;

- 35.1 (2) weed elimination from streets or private property;
- 35.2 (3) removal or elimination of public health or safety hazards from private property,
- 35.3 excluding any structure included under the provisions of sections 463.15 to 463.26;
- 35.4 (4) installation or repair of water service lines, street sprinkling or other dust
- 35.5 treatment of streets;
- 35.6 (5) the trimming and care of trees and the removal of unsound trees from any street;
- 35.7 (6) the treatment and removal of insect infested or diseased trees on private property,
- 35.8 the repair of sidewalks and alleys;
- 35.9 (7) the operation of a street lighting system;
- 35.10 (8) the operation and maintenance of a fire protection or a pedestrian skyway system;
- 35.11 (9) inspections relating to a municipal housing maintenance code violation;
- 35.12 (10) the recovery of any disbursements under section 504B.445, subdivision 4,
- 35.13 clause (5), including disbursements for payment of utility bills and other services, even if
- 35.14 provided by a third party, necessary to remedy violations as described in section 504B.445,
- 35.15 subdivision 4, clause (2); or
- 35.16 (11) [Repealed, 2004 c 275 s 5]
- 35.17 (12) the recovery of delinquent vacant building registration fees under a municipal
- 35.18 program designed to identify and register vacant buildings.
- 35.19 (b) The council may by ordinance adopt regulations consistent with this section to
- 35.20 make this authority effective, including, at the option of the council, provisions for placing
- 35.21 primary responsibility upon the property owner or occupant to do the work personally
- 35.22 (except in the case of street sprinkling or other dust treatment, alley repair, tree trimming,
- 35.23 care, and removal, or the operation of a street lighting system) upon notice before the work
- 35.24 is undertaken, and for collection from the property owner or other person served of the
- 35.25 charges when due before unpaid charges are made a special assessment.
- 35.26 (c) A home rule charter city, statutory city, county, or town operating an energy
- 35.27 improvements financing program under section 216C.436 has the authority granted to a
- 35.28 municipality under paragraph (a) with respect to energy improvements financed under
- 35.29 that section.

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

35.31 Sec. 23. Minnesota Statutes 2008, section 446A.085, is amended by adding a

35.32 subdivision to read:

35.33 Subd. 15. **Transportation infrastructure loans.** A loan may be made to a statutory

35.34 or home rule charter city to finance transportation infrastructure projects for the purposes

35.35 described in subdivision 2 but without regard to whether they are eligible for financing

36.1 under a federal act or program or state law. The loan must be repayable under the terms
36.2 and conditions provided in this section and established by the authority and agreed to by
36.3 the city. The loan must be repaid by the city from the proceeds of special assessments, tax
36.4 increments, or other local taxes, such as sales taxes, lodging taxes, liquor taxes, admissions
36.5 and recreation taxes, and food and beverage taxes, authorized to be used for purposes
36.6 of the project. In addition to any method the authority considers to be appropriate, the
36.7 authority may fund those loans by issuing Build America Bonds under section 54AA of
36.8 the Internal Revenue Code, as amended.

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

36.10 Sec. 24. Minnesota Statutes 2009 Supplement, section 469.153, subdivision 2, is
36.11 amended to read:

36.12 Subd. 2. **Project.** (a) "Project" means (1) any properties, real or personal, used
36.13 or useful in connection with a revenue producing enterprise, or any combination of
36.14 two or more such enterprises engaged or to be engaged in generating, transmitting, or
36.15 distributing electricity, assembling, fabricating, manufacturing, mixing, processing,
36.16 storing, warehousing, or distributing any products of agriculture, forestry, mining, or
36.17 manufacture, or in research and development activity in this field, or in the manufacturing,
36.18 creation, or production of intangible property, including any patent, copyright, formula,
36.19 process, design, know-how, format, or other similar item; (2) any properties, real or
36.20 personal, used or useful in the abatement or control of noise, air, or water pollution, or in
36.21 the disposal of solid wastes, in connection with a revenue producing enterprise, or any
36.22 combination of two or more such enterprises engaged or to be engaged in any business
36.23 or industry; (3) any properties, real or personal, used or useful in connection with the
36.24 business of telephonic communications, conducted or to be conducted by a telephone
36.25 company, including toll lines, poles, cables, switching, and other electronic equipment
36.26 and administrative, data processing, garage, and research and development facilities;
36.27 (4) any properties, real or personal, used or useful in connection with a district heating
36.28 system, consisting of the use of one or more energy conversion facilities to produce hot
36.29 water or steam for distribution to homes and businesses, including cogeneration facilities,
36.30 distribution lines, service facilities, and retrofit facilities for modifying the user's heating
36.31 or water system to use the heat energy converted from the steam or hot water.

36.32 (b) "Project" also includes any properties, real or personal, used or useful in
36.33 connection with a revenue producing enterprise, or any combination of two or more
36.34 such enterprises engaged in any business.

37.1 (c) "Project" also includes any properties, real or personal, used or useful for the
37.2 promotion of tourism in the state. Properties may include hotels, motels, lodges, resorts,
37.3 recreational facilities of the type that may be acquired under section 471.191, and related
37.4 facilities.

37.5 (d) "Project" also includes any properties, real or personal, used or useful in
37.6 connection with a revenue producing enterprise, whether or not operated for profit,
37.7 engaged in providing health care services, including hospitals, nursing homes, and related
37.8 medical facilities.

37.9 (e) "Project" does not include any property to be sold or to be affixed to or consumed
37.10 in the production of property for sale, and does not include any housing facility to be
37.11 rented or used as a permanent residence.

37.12 (f) "Project" also means the activities of any revenue producing enterprise involving
37.13 the construction, fabrication, sale, or leasing of equipment or products to be used in
37.14 gathering, processing, generating, transmitting, or distributing solar, wind, geothermal,
37.15 biomass, agricultural or forestry energy crops, or other alternative energy sources for
37.16 use by any person or any residential, commercial, industrial, or governmental entity in
37.17 heating, cooling, or otherwise providing energy for a facility owned or operated by that
37.18 person or entity.

37.19 (g) "Project" also includes any properties, real or personal, used or useful in
37.20 connection with a county jail, county regional jail, community corrections facilities
37.21 authorized by chapter 401, or other law enforcement facilities, the plans for which are
37.22 approved by the commissioner of corrections; provided that the provisions of section
37.23 469.155, subdivisions 7 and 13, do not apply to those projects.

37.24 (h) "Project" also includes any real properties used or useful in furtherance of the
37.25 purpose and policy of section 469.141.

37.26 (i) "Project" also includes related facilities as defined by section 471A.02,
37.27 subdivision 11.

37.28 (j) "Project" also includes an undertaking to purchase the obligations of local
37.29 governments located in whole or in part within the boundaries of the municipality that are
37.30 issued or to be issued for public purposes.

37.31 (k) "Project" also includes any properties designated as a qualified green building
37.32 and sustainable design project under section 469.1655.

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

37.34 Sec. 25. **[469.1655] QUALIFIED GREEN BUILDING AND SUSTAINABLE**
37.35 **DESIGN PROJECTS.**

38.1 Subdivision 1. **Project designation and eligibility.** (a) A municipality or
38.2 redevelopment agency issuing revenue bonds under sections 469.152 to 469.165 may
38.3 designate the project for which the bonds are issued as a qualified green building and
38.4 sustainable design project as provided in this section.

38.5 (b) The issuer must ensure that each designated project substantially:
38.6 (1) reduces consumption of electricity compared to conventional construction;
38.7 (2) reduces daily carbon dioxide emissions compared to energy generated from coal;
38.8 (3) increases the use of solar photovoltaic cells or solar thermal cells in this state; or
38.9 (4) increases the use of fuel cells to generate energy.

38.10 (c) Before designating a project under this section, the issuer must document in
38.11 writing that the project will satisfy the eligibility criteria in this section.

38.12 (d) At least 75 percent of the square footage of commercial buildings that are part of
38.13 the project must be registered with a recognized green building rating system, including
38.14 Minnesota's sustainable building guidelines or the United States Green Building Council's
38.15 LEED certification or the Green Building Initiative's Green Globes certification, or in the
38.16 case of residential buildings, Minnesota GreenStar rating or the National Association of
38.17 Home Builders National Green Building Standard certification, and must be reasonably
38.18 expected to receive the certification.

38.19 Subd. 2. **Applications.** An application for designation under this section must
38.20 include a project proposal that describes the energy-efficiency, renewable energy, and
38.21 sustainable design features of the project and demonstrates that the project satisfies the
38.22 eligibility criteria in this section. The application must include a description of:

38.23 (1) the amount of electric consumption reduced as compared to conventional
38.24 construction;

38.25 (2) the amount of carbon dioxide daily emissions reduced compared to energy
38.26 generated from coal;

38.27 (3) the amount of the gross installed capacity of the project's solar photovoltaic
38.28 capacity measured in megawatts; and

38.29 (4) the amount in megawatts of the project's energy generated by fuel cells.

38.30 Subd. 3. **Use of bond financing.** The project proposal must include a description of
38.31 the bond financing that will be allocated for financing of one or more of the following:

38.32 (1) the purchase, construction, integration, or other use of energy-efficiency,
38.33 renewable energy, and sustainable design features of the project; or

38.34 (2) compliance with certification standards cited under subdivision 1, paragraph (d).

38.35 **EFFECTIVE DATE.** This section is effective for bonds issued after June 30, 2010.

39.1 Sec. 26. Minnesota Statutes 2008, section 469.174, is amended by adding a subdivision
39.2 to read:

39.3 Subd. 10c. **Compact development district.** "Compact development district" means
39.4 a type of tax increment financing district consisting of a project, or portions of a project,
39.5 within which the authority finds by resolution that the following conditions are satisfied:

39.6 (1) parcels consisting of 70 percent of the area of the district are occupied by
39.7 buildings or similar structures that are classified as class 3a property under section 273.13,
39.8 subdivision 24; and

39.9 (2) the planned redevelopment or development of the district, when completed, will
39.10 increase the total square footage of buildings, classified as class 3a under section 273.13,
39.11 subdivision 24, occupying the district by three times or more relative to the square footage
39.12 of similar buildings occupying the district when the resolution was approved.

39.13 **EFFECTIVE DATE.** This section is effective for districts for which the request for
39.14 certification is made after June 30, 2010.

39.15 Sec. 27. Minnesota Statutes 2009 Supplement, section 469.174, subdivision 22,
39.16 is amended to read:

39.17 Subd. 22. **Tourism facility.** "Tourism facility" means property that:

39.18 (1) is located in a county where the median income is no more than 85 percent of
39.19 the state median income;

39.20 (2) is located in a county in development region 1, 2, 3, 4, 5, or 7E, as defined
39.21 in section 462.385;

39.22 (3) is not located in a city with a population in excess of 20,000; and

39.23 (4) is acquired, constructed, or rehabilitated for use as a convention and meeting
39.24 facility that is privately owned, marina, hotel, motel, lodging facility, or nonhomestead
39.25 dwelling unit that in each case is intended to serve primarily individuals from outside
39.26 the county.

39.27 **EFFECTIVE DATE.** This section is effective for districts for which the request for
39.28 certification is made after June 30, 2010.

39.29 Sec. 28. Minnesota Statutes 2008, section 469.175, is amended by adding a subdivision
39.30 to read:

39.31 Subd. 2b. **Compact development districts; sunset.** The authority to establish or
39.32 approve the tax increment financing plan for a new compact development district expires
39.33 on June 30, 2012.

40.1 Sec. 29. Minnesota Statutes 2008, section 469.176, subdivision 1b, is amended to read:

40.2 Subd. 1b. **Duration limits; terms.** (a) No tax increment shall in any event be
40.3 paid to the authority

40.4 (1) after 15 years after receipt by the authority of the first increment for a renewal
40.5 and renovation district,

40.6 (2) after 20 years after receipt by the authority of the first increment for a soils
40.7 condition district,

40.8 (3) after eight years after receipt by the authority of the first increment for an
40.9 economic development district,

40.10 (4) for a housing district, a compact development district, or a redevelopment
40.11 district, after 25 years from the date of receipt by the authority of the first increment.

40.12 (b) For purposes of determining a duration limit under this subdivision or subdivision
40.13 1e that is based on the receipt of an increment, any increments from taxes payable in
40.14 the year in which the district terminates shall be paid to the authority. This paragraph
40.15 does not affect a duration limit calculated from the date of approval of the tax increment
40.16 financing plan or based on the recovery of costs or to a duration limit under subdivision
40.17 1c. This paragraph does not supersede the restrictions on payment of delinquent taxes in
40.18 subdivision 1f.

40.19 (c) An action by the authority to waive or decline to accept an increment has no
40.20 effect for purposes of computing a duration limit based on the receipt of increment under
40.21 this subdivision or any other provision of law. The authority is deemed to have received an
40.22 increment for any year in which it waived or declined to accept an increment, regardless
40.23 of whether the increment was paid to the authority.

40.24 (d) Receipt by a hazardous substance subdistrict of an increment as a result of a
40.25 reduction in original net tax capacity under section 469.174, subdivision 7, paragraph
40.26 (b), does not constitute receipt of increment by the overlying district for the purpose of
40.27 calculating the duration limit under this section.

40.28 **EFFECTIVE DATE.** This section is effective for districts for which the request for
40.29 certification is made after June 30, 2010.

40.30 Sec. 30. Minnesota Statutes 2008, section 469.176, is amended by adding a subdivision
40.31 to read:

40.32 Subd. 1i. **Compact development districts.** Tax increments derived from a compact
40.33 development district may be used only to pay:

40.34 (1) administrative expenses up to the amount permitted under subdivision 3;

41.1 (2) the cost of acquiring land located in the district or abutting the boundary of
 41.2 the district;

41.3 (3) demolition and removal of buildings or other improvements and other site
 41.4 preparation costs for lands located in the district or abutting the boundary of the district;
 41.5 and

41.6 (4) installation of public infrastructure or public improvements serving the district,
 41.7 but excluding the costs of streets, roads, highways, parking, or other public improvements
 41.8 primarily designed to serve private passenger motor vehicles.

41.9 **EFFECTIVE DATE.** This section is effective for districts for which the request for
 41.10 certification is made after June 30, 2010.

41.11 Sec. 31. Minnesota Statutes 2008, section 469.176, subdivision 4c, is amended to read:

41.12 Subd. 4c. **Economic development districts.** (a) Revenue derived from tax
 41.13 increment from an economic development district may not be used to provide
 41.14 improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form
 41.15 to developments consisting of buildings and ancillary facilities, if more than 15 percent
 41.16 of the buildings and facilities (determined on the basis of square footage) are used for a
 41.17 purpose other than:

41.18 (1) the manufacturing or production of tangible personal property, including
 41.19 processing resulting in the change in condition of the property;

41.20 (2) warehousing, storage, and distribution of tangible personal property, excluding
 41.21 retail sales;

41.22 (3) research and development related to the activities listed in clause (1) or (2);

41.23 (4) telemarketing if that activity is the exclusive use of the property;

41.24 (5) tourism facilities;

41.25 (6) qualified border retail facilities; or

41.26 (7) space necessary for and related to the activities listed in clauses (1) to (6).

41.27 ~~(b) Notwithstanding the provisions of this subdivision, revenue derived from tax~~
 41.28 ~~increment from an economic development district may be used to pay for site preparation~~
 41.29 ~~and public improvements, if the following conditions are met:~~

41.30 ~~(1) bedrock soils conditions are present in 80 percent or more of the acreage of~~
 41.31 ~~the district;~~

41.32 ~~(2) the estimated cost of physical preparation of the site exceeds the fair market~~
 41.33 ~~value of the land before completion of the preparation; and~~

41.34 ~~(3) revenues from tax increments are expended only for the additional costs of~~
 41.35 ~~preparing the site because of unstable soils and the bedrock soils condition, the additional~~

42.1 ~~cost of installing public improvements because of unstable soils or the bedrock soils~~
42.2 ~~condition, and reasonable administrative costs.~~

42.3 ~~(e)~~ (b) Notwithstanding the provisions of this subdivision, revenues derived from tax
42.4 increment from an economic development district may be used to provide improvements,
42.5 loans, subsidies, grants, interest rate subsidies, or assistance in any form for up to 15,000
42.6 square feet of any separately owned commercial facility located within the municipal
42.7 jurisdiction of a small city, if the revenues derived from increments are spent only to
42.8 assist the facility directly or for administrative expenses, the assistance is necessary to
42.9 develop the facility, and all of the increments, except those for administrative expenses,
42.10 are spent only for activities within the district.

42.11 ~~(d) For purposes of this subdivision, a qualified border retail facility is a development~~
42.12 ~~consisting of a shopping center or one or more retail stores, if the authority finds that all~~
42.13 ~~of the following conditions are satisfied:~~

42.14 ~~(1) the district is in a small city located within one mile or less of the border of~~
42.15 ~~the state;~~

42.16 ~~(2) the development is not located in the seven-county metropolitan area, as defined~~
42.17 ~~in section 473.121, subdivision 2;~~

42.18 ~~(3) the development will contain new buildings or will substantially rehabilitate~~
42.19 ~~existing buildings that together contain at least 25,000 square feet of retail space; and~~

42.20 ~~(4) without the use of tax increment financing for the development, the development~~
42.21 ~~or a similar competing development will instead occur in the bordering state or province.~~

42.22 ~~(e)~~ (c) A city is a small city for purposes of this subdivision if the city was a small
42.23 city in the year in which the request for certification was made and applies for the rest of
42.24 the duration of the district, regardless of whether the city qualifies or ceases to qualify
42.25 as a small city.

42.26 (d) Notwithstanding the requirements of paragraph (a) and the finding requirements
42.27 of section 469.174, subdivision 12, tax increments from an economic development district
42.28 may be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or
42.29 assistance in any form to developments consisting of buildings and ancillary facilities, if
42.30 all the following conditions are met:

42.31 (1) the municipality finds that the project will create or retain jobs in this state,
42.32 including construction jobs, and that construction of the project would not have
42.33 commenced before July 1, 2011, without the authority providing assistance under the
42.34 provisions of this paragraph;

42.35 (2) construction of the project begins no later than July 1, 2011; and

42.36 (3) the request for certification of the district is made no later than June 30, 2011.

43.1 **EFFECTIVE DATE.** This section is effective the day following final enactment
43.2 and applies to any economic development district for which the request for certification
43.3 was made after June 30, 2009.

43.4 Sec. 32. Minnesota Statutes 2008, section 469.176, is amended by adding a subdivision
43.5 to read:

43.6 Subd. 4m. **Temporary authority to stimulate construction.** (a) Notwithstanding
43.7 the restrictions in any other subdivision of this section or any other law to the contrary,
43.8 except the requirement to pay bonds to which the increments are pledged and the
43.9 provisions of subdivisions 4g and 4h, the authority may spend tax increments for one or
43.10 more of the following purposes:

43.11 (1) to provide improvements, loans, interest rate subsidies, or assistance in any
43.12 form to private development consisting of the construction or substantial rehabilitation
43.13 of buildings and ancillary facilities, if doing so will create or retain jobs in this state,
43.14 including construction jobs, and that the construction commences before July 1, 2011, and
43.15 would not have commenced before that date without the assistance; or

43.16 (2) to make an equity or similar investment in a corporation, partnership, or limited
43.17 liability company that the authority determines is necessary to make construction of a
43.18 development that meets the requirements of clause (1) financially feasible.

43.19 (b) The authority may undertake actions under the authority of this subdivision only
43.20 after approval by the municipality of a written spending plan that specifically authorizes
43.21 the authority to take the actions. The municipality shall approve the spending plan only
43.22 after a public hearing after published notice in a newspaper of general circulation in
43.23 the municipality at least once, not less than ten days nor more than 30 days prior to the
43.24 date of the hearing.

43.25 (c) The authority to spend tax increments under this subdivision expires December
43.26 31, 2011.

43.27 **EFFECTIVE DATE.** This section is effective the day following final enactment
43.28 and applies to tax increments derived from a district, regardless of when the request for
43.29 certification was made.

43.30 Sec. 33. Minnesota Statutes 2008, section 469.310, subdivision 6, is amended to read:

43.31 Subd. 6. **Job opportunity building zone or zone.** "Job opportunity building zone"
43.32 or "zone" means a zone designated by the commissioner under section 469.314, and
43.33 includes an agricultural processing facility zone and a create automotive recovery zone.

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

44.2 Sec. 34. Minnesota Statutes 2008, section 469.310, subdivision 11, is amended to read:

44.3 Subd. 11. **Qualified business.** (a) A person carrying on a trade or business at a place
44.4 of business located within a job opportunity building zone is a qualified business for the
44.5 purposes of sections 469.310 to 469.320 according to the criteria in paragraphs (b) to (f).

44.6 (b) A person is a qualified business only on those parcels of land for which the
44.7 person has entered into a business subsidy agreement, as required under section 469.313,
44.8 with the appropriate local government unit in which the parcels are located.

44.9 (c) Prior to execution of the business subsidy agreement, the local government
44.10 unit must consider the following factors:

44.11 (1) how wages compare to the regional industry average;

44.12 (2) the number of jobs that will be provided relative to overall employment in the
44.13 community;

44.14 (3) the economic outlook for the industry the business will engage in;

44.15 (4) sales that will be generated from outside the state of Minnesota;

44.16 (5) how the business will build on existing regional strengths or diversify the
44.17 regional economy;

44.18 (6) how the business will increase capital investment in the zone; and

44.19 (7) any other criteria the commissioner deems necessary.

44.20 (d) A person that relocates a trade or business from outside a job opportunity
44.21 building zone into a zone is not a qualified business unless the business meets all of the
44.22 requirements of paragraphs (b) and (c) and:

44.23 (1) increases full-time employment in the first full year of operation within the job
44.24 opportunity building zone by a minimum of five jobs or 20 percent, whichever is greater,
44.25 measured relative to the operations that were relocated and maintains the required level of
44.26 employment for each year the zone designation applies; and

44.27 (2) enters a binding written agreement with the commissioner that:

44.28 (i) pledges the business will meet the requirements of clause (1);

44.29 (ii) provides for repayment of all tax benefits enumerated under section 469.315 to
44.30 the business under the procedures in section 469.319, if the requirements of clause (1) are
44.31 not met for the taxable year or for taxes payable during the year in which the requirements
44.32 were not met; and

44.33 (iii) contains any other terms the commissioner determines appropriate.

45.1 (e) The commissioner may waive the requirements under paragraph (d), clause (1),
45.2 if the commissioner determines that the qualified business will substantially achieve
45.3 the factors under this subdivision.

45.4 (f) A business is not a qualified business if, at its location or locations in the zone,
45.5 the business is primarily engaged in making retail sales to purchasers who are physically
45.6 present at the business's zone location.

45.7 (g) A qualifying business must pay each employee compensation, including benefits
45.8 not mandated by law, that on an annualized basis is equal to at least 110 percent of the
45.9 federal poverty level for a family of four.

45.10 (h) A public utility, as defined in section 336B.01, is not a qualified business.

45.11 (i) A business operating in a create automotive recovery zone is a qualified business
45.12 only if it engages in the assembly of motor vehicles at the zone location.

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

45.14 Sec. 35. Minnesota Statutes 2008, section 469.310, is amended by adding a subdivision
45.15 to read:

45.16 Subd. 14. **Motor vehicle assembly facility.** "Motor vehicle assembly facility"
45.17 means a manufacturing facility with at least 500 employees that is used to assemble motor
45.18 vehicles and is located in a city of the first class.

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

45.20 Sec. 36. Minnesota Statutes 2008, section 469.310, is amended by adding a subdivision
45.21 to read:

45.22 Subd. 15. **Create automotive recovery zone.** "Create automotive recovery zone"
45.23 means a zone designated by the commissioner under section 469.314 that contains a
45.24 motor vehicle assembly facility.

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

45.26 Sec. 37. Minnesota Statutes 2008, section 469.312, subdivision 1, is amended to read:

45.27 Subdivision 1. **Maximum size.** A job opportunity building zone may not exceed
45.28 5,000 acres. For a zone designated as an agricultural processing facility zone, the zone
45.29 also may not exceed the size of a site necessary for the agricultural processing facility,
45.30 including ancillary operations and space for expansion in the reasonably foreseeable
45.31 future. For a zone designated as a create automotive recovery zone, the zone also may

46.1 not exceed the size of the site necessary for the assembly of motor vehicles, including
46.2 ancillary operations and space for expansion in the reasonably foreseeable future.

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

46.4 Sec. 38. Minnesota Statutes 2008, section 469.312, subdivision 3, is amended to read:

46.5 Subd. 3. **Outside metropolitan area.** Except for a create automotive recovery zone,
46.6 the area of a job opportunity building zone must be located outside of the metropolitan
46.7 area, as defined in section 473.121, subdivision 2.

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

46.9 Sec. 39. Minnesota Statutes 2009 Supplement, section 469.312, subdivision 5, is
46.10 amended to read:

46.11 Subd. 5. **Duration limit.** (a) The maximum duration of a zone is 12 years. The
46.12 applicant may request a shorter duration. The commissioner may specify a shorter
46.13 duration, regardless of the requested duration.

46.14 (b) The duration limit under this subdivision and the duration of the zone for
46.15 purposes of allowance of tax incentives described in section 469.315 is extended by three
46.16 calendar years for each parcel of property that meets the following requirements:

46.17 (1) the qualified business operates an ethanol plant, as defined in section 41A.09, on
46.18 the site that includes the parcel; and

46.19 (2) the business subsidy agreement was executed after April 30, 2006.

46.20 (c) The duration limit under this subdivision and the duration of the zone for
46.21 purposes of allowance of tax incentives described in section 469.315 is extended by five
46.22 calendar years for each parcel of property that meets the following requirements:

46.23 (1) the parcel is located in a county with an unemployment rate that on the date that
46.24 the business subsidy agreement is executed (i) equals or exceeds ten percent or (ii) is ten
46.25 percent higher than the statewide average;

46.26 (2) the operations of the qualified business on the site include:

46.27 (i) its headquarters;

46.28 (ii) facilities for research and development; and

46.29 (iii) the manufacturing of products, used by the building, transport, consumer
46.30 products, and industrial products sectors, that reduce the use of or increase the efficiency
46.31 of the use of energy resources and that are manufactured using innovative and high
46.32 technology processes; and

(3) the business subsidy agreement is executed after July 1, 2009, and before July 1, 2011.

(d) The duration of a create automotive recovery zone is 12 years from the date of the designation of a zone by the commissioner under section 469.314, subdivision 4, paragraph (g).

(e) The duration limit under this subdivision and the duration of the zone for purposes of allowance of tax incentives described in section 469.315 is extended by five calendar years for each parcel of property that meets the following requirements:

(1) the parcel is located in a county with an unemployment rate for any of the twelve months preceding the date on which the business subsidy agreement is executed that (i) equals or exceeds ten percent or (ii) is ten percent higher than the statewide average;

(2) the qualified business is engaged in the business of manufacturing wind turbines and related products for the generation of energy, and the parcel includes one or more of the following facilities of the qualified business:

(i) the headquarters of the business in this country;

(ii) training facilities; or

(iii) manufacturing facilities; and

(3) the initial business subsidy agreement is executed after July 1, 2010, and before November 1, 2011.

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

Sec. 40. Minnesota Statutes 2008, section 469.314, subdivision 1, is amended to read:

Subdivision 1. **Commissioner to designate.** (a) The commissioner, in consultation with the commissioner of revenue, shall designate not more than ten job opportunity building zones and not more than one create automotive recovery zone. In making the designations, the commissioner shall consider need and likelihood of success to yield the most economic development and revitalization of economically distressed rural areas of Minnesota.

(b) In addition to the designations under paragraph (a), the commissioner may, in consultation with the commissioners of agriculture and revenue, designate up to five agricultural processing facility zones.

(c) The commissioner may, upon designation of a zone, modify the development plan, including the boundaries of the zone or subzones, if in the commissioner's opinion a modified plan would better meet the objectives of the job opportunity building zone program. The commissioner shall notify the applicant of the modification and provide a statement of the reasons for the modifications.

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

48.2 Sec. 41. Minnesota Statutes 2008, section 469.314, subdivision 4, is amended to read:

48.3 Subd. 4. **Designation schedule.** (a) The schedule in paragraphs (b) to (f) applies to
48.4 the designation of job opportunity building zones. Paragraph (g) applies to the designation
48.5 of a create automotive recovery zone.

48.6 (b) The commissioner shall publish the form for applications and any procedural,
48.7 form, or content requirements for applications by no later than August 1, 2003. The
48.8 commissioner may publish these requirements on the Internet, in the State Register, or by
48.9 any other means the commissioner determines appropriate to disseminate the information
48.10 to potential applicants for designation.

48.11 (c) Applications must be submitted by October 15, 2003.

48.12 (d) The commissioner shall designate the zones by no later than December 31, 2003.

48.13 (e) The designation of the zones takes effect January 1, 2004.

48.14 (f) The commissioner may reserve one or more of the ten authorized zones for a
48.15 second round of designations in calendar year 2004. If the commissioner chooses to
48.16 reserve designations for this purpose, the commissioner shall establish the schedule for the
48.17 second round of designations, notwithstanding the dates in paragraphs (c), (d), and (e).
48.18 The commissioner shall allow a period of at least 90 days for submission of applications
48.19 after notification of the second round. A zone designated in the second round takes effect
48.20 on January 1, 2005.

48.21 (g) The commissioner may accept applications for a create automotive recovery
48.22 zone at any time before January 1, 2016. The commissioner may designate a create
48.23 automotive recovery zone at any time after December 31, 2011, and before January 1,
48.24 2016, but only if the applicant has entered a written agreement with a qualified business
48.25 committing to make a capital investment of at least \$100,000,000 to improve or retrofit a
48.26 motor vehicle assembly facility located in the zone.

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

48.28 Sec. 42. Minnesota Statutes 2008, section 469.315, is amended to read:

48.29 **469.315 TAX INCENTIVES AVAILABLE IN ZONES.**

48.30 Qualified businesses that operate in a job opportunity building zone, individuals who
48.31 invest in a qualified business that operates in a job opportunity building zone, and property
48.32 located in a job opportunity building zone qualify for:

48.33 (1) exemption from individual income taxes as provided under section 469.316;

- 49.1 (2) exemption from corporate franchise taxes as provided under section 469.317;
- 49.2 (3) exemption from the state sales and use tax and any local sales and use taxes on
- 49.3 qualifying purchases as provided in section 297A.68, subdivision 37;
- 49.4 (4) exemption from the state sales tax on motor vehicles and any local sales tax on
- 49.5 motor vehicles as provided under section 297B.03;
- 49.6 (5) exemption from the property tax as provided in section 272.02, subdivision 64;
- 49.7 (6) exemption from the wind energy production tax under section 272.029,
- 49.8 subdivision 7; and
- 49.9 (7) the jobs credit allowed under section 469.318, except that a qualified business
- 49.10 located in a create automotive recovery zone is not eligible for the credit under section
- 49.11 469.318 but is eligible for the credit under section 469.3181.

49.12 **EFFECTIVE DATE.** This section is effective for taxable years beginning after

49.13 December 31, 2011.

49.14 Sec. 43. **[469.3181] CREATE AUTOMOTIVE RECOVERY JOBS CREDIT.**

49.15 **Subdivision 1. Credit allowed.** (a) A qualified business located in a create

49.16 automotive recovery zone is allowed a credit against the tax imposed under chapter 290

49.17 equal to \$2,500 times the number of full-time equivalent employees receiving wages from

49.18 the qualified business for working at the facility during the taxable year. The qualified

49.19 business is allowed an additional credit equal to \$1,000 times the number of full-time

49.20 equivalent employees receiving wages from the qualified business for working at the

49.21 facility during the taxable year in excess of 750 employees.

49.22 (b) For purposes of this section, "employee" and "wages" have the meanings given

49.23 them in section 290.92, subdivisions 1 and 3.

49.24 (c) For purposes of this section, "full-time equivalent employees" means the

49.25 equivalent of annualized expected hours of work equal to 2,080 hours.

49.26 **Subd. 2. Refundable.** If the amount of the credit exceeds the liability for tax under

49.27 chapter 290, the commissioner of revenue shall refund the excess to the qualified business.

49.28 **Subd. 3. Appropriation.** An amount sufficient to pay the refunds authorized by this

49.29 section is appropriated to the commissioner of revenue from the general fund.

49.30 **Subd. 4. Manner of claiming credit.** The commissioner shall prescribe the manner

49.31 in which the credit may be issued or claimed. This may include allowing the credit only as

49.32 a separately processed claim for refund.

49.33 **EFFECTIVE DATE.** This section is effective for taxable years beginning after

49.34 December 31, 2011.

50.1 Sec. 44. Laws 1986, chapter 391, section 1, is amended to read:

50.2 Section 1.

50.3 The legislature finds that providing areawide and local financial assistance,
50.4 including the provision of security for debt financing, but not including direct subsidies to
50.5 private interests, in the development of the ~~former metropolitan stadium site~~ Industrial
50.6 Development District 1 (Airport South) of the city of Bloomington, as amended, including
50.7 any phase of the Mall of America, and the Old Cedar Avenue Bridge, is a public purpose
50.8 of state, metropolitan, and local government in Minnesota and that it is a benefit to the
50.9 metropolitan area within the purpose of the metropolitan revenue distribution program
50.10 pursuant to chapter 473F.

50.11 **EFFECTIVE DATE.** This section is effective upon local approval of and
50.12 compliance by the governing body of the city of Bloomington with the requirements
50.13 of Minnesota Statutes, section 645.021.

50.14 Sec. 45. Laws 1995, chapter 264, article 5, section 44, subdivision 4, as amended by
50.15 Laws 1996, chapter 471, article 7, section 21, and Laws 1997, chapter 231, article 10,
50.16 section 12, and Laws 2008, chapter 154, article 9, section 18, is amended to read:

50.17 Subd. 4. **Authority.** For housing replacement projects in the city of Crystal,
50.18 "authority" means the Crystal economic development authority. For housing replacement
50.19 projects in the city of Fridley, "authority" means the housing and redevelopment authority
50.20 in and for the city of Fridley or a successor in interest. For housing replacement
50.21 projects in the city of Minneapolis, "authority" means the Minneapolis community
50.22 development agency or its successors and assigns. For housing replacement projects
50.23 in the city of St. Paul, "authority" means the St. Paul housing and redevelopment
50.24 authority. For housing replacement projects in the city of Duluth, "authority" means the
50.25 Duluth economic development authority. For housing replacement projects in the city of
50.26 Richfield, "authority" is the authority as defined in Minnesota Statutes, section 469.174,
50.27 subdivision 2, that is designated by the governing body of the city of Richfield. For
50.28 housing replacement projects in the city of Columbia Heights, "authority" is the authority
50.29 as defined in Minnesota Statutes, section 469.174, subdivision 2, that is designated by
50.30 the governing body of the city of Columbia Heights. For housing replacement projects in
50.31 the city of Brooklyn Park, "authority" is the authority as defined in Minnesota Statutes,
50.32 section 469.174, subdivision 2, that is designated by the governing body of the city of
50.33 Brooklyn Park.

51.1 **EFFECTIVE DATE.** This section is effective the day following final enactment
 51.2 and applies to the city of Brooklyn Park without local approval under Minnesota Statutes,
 51.3 section 645.023, subdivision 1, paragraph (a).

51.4 Sec. 46. Laws 1995, chapter 264, article 5, section 45, subdivision 1, as amended by
 51.5 Laws 1996, chapter 471, article 7, section 22, and Laws 1997, chapter 231, article 10,
 51.6 section 13, and Laws 2002, chapter 377, article 7, section 6, and Laws 2008, chapter 154,
 51.7 article 9, section 19, is amended to read:

51.8 Subdivision 1. **Creation of projects.** (a) An authority may create a housing
 51.9 replacement project under sections 44 to 47, as provided in this section.

51.10 (b) For the cities of Crystal, Fridley, Richfield, ~~and Columbia Heights, and Brooklyn~~
 51.11 ~~Park,~~ the authority may designate up to ~~50~~ 100 parcels in the city to be included in a
 51.12 housing replacement district over the life of a district or districts. ~~No more than ten~~
 51.13 ~~parcels may be included in year one of the district, with up to ten additional parcels added~~
 51.14 ~~to the district in each of the following nine years.~~ For the cities of St. Paul and Duluth,
 51.15 each authority may designate not more than 200 parcels in the city to be included in
 51.16 a housing replacement district over the life of the district. For the city of Minneapolis,
 51.17 the authority may designate not more than ~~400~~ 500 parcels in the city to be included in
 51.18 housing replacement districts over the life of the districts. The only parcels that may
 51.19 be included in a district are (1) vacant sites, (2) parcels containing vacant houses, or
 51.20 (3) parcels containing houses that are structurally substandard, as defined in Minnesota
 51.21 Statutes, section 469.174, subdivision 10.

51.22 (c) The city in which the authority is located must pay at least 25 percent of the
 51.23 housing replacement project costs from its general fund, a property tax levy, or other
 51.24 unrestricted money, not including tax increments.

51.25 (d) The housing replacement district plan must have as its sole object the acquisition
 51.26 of parcels for the purpose of preparing the site to be sold for market rate housing. As
 51.27 used in this section, "market rate housing" means housing that has a market value that
 51.28 does not exceed 150 percent of the average market value of single-family housing in that
 51.29 municipality.

51.30 **EFFECTIVE DATE.** This section is effective the day following final enactment
 51.31 and applies to the affected cities without local approval under Minnesota Statutes, section
 51.32 645.023, subdivision 1, paragraph (a).

51.33 Sec. 47. Laws 2006, chapter 259, article 10, section 14, subdivision 3, is amended to
 51.34 read:

52.1 Subd. 3. **Application of tax increment law.** Minnesota Statutes, sections 469.174
 52.2 to 469.179, shall apply to the administration of the district, except:

52.3 (1) as this section provides otherwise; and

52.4 (2) with respect to the portion of the increment to be expended for homeless shelter
 52.5 and services pursuant to subdivision 5, paragraph (b):

52.6 (i) the use for which tax increment that may be expended is as provided by
 52.7 subdivision 5; ~~and~~

52.8 (ii) Minnesota Statutes, sections 469.1761 and 469.1763, do not apply; and

52.9 (iii) tax increment may be used for reimbursement of costs incurred at any time after
 52.10 the effective date of this section, even if incurred prior to establishment of the district or
 52.11 execution of a city tax increment agreement.

52.12 **EFFECTIVE DATE.** This section is effective upon compliance by the city of
 52.13 Minneapolis with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

52.14 Sec. 48. Laws 2008, chapter 366, article 5, section 28, subdivision 1, is amended to
 52.15 read:

52.16 Subdivision 1. **Additional taxes authorized; use of proceeds.** (a) Notwithstanding
 52.17 Minnesota Statutes, section 477A.016, or any other law, ordinance, or charter provision
 52.18 to the contrary, the governing body of the city of Bloomington may impose any or all of
 52.19 the taxes described in this section. The proceeds of any taxes imposed under this section
 52.20 or section 27, less refunds and the cost of collection, must be used to provide financing
 52.21 for parking facilities or other public improvements for any phase of the Mall of America
 52.22 phase II. The Port Authority of the city of Bloomington may, but is not required to,
 52.23 issue or cause the sale of bonds, a developer's note, or other obligations to finance the
 52.24 improvements. If a governmental entity other than the city of Bloomington issues the
 52.25 obligations used to finance the parking facilities and other public improvements, the
 52.26 city may transfer the funds available under this section and section 27 for financing the
 52.27 project to the entity that issued the bonds.

52.28 (b) As a condition of developing a hotel as part of the project, the governing
 52.29 bodies of the city of Bloomington and the Bloomington Port Authority shall require
 52.30 the developers of any phase of the Mall of America project to enter into a labor peace
 52.31 agreement with the labor organization which is most actively engaged in representing and
 52.32 attempting to represent hotel workers in Hennepin and Ramsey Counties. The labor peace
 52.33 agreement must be an enforceable agreement and must prohibit the labor organization
 52.34 and its members from engaging in any boycott or other activity advising customers not
 52.35 to patronize any hotel that is part of any phase of the Mall of America for at least the

53.1 first five years of the hotel's operation, and must cover all operations at the hotel, other
53.2 than construction, alteration, or repair of the premises separately owned and operated,
53.3 which are conducted by lessees or tenants or under management agreements, except retail
53.4 operations, including gift, jewelry, and clothing shops that have annual gross revenues of
53.5 less than \$250,000.

53.6 **EFFECTIVE DATE.** This section is effective upon local approval of and
53.7 compliance by the governing body of the city of Bloomington with the requirements
53.8 of Minnesota Statutes, section 645.021, except that the provisions of paragraph (b) are
53.9 effective if the city of Bloomington approves any one of sections 49, 50, 51, 52, or 62,
53.10 paragraph (b).

53.11 Sec. 49. Laws 2008, chapter 366, article 5, section 28, subdivision 2, is amended to
53.12 read:

53.13 Subd. 2. **Sales tax.** The city of Bloomington may charter a special taxing authority,
53.14 which is a separate political subdivision. The geographic area of the special taxing
53.15 authority consists of Tax Increment Financing Districts No. 1-C and No. 1-G in the
53.16 city. The city council is the governing body of the special taxing authority. The special
53.17 taxing authority may impose, by resolution, a sales tax of ~~not less than one-half of one~~
53.18 ~~percent and~~ not more than one percent within its boundaries. The provisions of Minnesota
53.19 Statutes, section 297A.99, except for subdivisions 2 and 3, govern the imposition,
53.20 administration, collection, and enforcement of the tax authorized in this subdivision.

53.21 **EFFECTIVE DATE.** This section is effective upon local approval and compliance
53.22 by the governing body of the city of Bloomington with the provisions of Minnesota
53.23 Statutes, section 645.021.

53.24 Sec. 50. Laws 2008, chapter 366, article 5, section 29, subdivision 1, is amended to
53.25 read:

53.26 Subdivision 1. **Issuing authority.** (a) The city of Bloomington may contract with
53.27 any of the following authorities to issue and sell revenue bonds for the purposes and
53.28 in the amounts specified in subdivision 2:

53.29 (1) the commissioner of finance, exercising the authority granted under this section
53.30 and Minnesota Statutes, sections 16A.672 to 16A.675;

53.31 (2) the Agricultural and Economic Development Board, exercising the powers
53.32 granted under this section and Minnesota Statutes, chapter 41A; or

54.1 (3) the Minnesota Public Facilities Authority, exercising the powers granted under
54.2 this section and Minnesota Statutes, chapter 446A.

54.3 (b) The authority granted in this section is in addition to the statutes in paragraph
54.4 (a) and notwithstanding any contrary provisions in them.

54.5 (c) The contract must include as a party the developer of any phase H of the Mall
54.6 of America and may include as a party any other entity deemed appropriate by the city
54.7 of Bloomington, the issuing authority, and the developer.

54.8 **EFFECTIVE DATE.** This section is effective upon local approval of and
54.9 compliance by the governing body of the city of Bloomington with the requirements
54.10 of Minnesota Statutes, section 645.021.

54.11 Sec. 51. Laws 2008, chapter 366, article 5, section 29, subdivision 2, is amended to
54.12 read:

54.13 Subd. 2. **Purposes and amounts.** (a) The revenue bonds may be issued in a single
54.14 or multiple issues and sold for the following purposes:

54.15 (1) to pay the costs to design, construct, furnish, and equip parking facilities and
54.16 ~~related~~ other public improvements for any phase H of the Mall of America;

54.17 (2) to pay the costs of issuance, debt service, and bond insurance or other credit
54.18 enhancements, and to fund reserves; and

54.19 (3) to refund bonds issued under this section.

54.20 (b) The amount of bonds that may be issued for the purposes of paragraph (a), clause
54.21 (1), may not exceed per issue the estimated cost from time to time of the parking facilities
54.22 and other public improvements, including soft costs; the amount of bonds that may be
54.23 issued for the purposes of paragraph (a), clauses (2) and (3), is not limited.

54.24 **EFFECTIVE DATE.** This section is effective upon local approval of and
54.25 compliance by the governing body of the city of Bloomington with the requirements
54.26 of Minnesota Statutes, section 645.021.

54.27 Sec. 52. Laws 2008, chapter 366, article 5, section 29, subdivision 4, is amended to
54.28 read:

54.29 Subd. 4. **Sale and issuance; proceeds.** (a) The issuing authority may sell and issue
54.30 the bonds on the terms and conditions the issuing authority determines to be in the best
54.31 interests of the state after reviewing an agreement between the city of Bloomington and
54.32 the developer of any phase H of the Mall of America setting out the terms upon which
54.33 the city of Bloomington will use the proceeds of the bond sales. The bonds may be sold

55.1 at public or private sale at a price or prices the issuing authority finds appropriate. The
55.2 issuing authority may enter any agreements or pledges the issuing authority determines
55.3 necessary or useful to sell the bonds that are not inconsistent with this section.

55.4 (b) The city may enter into a preliminary agreement with the issuing authority under
55.5 which the city agrees, if the revenue bonds are not issued, to pay or cause to be paid the
55.6 costs and expenses incurred by the issuing authority relating to the proposed issuance of
55.7 the revenue bonds.

55.8 (c) The proceeds of the bonds issued under this section must be credited to a special
55.9 Mall of America revenue bond proceeds account with the issuing authority or a trustee
55.10 and are appropriated to the issuing authority for payment to the city of Bloomington
55.11 for the purposes specified in subdivision 2.

55.12 **EFFECTIVE DATE.** This section is effective upon local approval of and
55.13 compliance by the governing body of the city of Bloomington with the requirements
55.14 of Minnesota Statutes, section 645.021.

55.15 Sec. 53. Laws 2009, chapter 78, article 7, section 2, is amended to read:

55.16 Sec. 2. **IRON RANGE RESOURCES AND REHABILITATION; EARLY**
55.17 **SEPARATION INCENTIVE PROGRAM AUTHORIZATION.**

55.18 (a) Notwithstanding any law to the contrary, the commissioner of Iron Range
55.19 resources and rehabilitation, in consultation with the commissioner of management and
55.20 budget, ~~may~~ shall offer a targeted early separation incentive program for employees of the
55.21 commissioner who have attained the age of 60 years or who have received credit for at
55.22 least 30 years of allowable service under the provisions of Minnesota Statutes, chapter 352.

55.23 (b) The early separation incentive program may include one or more of the following:

55.24 (1) employer-paid postseparation health, medical, and dental insurance until age
55.25 65; and

55.26 (2) cash incentives that may, but are not required to be, used to purchase additional
55.27 years of service credit through the Minnesota State Retirement System, to the extent that
55.28 the purchases are otherwise authorized by law.

55.29 (c) The commissioner of Iron Range resources and rehabilitation shall establish
55.30 eligibility requirements for employees to receive an incentive.

55.31 (d) The commissioner of Iron Range resources and rehabilitation, consistent with the
55.32 established program provisions under paragraph (b), and with the eligibility requirements
55.33 under paragraph (c), may designate specific programs or employees as eligible to be
55.34 offered the incentive program.

(e) Acceptance of the offered incentive must be voluntary on the part of the employee and must be in writing. ~~The incentive may only be offered at the sole discretion of the commissioner of Iron Range resources and rehabilitation.~~

(f) The cost of the incentive is payable solely by funds made available to the commissioner of Iron Range resources and rehabilitation by law, but only on prior approval of the expenditures by a majority of the Iron Range Resources and Rehabilitation Board.

(g) This section and section 3 are repealed ~~June 30, 2011~~ December 31, 2012.

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

Sec. 54. **CITY OF ST. PAUL; AUTHORITY TO EXERCISE SPECIAL LAW AUTHORITY.**

Notwithstanding the failure of the governing body of the city of St. Paul to approve Laws 1995, chapter 264, article 5, sections 44 to 47, as required by Laws 1995, chapter 264, article 5, section 49, the provisions of sections 44 to 47, as amended, apply to the city of St. Paul without local approval under Minnesota Statutes, section 645.023, subdivision 1, paragraph (a).

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

Sec. 55. **OAKDALE; TAX INCREMENT FINANCING DISTRICT.**

Subdivision 1. **Duration of district.** Notwithstanding the provisions of Minnesota Statutes, section 469.176, subdivision 1b, the city of Oakdale may collect tax increments from Tax Increment Financing District No. 6 (Bergen Plaza) through December 31, 2024, subject to the conditions described in subdivision 2.

Subd. 2. **Conditions for extension.** (a) Subdivision 1 applies only if the following conditions are met:

(1) by July 1, 2011, the city of Oakdale has entered into a development agreement with a private developer for development or redevelopment of all or a substantial part of the area; and

(2) by November 1, 2011, the city of Oakdale or a private developer commences construction of streets, traffic improvements, water, sewer, or related infrastructure that serves one or both of the parcels with the following parcel identification numbers: 2902921330001 and 2902921330005. For the purposes of this section, construction commences upon grading or other visible improvements that are part of the subject infrastructure.

57.1 (b) All tax increments received by the city of Oakdale under subdivision 1
57.2 after December 31, 2016, must be used only to pay costs that are both (1) related to
57.3 redevelopment of the parcels specified in this subdivision including, without limitation,
57.4 any of the infrastructure referenced in this subdivision; and (2) otherwise eligible under
57.5 law to be paid with increments from the specified tax increment financing district, except
57.6 the authority under this clause does not apply to increments collected after the conclusion
57.7 of the duration limit under general law.

57.8 **EFFECTIVE DATE.** This section is effective upon compliance by the governing
57.9 body of the city of Oakdale with the requirements of Minnesota Statutes, sections
57.10 469.1782, subdivision 2, and 645.021, subdivision 3.

57.11 Sec. 56. **CITY OF NORTH MANKATO; TAX INCREMENT FINANCING**
57.12 **DISTRICT; PROJECT REQUIREMENTS.**

57.13 Subdivision 1. **Addition of parcel to district.** Notwithstanding Minnesota Statutes,
57.14 sections 469.174, subdivision 10, and 469.175, subdivision 4, paragraph (d), or any
57.15 other law to the contrary, the governing body of the city of North Mankato may elect to
57.16 expand the boundaries of Tax Increment Financing District No. IDD 1-8 to include real
57.17 property, described as follows:

57.18 Lots 3, 4, 5, 6, 7, 8, B, and C and part of vacated Cedar Street, Lots A, 1, and 2
57.19 lying northwesterly of a line beginning at a point on the South line of Lot A 74.67 feet
57.20 West of the southeast corner of Lot A; thence northeasterly 107.30 feet to a point on
57.21 the East line of Lot 2; thence continuing northeasterly 47.47 feet to a point on the East
57.22 right-of-way line of vacated Cedar Street; said point being 101.93 feet southerly from the
57.23 intersection of the south right-of-way line of Wheeler Avenue and the east right-of-way
57.24 line vacated Cedar Street, Lamm's Second Addition, City of North Mankato, Nicollet
57.25 County, Minnesota (tax parcel number R 18.614.0040).

57.26 Subd. 2. **Five-year rule.** Minnesota Statutes, section 469.1763, subdivision 3, does
57.27 not apply to Tax Increment Financing District No. IDD 1-8, as enlarged.

57.28 Subd. 3. **Original tax capacity of district.** Upon addition of the property described
57.29 in subdivision 1 in Tax Increment Financing District No. IDD 1-8, the Nicollet County
57.30 auditor shall increase the original tax capacity of Tax Increment Financing District No.
57.31 IDD 1-8 by the amount required by Minnesota Statutes, section 469.177.

57.32 Subd. 4. **Use of increments.** Tax increments and other revenues derived from any
57.33 portion of Tax Increment Financing District No. IDD 1-8, as enlarged, may be used:

58.1 (1) to reimburse or otherwise pay the port authority of the city of North Mankato
58.2 and the city of North Mankato for allowable expenditures under the plan budget for Tax
58.3 Increment Financing District No. IDD 1-8, as amended from time to time; and

58.4 (2) to pay the principal, premium, and interest on the \$990,000 city of North
58.5 Mankato taxable general obligation tax increment bonds, series 2001D, issued by the city
58.6 of North Mankato for redevelopment costs in Tax Increment Financing District No. IDD
58.7 1-8 under the tax increment financing plan for Tax Increment Financing District No. IDD
58.8 1-8 as originally adopted January 16, 1990, and amended April 2, 2001.

58.9 Subd. 5. **Approval and effect of modification.** When the governing body of the
58.10 city elects to exercise the authority provided in subdivision 1 to modify the district, the
58.11 following conditions apply:

58.12 (1) it must comply with Minnesota Statutes, section 469.175, subdivision 4, except
58.13 for paragraph (d); and

58.14 (2) beginning with the subsequent calendar year, except as otherwise explicitly
58.15 provided in this section, the district is subject to the provisions of Minnesota Statutes,
58.16 sections 469.174 to 469.1794, as if the request for certification of the entire district had
58.17 been made on the date the city elected to exercise the authority provided in subdivision 1.

58.18 Subd. 6. **Conditions.** The authority granted by this section may only be exercised
58.19 by the city if:

58.20 (1) by July 1, 2011, the city has entered into a development agreement with a private
58.21 developer for redevelopment of all or a substantial part of the area; and

58.22 (2) substantial and ongoing construction of improvements for the project has begun
58.23 by November 1, 2011.

58.24 **EFFECTIVE DATE.** This section is effective upon approval by the governing body
58.25 of the city of North Mankato and upon compliance by the city with Minnesota Statutes,
58.26 section 645.021, subdivision 3.

58.27 Sec. 57. **CITY OF COHASSET; USE OF TAX INCREMENTS.**

58.28 (a) The authority operating Tax Increment Financing Districts No. 2-1 and No.
58.29 3-1 in the city of Cohasset may transfer tax increments from each of those districts to
58.30 the city in an amount equal to the advances made by the city from its general fund to
58.31 finance expenditures under Minnesota Statutes, section 469.176, subdivision 4, for the
58.32 benefit of that district.

58.33 (b) The authority granted by this section may only be exercised by the authority if,
58.34 by July 1, 2011, the authority has entered into a development agreement with a private

59.1 developer of property to be served by the road financed by the expenditures under this
59.2 section and if substantial and ongoing construction has begun by November 1, 2011.

59.3 **EFFECTIVE DATE.** This section is effective the day following final enactment,
59.4 upon approval by the governing body of the city of Cohasset and compliance with
59.5 Minnesota Statutes, section 645.021, subdivision 3.

59.6 Sec. 58. **2010 DISTRIBUTIONS ONLY.**

59.7 For distributions in 2010 only, a special fund is established to receive 28.757 cents
59.8 per ton that otherwise would be allocated under Minnesota Statutes, section 298.28,
59.9 subdivision 6:

59.10 (1) 0.764 cent per ton must be paid to Northern Minnesota Dental to provide
59.11 incentives for at least two dentists to establish dental practices in high-need areas of the
59.12 taconite tax relief area;

59.13 (2) 0.955 cent per ton must be paid to the city of Virginia for repairs and geothermal
59.14 heat at the Olcott Park Greenhouse/Virginia Commons project;

59.15 (3) 0.796 cent per ton must be paid to the city of Virginia for health and safety
59.16 repairs at the Miners Memorial;

59.17 (4) 1.114 cents per ton must be paid to the city of Eveleth for the reconstruction
59.18 of Highway 142/Grant and Park Avenues;

59.19 (5) 0.478 cent per ton must be paid to the Greenway Joint Recreation Board for
59.20 upgrades and capital improvements to the public arena in Coleraine;

59.21 (6) 0.796 cent per ton must be paid to the city of Calumet for water treatment and
59.22 pumphouse modifications;

59.23 (7) 0.159 cent per ton must be paid to the city of Bovey for residential and
59.24 commercial claims for water damage due to water and flood-related damage caused by
59.25 the Canisteo Pit;

59.26 (8) 0.637 cent per ton must be paid to the city of Nashwauk for a community and
59.27 child care center;

59.28 (9) 0.637 cent per ton must be paid to the city of Keewatin for water and sewer
59.29 upgrades;

59.30 (10) 0.637 cent per ton must be paid to the city of Marble for the city hall and
59.31 library project;

59.32 (11) 0.955 cent per ton must be paid to the city of Grand Rapids for extension of
59.33 water and sewer services for Lakewood Housing;

59.34 (12) 0.159 cent per ton must be paid to the city of Grand Rapids for exhibits at
59.35 the Children's Museum;

- 60.1 (13) 0.637 cent per ton must be paid to the city of Grand Rapids for Block 20/21 soil
60.2 corrections. This amount must be matched by local sources;
- 60.3 (14) 0.605 cent per ton must be paid to the city of Aitkin for three water loops;
60.4 (15) 0.048 cent per ton must be paid to the city of Aitkin for signage;
60.5 (16) 0.159 cent per ton must be paid to Aitkin County for a trail;
60.6 (17) 0.637 cent per ton must be paid to the city of Cohasset for the Beiers Road
60.7 railroad crossing;
- 60.8 (18) 0.088 cent per ton must be paid to the town of Clinton for expansion and
60.9 striping of the community center parking lot;
- 60.10 (19) 0.398 cent per ton must be paid to the city of Kinney for water line replacement;
60.11 (20) 0.796 cent per ton must be paid to the city of Gilbert for infrastructure
60.12 improvements, milling, and overlay for Summit Street between Alaska Avenue and
60.13 Highway 135;
- 60.14 (21) 0.318 cent per ton must be paid to the city of Gilbert for sanitary sewer main
60.15 replacements and improvements in the Northeast Lower Alley area;
- 60.16 (22) 0.637 cent per ton must be paid to the town of White for replacement of the
60.17 Stepetz Road culvert;
- 60.18 (23) 0.796 cent per ton must be paid to the city of Buhl for reconstruction of Sharon
60.19 Street and associated infrastructure;
- 60.20 (24) 0.796 cent per ton must be paid to the city of Mountain Iron for site
60.21 improvements at the Park Ridge development;
- 60.22 (25) 0.796 cent per ton must be paid to the city of Mountain Iron for infrastructure
60.23 and site preparation for its renewable and sustainable energy park;
- 60.24 (26) 0.637 cent per ton must be paid to the city of Biwabik for sanitary sewer
60.25 improvements;
- 60.26 (27) 0.796 cent per ton must be paid to the city of Aurora for alley and road
60.27 rebuilding for the Summit Addition;
- 60.28 (28) 0.955 cent per ton must be paid to the city of Silver Bay for bioenergy facility
60.29 improvements;
- 60.30 (29) 0.318 cent per ton must be paid to the city of Grand Marais for water and
60.31 sewer infrastructure improvements;
- 60.32 (30) 0.318 cent per ton must be paid to the city of Orr for airport, water, and sewer
60.33 improvements;
- 60.34 (31) 0.716 cent per ton must be paid to the city of Cook for street and bridge
60.35 improvements;

- 61.1 (32) 0.955 cent per ton must be paid to the city of Ely for street, water, and sewer
 61.2 improvements;
- 61.3 (33) 0.318 cent per ton must be paid to the city of Tower for water and sewer
 61.4 improvements;
- 61.5 (34) 0.955 cent per ton must be paid to the city of Two Harbors for water and sewer
 61.6 improvements;
- 61.7 (35) 0.637 cent per ton must be paid to the city of Babbitt for water and sewer
 61.8 improvements;
- 61.9 (36) 0.096 cent per ton must be paid to the township of Duluth for infrastructure
 61.10 improvements;
- 61.11 (37) 0.096 cent per ton must be paid to the township of Tofte for infrastructure
 61.12 improvements;
- 61.13 (38) 3.184 cents per ton must be paid to the city of Hibbing for sewer improvements;
 61.14 (39) 1.273 cents per ton must be paid to the city of Chisholm for NW Area Project
 61.15 infrastructure improvements;
- 61.16 (40) 0.318 cent per ton must be paid to the city of Chisholm for health and safety
 61.17 improvements at the athletic facility;
- 61.18 (41) 0.796 cent per ton must be paid to the city of Hoyt Lakes for residential street
 61.19 improvements;
- 61.20 (42) 0.796 cent per ton must be paid to the Bois Forte Indian Reservation for
 61.21 infrastructure related to a housing development;
- 61.22 (43) 0.159 cent per ton must be paid to Balkan Township for building improvements;
 61.23 (44) 0.159 cent per ton must be paid to the city of Grand Rapids for a grant to
 61.24 a nonprofit for a signage kiosk;
- 61.25 (45) 0.318 cent per ton must be paid to the city of Crane Lake for sanitary sewer
 61.26 lines and adjacent development near County State-Aid Highway 24; and
- 61.27 (46) 0.159 cent per ton must be paid to the city of Chisholm to rehabilitate historic
 61.28 wall infrastructure around the athletic complex.
- 61.29 **EFFECTIVE DATE.** This section is effective for the 2010 distribution, all of which
 61.30 must be made in the August 2010 payment.

61.31 **Sec. 59. CITY OF EAST GRAND FORKS; PERMITTED USE OF TIF.**

- 61.32 Notwithstanding any other law to the contrary or the provisions of the tax increment
 61.33 financing plan, the governing body of the city of East Grand Forks may authorize, by
 61.34 resolution, the expenditure of tax increments from redevelopment district 1-1, 1-2 or
 61.35 both for the purpose of making improvements to the Red River State Recreation Area,

62.1 including the construction of additional campsites. If so authorized, the expenditures are
62.2 permitted expenditures of tax increments by the authority.

62.3 **EFFECTIVE DATE.** This section is effective the day following final enactment
62.4 without local approval.

62.5 Sec. 60. **CITY OF ST. PAUL; TAX INCREMENT FINANCING DISTRICT.**

62.6 (a) Minnesota Statutes, section 469.1763, subdivisions 2 and 3, and section 469.176,
62.7 subdivision 4, paragraph (j), do not apply to the expenditure of the tax increments from
62.8 the Snelling University tax increment financing district (county #135) established by the
62.9 Housing and Redevelopment Authority of the city of St. Paul.

62.10 (b) The authority granted by this section only applies to expenditure of increments
62.11 for the construction of improvements to a project or projects, including necessary related
62.12 costs, on which substantial and ongoing construction has begun by July 1, 2011.

62.13 **EFFECTIVE DATE.** This section is effective the day after the governing body of
62.14 the city of St. Paul and its chief clerical officer comply with Minnesota Statutes, section
62.15 645.021, subdivisions 2 and 3.

62.16 Sec. 61. **PROHIBITION ON USE FOR SPORTS FACILITIES.**

62.17 No provision of this act may be used to assist the state, any subdivision or agency of
62.18 the state, a local government, or any private entity or person in financing or constructing a
62.19 stadium or ballpark.

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

62.21 Sec. 62. **REPEALER.**

62.22 (a) Minnesota Statutes 2008, section 290.06, subdivision 34, is repealed.

62.23 (b) Laws 1996, chapter 464, article 1, section 8, subdivision 5, is repealed.

62.24 **EFFECTIVE DATE.** Paragraph (a) is effective for taxable years beginning after
62.25 December 31, 2009. Paragraph (b) is effective upon local approval of and compliance
62.26 by the governing body of the city of Bloomington with the requirements of Minnesota
62.27 Statutes, section 645.021.

290.06 RATES OF TAX; CREDITS.

Subd. 34. **Lower income motor fuels tax credit.** (a) An individual is allowed a credit against the tax imposed under this chapter if the individual:

- (i) has attained the age of 18 by the end of the taxable year;
- (ii) cannot be claimed as a dependent on another taxpayer's return; and
- (iii) is (A) a United States citizen or (B) lawfully present in the United States.

For married couples filing joint returns, surviving spouses, single filers, and head of household filers, the credit amount is \$25. For married individuals filing separate returns, the credit amount is \$12.50. To qualify, the individual's taxable net income for the taxable year must not exceed the maximum amount for the individual's filing status, adjusted as provided in subdivision 2d, that is taxable at the lowest rate under subdivision 2c. For individuals with taxable net income that exceeds the amount of income taxable for the individual's filing status at the lowest rate under subdivision 2c, adjusted as provided in subdivision 2d, the credit amount is zero. For a nonresident or part-year resident, the credit must be allocated based on the percentage calculated under subdivision 2c, paragraph (e).

(b) If the amount of the credit which the individual is eligible to receive under this subdivision exceeds the individual's liability for tax under this chapter, the commissioner of revenue shall refund the excess.

(c) The amount necessary to pay claims for the refund provided in this section is appropriated from the general fund to the commissioner.

APPENDIX
Repealed Minnesota Session Laws: H2695-3

Laws 1996, chapter 464, article 1, section 8, subdivision 5

Sec. 8. BLOOMINGTON; TAX INCREMENT.

Subd. 5. **Limitation on use of tax increment.** If the port authority of the city of Bloomington amends the redevelopment tax increment financing district from the Kelly property to the met center property, the owner of the met center property shall be bound by the limitations on public reimbursement for qualified public improvements as set forth in section 9.2(05) of the restated contract dated May 31, 1988, by and between the city of Bloomington, port authority of the city of Bloomington, and Mall of America Company.