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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 3167

- 03/17/2014 Authored by Lenczewski, Davids and Poppe
The bill was read for the first time and referred to the Committee on Taxes
- 03/28/2014 Adoption of Report: Amended and re-referred to the Committee on Ways and Means
- 04/02/2014 Adoption of Report: Amended and Placed on the General Register
Read Second Time
- 04/04/2014 Calendar for the Day, Amended
Read Third Time as Amended
Passed by the House as Amended and transmitted to the Senate to include Floor Amendments
- 04/10/2014 Returned to the House as Amended by the Senate
Refused to concur and Conference Committee appointed
- 05/16/2014 Third Reading as Amended by Conference
Repassed by the House

1.1 A bill for an act

1.2 relating to financing and operation of state and local government; making changes

1.3 to individual income, property, sales and use, excise, estate, mineral, tobacco,

1.4 alcohol, special, local, and other taxes and tax-related provisions; providing for

1.5 and increasing credits and refunds; modifying local government aids; modifying

1.6 property tax exclusions, exemptions, and levy deadlines; imposing a tax on

1.7 solar energy production; modifying installment payments; modifying special

1.8 service districts; modifying sales, use, and excise tax incentives and exemptions;

1.9 changing certain sales, use, and excise tax remittances; modifying and allowing

1.10 certain local sales and use taxes; providing for voluntary compliance; modifying

1.11 income tax credits and subtractions; clarifying estate tax provisions; modifying

1.12 minerals tax provisions; reallocating certain bond payments; providing for

1.13 certain local development projects; modifying tax increment finance rules;

1.14 authorizing debt service aid and local bonding authority; designating the "Old

1.15 Cedar Avenue Bridge"; changing license revocation procedures; modifying

1.16 certain county levy authority; removing obsolete, redundant, and unnecessary

1.17 laws and administrative rules administered by the Department of Revenue;

1.18 making various policy and technical changes; requiring reports; appropriating

1.19 money; amending Minnesota Statutes 2012, sections 16D.02, subdivisions 3,

1.20 6; 16D.04, subdivisions 3, 4; 16D.07; 16D.11, subdivisions 1, 3, 7; 84A.20,

1.21 subdivision 2; 84A.31, subdivision 2; 115B.49, subdivision 4; 116J.8737,

1.22 subdivision 5, as amended, by adding a subdivision; 161.14, by adding a

1.23 subdivision; 163.06, subdivision 1; 270.11, subdivision 1; 270.12, subdivisions 2,

1.24 4; 270.87; 270A.03, subdivision 2; 270B.14, subdivision 3; 270C.085; 270C.34,

1.25 subdivision 2; 270C.52, subdivision 2; 270C.56, subdivision 3; 270C.72,

1.26 subdivisions 1, 3; 272.01, subdivisions 1, 3; 272.02, subdivisions 10, 24, 93;

1.27 272.0211, subdivisions 1, 2, 4; 272.025, subdivision 1; 272.027, subdivision 1;

1.28 272.029, subdivisions 4a, 6; 272.03, subdivision 1; 273.01; 273.061, subdivision

1.29 6; 273.10; 273.11, subdivision 13; 273.112, subdivision 6a; 273.13, subdivision

1.30 34; 273.1384, subdivision 2; 273.18; 273.33, subdivision 2; 273.37, subdivision

1.31 2; 273.3711; 274.01, subdivisions 1, 2; 274.014, subdivision 3; 275.065,

1.32 subdivision 1; 275.08, subdivisions 1a, 1d; 275.74, subdivision 2; 275.75;

1.33 276A.06, subdivisions 3, as amended, 5, as amended; 279.03, subdivisions 1, 1a,

1.34 2; 279.16; 279.23; 279.25; 280.001; 280.03; 280.07; 280.11; 281.03; 281.327;

1.35 282.01, subdivision 6; 282.04, subdivision 4; 282.261, subdivisions 2, 4, 5;

1.36 282.322; 287.30; 289A.02, subdivision 7, as amended; 289A.18, subdivision

1.37 2; 289A.25, subdivision 1; 289A.60, subdivision 15; 290.01, subdivisions 5,

1.38 19a, as amended, 19f, 29; 290.015, subdivision 1; 290.07, subdivisions 1, 2;

1.39 290.081; 290.0922, subdivision 3; 290.095, subdivision 3; 290.9728, subdivision

2.1 2; 291.016, subdivision 1, as added; 291.031, as added; 296A.01, subdivision
 2.2 16; 297A.67, subdivision 13a, by adding a subdivision; 297A.68, by adding
 2.3 a subdivision; 297A.70, subdivision 10, by adding a subdivision; 297A.94;
 2.4 297B.09; 297F.03, subdivision 2; 297F.09, subdivision 10; 297G.03, by adding
 2.5 a subdivision; 297G.09, subdivision 9; 297H.06, subdivision 2; 297I.05,
 2.6 subdivision 14; 298.28, subdivisions 5, as amended, 7a, as added; 298.75,
 2.7 subdivisions 1, 2; 383D.41, by adding a subdivision; 383E.21, subdivisions
 2.8 1, 2; 412.131; 469.176, subdivisions 1b, 3; 469.1763, subdivision 3; 469.177,
 2.9 subdivision 3; 473.665, subdivision 5; 477A.0124, subdivision 5; 477A.014,
 2.10 subdivision 1; 611.27, subdivisions 13, 15; Minnesota Statutes 2013 Supplement,
 2.11 sections 116J.8737, subdivision 2, as amended; 116J.8738, subdivisions 2, 3,
 2.12 4; 116V.03; 136A.129, subdivisions 1, 3, 5; 144F.01, subdivision 4; 270B.01,
 2.13 subdivision 8; 270B.03, subdivision 1; 273.13, subdivision 25; 273.1325,
 2.14 subdivisions 1, 2; 273.1398, subdivisions 3, 4; 275.70, subdivision 5; 279.37,
 2.15 subdivision 2; 281.17; 289A.20, subdivision 4; 290.01, subdivisions 19, as
 2.16 amended, 19b, as amended, 19d, 31, as amended; 290.091, subdivision 2, as
 2.17 amended; 290.0921, subdivision 3; 290.191, subdivision 5; 290A.03, subdivision
 2.18 15, as amended; 291.005, subdivision 1, as amended; 297A.61, subdivision 3,
 2.19 as amended; 297A.68, subdivisions 42, 44; 297A.70, subdivisions 2, 13, 14;
 2.20 297A.75, subdivisions 1, 2, 3; 297F.05, subdivision 1; 298.018, subdivision
 2.21 1; 298.28, subdivision 10, as amended; 360.531, subdivision 2; 403.162,
 2.22 subdivision 5; 423A.02, subdivision 3; 423A.022, subdivisions 2, 3; 465.04;
 2.23 469.1763, subdivision 2; 477A.013, subdivision 8; 477A.03, subdivision 2a;
 2.24 477A.12, subdivisions 1, 2; 477A.14, subdivision 1; Laws 1980, chapter 511,
 2.25 sections 1, subdivision 2, as amended; 2, as amended; Laws 1999, chapter 243,
 2.26 article 14, section 5, subdivision 1; Laws 2005, First Special Session chapter 3,
 2.27 article 5, sections 38, subdivision 4; 44, subdivisions 3, 5; Laws 2006, chapter
 2.28 259, article 3, sections 10, subdivisions 3, 4, 5; 11, subdivisions 3, 4, 5; Laws
 2.29 2008, chapter 366, article 10, section 15; Laws 2013, chapter 143, article 8,
 2.30 sections 3; 22; 23; 27; 37; article 9, section 23; article 11, section 10; Laws 2014,
 2.31 chapter 150, article 3, section 4; proposing coding for new law in Minnesota
 2.32 Statutes, chapters 69; 272; 297G; 383A; 469; 477A; repealing Minnesota Statutes
 2.33 2012, sections 16D.02, subdivisions 5, 8; 16D.11, subdivision 2; 270C.53;
 2.34 270C.991, subdivision 4; 272.02, subdivisions 1, 1a, 43, 48, 51, 53, 67, 72, 82;
 2.35 272.027, subdivision 2; 272.031; 273.015, subdivision 1; 273.03, subdivision 3;
 2.36 273.075; 273.13, subdivision 21a; 273.1383; 273.1386; 273.1398, subdivision
 2.37 4b; 273.80; 275.77; 279.32; 281.173, subdivision 8; 281.174, subdivision 8;
 2.38 281.328; 282.10; 282.23; 287.20, subdivision 4; 287.27, subdivision 2; 289A.56,
 2.39 subdivision 7; 290.01, subdivisions 4b, 19e, 20e; 290.06, subdivisions 30, 31;
 2.40 290.0674, subdivision 3; 290.191, subdivision 4; 290.33; 295.52, subdivision
 2.41 7; 297A.666; 297A.68, subdivision 38; 297A.71, subdivisions 4, 5, 7, 9, 10,
 2.42 17, 18, 20, 32, 41; 297F.08, subdivision 11; 297H.10, subdivision 2; 469.174,
 2.43 subdivision 10c; 469.175, subdivision 2b; 469.176, subdivision 1i; 469.1764;
 2.44 469.177, subdivision 10; 469.330; 469.331; 469.332; 469.333; 469.334; 469.335;
 2.45 469.336; 469.337; 469.338; 469.339; 469.340, subdivisions 1, 2, 3, 5; 469.341;
 2.46 477A.0124, subdivisions 1, 6; 505.173; Minnesota Statutes 2013 Supplement,
 2.47 sections 273.1103; 469.340, subdivision 4; Laws 1993, chapter 375, article 9,
 2.48 section 47; Minnesota Rules, parts 8002.0200, subpart 8; 8007.0200; 8100.0800;
 2.49 8130.7500, subpart 7; 8130.8900, subpart 3; 8130.9500, subparts 1, 1a, 2, 3, 4, 5.

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

2.51 **ARTICLE 1**

2.52 **PROPERTY TAX AIDS AND CREDITS**

2.53 **Section 1. [69.022] VOLUNTEER RETENTION STIPEND AID PILOT.**

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

3.3 (b) "Commissioner," unless otherwise specified, means the commissioner of public
3.4 safety.

3.5 (c) "Emergency medical services provider" means a licensee as defined under
3.6 section 144E.001, subdivision 8.

3.7 (d) "Independent nonprofit firefighting corporation" has the same meaning as used in
3.8 chapter 424A.

3.9 (e) "Municipality" has the meaning given in section 69.011, but only if the
3.10 municipality uses one or more qualified volunteers to provide service.

3.11 (f) "Qualified entity" means an emergency medical services provider, independent
3.12 nonprofit firefighting corporation, or municipality.

3.13 (g) "Qualified volunteer" means one of the following types of volunteers who has
3.14 provided service, for the entire prior calendar year, to one or more qualified entities:

3.15 (1) a volunteer firefighter as defined in section 299N.03, subdivision 7;

3.16 (2) a volunteer ambulance attendant as defined in section 144E.001, subdivision 15; or

3.17 (3) an emergency medical responder as defined in section 144E.001, subdivision 6,

3.18 who provides emergency medical services as a volunteer.

3.19 (h) "Pilot area" means the following groups of counties:

3.20 (1) southern Minnesota, consisting of the counties of Faribault, Fillmore, Freeborn,
3.21 Houston, and Watonwan;

3.22 (2) west central Minnesota, consisting of the counties of Chippewa, Kandiyohi,
3.23 Redwood, and Renville;

3.24 (3) central Minnesota, consisting of the counties of Morrison and Todd; and

3.25 (4) north central Minnesota, consisting of the counties of Beltrami, Clearwater,
3.26 and Mahnomen.

3.27 Subd. 2. **Certification.** By June 1 of the calendar year following the year in
3.28 which the qualified volunteer provided service, the commissioner shall certify to the
3.29 commissioner of revenue each qualified volunteer's name and the qualified entity for which
3.30 the qualified volunteer provided service, but the commissioner must remove duplicate
3.31 listings of qualified volunteers who provided service to more than one qualified entity so
3.32 that each qualified volunteer is listed only once. The commissioner shall also certify to the
3.33 commissioner of revenue the total amount of aid to be paid to each qualified entity under
3.34 subdivision 3. For qualified entities that are not municipalities, the commissioner must
3.35 indicate the municipality to which the aid is to be paid, as designated by the qualified entity.

4.1 Subd. 3. **Aid payment and calculation.** The commissioner of revenue shall pay aid
4.2 to qualified entities located in the pilot area to provide funds for the qualified entities to
4.3 pay annual volunteer retention stipends to qualified volunteers who provide services to
4.4 the qualified entities. A qualified entity is located in the pilot area if it is a municipality
4.5 located in whole or in part in the pilot area, or if it is an emergency medical services
4.6 provider or independent nonprofit firefighting corporation with its main office located in
4.7 the pilot area. The amount of the aid equals \$500 multiplied by the number of qualified
4.8 volunteers. For purposes of calculating this aid, each individual providing volunteer
4.9 service, regardless of the different types of service provided, is one qualified volunteer.
4.10 The commissioner of revenue shall pay the aid to qualified entities by July 15 of the
4.11 calendar year following the year in which the qualified volunteer provided service. If a
4.12 qualified entity is not a municipality, the commissioner shall pay the aid to the treasurer of
4.13 the municipality designated by the qualified entity. The treasurer of the municipality shall,
4.14 within 30 days of receipt of the aid, transmit the aid to the qualified entity.

4.15 Subd. 4. **Application.** Each year each qualified entity in the pilot area may apply to
4.16 the commissioner for aid under this section. The application must be made at the time and
4.17 in the form prescribed by the commissioner and must provide sufficient information to
4.18 permit the commissioner to determine the applicant's entitlement to aid under this section.

4.19 Subd. 5. **Payment of stipends.** A qualified entity receiving state aid under this
4.20 section must pay the aid as retention stipends of \$500 to qualified volunteers no later than
4.21 September 15 of the year in which the aid was received.

4.22 Subd. 6. **Report.** No later than January 15, 2018, the commissioner must report to
4.23 the chairs and ranking minority members of the legislative committees having jurisdiction
4.24 over public safety and taxes in the senate and the house of representatives, in compliance
4.25 with sections 3.195 and 3.197, on aid paid under this section. The report must include:

4.26 (1) for each county in the pilot area, a listing of the qualified entities that received
4.27 aid in each of the three years of the pilot;

4.28 (2) the amount of aid paid to each qualified entity that received aid in each of the
4.29 three years of the pilot; and

4.30 (3) for each qualified entity that received aid, the number of qualified volunteers
4.31 who were paid stipends in each of the three years of the pilot, and the number of qualified
4.32 volunteers in the year preceding the pilot.

4.33 The report must also provide information on the number of qualified volunteers
4.34 providing service to qualified entities in comparison counties in each of the three years of
4.35 the pilot and in the year preceding the pilot, and must summarize changes in the number
4.36 of qualified volunteers during the year preceding the pilot and during the three years of

5.1 the pilot both within the pilot area and in the comparison counties. For purposes of this
 5.2 subdivision, "comparison counties" means counties designated by the commissioner to
 5.3 include at least half of the counties that border each group of counties in the pilot area,
 5.4 as specified in subdivision 1. Qualified entities in comparison counties must provide
 5.5 information to the commissioner necessary to the report in this subdivision in the form
 5.6 and manner required by the commissioner.

5.7 Subd. 7. **Appropriation.** An amount sufficient to pay the state aid under this section
 5.8 is appropriated from the general fund to the commissioner of revenue.

5.9 Subd. 8. **Sunset.** This section expires for aid payable after calendar year 2017,
 5.10 except that the reporting requirement in subdivision 6 remains in effect through 2018.

5.11 **EFFECTIVE DATE.** This section is effective the day following final enactment
 5.12 and applies for volunteer service provided beginning in calendar years 2014, 2015, and
 5.13 2016, and for aid payable in calendar years 2015, 2016, and 2017.

5.14 Sec. 2. Minnesota Statutes 2012, section 273.1384, subdivision 2, is amended to read:

5.15 Subd. 2. **Agricultural homestead market value credit.** Property classified as
 5.16 agricultural homestead under section 273.13, subdivision 23, paragraph (a), is eligible for
 5.17 an agricultural credit. The credit is computed using the property's agricultural credit market
 5.18 value, defined for this purpose as the property's market value excluding the market value of
 5.19 the house, garage, and immediately surrounding one acre of land. The credit is equal to 0.3
 5.20 percent of the first \$115,000 of the property's agricultural credit market value ~~minus .05~~ plus
 5.21 0.1 percent of the property's agricultural credit market value in excess of \$115,000, subject
 5.22 to a maximum ~~reduction credit~~ credit of ~~\$115~~ \$490. In the case of property that is classified
 5.23 as part homestead and part nonhomestead solely because not all the owners occupy or
 5.24 farm the property, not all the owners have qualifying relatives occupying or farming the
 5.25 property, or solely because not all the spouses of owners occupy the property, the credit
 5.26 must be initially computed as if that nonhomestead agricultural land was also classified as
 5.27 agricultural homestead and then prorated to the owner-occupant's percentage of ownership.

5.28 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2015.

5.29 Sec. 3. Minnesota Statutes 2013 Supplement, section 273.1398, subdivision 4, is
 5.30 amended to read:

5.31 Subd. 4. **Disparity reduction credit.** (a) ~~Beginning with taxes payable in 1989,~~
 5.32 Class 4a and class 3a property qualifies for a disparity reduction credit if: ~~(1)~~ the property
 5.33 is located in a border city that ~~has~~ is eligible to have an enterprise zone, as defined in

6.1 section 469.166; (2) the property is located in a city with a population greater than 2,500
6.2 and less than 35,000 according to the 1980 decennial census; (3) the city is adjacent to a
6.3 city in another state or immediately adjacent to a city adjacent to a city in another state;
6.4 and (4) the adjacent city in the other state has a population of greater than 5,000 and less
6.5 than 75,000 according to the 1980 decennial census.

6.6 (b) The credit is an amount sufficient to reduce (i) the taxes levied on class 4a
6.7 property to ~~1.9~~ 1.6 percent of the property's taxable market value and (ii) the tax on class
6.8 3a property to ~~1.9~~ 1.6 percent of taxable market value.

6.9 (c) The county auditor shall annually certify the costs of the credits to the
6.10 Department of Revenue. The department shall reimburse local governments for the
6.11 property taxes forgone as the result of the credits in proportion to their total levies.

6.12 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2015.

6.13 Sec. 4. Minnesota Statutes 2013 Supplement, section 423A.022, subdivision 2, is
6.14 amended to read:

6.15 Subd. 2. **Allocation.** (a) Of the total amount appropriated as supplemental state aid:

6.16 (1) ~~58.065~~ 58.064 percent must be paid to the executive director of the Public
6.17 Employees Retirement Association for deposit in the public employees police and fire
6.18 retirement fund established by section 353.65, subdivision 1;

6.19 (2) 35.484 percent must be paid to municipalities other than municipalities solely
6.20 employing firefighters with retirement coverage provided by the public employees police
6.21 and fire retirement plan which qualified to receive fire state aid in that calendar year,
6.22 allocated in proportion to the most recent amount of fire state aid paid under section
6.23 69.021, subdivision 7, for the municipality bears to the most recent total fire state aid
6.24 for all municipalities other than the municipalities solely employing firefighters with
6.25 retirement coverage provided by the public employees police and fire retirement plan
6.26 paid under section 69.021, subdivision 7, with the allocated amount for fire departments
6.27 participating in the voluntary statewide lump-sum volunteer firefighter retirement plan
6.28 paid to the executive director of the Public Employees Retirement Association for deposit
6.29 in the fund established by section 353G.02, subdivision 3, and credited to the respective
6.30 account and with the balance paid to the treasurer of each municipality for transmittal
6.31 within 30 days of receipt to the treasurer of the applicable volunteer firefighter relief
6.32 association for deposit in its special fund; and

6.33 (3) 6.452 percent must be paid to the executive director of the Minnesota State
6.34 Retirement System for deposit in the state patrol retirement fund.

7.1 (b) For purposes of this section, the term "municipalities" includes independent
7.2 nonprofit firefighting corporations that participate in the voluntary statewide lump-sum
7.3 volunteer firefighter retirement plan under chapter 353G or with subsidiary volunteer
7.4 firefighter relief associations operating under chapter 424A.

7.5 Sec. 5. Minnesota Statutes 2013 Supplement, section 477A.013, subdivision 8, is
7.6 amended to read:

7.7 Subd. 8. **City formula aid.** (a) For aids payable in 2014 only, the formula aid for a
7.8 city is equal to the sum of (1) its 2013 certified aid, and (2) the product of (i) the difference
7.9 between its unmet need and its 2013 certified aid, and (ii) the aid gap percentage.

7.10 (b) For aids payable in 2015 and thereafter, the formula aid for a city is equal to the
7.11 sum of (1) its formula aid in the previous year and (2) the product of (i) the difference
7.12 between its unmet need and its ~~certified~~ formula aid in the previous year ~~under subdivision~~
7.13 9, and (ii) the aid gap percentage.

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

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

7.19 (e) The applicable aid gap percentage must be calculated by the Department of
7.20 Revenue so that the total of the aid under subdivision 9 equals the total amount available
7.21 for aid under section 477A.03. Data used in calculating aids to cities under sections
7.22 477A.011 to 477A.013 shall be the most recently available data as of January 1 in the
7.23 year in which the aid is calculated.

7.24 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
7.25 2015 and thereafter.

7.26 Sec. 6. Minnesota Statutes 2013 Supplement, section 477A.03, subdivision 2a, is
7.27 amended to read:

7.28 Subd. 2a. **Cities.** For aids payable in 2014, the total aid paid under section
7.29 477A.013, subdivision 9, is \$507,598,012. The total aid paid under section 477A.013,
7.30 subdivision 9, is ~~\$509,098,012~~ \$516,898,012 for aids payable in 2015. For aids payable
7.31 in 2016 and thereafter, the total aid paid under section 477A.013, subdivision 9, is
7.32 ~~\$511,598,012~~ \$519,398,012.

8.1 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
8.2 2015 and thereafter.

8.3 Sec. 7. Minnesota Statutes 2013 Supplement, section 477A.12, subdivision 1, is
8.4 amended to read:

8.5 Subdivision 1. **Types of land; payments.** The following amounts are annually
8.6 appropriated to the commissioner of natural resources from the general fund for transfer
8.7 to the commissioner of revenue. The commissioner of revenue shall pay the transferred
8.8 funds to counties as required by sections 477A.11 to 477A.14. The amounts, based on the
8.9 acreage as of July 1 of each year prior to the payment year, are:

8.10 (1) \$5.133 multiplied by the total number of acres of acquired natural resources land
8.11 or, at the county's option three-fourths of one percent of the appraised value of all acquired
8.12 natural resources land in the county, whichever is greater;

8.13 (2) \$5.133, multiplied by the total number of acres of transportation wetland or, at
8.14 the county's option, three-fourths of one percent of the appraised value of all transportation
8.15 wetland in the county, whichever is greater;

8.16 (3) \$5.133, multiplied by the total number of acres of wildlife management land, or,
8.17 at the county's option, three-fourths of one percent of the appraised value of all wildlife
8.18 management land in the county, whichever is greater;

8.19 (4) 50 percent of the dollar amount as determined under clause (1), multiplied by
8.20 the number of acres of military refuge land in the county;

8.21 (5) \$1.50, multiplied by the number of acres of county-administered other natural
8.22 resources land in the county;

8.23 (6) \$5.133, multiplied by the total number of acres of land utilization project land
8.24 in the county;

8.25 (7) \$1.50, multiplied by the number of acres of commissioner-administered other
8.26 natural resources land in the county; and

8.27 (8) without regard to acreage, and notwithstanding the rules adopted under section
8.28 84A.55, \$300,000 for local assessments under section 84A.55, subdivision 9, that shall be
8.29 divided and distributed to the counties containing state-owned lands within a conservation
8.30 area in proportion to each county's percentage of the total annual ditch assessments.

8.31 The commissioner of natural resources shall certify the number of acres and appraised
8.32 values for wildlife management lands under clause (3) for calendar year 2013 to the
8.33 commissioner of revenue by June 15, 2014. The commissioner of revenue shall make the
8.34 payment for any positive difference in the 2013 payment under clause (3) by June 30, 2014.

9.1 **EFFECTIVE DATE.** The amendments to clause (3) are effective retroactively
9.2 for payments made in calendar year 2013 and later. The amendments to clause (8) are
9.3 effective for assessments payable in calendar year 2014 and later.

9.4 Sec. 8. Minnesota Statutes 2013 Supplement, section 477A.12, subdivision 2, is
9.5 amended to read:

9.6 Subd. 2. **Procedure.** (a) Each county auditor shall certify to the Department of
9.7 Natural Resources during July of each year prior to the payment year the number of acres
9.8 of county-administered other natural resources land within the county. The Department of
9.9 Natural resources may, in addition to the certification of acreage, require descriptive lists
9.10 of land so certified. The commissioner of natural resources shall determine and certify to
9.11 the commissioner of revenue by March 1 of the payment year:

9.12 (1) the number of acres and most recent appraised value of acquired natural
9.13 resources land, wildlife management land, and military refuge land within each county;

9.14 (2) the number of acres of commissioner-administered natural resources land within
9.15 each county;

9.16 (3) the number of acres of county-administered other natural resources land within
9.17 each county, based on the reports filed by each county auditor with the commissioner
9.18 of natural resources; and

9.19 (4) the number of acres of land utilization project land within each county.

9.20 (b) The commissioner of transportation shall determine and certify to the
9.21 commissioner of revenue by March 1 of the payment year the number of acres of
9.22 transportation wetland and the appraised value of the land, but only if it exceeds 500
9.23 acres in a county.

9.24 (c) Each auditor of a county that contains state-owned lands within a conservation
9.25 area shall determine and certify to the commissioner of natural resources by May 31 of
9.26 the payment year, the county's ditch assessments for state-owned lands subject to section
9.27 84A.55, subdivision 9. A joint certification for two or more counties may be submitted to
9.28 the commissioner of natural resources through the Consolidated Conservation Counties
9.29 Joint Powers Board. The commissioner of natural resources shall certify the ditch
9.30 assessments to the commissioner of revenue by June 15 of the payment year. The
9.31 commissioner of natural resources shall certify the ditch assessments under this paragraph
9.32 for payment year 2013 by June 15, 2014. The commissioner of revenue shall make the
9.33 payment for 2013 by June 30, 2014.

9.34 (d) The commissioner of revenue shall determine the distributions provided for in this
9.35 section using: (1) the number of acres and appraised values certified by the commissioner

10.1 of natural resources and the commissioner of transportation by March 1 of the payment
10.2 year; and (2) ditch assessments under paragraph (c), by July 15 of the payment year.

10.3 **EFFECTIVE DATE.** This section is effective for assessments payable in calendar
10.4 year 2014 and later.

10.5 Sec. 9. Minnesota Statutes 2013 Supplement, section 477A.14, subdivision 1, is
10.6 amended to read:

10.7 Subdivision 1. **General distribution.** Except as provided in subdivisions 2 and 3,
10.8 40 percent of the total payment to the county shall be deposited in the county general
10.9 revenue fund to be used to provide property tax levy reduction. The remainder shall be
10.10 distributed by the county in the following priority:

10.11 (a) (1) 64.2 cents, for each acre of county-administered other natural resources land
10.12 shall be deposited in a resource development fund to be created within the county treasury
10.13 for use in resource development, forest management, game and fish habitat improvement,
10.14 and recreational development and maintenance of county-administered other natural
10.15 resources land. Any county receiving less than \$5,000 annually for the resource
10.16 development fund may elect to deposit that amount in the county general revenue fund;

10.17 ~~(b) from the funds remaining;~~ (2) within 30 days of receipt of the payment to
10.18 the county, the county treasurer shall pay ~~each organized township ten percent of the~~
10.19 ~~amount received~~ a township with land that qualifies for payment under section 477A.12,
10.20 subdivision 1, clauses (1), (2), and (5) to (7), ten percent of the payment the county
10.21 received for such land within that township. Payments for natural resources lands not
10.22 located in an organized township shall be deposited in the county general revenue fund.
10.23 Payments to counties and townships pursuant to this paragraph shall be used to provide
10.24 property tax levy reduction, except that of the payments for natural resources lands not
10.25 located in an organized township, the county may allocate the amount determined to be
10.26 necessary for maintenance of roads in unorganized townships. ~~Provided that, if the total~~
10.27 ~~payment to the county pursuant to section 477A.12 is not sufficient to fully fund the~~
10.28 ~~distribution provided for in this clause, the amount available shall be distributed to each~~
10.29 ~~township and the county general revenue fund on a pro rata basis; and~~

10.30 (e) (3) any remaining funds shall be deposited in the county general revenue fund.
10.31 Provided that, if the distribution to the county general revenue fund exceeds \$35,000, the
10.32 excess shall be used to provide property tax levy reduction.

10.33 **EFFECTIVE DATE.** This section is effective retroactively for payments made in
10.34 calendar year 2013 and thereafter.

11.1 Sec. 10. **[477A.18] PRODUCTION PROPERTY TRANSITION AID.**

11.2 Subdivision 1. Definitions. (a) When used in this section, the following terms have
11.3 the meanings indicated in this subdivision.

11.4 (b) "Local unit" means a home rule charter or statutory city, or a town.

11.5 (c) "Net tax capacity differential" means the positive difference, if any, by which the
11.6 local unit's net tax capacity was reduced from assessment year 2014 to assessment year
11.7 2015 due to the change in the definition of real property in section 272.03, subdivision
11.8 1, enacted by article 2, section 9. For purposes of determining the net tax capacity
11.9 differential, any property in a job opportunity building zone under section 469.314 may
11.10 not be included when calculating a local unit's net tax capacity.

11.11 Subd. 2. Aid eligibility; payment. (a) If the net tax capacity differential of the local
11.12 unit exceeds five percent of its 2015 net tax capacity, the local unit is eligible for transition
11.13 aid computed under paragraphs (b) to (f).

11.14 (b) For aids payable in 2016, transition aid under this section for an eligible local
11.15 unit equals (1) the net tax capacity differential, times (2) the jurisdiction's tax rate for
11.16 taxes payable in 2015.

11.17 (c) For aids payable in 2017, transition aid under this section for an eligible local
11.18 unit equals 80 percent of (1) the net tax capacity differential, times (2) the jurisdiction's
11.19 tax rate for taxes payable in 2016.

11.20 (d) For aids payable in 2018, transition aid under this section for an eligible local
11.21 unit equals 60 percent of (1) the net tax capacity differential, times (2) the jurisdiction's
11.22 tax rate for taxes payable in 2017.

11.23 (e) For aids payable in 2019, transition aid under this section for an eligible local
11.24 unit equals 40 percent of (1) the net tax capacity differential, times (2) the jurisdiction's
11.25 tax rate for taxes payable in 2018.

11.26 (f) For aids payable in 2020, transition aid under this section for an eligible local
11.27 unit equals 20 percent of (1) the net tax capacity differential, times (2) the jurisdiction's
11.28 tax rate for taxes payable in 2019.

11.29 (g) No aids shall be payable under this section in 2021 and thereafter.

11.30 (h) The commissioner of revenue shall compute the amount of transition aid payable
11.31 to each local unit under this section. On or before August 1 of each year, the commissioner
11.32 shall certify the amount of transition aid computed for aids payable in the following year
11.33 for each recipient local unit. The commissioner shall pay transition aid to local units
11.34 annually at the times provided in section 477A.015.

11.35 (i) The commissioner of revenue may require counties to provide any data that the
11.36 commissioner deems necessary to administer this section.

12.1 Subd. 3. **Appropriation.** An amount sufficient to pay transition aid under this
12.2 section is annually appropriated to the commissioner of revenue from the general fund.

12.3 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2015.

12.4 Sec. 11. **[477A.19] AQUATIC INVASIVE SPECIES PREVENTION AID.**

12.5 Subdivision 1. **Definitions.** (a) When used in this section, the following terms have
12.6 the meanings given them in this subdivision.

12.7 (b) "Aquatic invasive species" means nonnative aquatic organisms that invade water
12.8 beyond their natural and historic range.

12.9 (c) "Watercraft trailer launch" means any public water access site designed for
12.10 launching watercraft.

12.11 (d) "Watercraft trailer parking space" means a parking space designated for a boat
12.12 trailer at any public water access site designed for launching watercraft.

12.13 Subd. 2. **Distribution.** The money appropriated to aquatic invasive species
12.14 prevention aid under this section shall be allocated to all counties in the state as follows:
12.15 50 percent based on each county's share of watercraft trailer launches and 50 percent based
12.16 on each county's share of watercraft trailer parking spaces.

12.17 Subd. 3. **Use of proceeds.** A county that receives a distribution under this section
12.18 must use the proceeds solely to prevent the introduction or limit the spread of aquatic
12.19 invasive species at all access sites within the county. The county must establish, by
12.20 resolution or through adoption of a plan, guidelines for the use of the proceeds. The
12.21 guidelines set by the county board may include, but are not limited to, providing for
12.22 site-level management, countywide awareness, and other procedures that the county finds
12.23 necessary to achieve compliance. The county may appropriate the proceeds directly,
12.24 or may use any portion of the proceeds to provide funding for a joint powers board or
12.25 cooperative agreement with another political subdivision, a soil and water conservation
12.26 district in the county, a watershed district in the county, or a lake association located
12.27 in the county. Any money appropriated by the county to a different entity or political
12.28 subdivision must be used as required under this section. Each county must submit a
12.29 copy of its guidelines for use of the proceeds to the Department of Natural Resources by
12.30 December 31 of the year the payments are received.

12.31 Subd. 4. **Payments.** The commissioner of revenue must compute the amount of
12.32 aquatic invasive species prevention aid payable to each county under this section. On or
12.33 before August 1 of each year, the commissioner shall certify the amount to be paid to
12.34 each county in the following year. The commissioner shall pay aquatic invasive species
12.35 prevention aid to counties annually at the times provided in section 477A.015. For aid

13.1 payable in 2014 only, the commissioner shall certify the amount to be paid to each county
13.2 by July 1, 2014, and payment to the counties must be made at the time provided in section
13.3 477A.015 for the first installment of local government aid.

13.4 Subd. 5. **Appropriation.** \$4,500,000 in 2014, and \$10,000,000 each year thereafter,
13.5 is appropriated from the general fund to the commissioner of revenue to make the
13.6 payments required under this section.

13.7 **EFFECTIVE DATE.** This section is effective beginning with aid payable in 2014.

13.8 Sec. 12. **ADDITIONAL SUPPLEMENTAL AID REVISION FOR OMITTED**
13.9 **2013 INDEPENDENT NONPROFIT FIREFIGHTING CORPORATIONS.**

13.10 (a) Notwithstanding any provision of Minnesota Statutes, chapter 423A, to the
13.11 contrary, this section modifies the allocation of the police and fire supplemental retirement
13.12 state aid under Minnesota Statutes 2013 Supplement, section 423A.022, for October
13.13 1, 2014.

13.14 (b) Before the allocation of the police and fire supplemental retirement state aid is
13.15 made for October 1, 2014, the commissioner of revenue shall:

13.16 (1) determine those fire departments that qualified for fire state aid under Minnesota
13.17 Statutes 2012, section 69.021, subdivision 7, on October 1, 2013, did not receive a 2013
13.18 allocation of police and fire supplemental retirement state aid, and were an independent
13.19 nonprofit firefighting corporation; and

13.20 (2) determine the amount of police and fire supplemental retirement state aid
13.21 under Minnesota Statutes 2013 Supplement, section 423A.022, that the fire departments
13.22 described in clause (1) would have received on October 1, 2013, if the fire departments
13.23 had been included in that allocation.

13.24 (c) The total amount determined in paragraph (b), clause (2), must be deducted from
13.25 the amount available for allocation under Minnesota Statutes 2013 Supplement, section
13.26 423A.022, subdivision 2, clause (2), and the commissioner of revenue shall pay to the fire
13.27 departments determined in paragraph (b), clause (1), their respective portion of the total as
13.28 an additional payment on October 1, 2014.

13.29 (d) The remaining amount after the deduction of the total amount under paragraph
13.30 (c) must be allocated as provided in section 4.

13.31 Sec. 13. **SUPPLEMENTAL COUNTY PROGRAM AID FOR 2014.**

13.32 (a) Each county whose certified aid for 2014 under Minnesota Statutes, section
13.33 477A.0124, is less than the aid it received under that section in 2013 shall be eligible for

14.1 supplemental aid in 2014 equal to the difference between the amount received in 2013
14.2 and the amount certified for 2014.

14.3 (b) The aid under this section shall be paid in the same manner and at the same time
14.4 as the regular aid payments under Minnesota Statutes, section 477A.0124.

14.5 (c) The amount necessary to pay supplemental aid under this section is appropriated
14.6 from the general fund to the commissioner of revenue.

14.7 **EFFECTIVE DATE.** This section is effective July 1, 2014.

14.8 Sec. 14. **SUPPLEMENTAL AGRICULTURAL CREDIT FOR TAXES PAYABLE**
14.9 **IN 2014 ONLY.**

14.10 Subdivision 1. **Eligibility.** Each agricultural homestead qualifying for a credit
14.11 for taxes payable in 2014 under Minnesota Statutes, section 273.1384, is eligible for a
14.12 supplemental credit equal to the lesser of (i) \$205, or (ii) the net property taxes payable on
14.13 the property, excluding the taxes attributable to the house, garage, and surrounding one acre
14.14 of land. A supplemental credit must not be paid to any property that has delinquent property
14.15 taxes. By August 15, 2014, the county auditor must notify the commissioner of revenue of
14.16 the name and address of the property owner of each homestead that received an agricultural
14.17 credit for taxes payable in 2014, along with the net taxes due upon the agricultural
14.18 homestead, whether there are any delinquent taxes on the property, and whatever other
14.19 information the commissioner deems necessary, in a form prescribed by the commissioner.

14.20 Subd. 2. **Payment of supplemental credit.** The commissioner must pay
14.21 supplemental credit amounts to each qualifying taxpayer by October 15, 2014.

14.22 Subd. 3. **Property tax statements for taxes payable in 2015.** In preparing
14.23 proposed property tax notices for taxes payable in 2015 under Minnesota Statutes, section
14.24 275.065, and final property tax statements for taxes payable in 2015 under Minnesota
14.25 Statutes, section 276.04, the auditor must indicate that the taxpayer may have received a
14.26 supplemental credit under this section for taxes payable in 2014.

14.27 Subd. 4. **Appropriation.** The amount necessary to make the payments required
14.28 under subdivision 2 is appropriated from the general fund to the commissioner of revenue
14.29 for fiscal year 2015.

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

14.31 Sec. 15. **2013 CITY AID PENALTY FORGIVENESS; CITY OF BLUFFTON.**

14.32 Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of
14.33 Bluffton shall receive the half of its aid payments for calendar years 2011, 2012, and

15.1 2013 under Minnesota Statutes, section 477A.013, that were withheld under Minnesota
15.2 Statutes, section 477A.017, subdivision 3, provided that the state auditor certifies to the
15.3 commissioner of revenue that it received audited financial statements from the city for
15.4 calendar years 2010, 2011, and 2012 by December 31, 2013, and for calendar year 2013
15.5 by June 30, 2014. The commissioner of revenue shall make a payment of \$20,000 with
15.6 the first payment of aids under Minnesota Statutes, section 477A.015, in calendar year
15.7 2014. The commissioner shall pay the remaining amount, totaling \$28,151.50, with the
15.8 first payment of aids under Minnesota Statutes, section 477A.015, in calendar year 2015.
15.9 \$20,000 in fiscal year 2015 and \$28,151.50 in fiscal year 2016 are appropriated from the
15.10 general fund to the commissioner of revenue to make payments under this section.

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

15.12 Sec. 16. **HOMESTEAD CREDIT REFUND AND RENTER PROPERTY TAX**
15.13 **REFUND INCREASE.**

15.14 Subdivision 1. **Homestead credit refund increase.** For claims filed based on taxes
15.15 payable in 2014, the commissioner shall increase by three percent the refund otherwise
15.16 payable under Minnesota Statutes, section 290A.04, subdivision 2.

15.17 Subd. 2. **Renter property tax refund increase.** For claims filed based on rent paid
15.18 in 2013, the commissioner shall increase by six percent the refund otherwise payable
15.19 under Minnesota Statutes, section 290A.04, subdivision 2a.

15.20 Subd. 3. **No notification of appeal rights.** In adjusting homestead credit refunds
15.21 and renter property tax refunds under this section, the commissioner is not required to
15.22 provide information concerning appeal rights that ordinarily must be provided whenever
15.23 the commissioner adjusts refunds payable under Minnesota Statutes, chapter 290A.
15.24 Taxpayers retain all rights to appeal adjustments under this section.

15.25 Subd. 4. **Appropriation.** The amount necessary to make the payments required
15.26 under this section is appropriated from the general fund to the commissioner of revenue.

15.27 **EFFECTIVE DATE.** This section is effective for refund claims based on taxes
15.28 payable in 2014 and rent paid in 2013 only.

16.1 **ARTICLE 2**16.2 **PROPERTY TAXES**

16.3 Section 1. Minnesota Statutes 2013 Supplement, section 144F.01, subdivision 4,
16.4 is amended to read:

16.5 Subd. 4. **Property tax levy authority.** The district's board may levy a tax on the
16.6 taxable real and personal property in the district. The ad valorem tax levy may not exceed
16.7 0.048 percent of the estimated market value of the district or ~~\$400,000~~ \$550,000, whichever
16.8 is less. The proceeds of the levy must be used as provided in subdivision 5. The board shall
16.9 certify the levy at the times as provided under section 275.07. The board shall provide the
16.10 county with whatever information is necessary to identify the property that is located within
16.11 the district. If the boundaries include a part of a parcel, the entire parcel shall be included
16.12 in the district. The county auditors must spread, collect, and distribute the proceeds of the
16.13 tax at the same time and in the same manner as provided by law for all other property taxes.

16.14 **EFFECTIVE DATE.** This section is effective for assessments in 2015, taxes
16.15 payable in 2016, and thereafter.

16.16 Sec. 2. Minnesota Statutes 2012, section 272.02, subdivision 10, is amended to read:

16.17 Subd. 10. **Personal property used for pollution control.** Personal property used
16.18 primarily for the abatement and control of air, water, or land pollution is exempt to the
16.19 extent that it is so used, and real property is exempt if it is used primarily for abatement
16.20 and control of air, water, or land pollution as part of an agricultural operation, as a part
16.21 of a centralized treatment and recovery facility operating under a permit issued by the
16.22 Minnesota Pollution Control Agency pursuant to chapters 115 and 116 and Minnesota
16.23 Rules, parts 7001.0500 to 7001.0730, and 7045.0020 to 7045.1260, as a wastewater
16.24 treatment facility and for the treatment, recovery, and stabilization of metals, oils,
16.25 chemicals, water, sludges, or inorganic materials from hazardous industrial wastes, or as
16.26 part of an electric generation system. For purposes of this subdivision, personal property
16.27 includes ponderous machinery and equipment used in a business or production activity
16.28 that at common law is considered real property.

16.29 Any taxpayer requesting exemption of all or a portion of any real property or any
16.30 equipment or device, or part thereof, operated primarily for the control or abatement of
16.31 air, water, or land pollution shall file an application with the commissioner of revenue.
16.32 The commissioner shall develop an electronic means to notify interested parties when
16.33 electric power generation facilities have filed an application. The Minnesota Pollution

17.1 Control Agency shall upon request of the commissioner furnish information and advice to
17.2 the commissioner.

17.3 The information and advice furnished by the Minnesota Pollution Control
17.4 Agency must include statements as to whether the equipment, device, or real property
17.5 meets a standard, rule, criteria, guideline, policy, or order of the Minnesota Pollution
17.6 Control Agency, and whether the equipment, device, or real property is installed or
17.7 operated in accordance with it. On determining that property qualifies for exemption,
17.8 the commissioner shall issue an order exempting the property from taxation. The
17.9 commissioner shall develop an electronic means to notify interested parties when
17.10 the commissioner has issued an order exempting property from taxation under this
17.11 subdivision. The equipment, device, or real property shall continue to be exempt from
17.12 taxation as long as the order issued by the commissioner remains in effect.

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

17.14 Sec. 3. Minnesota Statutes 2012, section 272.02, subdivision 24, is amended to read:

17.15 Subd. 24. ~~Electric power photovoltaic devices~~ Solar energy generating systems.
17.16 ~~Photovoltaic devices~~ Personal property consisting of solar energy generating systems, as
17.17 defined in section 216C.06, subdivision 16, installed after January 1, 1992, and used to
17.18 produce or store electric power are 272.0295, is exempt. If the real property upon which a
17.19 solar energy generating system is located is used primarily for solar energy production
17.20 subject to the production tax under section 272.0295, the real property shall be classified
17.21 as class 3a. If the real property upon which a solar energy generating system is located is
17.22 not used primarily for solar energy production subject to the production tax under section
17.23 272.0295, the real property shall be classified without regard to the system.

17.24 **EFFECTIVE DATE.** This section is effective for assessments in 2015, taxes
17.25 payable in 2016, and thereafter.

17.26 Sec. 4. Minnesota Statutes 2012, section 272.02, subdivision 93, is amended to read:

17.27 Subd. 93. **Electric generation facility; personal property.** Notwithstanding
17.28 subdivision 9, clause (a), attached machinery and other personal property that is part of
17.29 a simple-cycle electric generation facility of more than 40 megawatts and less than 125
17.30 megawatts of installed capacity and that meets the requirements of this subdivision is
17.31 exempt. At the time of construction, the facility must:

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

18.1 (2) be located within two miles of parallel existing 36-inch natural gas pipelines and
18.2 an existing 115-kilovolt high-voltage electric transmission line;

18.3 (3) be designed to provide peaking, emergency backup, or contingency services;

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

18.6 (5) have an agreement with the host county, township, and school district for
18.7 payment in lieu of personal property taxes to the host county, township, and school district
18.8 for the operating life of the facility. Any amount distributed to the school district is not
18.9 subject to the deductions under section 126C.21.

18.10 Construction of the facility must be commenced after January 1, ~~2010~~ 2015, and
18.11 before January 1, ~~2014~~ 2019. Property eligible for this exemption does not include electric
18.12 transmission lines and interconnections or gas pipelines and interconnections appurtenant
18.13 to the property or the facility.

18.14 **EFFECTIVE DATE.** This section is effective for assessments in 2015, taxes
18.15 payable in 2016, and thereafter.

18.16 Sec. 5. Minnesota Statutes 2012, section 272.0211, subdivision 1, is amended to read:

18.17 Subdivision 1. **Efficiency determination and certification.** An owner or operator
18.18 of a new or existing electric power generation facility, excluding wind energy conversion
18.19 systems, may apply to the commissioner of revenue for a market value exclusion on the
18.20 property as provided for in this section. This exclusion shall apply only to the market
18.21 value of the equipment of the facility, and shall not apply to the structures and the land
18.22 upon which the facility is located. The commissioner of revenue shall prescribe the forms
18.23 and procedures for this application. Upon receiving the application, the commissioner
18.24 of revenue shall: (1) request the commissioner of commerce to make a determination of
18.25 the efficiency of the applicant's electric power generation facility; and (2) shall develop
18.26 an electronic means to notify interested parties when electric power generation facilities
18.27 have filed an application. The commissioner of commerce shall calculate efficiency as
18.28 the ratio of useful energy outputs to energy inputs, expressed as a percentage, based
18.29 on the performance of the facility's equipment during normal full load operation. The
18.30 commissioner must include in this formula the energy used in any on-site preparation of
18.31 materials necessary to convert the materials into the fuel used to generate electricity, such as
18.32 a process to gasify petroleum coke. The commissioner shall use the Higher Heating Value
18.33 (HHV) for all substances in the commissioner's efficiency calculations, except for wood
18.34 for fuel in a biomass-eligible project under section 216B.2424; for these instances, the
18.35 commissioner shall adjust the heating value to allow for energy consumed for evaporation

19.1 of the moisture in the wood. The applicant shall provide the commissioner of commerce
19.2 with whatever information the commissioner deems necessary to make the determination.
19.3 Within 30 days of the receipt of the necessary information, the commissioner of commerce
19.4 shall certify the findings of the efficiency determination to the commissioner of revenue
19.5 and to the applicant. The commissioner of commerce shall determine the efficiency of the
19.6 facility and certify the findings of that determination to the commissioner of revenue every
19.7 two years thereafter from the date of the original certification.

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

19.9 Sec. 6. Minnesota Statutes 2012, section 272.0211, subdivision 2, is amended to read:

19.10 Subd. 2. **Sliding scale exclusion.** Based upon the efficiency determination provided
19.11 by the commissioner of commerce as described in subdivision 1, the commissioner of
19.12 revenue shall subtract eight percent of the taxable market value of the qualifying property
19.13 for each percentage point that the efficiency of the specific facility, as determined by the
19.14 commissioner of commerce, is above 40 percent. The reduction in taxable market value
19.15 shall be reflected in the taxable market value of the facility beginning with the assessment
19.16 year immediately following the determination. The commissioner shall develop an
19.17 electronic means to notify interested parties of the qualifying facilities and their respective
19.18 exclusion percentages after the efficiency determination is made by the Department of
19.19 Commerce. For a facility that is assessed by the county in which the facility is located,
19.20 the commissioner of revenue shall certify to the assessor of that county the percentage
19.21 of the taxable market value of the facility to be excluded.

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

19.23 Sec. 7. Minnesota Statutes 2012, section 272.0211, subdivision 4, is amended to read:

19.24 Subd. 4. **Eligibility.** An owner or operator of a new or existing electric power
19.25 generation facility who offers electric power generated by the facility for sale is eligible
19.26 for an exclusion under this section only if:

19.27 (1) the owner or operator has received a certificate of need under section 216B.243,
19.28 if required under that section;

19.29 (2) the public utilities commission finds that an agreement exists or a good faith offer
19.30 has been made to sell the majority of the net power generated by the facility to an electric
19.31 utility which has a demonstrated need for the power. A right of first refusal satisfies the good
19.32 faith offer requirement. The commission shall have 90 days from the date the commission
19.33 receives notice of the application under subdivision 1 to make this determination; and

20.1 (3) the electric utility has agreed in advance not to offer the electric power for resale
20.2 to a retail customer located outside of the utility's assigned service area, or, if the utility is
20.3 a generation and transmission cooperative electric association, the assigned service area
20.4 of its members, unless otherwise permitted by law; and

20.5 (4) for any facility that was not certified as eligible for an exclusion under
20.6 subdivision 2 for property taxes payable in 2015, the facility must be converted from
20.7 coal to an alternative fuel and must have a nameplate capacity prior to conversion of
20.8 less than 75 megawatts.

20.9 For the purposes of this subdivision, "electric utility" means an entity whose primary
20.10 business function is to operate, maintain, or control equipment or facilities for providing
20.11 electric service at retail or wholesale, and includes distribution cooperative electric
20.12 associations, generation and transmission cooperative electric associations, municipal
20.13 utilities, and public utilities as defined in section 216B.02, subdivision 4.

20.14 **EFFECTIVE DATE.** This is section is effective for assessment year 2015 and
20.15 thereafter.

20.16 Sec. 8. **[272.0295] SOLAR ENERGY PRODUCTION TAX.**

20.17 Subdivision 1. **Production tax.** A tax is imposed on the production of electricity
20.18 from a solar energy generating system used as an electric power source.

20.19 Subd. 2. **Definitions.** (a) For the purposes of this section, the term "solar energy
20.20 generating system" means a set of devices whose primary purpose is to produce electricity
20.21 by means of any combination of collecting, transferring, or converting solar generated
20.22 energy.

20.23 (b) The total size of a solar energy generating system under this subdivision shall
20.24 be determined according to this paragraph. Unless the systems are interconnected with
20.25 different distribution systems, the nameplate capacity of a solar energy generating system
20.26 shall be combined with the nameplate capacity of any other solar energy generating
20.27 system that is:

20.28 (1) constructed within the same 12-month period as the solar energy generating
20.29 system; and

20.30 (2) exhibits characteristics of being a single development, including but not
20.31 limited to ownership structure, an umbrella sales arrangement, shared interconnection,
20.32 revenue-sharing arrangements, and common debt or equity financing.

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

21.1 (c) In making a determination under paragraph (b), the commissioner of commerce
21.2 may determine that two solar energy generating systems are under common ownership
21.3 when the underlying ownership structure contains similar persons or entities, even if the
21.4 ownership shares differ between the two systems. Solar energy generating systems are
21.5 not under common ownership solely because the same person or entity provided equity
21.6 financing for the systems.

21.7 Subd. 3. **Rate of tax.** (a) For a solar energy generating system with a capacity
21.8 exceeding one megawatt alternating current, the tax is \$1.20 per megawatt-hour.

21.9 (b) A solar energy generating system with a capacity of one megawatt alternating
21.10 current or less is exempt from the tax imposed under this section.

21.11 Subd. 4. **Reports.** An owner of a solar energy generating system subject to tax
21.12 under this section shall file a report with the commissioner of revenue annually on or
21.13 before January 15 detailing the amount of electricity in megawatt-hours that was produced
21.14 by the system in the previous calendar year. The commissioner shall prescribe the form
21.15 of the report. The report must contain the information required by the commissioner to
21.16 determine the tax due to each county under this section for the current year. If an owner
21.17 of a solar energy generating system subject to taxation under this section fails to file the
21.18 report by the due date, the commissioner of revenue shall determine the tax based upon
21.19 the nameplate capacity of the system multiplied by a capacity factor of 30 percent.

21.20 Subd. 5. **Notification of tax.** (a) On or before February 28, the commissioner of
21.21 revenue shall notify the owner of each solar energy generating system of the tax due to
21.22 each county for the current year and shall certify to the county auditor of each county in
21.23 which the system is located the tax due from each owner for the current year.

21.24 (b) If the commissioner of revenue determines that the amount of production tax has
21.25 been erroneously calculated, the commissioner may correct the error. The commissioner
21.26 must notify the owner of the solar energy generating system of the correction and the
21.27 amount of tax due to each county and must certify the correction to the county auditor of
21.28 each county in which the system is located on or before April 1 of the current year.

21.29 Subd. 6. **Payment of tax; collection.** The amount of production tax determined
21.30 under subdivision 5 must be paid to the county treasurer at the time and in the manner
21.31 provided for payment of property taxes under section 277.01, subdivision 3, and, if unpaid,
21.32 is subject to the same enforcement, collection, and interest and penalties as delinquent
21.33 personal property taxes. Except to the extent inconsistent with this section, the provisions
21.34 of sections 277.01 to 277.24 and 278.01 to 278.14 apply to the taxes imposed under this
21.35 section, and for purposes of those provisions, the taxes imposed under this section are
21.36 considered personal property taxes.

22.1 Subd. 7. **Distribution of revenues.** Revenues from the taxes imposed under this
22.2 section must be part of the settlement between the county treasurer and the county auditor
22.3 under section 276.09. The revenue must be distributed by the county auditor or the county
22.4 treasurer to local taxing jurisdictions in which the solar energy generating system is
22.5 located as follows: 80 percent to counties; and 20 percent to cities and townships.

22.6 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2015.

22.7 Sec. 9. Minnesota Statutes 2012, section 272.03, subdivision 1, is amended to read:

22.8 Subdivision 1. **Real property.** (a) For the purposes of taxation, "real property"
22.9 includes the land itself, rails, ties, and other track materials annexed to the land, and all
22.10 buildings, structures, and improvements or other fixtures on it, bridges of bridge companies,
22.11 and all rights and privileges belonging or appertaining to the land, and all mines, iron ore
22.12 and taconite minerals not otherwise exempt, quarries, fossils, and trees on or under it.

22.13 (b) A building or structure shall include the building or structure itself, together with
22.14 all improvements or fixtures annexed to the building or structure, which are integrated
22.15 with and of permanent benefit to the building or structure, regardless of the present use
22.16 of the building, and which cannot be removed without substantial damage to itself or to
22.17 the building or structure.

22.18 (c)(i) Real property does not include tools, implements, machinery, and equipment
22.19 attached to or installed in real property for use in the business or production activity
22.20 conducted thereon, regardless of size, weight or method of attachment, and mine shafts,
22.21 tunnels, and other underground openings used to extract ores and minerals taxed under
22.22 chapter 298 together with steel, concrete, and other materials used to support such openings.

22.23 (ii) The exclusion provided in clause (i) shall not apply to machinery and equipment
22.24 includable as real estate by paragraphs (a) and (b) even though such machinery and
22.25 equipment is used in the business or production activity conducted on the real property if
22.26 and to the extent such business or production activity consists of furnishing services or
22.27 products to other buildings or structures which are subject to taxation under this chapter.

22.28 (iii) The exclusion provided in clause (i) does not apply to the exterior shell of a
22.29 structure which constitutes walls, ceilings, roofs, or floors if the shell of the structure has
22.30 structural, insulation, or temperature control functions or provides protection from the
22.31 elements, unless the structure is primarily used in the production of biofuels, wine, beer,
22.32 distilled beverages, or dairy products. Such an exterior shell is included in the definition
22.33 of real property even if it also has special functions distinct from that of a building, or if
22.34 such an exterior shell is primarily used for the storage of ingredients or materials used in

23.1 the production of biofuels, wine, beer, distilled beverages, or dairy products, or for the
23.2 storage of finished biofuels, wine, beer, distilled beverages, or dairy products.

23.3 (d) The term real property does not include tools, implements, machinery,
23.4 equipment, poles, lines, cables, wires, conduit, and station connections which are part of a
23.5 telephone communications system, regardless of attachment to or installation in real
23.6 property and regardless of size, weight, or method of attachment or installation.

23.7 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2015.

23.8 Sec. 10. Minnesota Statutes 2012, section 273.13, subdivision 34, is amended to read:

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

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

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

23.21 (c) If a disabled veteran qualifying for a valuation exclusion under paragraph (b),
23.22 clause (2), predeceases the veteran's spouse, and if upon the death of the veteran the spouse
23.23 holds the legal or beneficial title to the homestead and permanently resides there, the
23.24 exclusion shall carry over to the benefit of the veteran's spouse for the current taxes payable
23.25 year and for five eight additional taxes payable years or until such time as the spouse
23.26 remarries, or sells, transfers, or otherwise disposes of the property, whichever comes first.
23.27 Qualification under this paragraph requires an annual application under paragraph (h).

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

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

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

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

24.11 (h) To qualify for a valuation exclusion under this subdivision a property owner
24.12 must apply to the assessor by July 1 of each assessment year, except that an annual
24.13 reapplication is not required once a property has been accepted for a valuation exclusion
24.14 under paragraph (a) and qualifies for the benefit described in paragraph (b), clause (2), and
24.15 the property continues to qualify until there is a change in ownership. For an application
24.16 received after July 1 of any calendar year, the exclusion shall become effective for the
24.17 following assessment year.

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

24.20 (j) For purposes of this subdivision:

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

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

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

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

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

24.33 **EFFECTIVE DATE.** This section is effective for taxes payable in 2015, and
24.34 applies to homesteads that initially qualified for the exclusion for taxes payable in 2009
24.35 and thereafter.

25.1 Sec. 11. Minnesota Statutes 2012, section 275.065, subdivision 1, is amended to read:

25.2 Subdivision 1. **Proposed levy.** (a) Notwithstanding any law or charter to the
25.3 contrary, on or before September ~~15~~ 30, each ~~taxing authority, other than a school district,~~
25.4 ~~shall adopt a proposed budget and~~ county and each home rule charter or statutory city shall
25.5 certify to the county auditor the proposed ~~or, in the case of a town, the final~~ property tax
25.6 levy for taxes payable in the following year.

25.7 (b) Notwithstanding any law or charter to the contrary, on or before September 15,
25.8 each town and each special taxing district shall adopt and certify to the county auditor a
25.9 proposed property tax levy for taxes payable in the following year. For towns, the final
25.10 certified levy shall also be considered the proposed levy.

25.11 (c) On or before September 30, each school district that has not mutually agreed
25.12 with its home county to extend this date shall certify to the county auditor the proposed
25.13 property tax levy for taxes payable in the following year. Each school district that has
25.14 agreed with its home county to delay the certification of its proposed property tax levy
25.15 must certify its proposed property tax levy for the following year no later than October
25.16 7. The school district shall certify the proposed levy as:

25.17 (1) a specific dollar amount by school district fund, broken down between
25.18 voter-approved and non-voter-approved levies and between referendum market value
25.19 and tax capacity levies; or

25.20 (2) the maximum levy limitation certified by the commissioner of education
25.21 according to section 126C.48, subdivision 1.

25.22 (e) ~~(d)~~ If the board of estimate and taxation or any similar board that establishes
25.23 maximum tax levies for taxing jurisdictions within a first class city certifies the maximum
25.24 property tax levies for funds under its jurisdiction by charter to the county auditor by
25.25 ~~September 15~~ the date specified in paragraph (a), the city shall be deemed to have certified
25.26 its levies for those taxing jurisdictions.

25.27 (d) ~~(c)~~ For purposes of this section, ~~"taxing authority" includes all home rule and~~
25.28 ~~statutory cities, towns, counties, school districts, and~~ "special taxing district" means a
25.29 special taxing districts district as defined in section 275.066. Intermediate school districts
25.30 that levy a tax under chapter 124 or 136D, joint powers boards established under sections
25.31 123A.44 to 123A.446, and Common School Districts No. 323, Franconia, and No. 815,
25.32 Prinsburg, are also special taxing districts for purposes of this section.

25.33 (e) ~~(f)~~ At the meeting at which ~~the~~ a taxing authority, other than a town, adopts its
25.34 proposed tax levy under ~~paragraph (a) or (b)~~ this subdivision, the taxing authority shall
25.35 announce the time and place of its subsequent regularly scheduled meetings at which
25.36 the budget and levy will be discussed and at which the public will be allowed to speak.

26.1 The time and place of those meetings must be included in the proceedings or summary
 26.2 of proceedings published in the official newspaper of the taxing authority under section
 26.3 123B.09, 375.12, or 412.191.

26.4 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2015.

26.5 Sec. 12. Minnesota Statutes 2012, section 279.03, subdivision 2, is amended to read:

26.6 Subd. 2. **Composite judgment.** ~~Amounts included in composite judgments~~
 26.7 ~~authorized by section 279.37, subdivision 1, and confessed on or after July 1, 1982, are~~
 26.8 ~~subject to interest at the rate determined pursuant to section 549.09. Amounts confessed~~
 26.9 ~~under this authority after December 31, 1990, (a) Except as provided in paragraph (b),~~
 26.10 amounts included in composite judgments authorized by section 279.37, subdivision 1, are
 26.11 subject to interest at the rate calculated under subdivision 1a. During each calendar year,
 26.12 interest shall accrue on the unpaid balance of the composite judgment from the time it is
 26.13 confessed until it is paid. The rate of interest is subject to change each year in the same
 26.14 manner that section 549.09 or subdivision 1a, whichever is applicable, for rate changes.
 26.15 Interest on the unpaid contract balance on judgments confessed before July 1, 1982,
 26.16 is payable at the rate applicable to the judgment at the time that it was confessed. The
 26.17 interest rate established at the time the judgment is confessed is fixed for the duration of
 26.18 that judgment.

26.19 (b) A confession of judgment covering any part of a parcel classified as 1a or 1b,
 26.20 and used as the homestead of the owner, is subject to interest at the rate provided in
 26.21 section 279.37, subdivision 2, paragraph (b). This paragraph does not apply to a relative
 26.22 homestead under section 273.124, subdivision 1, paragraph (c).

26.23 **EFFECTIVE DATE.** This section is effective for confession judgments entered
 26.24 into on or after January 1, 2015.

26.25 Sec. 13. Minnesota Statutes 2013 Supplement, section 279.37, subdivision 2, is
 26.26 amended to read:

26.27 Subd. 2. **Installment payments.** (a) The owner of any such parcel, or any person to
 26.28 whom the right to pay taxes has been given by statute, mortgage, or other agreement, may
 26.29 make and file with the county auditor of the county in which the parcel is located a written
 26.30 offer to pay the current taxes each year before they become delinquent, or to contest the
 26.31 taxes under Minnesota Statutes 1941, sections 278.01 to 278.13, and agree to confess
 26.32 judgment for the amount provided, as determined by the county auditor. By filing the
 26.33 offer, the owner waives all irregularities in connection with the tax proceedings affecting

27.1 the parcel and any defense or objection which the owner may have to the proceedings, and
27.2 also waives the requirements of any notice of default in the payment of any installment or
27.3 interest to become due pursuant to the composite judgment to be so entered. Unless the
27.4 property is subject to subdivision 1a, with the offer, the owner shall (i) tender one-tenth of
27.5 the amount of the delinquent taxes, costs, penalty, and interest, and (ii) tender all current
27.6 year taxes and penalty due at the time the confession of judgment is entered. In the offer,
27.7 the owner shall agree to pay the balance in nine equal installments, with interest as provided
27.8 in section 279.03, payable annually on installments remaining unpaid from time to time, on
27.9 or before December 31 of each year following the year in which judgment was confessed.

27.10 (b) For property which qualifies under section 279.03, subdivision 2, paragraph (b),
27.11 each year the commissioner shall set the interest rate for offers made under paragraph (a)
27.12 at the greater of five percent or two percent above the prime rate charged by banks during
27.13 the six-month period ending on September 30 of that year, rounded to the nearest full
27.14 percent, provided that the rate must not exceed the maximum annum rate specified under
27.15 section 279.03, subdivision 1a. The rate of interest becomes effective on January 1 of the
27.16 immediately succeeding year. The commissioner's determination under this subdivision is
27.17 not a rule subject to the Administrative Procedure Act in chapter 14, including section
27.18 14.386. If a default occurs in the payments under any confessed judgment entered under
27.19 this paragraph, the taxes and penalties due are subject to the interest rate specified in
27.20 section 279.03.

27.21 For the purposes of this subdivision:

27.22 (1) the term "prime rate charged by banks" means the average predominant prime
27.23 rate quoted by commercial banks to large businesses, as determined by the Board of
27.24 Governors of the Federal Reserve System; and

27.25 (2) "default" means the cancellation of the confession of judgment due to
27.26 nonpayment of the current year tax or failure to make any installment payment required by
27.27 this confessed judgment within 60 days from the date on which payment was due.

27.28 (c) The interest rate established at the time judgment is confessed is fixed for the
27.29 duration of the judgment. By October 15 of each year, the commissioner of revenue must
27.30 determine the rate of interest as provided under paragraph (b) and, by November 1 of each
27.31 year, must certify the rate to the county auditor.

27.32 (d) A qualified property owner eligible to enter into a second confession of judgment
27.33 may do so at the interest rate provided in paragraph (b).

27.34 (e) Repurchase agreements or contracts for repurchase for properties being
27.35 repurchased under section 282.261 are not eligible to receive the interest rate under
27.36 paragraph (b).

28.1 (f) The offer must be substantially as follows:

28.2 "To the court administrator of the district court of county, I,,
28.3 am the owner of the following described parcel of real estate located in
28.4 county, Minnesota:

28.5 Upon that real estate there are delinquent taxes for the year, and
28.6 prior years, as follows: (here insert year of delinquency and the total amount of delinquent
28.7 taxes, costs, interest, and penalty). By signing this document I offer to confess judgment in
28.8 the sum of \$..... and waive all irregularities in the tax proceedings affecting these taxes and
28.9 any defense or objection which I may have to them, and direct judgment to be entered for
28.10 the amount stated above, minus the sum of \$....., to be paid with this document, which
28.11 is one-tenth or one-fifth of the amount of the taxes, costs, penalty, and interest stated above.
28.12 I agree to pay the balance of the judgment in nine or four equal, annual installments, with
28.13 interest as provided in section 279.03, payable annually, on the installments remaining
28.14 unpaid. I agree to pay the installments and interest on or before December 31 of each year
28.15 following the year in which this judgment is confessed and current taxes each year before
28.16 they become delinquent, or within 30 days after the entry of final judgment in proceedings
28.17 to contest the taxes under Minnesota Statutes, sections 278.01 to 278.13.

28.18 Dated,"

28.19 **EFFECTIVE DATE.** This section shall be effective for confession judgments
28.20 entered into on or after January 1, 2015.

28.21 Sec. 14. Minnesota Statutes 2012, section 383E.21, subdivision 1, is amended to read:

28.22 Subdivision 1. **Authority to levy property taxes and incur debt.** (a) To finance the
28.23 cost of designing, constructing, and acquiring countywide public safety improvements
28.24 and equipment, including personal property, benefiting both Anoka County and the
28.25 municipalities located within Anoka County, the governing body of Anoka County may
28.26 levy property taxes for public safety improvements and equipment, and issue:

28.27 (1) capital improvement bonds under the provisions of section 373.40 as if the
28.28 infrastructure and equipment qualified as a "capital improvement" within the meaning of
28.29 section 373.40, subdivision 1, paragraph (b); and

28.30 (2) capital notes under the provisions of section 373.01, subdivision 3, as if the
28.31 equipment qualified as "capital equipment" within the meaning of section 373.01,
28.32 subdivision 3. Personal property acquired with the proceeds of the bonds or capital
28.33 notes issued under this section must have an expected useful life at least as long as the
28.34 term of debt.

29.1 (b) The outstanding principal amount of the bonds and the capital notes issued under
 29.2 this section may not exceed \$8,000,000 at any time. Any bonds or notes issued pursuant
 29.3 to this section must only be issued after approval by a majority vote of the Anoka County
 29.4 Joint Law Enforcement Council, a joint powers board.

29.5 **EFFECTIVE DATE.** This section is effective retroactively for taxes payable in
 29.6 2013 and thereafter and expires under Minnesota Statutes, section 383E.21, subdivision 3.

29.7 Sec. 15. Minnesota Statutes 2012, section 383E.21, subdivision 2, is amended to read:

29.8 Subd. 2. **Treatment of levy.** Notwithstanding sections 275.065, subdivision 3,
 29.9 and 276.04, the county may report the tax attributable to any levy to fund public safety
 29.10 capital improvements or equipment projects approved by the Anoka County Joint Law
 29.11 Enforcement Council or pay principal and interest on bonds or notes issued under this
 29.12 section as a separate line item on the proposed property tax notice and the property tax
 29.13 statement. ~~Notwithstanding any provision in chapter 275 or 373 to the contrary, bonds or~~
 29.14 ~~notes issued by Anoka County under this section must not be included in the computation~~
 29.15 ~~of the net debt of Anoka County.~~

29.16 **EFFECTIVE DATE.** This section is effective retroactively for taxes payable in
 29.17 2013 and thereafter and expires under Minnesota Statutes, section 383E.21, subdivision 3.

29.18 Sec. 16. Laws 1999, chapter 243, article 14, section 5, subdivision 1, is amended to read:

29.19 Subdivision 1. **Board plan and program.** The board shall adopt a comprehensive
 29.20 plan for the collection, treatment, and disposal of sewage in the district for a designated
 29.21 period the board deems proper and reasonable. The board shall prepare and adopt
 29.22 subsequent comprehensive plans for the collection, treatment, and disposal of sewage
 29.23 in the district for each succeeding designated period as the board deems proper and
 29.24 reasonable. All comprehensive plans of the district shall be subject to the planning
 29.25 and zoning authority of Scott county and in conformance with all planning and zoning
 29.26 ordinances of Scott county. The first plan, as modified by the board, and any subsequent
 29.27 plan shall take into account the preservation and best and most economic use of water and
 29.28 other natural resources in the area; the preservation, use, and potential for use of lands
 29.29 adjoining waters of the state to be used for the disposal of sewage; and the impact the
 29.30 disposal system will have on present and future land use in the area affected. In no case
 29.31 shall the comprehensive plan provide for more than ~~325~~ 364 connections to the disposal
 29.32 system. All connections must be charged a full assessment. Connections made after the
 29.33 initial assessment period ends must be charged an amount equal to the initial assessment

30.1 plus an adjustment for inflation and plus any other charges determined to be reasonable
30.2 and necessary by the board. Deferred assessments may be permitted, as provided for in
30.3 Minnesota Statutes, chapter 429. The plans shall include the general location of needed
30.4 interceptors and treatment works, a description of the area that is to be served by the
30.5 various interceptors and treatment works, a long-range capital improvements program, and
30.6 any other details as the board deems appropriate. In developing the plans, the board shall
30.7 consult with persons designated for the purpose by governing bodies of any governmental
30.8 unit within the district to represent the entities and shall consider the data, resources, and
30.9 input offered to the board by the entities and any planning agency acting on behalf of one
30.10 or more of the entities. Each plan, when adopted, must be followed in the district and may
30.11 be revised as often as the board deems necessary.

30.12 **EFFECTIVE DATE.** This section is effective the day after the governing body of
30.13 the Cedar Lake area water and sanitary sewer district and its chief clerical officer timely
30.14 complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

30.15 Sec. 17. **HELENA TOWNSHIP, SCOTT COUNTY; REMOVAL OF**
30.16 **SUBORDINATE SERVICE DISTRICT.**

30.17 Subdivision 1. **Application.** This section applies to the subordinate service district
30.18 established in Helena Township, Scott County, for the Silver Maple Bay Estates, under
30.19 Minnesota Statutes, chapter 365A.

30.20 Subd. 2. **Special provision for removal of the district.** Notwithstanding the
30.21 requirements of Minnesota Statutes, section 365A.095, subdivision 2, if the district is
30.22 removed as provided in Minnesota Statutes, section 365A.095, subdivision 1, after all
30.23 outstanding obligations of the district have been paid in full, the town board may vote to
30.24 sell or use the surplus of any land or equipment, or the surplus of any tax revenue or service
30.25 charge, or any part of it, collected from or associated with the district to connect the owners
30.26 of any property within the discontinued district to another public sewer system. Any
30.27 surplus not used to connect residents to such sewer system may be distributed equally to
30.28 the owners of any property within the discontinued district that were charged the extra tax
30.29 or service fee during the most recent tax year for which the tax or service fee was imposed.
30.30 Any surplus not refunded under this section must be transferred to the town's general fund.

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

30.32 Sec. 18. **CITY OF JACKSON; LIMITATION ON ABATEMENTS.**

31.1 Notwithstanding the provisions of Minnesota Statutes, section 469.1813, subdivision
31.2 8, the total amount of property taxes abated by the city of Jackson in any year under
31.3 Minnesota Statutes, section 469.1813, may not exceed the greater of (1) ten percent of
31.4 the city's net tax capacity for the taxes payable year to which the abatement applies; or
31.5 (2) \$240,000.

31.6 **EFFECTIVE DATE.** This section is effective for taxes payable in 2015 through
31.7 taxes payable in 2019.

31.8 Sec. 19. **STUDY OF ENERGY PRODUCING SYSTEMS.**

31.9 (a) The commissioner of revenue shall prepare a report on the taxation of electric
31.10 energy producing systems in the state of Minnesota, including both traditional and
31.11 renewable energy sources. For purposes of this study, traditional sources include coal,
31.12 nuclear, and natural gas production and renewable sources include, but are not limited to,
31.13 solar, wind, biomass, and hydro.

31.14 (b) The report must, to the extent practicable under the appropriation and the time
31.15 available:

31.16 (1) describe, analyze, and compare the various methods by which the personal and
31.17 real property of energy producing systems, using both traditional and renewable energy
31.18 sources, are taxed under the property tax;

31.19 (2) describe, analyze, and compare the availability of any exclusions, exemptions,
31.20 or payment-in-lieu of taxation arrangements that apply to the systems and relative tax
31.21 and economic effects of the arrangements;

31.22 (3) evaluate the extent to which host political subdivisions and communities are
31.23 compensated under the existing Minnesota property tax system for the external costs
31.24 that the various types of production facilities impose on the host political subdivisions
31.25 and communities;

31.26 (4) compare the net cost of property and other taxes per unit of energy produced in
31.27 Minnesota compared to its border states, for both traditional and renewable energy sources;

31.28 (5) develop and evaluate alternative tax or fee systems for appropriately
31.29 compensating host political subdivisions and communities for the external costs imposed
31.30 by the facilities; and

31.31 (6) make recommendations for the taxation of solar energy producing systems,
31.32 including both real and personal property.

31.33 (c) The commissioner shall report the findings of the study to the committees of the
31.34 house of representatives and senate having jurisdiction over taxes by February 1, 2015,
31.35 and file the report as required by Minnesota Statutes, section 3.195.

32.1 (d) \$150,000 is appropriated from the general fund in fiscal year 2015 to the
32.2 commissioner of revenue for purposes of preparing the report under this section. This is a
32.3 onetime appropriation and is not added to the base budget.

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

32.5 Sec. 20. **STUDY OF NORTH DAKOTA OIL PRODUCTION; IMPACT ON**
32.6 **MINNESOTA.**

32.7 (a) \$250,000 in fiscal year 2015 is appropriated from the general fund to the
32.8 commissioner of employment and economic development, in consultation with the
32.9 commissioner of revenue and the commissioner of transportation, to finance a study and
32.10 analysis of the effects of current and projected oil production in North Dakota on the
32.11 Minnesota economy with special focus on the northwestern region of Minnesota and area
32.12 border cities as provided in paragraph (b).

32.13 (b) The study and analysis must address:

32.14 (1) current and projected economic, fiscal, and demographic effects and issues;

32.15 (2) direct and indirect costs and benefits and positive and negative effects, including
32.16 those upon workforce, taxation, and transportation, including the transportation of
32.17 passengers and agricultural products by railroads; and

32.18 (3) economic challenges and opportunities for economic growth or diversification.

32.19 (c) The study must be objective, evidence-based, and designed to produce empirical
32.20 data. Study data must be utilized to formulate policy recommendations on how the state,
32.21 the northwestern region of the state, and border cities may respond to the challenges and
32.22 opportunities for economic growth and financial investment that may be derived from the
32.23 regional economic changes that are the result of oil production in North Dakota.

32.24 (d) For the purposes of this section, "border cities" has the meaning given in
32.25 Minnesota Statutes, section 469.1731.

32.26 (e) The study and analysis must be conducted by an independent entity with
32.27 demonstrated knowledge in the following areas:

32.28 (1) the economy and demography of Minnesota;

32.29 (2) the domestic and foreign oil industry; and

32.30 (3) technologies, markets, and geopolitical factors that have an impact on current
32.31 and future oil production in the region.

32.32 (f) The commissioner shall report on the findings and recommendations of the study
32.33 to the committees of the house of representatives and senate having jurisdiction over
32.34 economic development, workforce issues, and taxation by February 15, 2015.

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

33.2 **ARTICLE 3**

33.3 **SALES, USE, AND EXCISE TAXES**

33.4 Section 1. Minnesota Statutes 2013 Supplement, section 116J.8738, subdivision 2,
33.5 is amended to read:

33.6 Subd. 2. **Qualified business.** (a) A business is a qualified business if it satisfies the
33.7 requirement of this paragraph and is not disqualified under the provisions of paragraph
33.8 (b). To qualify, the business must:

33.9 (1) have operated its trade or business in a city or cities in greater Minnesota for at
33.10 least one year before applying under subdivision 3;

33.11 (2) pay or agree to pay in the future each employee compensation, including benefits
33.12 not mandated by law, that on an annualized basis equal at least 120 percent of the federal
33.13 poverty level for a family of four;

33.14 (3) plan and agree to expand its employment in one or more cities in greater Minnesota
33.15 by the minimum number of employees required under subdivision 3, paragraph (c); and

33.16 (4) have received certification from the commissioner under subdivision 3 that
33.17 it is a qualified business.

33.18 (b) A business is not a qualified business if it is either:

33.19 (1) primarily engaged in making retail sales to purchasers who are physically present
33.20 at the business's location or locations in greater Minnesota; ~~or~~

33.21 (2) a public utility, as defined in section 336B.01; or

33.22 (3) primarily engaged in lobbying; gambling; entertainment; professional sports;
33.23 political consulting; leisure; hospitality; or professional services provided by attorneys,
33.24 accountants, business consultants, physicians, or health care consultants.

33.25 (c) The requirements in paragraph (a) that the business's operations and expansion
33.26 be located in a city do not apply to an agricultural processing facility.

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

33.28 Sec. 2. Minnesota Statutes 2013 Supplement, section 116J.8738, subdivision 3, is
33.29 amended to read:

33.30 Subd. 3. **Certification of qualified business.** (a) A business may apply to the
33.31 commissioner for certification as a qualified business under this section. The commissioner
33.32 shall specify the form of the application, the manner and times for applying, and the
33.33 information required to be included in the application. The commissioner may impose an

34.1 application fee in an amount sufficient to defray the commissioner's cost of processing
34.2 certifications. A business must file a copy of its application with the chief clerical officer
34.3 of the city at the same time it applies to the commissioner. For an agricultural processing
34.4 facility located outside the boundaries of a city, the business must file a copy of the
34.5 application with the county auditor.

34.6 (b) The commissioner shall certify each business as a qualified business that:

34.7 (1) satisfies the requirements of subdivision 2;

34.8 (2) the commissioner determines would not expand its operations in greater
34.9 Minnesota without the tax incentives available under subdivision 4; and

34.10 (3) enters a business subsidy agreement with the commissioner that pledges to
34.11 satisfy the minimum expansion requirements of paragraph (c) within three years or less
34.12 following execution of the agreement.

34.13 The commissioner must act on an application within ~~60~~ 90 days after its filing.

34.14 Failure by the commissioner to take action within the ~~60-day~~ 90-day period is deemed
34.15 approval of the application.

34.16 ~~(e) The following minimum expansion requirements apply, based on the number of~~
34.17 ~~employees of the business at locations in greater Minnesota:~~

34.18 ~~(1) a business that employs 50 or fewer full-time equivalent employees in greater~~
34.19 ~~Minnesota when the agreement is executed must increase its employment by five or more~~
34.20 ~~full-time equivalent employees;~~

34.21 ~~(2) a business that employs more than 50 but fewer than 200 full-time equivalent~~
34.22 ~~employees in greater Minnesota when the agreement is executed must increase the number~~
34.23 ~~of its full-time equivalent employees in greater Minnesota by at least ten percent; or~~

34.24 ~~(3) a business that employs 200 or more full-time equivalent employees in greater~~
34.25 ~~Minnesota when the agreement is executed must increase its employment by at least 21~~
34.26 ~~full-time equivalent employees (c) The business must increase the number of full-time~~
34.27 ~~equivalent employees in greater Minnesota from the time the business subsidy agreement~~
34.28 ~~is executed by two employees or ten percent, whichever is greater.~~

34.29 (d) The city, or a county for an agricultural processing facility located outside the
34.30 boundaries of a city, in which the business proposes to expand its operations may file
34.31 comments supporting or opposing the application with the commissioner. The comments
34.32 must be filed within 30 days after receipt by the city of the application and may include a
34.33 notice of any contribution the city or county intends to make to encourage or support the
34.34 business expansion, such as the use of tax increment financing, property tax abatement,
34.35 additional city or county services, or other financial assistance.

35.1 (e) Certification of a qualified business is effective for the ~~12-year~~ seven-year period
35.2 beginning on the first day of the calendar month immediately following ~~execution of~~
35.3 ~~the business subsidy agreement~~ the date that the commissioner informs the business of
35.4 the award of the benefit.

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

35.6 Sec. 3. Minnesota Statutes 2013 Supplement, section 116J.8738, subdivision 4, is
35.7 amended to read:

35.8 Subd. 4. **Available tax incentives.** A qualified business is entitled to a sales tax
35.9 exemption, up to \$2,000,000 annually and \$10,000,000 during the total period of the
35.10 agreement, as provided in section 297A.68, subdivision 44, for purchases made during
35.11 the period the business was certified as a qualified business under this section. The
35.12 commissioner has discretion to set the maximum amounts of the annual and total sales tax
35.13 exemption allowed for each qualifying business as part of the business subsidy agreement.

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

35.15 Sec. 4. Minnesota Statutes 2013 Supplement, section 289A.20, subdivision 4, is
35.16 amended to read:

35.17 Subd. 4. **Sales and use tax.** (a) The taxes imposed by chapter 297A are due and
35.18 payable to the commissioner monthly on or before the 20th day of the month following the
35.19 month in which the taxable event occurred, or following another reporting period as the
35.20 commissioner prescribes or as allowed under section 289A.18, subdivision 4, paragraph
35.21 (f) or (g), except that use taxes due on an annual use tax return as provided under section
35.22 289A.11, subdivision 1, are payable by April 15 following the close of the calendar year.

35.23 (b) A vendor having a liability of ~~\$120,000~~ \$250,000 or more during a fiscal year
35.24 ending June 30 must remit the June liability for the next year in the following manner:

35.25 (1) Two business days before June 30 of the year, the vendor must remit ~~90~~ 81.4
35.26 percent of the estimated June liability to the commissioner.

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

35.29 (c) A vendor having a liability of:

35.30 (1) \$10,000 or more, but less than ~~\$120,000~~ \$250,000 during a fiscal year ending
35.31 June 30, 2013, and fiscal years thereafter, must remit by electronic means all liabilities
35.32 on returns due for periods beginning in all subsequent calendar years on or before the
35.33 20th day of the month following the month in which the taxable event occurred, or on

36.1 or before the 20th day of the month following the month in which the sale is reported
36.2 under section 289A.18, subdivision 4; or

36.3 (2) ~~\$120,000~~ \$250,000 or more, during a fiscal year ending June 30, ~~2009~~ 2013,
36.4 and fiscal years thereafter, must remit by electronic means all liabilities in the manner
36.5 provided in paragraph (a) on returns due for periods beginning in the subsequent calendar
36.6 year, except for ~~90~~ 81.4 percent of the estimated June liability, which is due two business
36.7 days before June 30. The remaining amount of the June liability is due on August 20.

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

36.15 **EFFECTIVE DATE.** This section is effective for taxes remitted after May 30, 2014.

36.16 Sec. 5. Minnesota Statutes 2012, section 289A.60, subdivision 15, is amended to read:

36.17 Subd. 15. **Accelerated payment of June sales tax liability; penalty for**
36.18 **underpayment.** For payments made after December 31, ~~2006~~ 2013, if a vendor is
36.19 required by law to submit an estimation of June sales tax liabilities and ~~90~~ 81.4 percent
36.20 payment by a certain date, the vendor shall pay a penalty equal to ten percent of the
36.21 amount of actual June liability required to be paid in June less the amount remitted in
36.22 June. The penalty must not be imposed, however, if the amount remitted in June equals
36.23 the lesser of ~~90~~ 81.4 percent of the preceding May's liability or ~~90~~ 81.4 percent of the
36.24 average monthly liability for the previous calendar year.

36.25 **EFFECTIVE DATE.** This section is effective for taxes remitted after May 30, 2014.

36.26 Sec. 6. Minnesota Statutes 2012, section 297A.67, subdivision 13a, is amended to read:

36.27 Subd. 13a. **Instructional materials.** Instructional materials, other than textbooks,
36.28 that are prescribed for use in conjunction with a course of study in a postsecondary school,
36.29 college, university, or private career school to students who are regularly enrolled at such
36.30 institutions are exempt. For purposes of this subdivision, "instructional materials" means
36.31 materials required to be used directly in the completion of the course of study, including,
36.32 but not limited to, interactive CDs, tapes, digital audio works, digital audiovisual works,
36.33 and computer software.

37.1 Instructional materials do not include general reference works or other items
37.2 incidental to the instructional process such as pens, pencils, paper, folders, or computers.
37.3 For purposes of this subdivision, "school" and "private career school" have the meanings
37.4 given in subdivision 13.

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

37.6 Sec. 7. Minnesota Statutes 2012, section 297A.67, is amended by adding a subdivision
37.7 to read:

37.8 **Subd. 33. Presentations accessed as digital audio and audiovisual works.**

37.9 The charge for a live or prerecorded presentation, such as a lecture, seminar,
37.10 workshop, or course, where participants access the presentation as a digital audio
37.11 work or digital audiovisual work, and are connected to the presentation via the
37.12 Internet, telecommunications equipment or other device that transfers the presentation
37.13 electronically, is exempt if:

37.14 (1) participants and the presenter, during the time that participants access the
37.15 presentation, are able to give, receive, and discuss the presentation with each other,
37.16 although the amount of interaction and when in the presentation the interaction occurs
37.17 may be limited by the presenter; and

37.18 (2) for those presentations where participants are given the option to attend the
37.19 same presentation in person:

37.20 (i) any limitations on the amount of interaction and when it occurs during the
37.21 presentation are the same for those participants accessing the presentation electronically
37.22 as those attending in person; and

37.23 (ii) the admission to the in person presentation is not subject to tax under this chapter.

37.24 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
37.25 June 30, 2014.

37.26 Sec. 8. Minnesota Statutes 2012, section 297A.68, is amended by adding a subdivision
37.27 to read:

37.28 **Subd. 3a. Coin-operated entertainment and amusement devices.** Coin-operated
37.29 entertainment and amusement devices including, but not limited to, fortune-telling
37.30 machines, cranes, foosball and pool tables, video and pinball games, batting cages, rides,
37.31 photo or video booths, and jukeboxes, are exempt when purchased by retailers selling
37.32 admission to places of amusement and making available amusement devices as provided
37.33 in section 297A.61, subdivision 3, paragraph (g), clause (1). Coin-operated entertainment

38.1 and amusement devices do not include vending machines, lottery devices, or gaming
38.2 devices as described in chapters 297E and 349.

38.3 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
38.4 June 30, 2014.

38.5 Sec. 9. Minnesota Statutes 2013 Supplement, section 297A.68, subdivision 42, is
38.6 amended to read:

38.7 Subd. 42. **Qualified data centers.** (a) Purchases of enterprise information
38.8 technology equipment and computer software for use in a qualified data center, or a
38.9 qualified refurbished data center, are exempt, except that computer software maintenance
38.10 agreements are exempt for purchases made after June 30, 2013. The tax on purchases
38.11 exempt under this paragraph must be imposed and collected as if the rate under section
38.12 297A.62, subdivision 1, applied, and then refunded after June 30, 2013, in the manner
38.13 provided in section 297A.75. This exemption includes enterprise information technology
38.14 equipment and computer software purchased to replace or upgrade enterprise information
38.15 technology equipment and computer software in a qualified data center, or a qualified
38.16 refurbished data center.

38.17 (b) Electricity used or consumed in the operation of a qualified data center or
38.18 qualified refurbished data center is exempt.

38.19 (c) For purposes of this subdivision, "~~qualified data center, or a qualified refurbished~~
38.20 ~~data center,~~" means a facility in Minnesota:

38.21 (1) that is comprised of one or more buildings that consist in the aggregate of
38.22 at least 25,000 square feet, and that are located on a single parcel or on contiguous
38.23 parcels, where the total cost of construction or refurbishment, investment in enterprise
38.24 information technology equipment, and computer software is at least \$30,000,000 within a
38.25 48-month period. The 48-month period begins no sooner than July 1, 2012, except that
38.26 costs for computer software maintenance agreements purchased before July 1, 2013, are
38.27 not included in determining if the \$30,000,000 threshold has been met;

38.28 (2) that is constructed or substantially refurbished after June 30, 2012, where
38.29 "substantially refurbished" means that at least 25,000 square feet have been rebuilt or
38.30 modified, including:

38.31 (i) installation of enterprise information technology equipment;₂ environmental
38.32 control, computer software, and energy efficiency improvements; and

38.33 (ii) building improvements; and

38.34 (3) that is used to house enterprise information technology equipment, where the
38.35 facility has the following characteristics:

- 39.1 (i) uninterruptible power supplies, generator backup power, or both;
- 39.2 (ii) sophisticated fire suppression and prevention systems; and
- 39.3 (iii) enhanced security. A facility will be considered to have enhanced security if it
- 39.4 has restricted access to the facility to selected personnel; permanent security guards; video
- 39.5 camera surveillance; an electronic system requiring pass codes, keycards, or biometric
- 39.6 scans, such as hand scans and retinal or fingerprint recognition; or similar security features.

39.7 In determining whether the facility has the required square footage, the square footage

39.8 of the following spaces shall be included if the spaces support the operation of enterprise

39.9 information technology equipment: office space, meeting space, and mechanical and

39.10 other support facilities. For purposes of this subdivision, "computer software" includes,

39.11 but is not limited to, software utilized or loaded at ~~the~~ a qualified data center or qualified

39.12 refurbished data center, including maintenance, licensing, and software customization.

39.13 (d) For purposes of this subdivision, a "qualified refurbished data center" means an

39.14 existing facility that qualifies as a data center under paragraph (c), clauses (2) and (3), but

39.15 that is comprised of one or more buildings that consist in the aggregate of at least 25,000

39.16 square feet, and that are located on a single parcel or contiguous parcels, where the total

39.17 cost of construction or refurbishment, investment in enterprise information technology

39.18 equipment, and computer software is at least \$50,000,000 within a 24-month period.

39.19 (e) For purposes of this subdivision, "enterprise information technology equipment"

39.20 means computers and equipment supporting computing, networking, or data storage,

39.21 including servers and routers. It includes, but is not limited to: cooling systems,

39.22 cooling towers, and other temperature control infrastructure; power infrastructure for

39.23 transformation, distribution, or management of electricity used for the maintenance and

39.24 operation of a qualified data center or qualified refurbished data center, including but

39.25 not limited to exterior dedicated business-owned substations, backup power generation

39.26 systems, battery systems, and related infrastructure; and racking systems, cabling, and

39.27 trays, which are necessary for ~~the~~ a maintenance and operation of the qualified data center

39.28 or qualified refurbished data center.

39.29 (f) A qualified data center or qualified refurbished data center may claim the

39.30 exemptions in this subdivision for purchases made either within 20 years of the date of

39.31 its first purchase qualifying for the exemption under paragraph (a), or by June 30, 2042,

39.32 whichever is earlier.

39.33 (g) The purpose of this exemption is to create jobs in the construction and data

39.34 center industries.

39.35 (h) This subdivision is effective for sales and purchases made ~~after June 30, 2012,~~

39.36 ~~and~~ before July 1, 2042.

40.1 (i)(1) The commissioner of employment and economic development must certify
40.2 to the commissioner of revenue, in a format approved by the commissioner of revenue,
40.3 when a qualified data center has met the requirements under paragraph (c) or a qualified
40.4 refurbished data center has met the requirements under paragraph (d). The certification
40.5 must provide the following information regarding each qualified data center or qualified
40.6 refurbished data center:

40.7 (i) the total square footage amount;

40.8 (ii) the total amount of construction or refurbishment costs and the total amount of
40.9 qualifying investments in enterprise information technology equipment and computer
40.10 software; and

40.11 (iii) the beginning and ending of the applicable period under either paragraph (c) or
40.12 (d) in which the qualifying expenditures and purchases under item (ii) were made, but in
40.13 no case shall the period begin before July 1, 2012;

40.14 (2) Any refund for sales tax paid on qualifying purchases under this subdivision must
40.15 not be issued unless the commissioner of revenue has received the certification required
40.16 under clause (1) either from the commissioner of employment and economic development
40.17 or the qualified data center or qualified refurbished data center claiming the refund; and

40.18 (3) The commissioner of employment and economic development must annually
40.19 notify the commissioner of revenue of the qualified data centers that are projected to meet
40.20 the requirements under paragraph (c) and the qualified refurbished data centers that are
40.21 projected to meet the requirements under paragraph (d) in each of the next four years. The
40.22 notification must provide the information required under clause (1), items (i) to (iii), for
40.23 each qualified data center or qualified refurbished data center.

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

40.25 Sec. 10. Minnesota Statutes 2013 Supplement, section 297A.68, subdivision 44,
40.26 is amended to read:

40.27 Subd. 44. **Greater Minnesota business expansions.** (a) Purchases and use of
40.28 tangible personal property or taxable services by a qualified business, as defined in section
40.29 116J.8738, are exempt if:

40.30 (1) the business subsidy agreement provides that the exemption under this
40.31 subdivision applies;

40.32 (2) the property or services are primarily used or consumed at the facility in greater
40.33 Minnesota identified in the business subsidy agreement; and

40.34 (3) the purchase was made and delivery received during the duration of the
40.35 certification of the business as a qualified business under section 116J.8738.

41.1 (b) Purchase and use of construction materials and supplies used or consumed in,
41.2 and equipment incorporated into, the construction of improvements to real property in
41.3 greater Minnesota are exempt if the improvements after completion of construction are
41.4 to be used in the conduct of the trade or business of the qualified business, as defined in
41.5 section 116J.8738. This exemption applies regardless of whether the purchases are made
41.6 by the business or a contractor.

41.7 (c) The exemptions under this subdivision apply to a local sales and use tax.

41.8 (d) The tax on purchases imposed under this subdivision must be imposed and
41.9 collected as if the rate under section 297A.62 applied, and then refunded in the manner
41.10 provided in section 297A.75. The total amount refunded for a facility over the certification
41.11 period is limited to the amount listed in the business subsidy agreement. No more than
41.12 \$7,000,000 may be refunded in a fiscal year for all purchases under this subdivision.
41.13 Refunds must be allocated on a first-come, first-served basis. If more than \$7,000,000 of
41.14 eligible claims are made in a fiscal year, claims by qualified businesses carry over to the
41.15 next fiscal year, and the commissioner must first allocate refunds to qualified businesses
41.16 eligible for a refund in the preceding fiscal year. Any portion of the balance of funds
41.17 allocated for refunds under this paragraph does not cancel and shall be carried forward to
41.18 and available for refunds in subsequent fiscal years. Notwithstanding section 297A.75,
41.19 subdivision 4, for an eligible refund claim that carries over to a subsequent fiscal year, the
41.20 interest on the amount carried over must be paid on the refund no sooner than from 90
41.21 days after July 1 of the fiscal year in which funds are available for the eligible claim.

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

41.23 Sec. 11. Minnesota Statutes 2013 Supplement, section 297A.70, subdivision 2, is
41.24 amended to read:

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

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

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

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

42.1 (4) notwithstanding paragraph (d), the sales and purchases by the Metropolitan
42.2 Council, for its purchases of vehicles and repair parts to equip operations provided for in
42.3 section 473.4051 are exempt through December 31, 2016;

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

42.6 (6) public libraries, public library systems, multicounty, multitype library systems
42.7 as defined in section 134.001, county law libraries under chapter 134A, state agency
42.8 libraries, the state library under section 480.09, and the Legislative Reference Library.

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

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

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

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

42.19 (4) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause
42.20 (2), and prepared food, candy, soft drinks, and alcoholic beverages as defined in section
42.21 297A.67, subdivision 2, except for lodging, prepared food, candy, soft drinks, and alcoholic
42.22 beverages purchased directly by the United States or its agencies or instrumentalities; or

42.23 (5) goods or services purchased by a local government as inputs to ~~goods and~~
42.24 ~~services that are generally provided by a private business and the purchases would be~~
42.25 ~~taxable if made by a private business engaged in the same activity~~ a liquor store, gas or
42.26 electric utility, solid waste hauling service, solid waste recycling service, landfill, golf
42.27 course, marina, campground, cafe, or laundromat.

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

42.31 (d) ~~As used in this subdivision~~ For purposes of the exemption granted under this
42.32 subdivision, "local governments" means has the following meaning:

42.33 (1) for the period prior to January 1, 2016, local governments means statutory or
42.34 home rule charter cities, counties, and townships;

42.35 (2) for the period of January 1, 2016, to December 31, 2016, local governments
42.36 means statutory or home rule charter cities, counties, and townships; special districts as

43.1 defined under section 6.465, except for the Metropolitan Council under sections 473.123
 43.2 to 473.549; any instrumentality of a statutory or home rule charter city, county, or
 43.3 township as defined in section 471.59; and any joint powers board or organization created
 43.4 under section 471.59; and

43.5 (3) beginning January 1, 2017, local governments means statutory or home rule
 43.6 charter cities, counties, and townships; special districts as defined under section 6.465; any
 43.7 instrumentality of a statutory or home rule charter city, county, or township as defined in
 43.8 section 471.59; and any joint powers board or organization created under section 471.59.

43.9 ~~(e) As used in this subdivision, "goods or services generally provided by a private~~
 43.10 ~~business" include, but are not limited to, goods or services provided by liquor stores, gas~~
 43.11 ~~and electric utilities, golf courses, marinas, health and fitness centers, campgrounds, cafes,~~
 43.12 ~~and laundromats. "Goods or services generally provided by a private business" do not~~
 43.13 ~~include housing services, sewer and water services, wastewater treatment, ambulance and~~
 43.14 ~~other public safety services, correctional services, chore or homemaking services provided~~
 43.15 ~~to elderly or disabled individuals, or road and street maintenance or lighting.~~

43.16 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
 43.17 June 30, 2014.

43.18 Sec. 12. Minnesota Statutes 2013 Supplement, section 297A.70, subdivision 13,
 43.19 is amended to read:

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

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

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

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

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

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

44.1 (1) the exemption under paragraph (a), clauses (1) and (2), applies only if to the first
44.2 \$20,000 of the gross annual receipts of the organization from fund-raising ~~do not exceed~~
44.3 ~~\$10,000~~; and

44.4 (2) the exemption under paragraph (a), clause (1), does not apply if the sales are
44.5 derived from admission charges or from activities for which the money must be deposited
44.6 with the school district treasurer under section 123B.49, subdivision 2, or be recorded in
44.7 the same manner as other revenues or expenditures of the school district under section
44.8 123B.49, subdivision 4.

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

44.15 (d) For purposes of this subdivision, a club, association, or other organization of
44.16 elementary or secondary school students organized for the purpose of carrying on sports,
44.17 educational, or other extracurricular activities is a separate organization from the school
44.18 district or school for purposes of applying the ~~\$10,000~~ \$20,000 limit.

44.19 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
44.20 December 31, 2014.

44.21 Sec. 13. Minnesota Statutes 2013 Supplement, section 297A.70, subdivision 14,
44.22 is amended to read:

44.23 Subd. 14. **Fund-raising events sponsored by nonprofit groups.** (a) Sales of
44.24 tangible personal property or services at, and admission charges for fund-raising events
44.25 sponsored by, a nonprofit organization are exempt if:

44.26 (1) all gross receipts are recorded as such, in accordance with generally accepted
44.27 accounting practices, on the books of the nonprofit organization; and

44.28 (2) the entire proceeds, less the necessary expenses for the event, will be used solely
44.29 and exclusively for charitable, religious, or educational purposes. Exempt sales include
44.30 the sale of prepared food, candy, and soft drinks at the fund-raising event.

44.31 (b) This exemption is limited in the following manner:

44.32 (1) it does not apply to admission charges for events involving bingo or other
44.33 gambling activities or to charges for use of amusement devices involving bingo or other
44.34 gambling activities;

45.1 (2) all gross receipts are taxable if the profits are not used solely and exclusively for
45.2 charitable, religious, or educational purposes;

45.3 (3) it does not apply unless the organization keeps a separate accounting record,
45.4 including receipts and disbursements from each fund-raising event that documents all
45.5 deductions from gross receipts with receipts and other records;

45.6 (4) it does not apply to any sale made by or in the name of a nonprofit corporation as
45.7 the active or passive agent of a person that is not a nonprofit corporation;

45.8 (5) all gross receipts are taxable if fund-raising events exceed 24 days per year;

45.9 (6) it does not apply to fund-raising events conducted on premises leased for more
45.10 than five days but less than 30 days; and

45.11 (7) it does not apply if the risk of the event is not borne by the nonprofit organization
45.12 and the benefit to the nonprofit organization is less than the total amount of the state and
45.13 local tax revenues forgone by this exemption.

45.14 (c) For purposes of this subdivision, a "nonprofit organization" means any unit of
45.15 government, corporation, society, association, foundation, or institution organized and
45.16 operated for charitable, religious, educational, civic, fraternal, and senior citizens' or
45.17 veterans' purposes, no part of the net earnings of which inures to the benefit of a private
45.18 individual.

45.19 (d) For purposes of this subdivision, "fund-raising events" means activities of
45.20 limited duration, not regularly carried out in the normal course of business, that attract
45.21 patrons for community, social, and entertainment purposes, such as auctions, bake sales,
45.22 ice cream socials, block parties, carnivals, competitions, concerts, concession stands,
45.23 craft sales, bazaars, dinners, dances, door-to-door sales of merchandise, fairs, fashion
45.24 shows, festivals, galas, special event workshops, sporting activities such as marathons and
45.25 tournaments, and similar events. Fund-raising events do not include the operation of a
45.26 regular place of business in which services are provided or sales are made during regular
45.27 hours such as bookstores, thrift stores, gift shops, restaurants, ongoing Internet sales,
45.28 regularly scheduled classes, or other activities carried out in the normal course of business.

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

45.30 Sec. 14. Minnesota Statutes 2012, section 297A.70, is amended by adding a
45.31 subdivision to read:

45.32 **Subd. 19. Nonprofit snowmobile clubs; machinery and equipment.** Sales of
45.33 tangible personal property to a nonprofit snowmobile club that is used primarily and
45.34 directly for the grooming of state or grant-in-aid snowmobile trails are exempt. The
45.35 exemption applies to grooming machines, attachments, other associated accessories,

46.1 and repair parts. A nonprofit snowmobile club is eligible for the exemption under this
 46.2 subdivision if it received, in the current year or in the previous three-year period, a state
 46.3 grant-in-aid maintenance and grooming grant administered by the Department of Natural
 46.4 Resources by applying for the grant with a local unit of government sponsor.

46.5 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
 46.6 June 30, 2014.

46.7 Sec. 15. Minnesota Statutes 2013 Supplement, section 297F.05, subdivision 1, is
 46.8 amended to read:

46.9 Subdivision 1. **Rates; cigarettes.** A tax is imposed upon the sale of cigarettes in
 46.10 this state, upon having cigarettes in possession in this state with intent to sell, upon any
 46.11 person engaged in business as a distributor, and upon the use or storage by consumers, at
 46.12 the following rates: rate of

46.13 ~~(1) on cigarettes weighing not more than three pounds per thousand, 141.5 mills,~~
 46.14 ~~or 14.15 cents on each such cigarette; and~~

46.15 ~~(2) on cigarettes weighing more than three pounds per thousand, 283 mills on each~~
 46.16 ~~such cigarette.~~

46.17 **EFFECTIVE DATE.** This section is effective July 1, 2014.

46.18 Sec. 16. Minnesota Statutes 2012, section 297F.09, subdivision 10, is amended to read:

46.19 Subd. 10. **Accelerated tax payment; cigarette or tobacco products distributor.**

46.20 A cigarette or tobacco products distributor having a liability of ~~\$120,000~~ \$250,000 or
 46.21 more during a fiscal year ending June 30, shall remit the June liability for the next year
 46.22 in the following manner:

46.23 (a) Two business days before June 30 of the year, the distributor shall remit the
 46.24 actual May liability and ~~90~~ 81.4 percent of the estimated June liability to the commissioner
 46.25 and file the return in the form and manner prescribed by the commissioner.

46.26 (b) On or before August 18 of the year, the distributor shall submit a return showing
 46.27 the actual June liability and pay any additional amount of tax not remitted in June. A
 46.28 penalty is imposed equal to ten percent of the amount of June liability required to be paid
 46.29 in June, less the amount remitted in June. However, the penalty is not imposed if the
 46.30 amount remitted in June equals the lesser of:

46.31 (1) ~~90~~ 81.4 percent of the actual June liability; or

46.32 (2) ~~90~~ 81.4 percent of the preceding ~~May's~~ May liability.

46.33 **EFFECTIVE DATE.** This section is effective for taxes remitted after May 30, 2014.

47.1 Sec. 17. Minnesota Statutes 2012, section 297G.03, is amended by adding a
47.2 subdivision to read:

47.3 Subd. 5. **Microdistillery credit.** (a) A qualified distiller producing distilled spirits is
47.4 entitled to a tax credit of \$1.33 per liter on 100,000 liters sold in any fiscal year beginning
47.5 July 1. A qualified distiller may take the credit on the 18th day of each month, but the total
47.6 credit allowed may not exceed in any fiscal year the lesser of:

47.7 (1) the liability for tax; or

47.8 (2) \$133,000.

47.9 (b) For purposes of this subdivision, "qualified distiller" means a microdistillery
47.10 qualifying under section 340A.101, subdivision 17a, in the calendar year immediately
47.11 preceding the calendar year for which the credit under this subdivision is claimed.

47.12 **EFFECTIVE DATE.** This section is effective July 1, 2014.

47.13 Sec. 18. **[297G.032] MICRODISTILLERIES.**

47.14 A microdistillery, licensed under section 340A.301, is a wholesaler for purposes
47.15 of the excise tax imposed on distilled spirits given by the microdistillery as samples or
47.16 sold in cocktail rooms permitted under chapter 340A. Returns must be made in a form
47.17 and manner prescribed by the commissioner, and must contain any other information
47.18 required by the commissioner.

47.19 **EFFECTIVE DATE.** This section is effective July 1, 2014.

47.20 Sec. 19. Minnesota Statutes 2012, section 297G.09, subdivision 9, is amended to read:

47.21 Subd. 9. **Accelerated tax payment; penalty.** A person liable for tax under this
47.22 chapter having a liability of ~~\$120,000~~ \$250,000 or more during a fiscal year ending June
47.23 30, shall remit the June liability for the next year in the following manner:

47.24 (a) Two business days before June 30 of the year, the taxpayer shall remit the actual
47.25 May liability and ~~90~~ 81.4 percent of the estimated June liability to the commissioner and
47.26 file the return in the form and manner prescribed by the commissioner.

47.27 (b) On or before August 18 of the year, the taxpayer shall submit a return showing
47.28 the actual June liability and pay any additional amount of tax not remitted in June. A
47.29 penalty is imposed equal to ten percent of the amount of June liability required to be paid
47.30 in June less the amount remitted in June. However, the penalty is not imposed if the
47.31 amount remitted in June equals the lesser of:

47.32 (1) ~~90~~ 81.4 percent of the actual June liability; or

47.33 (2) ~~90~~ 81.4 percent of the preceding May liability.

48.1 **EFFECTIVE DATE.** This section is effective for taxes remitted after May 30, 2014.

48.2 Sec. 20. Minnesota Statutes 2013 Supplement, section 360.531, subdivision 2, is
 48.3 amended to read:

48.4 Subd. 2. **Rate.** The tax shall be as follows:

48.5 Base Price	Tax
48.6 Under \$499,999	
48.7 <u>Not over \$500,000</u>	\$100
48.8 over \$500,000 to \$999,999	
48.9 <u>but not over \$1,000,000</u>	\$200
48.10 over \$1,000,000 to \$2,499,999	
48.11 <u>but not over \$2,500,000</u>	\$2,000
48.12 over \$2,500,000 to \$4,999,999	
48.13 <u>but not over \$5,000,000</u>	\$4,000
48.14 over \$5,000,000 to \$7,499,999	
48.15 <u>but not over \$7,500,000</u>	\$7,500
48.16 over \$7,500,000 to \$9,999,999	
48.17 <u>but not over \$10,000,000</u>	\$10,000
48.18 over \$10,000,000 to \$12,499,999	
48.19 <u>but not over \$12,500,000</u>	\$12,500
48.20 over \$12,500,000 to \$14,999,999	
48.21 <u>but not over \$15,000,000</u>	\$15,000
48.22 over \$15,000,000 to \$17,499,999	
48.23 <u>but not over \$17,500,000</u>	\$17,500
48.24 over \$17,500,000 to \$19,999,999	
48.25 <u>but not over \$20,000,000</u>	\$20,000
48.26 over \$20,000,000 to \$22,499,999	
48.27 <u>but not over \$22,500,000</u>	\$22,500
48.28 over \$22,500,000 to \$24,999,999	
48.29 <u>but not over \$25,000,000</u>	\$25,000
48.30 over \$25,000,000 to \$27,499,999	
48.31 <u>but not over \$27,500,000</u>	\$27,500
48.32 over \$27,500,000 to \$29,999,999	
48.33 <u>but not over \$30,000,000</u>	\$30,000
48.34 over \$30,000,000 to \$39,999,999	
48.35 <u>but not over \$40,000,000</u>	\$50,000
48.36 <u>over \$40,000,000 and over</u>	\$75,000

48.37 **EFFECTIVE DATE.** This section is effective July 1, 2014, and applies to aircraft
 48.38 tax due on or after that date.

48.39 Sec. 21. Laws 1980, chapter 511, section 1, subdivision 2, as amended by Laws 1991,
 48.40 chapter 291, article 8, section 22, Laws 1998, chapter 389, article 8, section 25, Laws
 48.41 2003, First Special Session chapter 21, article 8, section 11, and Laws 2008, chapter
 48.42 154, article 5, section 2, is amended to read:

49.1 Subd. 2. (a) Notwithstanding Minnesota Statutes, section 477A.016, or any
49.2 other law, ordinance, or city charter provision to the contrary, the city of Duluth may,
49.3 by ordinance, impose an additional sales tax of up to ~~two and one-quarter~~ one and
49.4 three-quarter percent on sales transactions which are described in Minnesota Statutes 2000,
49.5 section 297A.01, subdivision 3, clause (c). ~~When the city council determines that the taxes~~
49.6 ~~imposed under this subdivision and under Laws 1998, chapter 389, article 8, section 26, at a~~
49.7 ~~rate of one-half of one percent have produced revenue sufficient to pay (1) the debt service~~
49.8 ~~on bonds in a principal amount of \$8,000,000 issued for capital improvements to the~~
49.9 ~~Duluth Entertainment and Convention Center, and (2) debt service on outstanding bonds~~
49.10 ~~originally issued in the principal amount of \$4,970,000 to finance capital improvements to~~
49.11 ~~the Great Lakes Aquarium since the imposition of the taxes at the rate of one and one-half~~
49.12 ~~percent, the rate of the tax under this subdivision is reduced by one-half of one percent.~~

49.13 The imposition of this tax shall not be subject to voter referendum under either state law
49.14 or city charter provisions. When the city council determines that the taxes imposed under
49.15 this ~~subdivision~~ paragraph at a rate of three-quarters of one percent and other sources of
49.16 revenue produce revenue sufficient to pay debt service on bonds in the principal amount
49.17 of \$40,285,000 plus issuance and discount costs, issued for capital improvements at the
49.18 Duluth Entertainment and Convention Center, which include a new arena, the rate of tax
49.19 under this subdivision must be reduced by three-quarters of one percent.

49.20 (b) In addition to the tax in paragraph (a) and notwithstanding Minnesota Statutes,
49.21 section 477A.016, or any other law, ordinance, or city charter provision to the contrary,
49.22 the city of Duluth may, by ordinance, impose an additional sales tax of up to one-half of
49.23 one percent on sales transactions which are described in Minnesota Statutes 2000, section
49.24 297A.01, subdivision 3, clause (c). This tax expires when the city council determines
49.25 that the tax imposed under this paragraph, along with the tax imposed under section
49.26 22, paragraph (b), has produced revenues sufficient to pay the debt service on bonds
49.27 in a principal amount of no more than \$18,000,000, plus issuance and discount costs,
49.28 to finance capital improvements to public facilities to support tourism and recreational
49.29 activities in that portion of the city west of 34th Avenue West.

49.30 (c) The city of Duluth may sell and issue up to \$18,000,000 in general obligation
49.31 bonds under Minnesota Statutes, chapter 475, plus an additional amount to pay for the
49.32 costs of issuance and any premiums. The proceeds may be used to finance capital
49.33 improvements to public facilities that support tourism and recreational activities in the
49.34 portion of the city west of 34th Avenue West, as described in paragraph (b). The issuance
49.35 of the bonds is subject to the provisions of Minnesota Statutes, chapter 475, except no
49.36 election shall be required unless required by the city charter. The bonds shall not be

50.1 included in computing net debt. The revenues from the taxes that the city of Duluth may
 50.2 impose under paragraph (b) and under section 22, paragraph (b), may be pledged to pay
 50.3 principal of and interest on such bonds.

50.4 **EFFECTIVE DATE.** This section is effective the day after the governing body of
 50.5 the city of Duluth and its chief clerical officer comply with Minnesota Statutes, section
 50.6 645.021, subdivisions 2 and 3.

50.7 Sec. 22. Laws 1980, chapter 511, section 2, as amended by Laws 1998, chapter 389,
 50.8 article 8, section 26, and Laws 2003, First Special Session chapter 21, article 8, section
 50.9 12, is amended to read:

50.10 Sec. 22. **CITY OF DULUTH; TAX ON RECEIPTS BY HOTELS AND**
 50.11 **MOTELS.**

50.12 (a) Notwithstanding Minnesota Statutes, section 477A.016, or any other law, or
 50.13 ordinance, or city charter provision to the contrary, the city of Duluth may, by ordinance,
 50.14 impose an additional tax of one and one-half percent upon the gross receipts from the
 50.15 sale of lodging for periods of less than 30 days in hotels and motels located in the city.
 50.16 ~~When the city council determines that the taxes imposed under this section and section 25~~
 50.17 ~~at a rate of one-half of one percent have produced revenue sufficient to pay (1) the debt~~
 50.18 ~~service on bonds in a principal amount of \$8,000,000 issued for capital improvements~~
 50.19 ~~for the Duluth Entertainment and Convention Center, and (2) the debt service on~~
 50.20 ~~outstanding bonds originally issued in the principal amount of \$4,970,000 to finance~~
 50.21 ~~capital improvements to the Great Lakes Aquarium since the imposition of the taxes at the~~
 50.22 ~~rate of one and one-half percent, the rate of the tax under this section is reduced to one~~
 50.23 ~~percent. The tax shall be collected in the same manner as the tax set forth in the Duluth~~
 50.24 ~~city charter, section 54(d), paragraph one. The imposition of this tax shall not be subject to~~
 50.25 ~~voter referendum under either state law or city charter provisions.~~

50.26 (b) In addition to the tax in paragraph (a) and notwithstanding Minnesota Statutes,
 50.27 section 477A.016, or any other law, ordinance, or city charter provision to the contrary,
 50.28 the city of Duluth may, by ordinance, impose an additional sales tax of up to one-half
 50.29 of one percent on the gross receipts from the sale of lodging for periods of less than
 50.30 30 days in hotels and motels located in the city. This tax expires when the city council
 50.31 first determines that the tax imposed under this paragraph, along with the tax imposed
 50.32 under section 21, paragraph (b), has produced revenues sufficient to pay the debt
 50.33 service on bonds in a principal amount of no more than \$18,000,000, plus issuance and
 50.34 discount costs, to finance capital improvements to public facilities to support tourism and
 50.35 recreational activities in that portion of the city west of 34th Avenue West.

51.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of
51.2 the city of Duluth and its chief clerical officer comply with Minnesota Statutes, section
51.3 645.021, subdivisions 2 and 3.

51.4 Sec. 23. Laws 2005, First Special Session chapter 3, article 5, section 38, subdivision
51.5 4, is amended to read:

51.6 Subd. 4. **Termination of taxes.** The taxes imposed under this section expire at the
51.7 earlier of (1) ~~ten~~ 15 years after the taxes are first imposed, or (2) when the city council first
51.8 determines that the amount of revenues raised to pay for the projects under subdivision 2,
51.9 shall meet or exceed the sum of \$15,000,000. Any funds remaining after completion of
51.10 the projects may be placed in the general fund of the city.

51.11 **EFFECTIVE DATE.** This section is effective the day after the governing body of
51.12 the city of Albert Lea and its chief clerical officer comply with Minnesota Statutes, section
51.13 645.021, subdivisions 2 and 3.

51.14 Sec. 24. Laws 2006, chapter 259, article 3, section 10, subdivision 3, is amended to read:

51.15 Subd. 3. **Use of revenues.** (a) Revenues received from the taxes authorized by
51.16 subdivisions 1 and 2 must be used to pay the cost of collecting and administering the tax
51.17 and to finance the acquisition and betterment of water and wastewater facilities to serve the
51.18 cities of Brainerd and Baxter, building and equipping a fire substation, as approved by the
51.19 voters at the referendum authorizing the tax. Authorized costs include, but are not limited
51.20 to, acquiring property and paying construction and engineering costs related to the projects.

51.21 (b) In addition to the projects authorized in paragraph (a), the city of Baxter may, if
51.22 approved by the voters at an election under subdivision 5, paragraph (b), allocate up to an
51.23 additional \$40,000,000 of the revenues received from the taxes authorized by subdivisions
51.24 1 and 2 to a capital infrastructure fund. Money from this fund may only be used to
51.25 finance (1) sanitary sewer, storm sewer, and water projects, (2) transportation safety
51.26 improvements, and (3) improvements to the Brainerd Lakes Area Airport.

51.27 **EFFECTIVE DATE.** This section is effective the day after the governing body of
51.28 the city of Baxter and its chief clerical officer comply with Minnesota Statutes, section
51.29 645.021, subdivisions 2 and 3.

51.30 Sec. 25. Laws 2006, chapter 259, article 3, section 10, subdivision 4, is amended to read:

51.31 Subd. 4. **Bonds.** (a) The city of Baxter, pursuant to the approval of the voters at the
51.32 November 2, 2004, referendum authorizing the imposition of the taxes in this section, may

52.1 issue general obligation bonds of the city, in one or more series, in the aggregate principal
52.2 amount not to exceed \$15,000,000 to finance the projects listed in subdivision 3, paragraph
52.3 (a). The debt represented by the bonds is not included in computing any debt limitations
52.4 applicable to the city, and the levy of taxes required by Minnesota Statutes, section 475.61,
52.5 to pay the principal of and interest on the bonds is not subject to any levy limitation or
52.6 included in computing or applying any levy limitation applicable to the city of Baxter.

52.7 (b) The city of Baxter, pursuant to the approval of the voters at the 2014 general
52.8 election to extend the tax under this section, may issue general obligation bonds of the city,
52.9 in one or more series, in the aggregate principal amount not to exceed (1) \$32,000,000
52.10 plus an amount equal to the costs of issuance of the bonds to finance the projects listed
52.11 in subdivision 3, paragraph (b), clauses (1) and (2), and (2) \$8,000,000 plus an amount
52.12 equal to the costs of the issuance of the bonds to finance the project listed in subdivision 3,
52.13 paragraph (b), clause (3). The debt represented by the bonds is not included in computing
52.14 any debt limitations applicable to the city, and the levy of taxes required by Minnesota
52.15 Statutes, section 475.61, to pay the principal of and interest on the bonds is not subject to
52.16 any levy limitation or included in computing or applying any levy limitation applicable to
52.17 the city of Baxter.

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

52.19 Sec. 26. Laws 2006, chapter 259, article 3, section 10, subdivision 5, is amended to read:

52.20 Subd. 5. **Termination of taxes.** (a) The taxes imposed under subdivisions 1 and 2
52.21 expire at the earlier of a date 12 years after the imposition of the tax or when the Baxter
52.22 City Council first determines that the amount of revenues raised from the taxes to pay for
52.23 the projects under subdivision 3 equals or exceeds \$15,000,000 plus any interest on bonds
52.24 issued for the projects under subdivision 4, paragraph (a). Any funds remaining after the
52.25 expiration of the taxes and retirement of the bonds shall be placed in a capital project fund
52.26 of the city of Baxter. The taxes imposed under subdivisions 1 and 2 may expire at an
52.27 earlier time if the city of Baxter so determines by ordinance.

52.28 (b) Notwithstanding Minnesota Statutes, sections 297A.99 and 477A.016, or any
52.29 other contrary provision of law, ordinance, or city charter, the city of Baxter may, by
52.30 ordinance, extend the taxes authorized under subdivisions 1 and 2 beyond the termination
52.31 date in paragraph (a) if approved by the voters of the city at a general election held
52.32 in 2014. The question put to the voters must indicate that an affirmative vote would
52.33 extend the imposition of the taxes through 2037 or until an additional \$40,000,000,
52.34 plus an amount equal to interest and issuance costs associated with bonds issued under
52.35 subdivision 4, paragraph (b), above the initial amount authorized to pay for \$15,000,000

53.1 in bonds and associated bond cost and projects, listed in subdivision 3, paragraph (a), is
 53.2 raised. If extended under this paragraph, the taxes authorized in subdivisions 1 and 2 will
 53.3 terminate at the earlier of (1) when an additional \$40,000,000, plus an amount equal to
 53.4 interest and issuance costs associated with bonds issued under subdivision 4, paragraph
 53.5 (b), above the amount authorized under paragraph (a), is raised, or (2) December 31, 2037.

53.6 **EFFECTIVE DATE.** This section is effective the day after the governing body of
 53.7 the city of Baxter and its chief clerical officer comply with Minnesota Statutes, section
 53.8 645.021, subdivisions 2 and 3.

53.9 Sec. 27. Laws 2006, chapter 259, article 3, section 11, subdivision 3, is amended to read:

53.10 Subd. 3. **Use of revenues.** (a) Revenues received from the taxes authorized by
 53.11 subdivisions 1 and 2 must be used to pay the cost of collecting and administering the tax
 53.12 and to finance all or part of the costs of constructing upgraded water and wastewater
 53.13 treatment facilities to serve the cities of Brainerd and Baxter, water infrastructure
 53.14 improvements, and trail development, contingent on approval by Brainerd voters at the
 53.15 November 7, 2006, referendum. Authorized costs include, but are not limited to, acquiring
 53.16 property and paying construction and engineering costs related to the projects.

53.17 (b) In addition to the projects authorized in paragraph (a), the city of Brainerd may,
 53.18 if approved by the voters at an election under subdivision 5, paragraph (b), spend up to an
 53.19 additional \$15,000,000 from revenues raised from the taxes authorized in subdivisions 1
 53.20 and 2 on the following projects:

53.21 (1) an upgraded waste treatment facility jointly serving the cities of Brainerd and
 53.22 Baxter;

53.23 (2) with any funds not needed for the project in clause (1), water infrastructure
 53.24 improvements; and

53.25 (3) with any funds not needed for the projects in clauses (1) and (2), trail
 53.26 improvements.

53.27 **EFFECTIVE DATE.** This section is effective the day after the governing body of
 53.28 the city of Brainerd and its chief clerical officer comply with Minnesota Statutes, section
 53.29 645.021, subdivisions 2 and 3.

53.30 Sec. 28. Laws 2006, chapter 259, article 3, section 11, subdivision 4, is amended to read:

53.31 Subd. 4. **Bonds.** The city of Brainerd, contingent on approval of the voters at
 53.32 the November 7, 2006, referendum authorizing the imposition of taxes in this section,
 53.33 may issue general obligation bonds of the city, in one or more series, in the aggregate

54.1 principal amount not to exceed \$22,030,000 to finance the projects listed in subdivision 3,
 54.2 paragraph (a). The debt represented by the bonds is not included in computing any debt
 54.3 limitations applicable to Brainerd, and the levy of taxes required by Minnesota Statutes,
 54.4 section 475.61, to pay the principal and interest on the bonds is not subject to any levy
 54.5 limitation or included in computing any levy limitation applicable to the city of Brainerd.

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

54.7 Sec. 29. Laws 2006, chapter 259, article 3, section 11, subdivision 5, is amended to read:

54.8 Subd. 5. **Termination of taxes.** (a) The taxes imposed under subdivisions 1 and
 54.9 2 expire at the earlier of a date 12 years after the imposition of the tax or when the city
 54.10 council first determines that the amount of revenues raised from the taxes to pay for
 54.11 projects under subdivision 3 equals or exceeds \$22,030,000 plus any interest on bonds
 54.12 issued for the projects under subdivision 4. Any funds remaining after the expiration of
 54.13 the taxes and retirement of the bonds shall be placed in a capital project fund of the city of
 54.14 Brainerd. The taxes imposed under subdivision 1 and 2 may expire at an earlier time if the
 54.15 city of Brainerd so determines by ordinance.

54.16 (b) Notwithstanding Minnesota Statutes, sections 297A.99 and 477A.016, or any
 54.17 other contrary provision of law, ordinance, or city charter, the city of Brainerd may, by
 54.18 ordinance, extend the taxes authorized under subdivisions 1 and 2 beyond the termination
 54.19 date in paragraph (a) if approved by the voters of the city at a general election held in 2014.
 54.20 The question put to the voters must indicate that an affirmative vote would extend the
 54.21 imposition of the taxes for an additional 18 years or until an additional \$15,000,000 above
 54.22 the initial amount authorized to pay for \$22,030,000 in bonds is raised. If extended under
 54.23 this paragraph, the taxes authorized in subdivisions 1 and 2 will terminate at the earlier of
 54.24 (1) when an additional \$15,000,000 above the amount authorized under paragraph (a) is
 54.25 raised, or (2) 18 years after the taxes would have expired under paragraph (a).

54.26 **EFFECTIVE DATE.** This section is effective the day after the governing body of
 54.27 the city of Brainerd and its chief clerical officer comply with Minnesota Statutes, section
 54.28 645.021, subdivisions 2 and 3.

54.29 Sec. 30. Laws 2013, chapter 143, article 8, section 22, the effective date, is amended to
 54.30 read:

54.31 **EFFECTIVE DATE.** ~~This section is effective for sales and purchases made after~~
 54.32 ~~June 30, 2013.~~ Subdivision 7, paragraph (c), clause (2), is effective for sales and purchases
 54.33 made after June 30, 2013. The provisions of subdivision 7, paragraph (b), and paragraph

55.1 (c), clause (8), are effective retroactively for sales and purchases made after April 1,
55.2 2009. Any vendor who paid sales or use tax on items now exempt under subdivision 7,
55.3 paragraph (b), and paragraph (c), clause (8), that were sold after April 1, 2009, and before
55.4 July 1, 2013, may apply for a refund of the sales or use tax paid in the manner provided
55.5 in Minnesota Statutes, section 289A.50, subdivision 1, but only if the vendor did not
55.6 collect and remit sales tax on the items for which a refund is claimed. Interest on the
55.7 refund shall be paid at the rate in Minnesota Statutes, section 270C.405, from 90 days
55.8 after the refund claim is filed with the commissioner of revenue. The amount to make the
55.9 refunds is annually appropriated to the commissioner of revenue from the general fund.
55.10 Notwithstanding limitations on claims for refunds under Minnesota Statutes, section
55.11 289A.40, claims may be filed with the commissioner until June 30, 2015.

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

55.13 Sec. 31. Laws 2013, chapter 143, article 8, section 23, the effective date, is amended to
55.14 read:

55.15 **EFFECTIVE DATE.** ~~This section is effective for sales and purchases made after~~
55.16 ~~June 30, 2013.~~ This section is effective for sales and purchases made after June 30, 2013,
55.17 except that the provision regarding accessories and supplies purchased in a transaction
55.18 covered by Medicare or Medicaid that are not already exempt under Minnesota Statutes,
55.19 section 297A.67, subdivision 7, and the provision defining "Medicare" and "Medicaid"
55.20 are effective retroactively for sales and purchases made after April 1, 2009. Any vendor
55.21 who paid sales or use tax on accessories and supplies purchased in a transaction covered
55.22 by Medicare or Medicaid that are not already exempt under Minnesota Statutes, section
55.23 297A.67, subdivision 7, and that were sold after April 1, 2009, and before July 1, 2013,
55.24 may apply for a refund of the sales or use tax paid in the manner provided in Minnesota
55.25 Statutes, section 289A.50, subdivision 1, but only if the vendor did not collect and remit
55.26 sales tax on the accessories and supplies for which a refund is claimed. Interest on the
55.27 refund shall be paid at the rate in Minnesota Statutes, section 270C.405, from 90 days
55.28 after the refund claim is filed with the commissioner of revenue. The amount to make the
55.29 refunds is annually appropriated to the commissioner of revenue from the general fund.
55.30 Notwithstanding limitations on claims for refunds under Minnesota Statutes, section
55.31 289A.40, claims may be filed with the commissioner until June 30, 2015.

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

56.1 Sec. 32. Laws 2013, chapter 143, article 8, section 27, the effective date, is amended to
56.2 read:

56.3 **EFFECTIVE DATE.** For the purpose of qualifying under paragraphs (c) and (d),
56.4 this section is effective retroactively for sales and purchases made after June 30, ~~2013~~
56.5 2012. For the purpose of determining eligibility for the exemptions provided in this
56.6 section, this section is effective for sales and purchases of computer software maintenance
56.7 agreements made after June 30, 2013, and for sales and purchases for either a "qualified
56.8 refurbished data center" or a "qualified data center" made after June 30, 2013, except that
56.9 if the data center qualifies as a "qualified data center" as defined in Laws 2011, First
56.10 Special Session chapter 7, article 3, section 7, then the exemptions provided in this section,
56.11 other than for computer software maintenance agreements, continue to be effective for
56.12 sales and purchases made after June 30, 2012.

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

56.14 Sec. 33. Laws 2013, chapter 143, article 8, section 37, the effective date, is amended to
56.15 read:

56.16 **EFFECTIVE DATE.** This section is effective retroactively to capital investments
56.17 made and jobs created after December 31, 2012, and effective retroactively for sales and
56.18 purchases made after December 31, 2012, and before July 1, 2019. Applications for
56.19 refunds on purchases exempt under this section must not be filed before June 30, 2015.

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

56.21 Sec. 34. **CITY OF PROCTOR; LOCAL TAXES AUTHORIZED.**

56.22 **Subdivision 1. Food and beverage tax authorized.** Notwithstanding Minnesota
56.23 Statutes, section 297A.99 or 477A.016, or any ordinance, city charter, or other provision
56.24 of law, the city of Proctor may, by ordinance, impose a sales tax of up to one percent on
56.25 the gross receipts of all food and beverages sold by a restaurant or place of refreshment,
56.26 as defined by resolution of the city, that is located within the city. For purposes of this
56.27 section, "food and beverages" include retail on-sale of intoxicating liquor and fermented
56.28 malt beverages.

56.29 **Subd. 2. Use of proceeds from authorized taxes.** The proceeds of the taxes
56.30 imposed under subdivision 1 must be used by the city to fund: (1) construction and
56.31 improvement of walking and bicycle trails; (2) a multiuse civic center facility and parking

57.1 improvements; and (3) improvements related to the redevelopment and realignment of a
57.2 road through the fairgrounds property ceded to the city of Proctor by the city of Duluth.

57.3 Subd. 3. **Collection, administration, and enforcement.** The city may enter into
57.4 an agreement with the commissioner of revenue to administer, collect, and enforce the
57.5 taxes under subdivision 1. If the commissioner agrees to collect the tax, the provisions
57.6 of Minnesota Statutes, section 297A.99, related to collection, administration, and
57.7 enforcement, and Minnesota Statutes, section 270C.171, apply.

57.8 **EFFECTIVE DATE.** This section is effective the day after the governing body of
57.9 the city of Proctor and its chief clerical officer comply with Minnesota Statutes, section
57.10 645.021, subdivisions 2 and 3.

57.11 Sec. 35. **DONATED MATERIALS FOR A LIBRARY EXPANSION.**

57.12 Building materials and supplies purchased and donated by a private entity and
57.13 used in the construction of an addition to a city library facility occurring before July 1,
57.14 2015, are exempt.

57.15 **EFFECTIVE DATE.** This section is effective for materials and supplies used in the
57.16 construction of the addition between April 1, 2014, and July 1, 2015.

57.17 Sec. 36. **VALIDATION OF PRIOR ACT; AUTHORIZATION.**

57.18 Notwithstanding the time limits in Minnesota Statutes, section 645.021, the city of
57.19 Albert Lea may approve Laws 2005, First Special Session chapter 3, article 5, section 38,
57.20 as amended by Laws 2006, chapter 259, article 3, section 6, and file its approval with the
57.21 secretary of state by June 15, 2014. If approved as authorized under this section, actions
57.22 undertaken by the city pursuant to the approval of the voters on November 8, 2005, and
57.23 otherwise in accordance with Laws 2005, First Special Session chapter 3, article 5, section
57.24 38, as amended by Laws 2006, chapter 259, article 3, section 6, are validated.

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

57.26 Sec. 37. **SALES TO INSTRUMENTALITIES OF THE STATES.**

57.27 Sales of the following items to an organization defined by the Internal Revenue
57.28 Service as an instrumentality of each, and all, of the states relating to the holding of an
57.29 annual meeting in this state are exempt:

57.30 (1) prepared food, soft drinks, and candy, as defined in Minnesota Statutes, section
57.31 297A.61, subdivisions 31 to 33; and

58.1 (2) alcoholic beverages, as defined in Minnesota Statutes, section 297A.67,
58.2 subdivision 2.

58.3 **EFFECTIVE DATE.** This section is applicable to sales and purchases made after
58.4 June 30, 2014, and before January 1, 2015.

58.5 Sec. 38. **VOLUNTARY COMPLIANCE PROGRAM; ANIMAL SHELTERS.**

58.6 (a) Any Minnesota nonprofit organization that is primarily engaged in the business
58.7 of rescuing, sheltering, and finding homes for unwanted animals, for periods prior to the
58.8 organization registering to collect and remit sales and use tax under Minnesota Statutes,
58.9 chapter 297A, shall not be liable for any state or local uncollected and unpaid sales and use
58.10 tax, penalties, or interest incurred in providing animal rescue, shelter, and home placement
58.11 services, if the nonprofit organization registers through the voluntary compliance program
58.12 to collect and remit sales and use tax under Minnesota Statutes, chapter 297A, before
58.13 January 1, 2015.

58.14 (b) The voluntary compliance program under paragraph (a) also applies to
58.15 organizations described in paragraph (a) that received notice of the commencement of an
58.16 audit prior to registering to collect and remit sales and use tax under Minnesota Statutes,
58.17 chapter 297A, as long as the audit is not finally resolved and the organization registers
58.18 before January 1, 2015. Paragraph (a) shall not apply to sales and use taxes already paid or
58.19 remitted to the state or to sales taxes already collected by the organization.

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

58.21 **ARTICLE 4**

58.22 **INCOME AND ESTATE TAXES**

58.23 Section 1. Minnesota Statutes 2013 Supplement, section 116J.8737, subdivision 2, as
58.24 amended by Laws 2014, chapter 150, article 1, section 2, is amended to read:

58.25 Subd. 2. **Certification of qualified small businesses.** (a) Businesses may apply
58.26 to the commissioner for certification as a qualified small business or qualified greater
58.27 Minnesota small business for a calendar year. The application must be in the form
58.28 and be made under the procedures specified by the commissioner, accompanied by an
58.29 application fee of \$150. Application fees are deposited in the small business investment
58.30 tax credit administration account in the special revenue fund. The application for
58.31 certification for 2010 must be made available on the department's Web site by August 1,
58.32 2010. Applications for subsequent years' certification must be made available on the
58.33 department's Web site by November 1 of the preceding year.

59.1 (b) Within 30 days of receiving an application for certification under this subdivision,
59.2 the commissioner must either certify the business as satisfying the conditions required
59.3 of a qualified small business or qualified greater Minnesota small business, request
59.4 additional information from the business, or reject the application for certification. If
59.5 the commissioner requests additional information from the business, the commissioner
59.6 must either certify the business or reject the application within 30 days of receiving the
59.7 additional information. If the commissioner neither certifies the business nor rejects
59.8 the application within 30 days of receiving the original application or within 30 days of
59.9 receiving the additional information requested, whichever is later, then the application is
59.10 deemed rejected, and the commissioner must refund the \$150 application fee. A business
59.11 that applies for certification and is rejected may reapply.

59.12 (c) To receive certification as a qualified small business, a business must satisfy
59.13 all of the following conditions:

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

59.15 (2) at least 51 percent of the business's employees are employed in Minnesota, and
59.16 51 percent of the business's total payroll is paid or incurred in the state;

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

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

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

59.23 (iii) researching or developing a proprietary product, process, or service in the fields
59.24 of agriculture, tourism, forestry, mining, manufacturing, or transportation; or

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

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

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

59.34 (6) the business must pay its employees annual wages of at least 175 percent of the
59.35 federal poverty guideline for the year for a family of four and must pay its interns annual
59.36 wages of at least 175 percent of the federal minimum wage used for federally covered

60.1 employers, except that this requirement must be reduced proportionately for employees
60.2 and interns who work less than full-time, and does not apply to an executive, officer, or
60.3 member of the board of the business, or to any employee who owns, controls, or holds
60.4 power to vote more than 20 percent of the outstanding securities of the business;

60.5 (7) the business has (i) not been in operation for more than ten years, or (ii) not
60.6 been in operation for more than 20 years if the business is engaged in the research,
60.7 development, or production of medical devices or pharmaceuticals for which United
60.8 States Food and Drug Administration approval is required for use in the treatment or
60.9 diagnosis of a disease or condition;

60.10 (8) the business has not previously received private equity investments of more
60.11 than \$4,000,000;

60.12 (9) the business is not an entity disqualified under section 80A.50, paragraph (b),
60.13 clause (3); and

60.14 (10) the business has not issued securities that are traded on a public exchange.

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

60.17 (e) In order for a qualified investment in a business to be eligible for tax credits:

60.18 (1) the business must have applied for and received certification for the calendar
60.19 year in which the investment was made prior to the date on which the qualified investment
60.20 was made;

60.21 (2) the business must not have issued securities that are traded on a public exchange;

60.22 (3) the business must not issue securities that are traded on a public exchange within
60.23 180 days after the date on which the qualified investment was made; and

60.24 (4) the business must not have a liquidation event within 180 days after the date on
60.25 which the qualified investment was made.

60.26 (f) The commissioner must maintain a list of qualified small businesses and qualified
60.27 greater Minnesota businesses certified under this subdivision for the calendar year and
60.28 make the list accessible to the public on the department's Web site.

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

60.30 (1) "qualified high-technology field" includes aerospace, agricultural processing,
60.31 renewable energy, energy efficiency and conservation, environmental engineering, food
60.32 technology, cellulosic ethanol, information technology, materials science technology,
60.33 nanotechnology, telecommunications, biotechnology, medical device products,
60.34 pharmaceuticals, diagnostics, biologicals, chemistry, veterinary science, and similar fields;

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

61.4 (3) "greater Minnesota" means the area of Minnesota located outside of the
61.5 metropolitan area as defined in section 473.121, subdivision 2.

61.6 (h) To receive certification as a qualified greater Minnesota business, a business must
61.7 satisfy all of the requirements of paragraph (c) and must satisfy the following conditions:

61.8 (1) the business has its headquarters in greater Minnesota; and

61.9 (2) at least 51 percent of the business's employees are employed in greater Minnesota,
61.10 and 51 percent of the business's total payroll is paid or incurred in greater Minnesota.

61.11 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
61.12 December 31, 2013.

61.13 Sec. 2. Minnesota Statutes 2012, section 116J.8737, subdivision 5, as amended by
61.14 Laws 2014, chapter 150, article 1, section 3, is amended to read:

61.15 Subd. 5. **Credit allowed.** (a) (1) A qualified investor or qualified fund is eligible
61.16 for a credit equal to 25 percent of the qualified investment in a qualified small business.
61.17 Investments made by a pass-through entity qualify for a credit only if the entity is a
61.18 qualified fund. The commissioner must not allocate more than \$15,000,000

61.19 \$15,000,000 in credits to qualified investors or qualified funds for taxable years
61.20 beginning after December 31, 2013, and before January 1, 2017; and

61.21 (2) for taxable years beginning after December 31, 2014, and before January 1,
61.22 2017, \$7,500,000 must be allocated to credits for qualifying investments in qualified
61.23 greater Minnesota businesses and minority- or women-owned qualified small businesses
61.24 in Minnesota. Any portion of a taxable year's credits that is reserved for qualifying
61.25 investments in greater Minnesota businesses and minority- or women-owned qualified
61.26 small businesses in Minnesota that is not allocated by September 30 of the taxable year is
61.27 available for allocation to other credit applications beginning on October 1. Any portion
61.28 of a taxable year's credits that is not allocated by the commissioner does not cancel and
61.29 may be carried forward to subsequent taxable years until all credits have been allocated.

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

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

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

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

62.8 A member of the family of an individual disqualified by this paragraph is not eligible for a
62.9 credit under this section. For a married couple filing a joint return, the limitations in this
62.10 paragraph apply collectively to the investor and spouse. For purposes of determining the
62.11 ownership interest of an investor under this paragraph, the rules under section 267(c) and
62.12 267(e) of the Internal Revenue Code apply.

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

62.17 (e) Qualified investors and qualified funds must apply to the commissioner for tax
62.18 credits. Tax credits must be allocated to qualified investors or qualified funds in the order
62.19 that the tax credit request applications are filed with the department. The commissioner
62.20 must approve or reject tax credit request applications within 15 days of receiving the
62.21 application. ~~The commissioner must allocate credits to approved applications if credits
62.22 remain available.~~ The investment specified in the application must be made within 60 days
62.23 of the allocation of the credits. If the investment is not made within 60 days, the credit
62.24 allocation is canceled and available for reallocation. A qualified investor or qualified fund
62.25 that fails to invest as specified in the application, within 60 days of allocation of the
62.26 credits, must notify the commissioner of the failure to invest within five business days of
62.27 the expiration of the 60-day investment period. ~~Credit applications that were approved but
62.28 that did not receive an allocation of credits at the time of approval because the aggregate
62.29 limit of credits for the year was exhausted remain eligible for allocation of credits if
62.30 additional credits become available due to cancellations under this paragraph or due to
62.31 termination of the time period for credits reserved for investment in qualified greater
62.32 Minnesota businesses and minority- and women-owned small businesses under paragraph
62.33 (a).~~ Approved credit applications that do not receive credit allocations in the tax year must
62.34 be resubmitted to be eligible for credit allocations in the following tax year.

62.35 (f) All tax credit request applications filed with the department on the same day must
62.36 be treated as having been filed contemporaneously. If two or more qualified investors or

63.1 qualified funds file tax credit request applications on the same day, and the aggregate
63.2 amount of credit allocation claims exceeds the aggregate limit of credits under this section
63.3 or the lesser amount of credits that remain unallocated on that day, then the credits must
63.4 be allocated among the qualified investors or qualified funds who filed on that day on a
63.5 pro rata basis with respect to the amounts claimed. The pro rata allocation for any one
63.6 qualified investor or qualified fund is the product obtained by multiplying a fraction,
63.7 the numerator of which is the amount of the credit allocation claim filed on behalf of
63.8 a qualified investor and the denominator of which is the total of all credit allocation
63.9 claims filed on behalf of all applicants on that day, by the amount of credits that remain
63.10 unallocated on that day for the taxable year.

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

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

63.26 (2) 80 percent or more of the assets of the qualified small business is sold before
63.27 the end of the three-year period;

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

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

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

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

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

64.1 Sec. 3. Minnesota Statutes 2012, section 116J.8737, is amended by adding a
64.2 subdivision to read:

64.3 Subd. 5a. **Promotion of credit in greater Minnesota.** (a) By July 1, 2014,
64.4 the commissioner shall develop a plan to increase awareness of and use of the credit
64.5 for investments in qualified greater Minnesota businesses and minority-owned and
64.6 women-owned qualified small businesses with the goal that the portion of the credit
64.7 reserved for investments in qualified greater Minnesota businesses and minority-owned
64.8 and women-owned qualified small businesses is allocated in full to those investments.

64.9 (b) Beginning with the legislative report due on March 15, 2015, under subdivision
64.10 9, the commissioner shall report on its plan under this subdivision and the results achieved.

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

64.12 Sec. 4. Minnesota Statutes 2013 Supplement, section 136A.129, subdivision 1, is
64.13 amended to read:

64.14 Subdivision 1. **Definitions.** (a) For the purposes of this section, the terms defined in
64.15 this subdivision have the meanings given to them.

64.16 (b) "Eligible employer" means a taxpayer under section 290.01 with employees
64.17 located in greater Minnesota.

64.18 (c) "Eligible institution" means a Minnesota public postsecondary institution or
64.19 a Minnesota private, nonprofit, baccalaureate, or graduate degree-granting college or
64.20 university.

64.21 (d) "Eligible student" means a student enrolled in an eligible institution who has
64.22 completed one-half of the credits necessary for the respective degree or certification,
64.23 including a graduate degree.

64.24 (e) "Greater Minnesota" means the area of the state outside of the counties of Anoka,
64.25 Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, Washington, and
64.26 Wright.

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

64.28 Sec. 5. Minnesota Statutes 2013 Supplement, section 136A.129, subdivision 3, is
64.29 amended to read:

64.30 Subd. 3. **Program components.** (a) An intern must be an eligible student who has
64.31 been admitted to a major program that is related to the intern experience as determined
64.32 by the eligible institution.

64.33 (b) To participate in the program, an eligible institution must:

65.1 (1) enter into written agreements with eligible employers to provide internships that
65.2 are at least ~~12~~ eight weeks long and located in greater Minnesota;

65.3 ~~(2) determine that the work experience of the internship is related to the eligible
65.4 student's course of study; and~~

65.5 ~~(3)~~ (2) provide academic credit for the successful completion of the internship or
65.6 ensure that it fulfills requirements necessary to complete a vocational technical education
65.7 program.

65.8 (c) To participate in the program, an eligible employer must enter into a written
65.9 agreement with an eligible institution specifying that the intern:

65.10 (1) would not have been hired without the tax credit described in subdivision 4;

65.11 (2) did not work for the employer in the same or a similar job prior to entering
65.12 the agreement;

65.13 (3) does not replace an existing employee;

65.14 (4) has not previously participated in the program;

65.15 (5) will be employed at a location in greater Minnesota;

65.16 (6) will be paid at least minimum wage for a minimum of 16 hours per week for a
65.17 period of at least ~~12~~ eight weeks; and

65.18 (7) will be supervised and evaluated by the employer.

65.19 (d) The written agreement between the eligible institution and the eligible employer
65.20 must certify a credit amount to the employer, not to exceed \$2,000 per intern. The total
65.21 dollar amount of credits that an eligible institution certifies to eligible employers in a
65.22 calendar year may not exceed the amount of its allocation under subdivision 4.

65.23 (e) Participating eligible institutions and eligible employers must report annually to
65.24 the office. The report must include at least the following:

65.25 (1) the number of interns hired;

65.26 (2) the number of hours and weeks worked by interns; and

65.27 (3) the compensation paid to interns.

65.28 (f) An internship required to complete an academic program does not qualify for the
65.29 greater Minnesota internship program under this section.

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

65.31 Sec. 6. Minnesota Statutes 2013 Supplement, section 136A.129, subdivision 5, is
65.32 amended to read:

65.33 Subd. 5. **Reports to the legislature.** (a) By February 1, ~~2015~~ 2016, the office
65.34 and the Department of Revenue shall report to the legislature on the greater Minnesota
65.35 internship program. The report must include at least the following:

- 66.1 (1) the number and dollar amount of credits allowed;
- 66.2 (2) the number of interns employed under the program; and
- 66.3 (3) the cost of administering the program.

66.4 (b) By February 1, ~~2016~~ 2017, the office and the Department of Revenue shall

66.5 report to the legislature with an analysis of the effectiveness of the program in stimulating

66.6 businesses to hire interns and in assisting participating interns in finding permanent

66.7 career positions. This report must include the number of students who participated in the

66.8 program who were subsequently employed full-time by the employer.

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

66.10 Sec. 7. Minnesota Statutes 2013 Supplement, section 270B.01, subdivision 8, is

66.11 amended to read:

66.12 Subd. 8. **Minnesota tax laws.** For purposes of this chapter only, unless expressly

66.13 stated otherwise, "Minnesota tax laws" means:

66.14 (1) the taxes, refunds, and fees administered by or paid to the commissioner under

66.15 chapters 115B, 289A (except taxes imposed under sections 298.01, 298.015, and 298.24),

66.16 290, 290A, 291, ~~292~~, 295, 297A, 297B, 297H, and 403, or any similar Indian tribal tax

66.17 administered by the commissioner pursuant to any tax agreement between the state and

66.18 the Indian tribal government, and includes any laws for the assessment, collection, and

66.19 enforcement of those taxes, refunds, and fees; and

66.20 (2) section 273.1315.

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

66.22 Sec. 8. Minnesota Statutes 2013 Supplement, section 270B.03, subdivision 1, is

66.23 amended to read:

66.24 Subdivision 1. **Who may inspect.** Returns and return information must, on request,

66.25 be made open to inspection by or disclosure to the data subject. The request must be made

66.26 in writing or in accordance with written procedures of the chief disclosure officer of the

66.27 department that have been approved by the commissioner to establish the identification

66.28 of the person making the request as the data subject. For purposes of this chapter, the

66.29 following are the data subject:

66.30 (1) in the case of an individual return, that individual;

66.31 (2) in the case of an income tax return filed jointly, either of the individuals with

66.32 respect to whom the return is filed;

67.1 (3) in the case of a return filed by a business entity, an officer of a corporation,
 67.2 a shareholder owning more than one percent of the stock, or any shareholder of an S
 67.3 corporation; a general partner in a partnership; the owner of a sole proprietorship; a
 67.4 member or manager of a limited liability company; a participant in a joint venture; the
 67.5 individual who signed the return on behalf of the business entity; or an employee who is
 67.6 responsible for handling the tax matters of the business entity, such as the tax manager,
 67.7 bookkeeper, or managing agent;

67.8 (4) in the case of an estate return:

67.9 (i) the personal representative or trustee of the estate; and

67.10 (ii) any beneficiary of the estate as shown on the federal estate tax return;

67.11 (5) in the case of a trust return:

67.12 (i) the trustee or trustees, jointly or separately; and

67.13 (ii) any beneficiary of the trust as shown in the trust instrument;

67.14 (6) if liability has been assessed to a transferee under section 270C.58, subdivision
 67.15 1, the transferee is the data subject with regard to the returns and return information
 67.16 relating to the assessed liability;

67.17 (7) in the case of an Indian tribal government or an Indian tribal government-owned
 67.18 entity,

67.19 (i) the chair of the tribal government, or

67.20 (ii) any person authorized by the tribal government; and

67.21 (8) in the case of a successor as defined in section 270C.57, subdivision 1, paragraph
 67.22 (b), the successor is the data subject and information may be disclosed as provided by
 67.23 section 270C.57, subdivision 4; and.

67.24 ~~(9) in the case of a gift return, the donor.~~

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

67.26 Sec. 9. Minnesota Statutes 2012, section 289A.02, subdivision 7, as amended by Laws
 67.27 2014, chapter 150, article 1, section 7, is amended to read:

67.28 Subd. 7. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal
 67.29 Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~December~~
 67.30 ~~20, 2013~~ March 26, 2014.

67.31 **EFFECTIVE DATE.** This section is effective retroactively for taxable years
 67.32 beginning after December 31, 2012.

68.1 Sec. 10. Minnesota Statutes 2013 Supplement, section 290.01, subdivision 19, as
68.2 amended by Laws 2014, chapter 150, article 1, section 9, is amended to read:

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

68.9 In the case of a regulated investment company or a fund thereof, as defined in section
68.10 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment
68.11 company taxable income as defined in section 852(b)(2) of the Internal Revenue Code,
68.12 except that:

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

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

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

68.22 The net income of a real estate investment trust as defined and limited by section
68.23 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust
68.24 taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

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

68.28 The Internal Revenue Code of 1986, as amended through ~~December 20, 2013~~ March
68.29 26, 2014, shall be in effect for taxable years beginning after December 31, 1996.

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

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

69.1 Sec. 11. Minnesota Statutes 2012, section 290.01, subdivision 19a, as amended by
69.2 Laws 2014, chapter 150, article 1, section 10, is amended to read:

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

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

69.9 (ii) exempt-interest dividends as defined in section 852(b)(5) of the Internal Revenue
69.10 Code, except:

69.11 (A) the portion of the exempt-interest dividends exempt from state taxation under
69.12 the laws of the United States; and

69.13 (B) the portion of the exempt-interest dividends derived from interest income
69.14 on obligations of the state of Minnesota or its political or governmental subdivisions,
69.15 municipalities, governmental agencies or instrumentalities, but only if the portion of the
69.16 exempt-interest dividends from such Minnesota sources paid to all shareholders represents
69.17 95 percent or more of the exempt-interest dividends, including any dividends exempt
69.18 under subitem (A), that are paid by the regulated investment company as defined in section
69.19 851(a) of the Internal Revenue Code, or the fund of the regulated investment company as
69.20 defined in section 851(g) of the Internal Revenue Code, making the payment; and

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

69.24 (2) the amount of income, sales and use, motor vehicle sales, or excise taxes paid or
69.25 accrued within the taxable year under this chapter and the amount of taxes based on net
69.26 income paid, sales and use, motor vehicle sales, or excise taxes paid to any other state or
69.27 to any province or territory of Canada, to the extent allowed as a deduction under section
69.28 63(d) of the Internal Revenue Code, but the addition may not be more than the amount
69.29 by which the state itemized deduction exceeds the amount of the standard deduction as
69.30 defined in section 63(c) of the Internal Revenue Code, minus any addition that would have
69.31 been required under clause (17) if the taxpayer had claimed the standard deduction. For
69.32 the purpose of this clause, income, sales and use, motor vehicle sales, or excise taxes are
69.33 the last itemized deductions disallowed under clause (15);

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

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

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

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

70.12 (7) 80 percent of the depreciation deduction allowed under section 168(k) of the
70.13 Internal Revenue Code. For purposes of this clause, if the taxpayer has an activity that
70.14 in the taxable year generates a deduction for depreciation under section 168(k) and the
70.15 activity generates a loss for the taxable year that the taxpayer is not allowed to claim for
70.16 the taxable year, "the depreciation allowed under section 168(k)" for the taxable year is
70.17 limited to excess of the depreciation claimed by the activity under section 168(k) over the
70.18 amount of the loss from the activity that is not allowed in the taxable year. In succeeding
70.19 taxable years when the losses not allowed in the taxable year are allowed, the depreciation
70.20 under section 168(k) is allowed;

70.21 (8) 80 percent of the amount by which the deduction allowed by section 179 of the
70.22 Internal Revenue Code exceeds the deduction allowable by section 179 of the Internal
70.23 Revenue Code of 1986, as amended through December 31, 2003;

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

70.26 (10) the amount of expenses disallowed under section 290.10, subdivision 2;

70.27 (11) for taxable years beginning before January 1, 2010, the amount deducted for
70.28 qualified tuition and related expenses under section 222 of the Internal Revenue Code, to
70.29 the extent deducted from gross income;

70.30 (12) for taxable years beginning before January 1, 2010, the amount deducted for
70.31 certain expenses of elementary and secondary school teachers under section 62(a)(2)(D)
70.32 of the Internal Revenue Code, to the extent deducted from gross income;

70.33 (13) discharge of indebtedness income resulting from reacquisition of business
70.34 indebtedness and deferred under section 108(i) of the Internal Revenue Code;

70.35 (14) changes to federal taxable income attributable to a net operating loss that the
70.36 taxpayer elected to carry back for more than two years for federal purposes but for which

71.1 the losses can be carried back for only two years under section 290.095, subdivision
71.2 11, paragraph (c);

71.3 ~~(15) to the extent included in the computation of federal taxable income in taxable~~
71.4 ~~years beginning after December 31, 2010,~~ the amount of disallowed itemized deductions,
71.5 but the amount of disallowed itemized deductions plus the addition required under clause
71.6 (2) may not be more than the amount by which the itemized deductions as allowed under
71.7 section 63(d) of the Internal Revenue Code exceeds the amount of the standard deduction
71.8 as defined in section 63(c) of the Internal Revenue Code, and reduced by any addition
71.9 that would have been required under clause (17) if the taxpayer had claimed the standard
71.10 deduction:

71.11 (i) the amount of disallowed itemized deductions is equal to the lesser of:

71.12 (A) three percent of the excess of the taxpayer's federal adjusted gross income
71.13 over the applicable amount; or

71.14 (B) 80 percent of the amount of the itemized deductions otherwise allowable to the
71.15 taxpayer under the Internal Revenue Code for the taxable year;

71.16 (ii) the term "applicable amount" means \$100,000, or \$50,000 in the case of a
71.17 married individual filing a separate return. Each dollar amount shall be increased by
71.18 an amount equal to:

71.19 (A) such dollar amount, multiplied by

71.20 (B) the cost-of-living adjustment determined under section 1(f)(3) of the Internal
71.21 Revenue Code for the calendar year in which the taxable year begins, by substituting
71.22 "calendar year 1990" for "calendar year 1992" in subparagraph (B) thereof;

71.23 (iii) the term "itemized deductions" does not include:

71.24 (A) the deduction for medical expenses under section 213 of the Internal Revenue
71.25 Code;

71.26 (B) any deduction for investment interest as defined in section 163(d) of the Internal
71.27 Revenue Code; and

71.28 (C) the deduction under section 165(a) of the Internal Revenue Code for casualty or
71.29 theft losses described in paragraph (2) or (3) of section 165(c) of the Internal Revenue
71.30 Code or for losses described in section 165(d) of the Internal Revenue Code;

71.31 ~~(16) to the extent included in federal taxable income in taxable years beginning after~~
71.32 ~~December 31, 2010,~~ the amount of disallowed personal exemptions for taxpayers with
71.33 federal adjusted gross income over the threshold amount:

71.34 (i) the disallowed personal exemption amount is equal to the ~~dollar amount of the~~
71.35 number of personal exemptions claimed by the taxpayer in the computation of federal
71.36 taxable income allowed under section 151(b) and (c) of the Internal Revenue Code

72.1 multiplied by the dollar amount for personal exemptions under section 151(d)(1) and (2)
 72.2 of the Internal Revenue Code, as adjusted for inflation by section 151(d)(4) of the Internal
 72.3 Revenue Code, and by the applicable percentage;

72.4 (ii) "applicable percentage" means two percentage points for each \$2,500 (or
 72.5 fraction thereof) by which the taxpayer's federal adjusted gross income for the taxable
 72.6 year exceeds the threshold amount. In the case of a married individual filing a separate
 72.7 return, the preceding sentence shall be applied by substituting "\$1,250" for "\$2,500." In
 72.8 no event shall the applicable percentage exceed 100 percent;

72.9 (iii) the term "threshold amount" means:

72.10 (A) \$150,000 in the case of a joint return or a surviving spouse;

72.11 (B) \$125,000 in the case of a head of a household;

72.12 (C) \$100,000 in the case of an individual who is not married and who is not a
 72.13 surviving spouse or head of a household; and

72.14 (D) \$75,000 in the case of a married individual filing a separate return; and

72.15 (iv) the thresholds shall be increased by an amount equal to:

72.16 (A) such dollar amount, multiplied by

72.17 (B) the cost-of-living adjustment determined under section 1(f)(3) of the Internal
 72.18 Revenue Code for the calendar year in which the taxable year begins, by substituting
 72.19 "calendar year 1990" for "calendar year 1992" in subparagraph (B) thereof; and

72.20 (17) to the extent deducted in the computation of federal taxable income, for taxable
 72.21 years beginning after December 31, 2010, and before January 1, 2014, the difference
 72.22 between the standard deduction allowed under section 63(c) of the Internal Revenue Code
 72.23 and the standard deduction allowed for 2011, 2012, and 2013 under the Internal Revenue
 72.24 Code as amended through December 1, 2010.

72.25 **EFFECTIVE DATE.** This section is effective retroactively for taxable years
 72.26 beginning after December 31, 2012.

72.27 Sec. 12. Minnesota Statutes 2013 Supplement, section 290.01, subdivision 19b, as
 72.28 amended by Laws 2014, chapter 150, article 1, section 11, is amended to read:

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

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

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

73.4 (3) the amount paid to others, less the amount used to claim the credit allowed under
73.5 section 290.0674, not to exceed \$1,625 for each qualifying child in grades kindergarten
73.6 to 6 and \$2,500 for each qualifying child in grades 7 to 12, for tuition, textbooks, and
73.7 transportation of each qualifying child in attending an elementary or secondary school
73.8 situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a
73.9 resident of this state may legally fulfill the state's compulsory attendance laws, which
73.10 is not operated for profit, and which adheres to the provisions of the Civil Rights Act
73.11 of 1964 and chapter 363A. For the purposes of this clause, "tuition" includes fees or
73.12 tuition as defined in section 290.0674, subdivision 1, clause (1). As used in this clause,
73.13 "textbooks" includes books and other instructional materials and equipment purchased
73.14 or leased for use in elementary and secondary schools in teaching only those subjects
73.15 legally and commonly taught in public elementary and secondary schools in this state.
73.16 Equipment expenses qualifying for deduction includes expenses as defined and limited in
73.17 section 290.0674, subdivision 1, clause (3). "Textbooks" does not include instructional
73.18 books and materials used in the teaching of religious tenets, doctrines, or worship, the
73.19 purpose of which is to instill such tenets, doctrines, or worship, nor does it include books
73.20 or materials for, or transportation to, extracurricular activities including sporting events,
73.21 musical or dramatic events, speech activities, driver's education, or similar programs. No
73.22 deduction is permitted for any expense the taxpayer incurred in using the taxpayer's or
73.23 the qualifying child's vehicle to provide such transportation for a qualifying child. For
73.24 purposes of the subtraction provided by this clause, "qualifying child" has the meaning
73.25 given in section 32(c)(3) of the Internal Revenue Code;

73.26 (4) income as provided under section 290.0802;

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

73.29 (6) to the extent not deducted or not deductible pursuant to section 408(d)(8)(E)
73.30 of the Internal Revenue Code in determining federal taxable income by an individual
73.31 who does not itemize deductions for federal income tax purposes for the taxable year, an
73.32 amount equal to 50 percent of the excess of charitable contributions over \$500 allowable
73.33 as a deduction for the taxable year under section 170(a) of the Internal Revenue Code,
73.34 under the provisions of Public Law 109-1 and Public Law 111-126;

73.35 (7) for individuals who are allowed a federal foreign tax credit for taxes that do not
73.36 qualify for a credit under section 290.06, subdivision 22, an amount equal to the carryover

74.1 of subnational foreign taxes for the taxable year, but not to exceed the total subnational
74.2 foreign taxes reported in claiming the foreign tax credit. For purposes of this clause,
74.3 "federal foreign tax credit" means the credit allowed under section 27 of the Internal
74.4 Revenue Code, and "carryover of subnational foreign taxes" equals the carryover allowed
74.5 under section 904(c) of the Internal Revenue Code minus national level foreign taxes to
74.6 the extent they exceed the federal foreign tax credit;

74.7 (8) in each of the five tax years immediately following the tax year in which an
74.8 addition is required under subdivision 19a, clause (7), or 19c, clause (12), in the case of a
74.9 shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the
74.10 delayed depreciation. For purposes of this clause, "delayed depreciation" means the amount
74.11 of the addition made by the taxpayer under subdivision 19a, clause (7), or subdivision 19c,
74.12 clause (12), in the case of a shareholder of an S corporation, minus the positive value of
74.13 any net operating loss under section 172 of the Internal Revenue Code generated for the
74.14 tax year of the addition. The resulting delayed depreciation cannot be less than zero;

74.15 (9) job opportunity building zone income as provided under section 469.316;

74.16 (10) to the extent included in federal taxable income, the amount of compensation
74.17 paid to members of the Minnesota National Guard or other reserve components of
74.18 the United States military for active service, ~~excluding~~ including compensation for
74.19 services performed under the Active Guard Reserve (AGR) program. For purposes of
74.20 this clause, "active service" means (i) state active service as defined in section 190.05,
74.21 subdivision 5a, clause (1); or (ii) federally funded state active service as defined in section
74.22 190.05, subdivision 5b, ~~but~~ and "active service" ~~excludes~~ includes service performed in
74.23 accordance with section 190.08, subdivision 3;

74.24 (11) to the extent included in federal taxable income, the amount of compensation
74.25 paid to Minnesota residents who are members of the armed forces of the United States
74.26 or United Nations for active duty performed under United States Code, title 10; or the
74.27 authority of the United Nations;

74.28 (12) an amount, not to exceed \$10,000, equal to qualified expenses related to a
74.29 qualified donor's donation, while living, of one or more of the qualified donor's organs
74.30 to another person for human organ transplantation. For purposes of this clause, "organ"
74.31 means all or part of an individual's liver, pancreas, kidney, intestine, lung, or bone marrow;
74.32 "human organ transplantation" means the medical procedure by which transfer of a human
74.33 organ is made from the body of one person to the body of another person; "qualified
74.34 expenses" means unreimbursed expenses for both the individual and the qualified donor
74.35 for (i) travel, (ii) lodging, and (iii) lost wages net of sick pay, except that such expenses
74.36 may be subtracted under this clause only once; and "qualified donor" means the individual

75.1 or the individual's dependent, as defined in section 152 of the Internal Revenue Code. An
75.2 individual may claim the subtraction in this clause for each instance of organ donation for
75.3 transplantation during the taxable year in which the qualified expenses occur;

75.4 (13) in each of the five tax years immediately following the tax year in which an
75.5 addition is required under subdivision 19a, clause (8), or 19c, clause (13), in the case of a
75.6 shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the
75.7 addition made by the taxpayer under subdivision 19a, clause (8), or 19c, clause (13), in the
75.8 case of a shareholder of a corporation that is an S corporation, minus the positive value of
75.9 any net operating loss under section 172 of the Internal Revenue Code generated for the
75.10 tax year of the addition. If the net operating loss exceeds the addition for the tax year, a
75.11 subtraction is not allowed under this clause;

75.12 (14) to the extent included in the federal taxable income of a nonresident of
75.13 Minnesota, compensation paid to a service member as defined in United States Code, title
75.14 10, section 101(a)(5), for military service as defined in the Servicemembers Civil Relief
75.15 Act, Public Law 108-189, section 101(2);

75.16 (15) to the extent included in federal taxable income, the amount of national service
75.17 educational awards received from the National Service Trust under United States Code,
75.18 title 42, sections 12601 to 12604, for service in an approved Americorps National Service
75.19 program;

75.20 (16) to the extent included in federal taxable income, discharge of indebtedness
75.21 income resulting from reacquisition of business indebtedness included in federal taxable
75.22 income under section 108(i) of the Internal Revenue Code. This subtraction applies only
75.23 to the extent that the income was included in net income in a prior year as a result of the
75.24 addition under section 290.01, subdivision 19a, clause (13);

75.25 (17) the amount of the net operating loss allowed under section 290.095, subdivision
75.26 11, paragraph (c);

75.27 (18) the amount of expenses not allowed for federal income tax purposes due
75.28 to claiming the railroad track maintenance credit under section 45G(a) of the Internal
75.29 Revenue Code;

75.30 (19) the amount of the limitation on itemized deductions under section 68(b) of
75.31 the Internal Revenue Code; ~~and~~

75.32 (20) the amount of the phaseout of personal exemptions under section 151(d) of
75.33 the Internal Revenue Code; and

75.34 (21) to the extent included in federal taxable income, the amount of qualified
75.35 transportation fringe benefits described in section 132(f)(1)(A) and (B) of the Internal
75.36 Revenue Code. The subtraction is limited to the lesser of the amount of qualified

76.1 transportation fringe benefits received in excess of the limitations under section
76.2 132(f)(2)(A) of the Internal Revenue Code for the year or the difference between the
76.3 maximum qualified parking benefits excludable under section 132(f)(2)(B) of the Internal
76.4 Revenue Code minus the amount of transit benefits excludable under section 132(f)(2)(A)
76.5 of the Internal Revenue Code.

76.6 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
76.7 December 31, 2013.

76.8 Sec. 13. Minnesota Statutes 2013 Supplement, section 290.01, subdivision 31, as
76.9 amended by Laws 2014, chapter 150, article 1, section 13, is amended to read:

76.10 Subd. 31. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal
76.11 Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~December~~
76.12 ~~20, 2013~~ March 26, 2014. Internal Revenue Code also includes any uncodified provision
76.13 in federal law that relates to provisions of the Internal Revenue Code that are incorporated
76.14 into Minnesota law. When used in this chapter, the reference to "subtitle A, chapter 1,
76.15 subchapter N, part 1, of the Internal Revenue Code" is to the Internal Revenue Code as
76.16 amended through March 18, 2010.

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

76.20 Sec. 14. Minnesota Statutes 2012, section 290.081, is amended to read:

76.21 **290.081 INCOME OF NONRESIDENTS, RECIPROcity.**

76.22 (a) The compensation received for the performance of personal or professional
76.23 services within this state by an individual whose residence, place of abode, and place
76.24 customarily returned to at least once a month is in another state, shall be excluded from
76.25 gross income to the extent such compensation is subject to an income tax imposed by the
76.26 state of residence; provided that such state allows a similar exclusion of compensation
76.27 received by residents of Minnesota for services performed therein.

76.28 (b) When it is deemed to be in the best interests of the people of this state, the
76.29 commissioner may determine that the provisions of paragraph (a) shall not apply. As long
76.30 as the provisions of paragraph (a) apply between Minnesota and Wisconsin, the provisions
76.31 of paragraph (a) shall apply to any individual who is domiciled in Wisconsin.

76.32 (c) For the purposes of paragraph (a), whenever the Wisconsin tax on Minnesota
76.33 residents which would have been paid Wisconsin without paragraph (a) exceeds the

77.1 Minnesota tax on Wisconsin residents which would have been paid Minnesota without
77.2 paragraph (a), or vice versa, then the state with the net revenue loss resulting from
77.3 paragraph (a) ~~must be compensated by~~ shall receive from the other state as provided in the
77.4 ~~agreement under paragraph (d)~~ the amount of such loss. This provision shall be effective
77.5 for all years beginning after December 31, 1972. The data used for computing the loss
77.6 to either state shall be determined on or before September 30 of the year following the
77.7 close of the previous calendar year.

77.8 (d)(1) Interest is payable on all amounts calculated under paragraph (c) relating
77.9 to taxable years beginning after December 31, 2000. Interest accrues from July 1 of
77.10 the taxable year.

77.11 (2) The commissioner of revenue is authorized to enter into agreements with
77.12 the state of Wisconsin specifying ~~the compensation required under paragraph (b)~~, the
77.13 reciprocity payment due ~~date~~ dates, conditions constituting delinquency, interest rates, and
77.14 a method for computing interest due. ~~Calculation of compensation under the agreement~~
77.15 ~~must specify if the revenue loss is determined before or after the allowance of each state's~~
77.16 ~~credit for taxes paid to the other state.~~

77.17 (3) For agreements entered into before October 1, 2014, the annual compensation
77.18 required under paragraph (c) must equal at least the net revenue loss minus \$1,000,000
77.19 per fiscal year.

77.20 (4) For agreements entered into after September 30, 2014, the annual compensation
77.21 required under paragraph (c) must equal the net revenue loss per fiscal year.

77.22 (5) For the purposes of clauses (3) and (4), "net revenue loss" means the difference
77.23 between the amount of Minnesota income taxes Minnesota forgoes by not taxing
77.24 Wisconsin residents on income subject to reciprocity and the credit Minnesota would
77.25 have been required to give under section 290.06, subdivision 22, to Minnesota residents
77.26 working in Wisconsin had there not been reciprocity.

77.27 (e) If an agreement cannot be reached as to the amount of the loss, the commissioner
77.28 of revenue and the taxing official of the state of Wisconsin shall each appoint a member
77.29 of a board of arbitration and these members shall appoint the third member of the board.
77.30 The board shall select one of its members as chair. Such board may administer oaths, take
77.31 testimony, subpoena witnesses, and require their attendance, require the production of
77.32 books, papers and documents, and hold hearings at such places as are deemed necessary.
77.33 The board shall then make a determination as to the amount to be paid the other state
77.34 which determination shall be final and conclusive.

77.35 (f) The commissioner may furnish copies of returns, reports, or other information to
77.36 the taxing official of the state of Wisconsin, a member of the board of arbitration, or a

78.1 consultant under joint contract with the states of Minnesota and Wisconsin for the purpose
78.2 of making a determination as to the amount to be paid the other state under the provisions
78.3 of this section. Prior to the release of any information under the provisions of this section,
78.4 the person to whom the information is to be released shall sign an agreement which
78.5 provides that the person will protect the confidentiality of the returns and information
78.6 revealed thereby to the extent that it is protected under the laws of the state of Minnesota.

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

78.8 Sec. 15. Minnesota Statutes 2013 Supplement, section 290.091, subdivision 2, as
78.9 amended by Laws 2014, chapter 150, article 1, section 21, is amended to read:

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

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

78.14 (1) the taxpayer's federal alternative minimum taxable income as defined in section
78.15 55(b)(2) of the Internal Revenue Code;

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

78.18 (i) the charitable contribution deduction under section 170 of the Internal Revenue
78.19 Code;

78.20 (ii) the medical expense deduction;

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

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

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

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

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

78.34 (6) the amount of addition required by section 290.01, subdivision 19a, clauses (7)
78.35 to (9), and (11) to (14);

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

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

79.3 (2) an overpayment of state income tax as provided by section 290.01, subdivision
79.4 19b, clause (2), to the extent included in federal alternative minimum taxable income;

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

79.9 (4) amounts subtracted from federal taxable income as provided by section 290.01,
79.10 subdivision 19b, clauses (6), (8) to (14), ~~and (16)~~, and (21); and

79.11 (5) the amount of the net operating loss allowed under section 290.095, subdivision
79.12 11, paragraph (c).

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

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

79.17 (c) "Net minimum tax" means the minimum tax imposed by this section.

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

79.21 (e) "Tentative minimum tax" equals 6.75 percent of alternative minimum taxable
79.22 income after subtracting the exemption amount determined under subdivision 3.

79.23 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
79.24 December 31, 2013.

79.25 Sec. 16. Minnesota Statutes 2013 Supplement, section 290A.03, subdivision 15, as
79.26 amended by Laws 2014, chapter 150, article 1, section 22, is amended to read:

79.27 Subd. 15. **Internal Revenue Code.** "Internal Revenue Code" means the Internal
79.28 Revenue Code of 1986, as amended through ~~December 20, 2013~~ March 26, 2014.

79.29 **EFFECTIVE DATE.** This section is effective retroactively for property tax refunds
79.30 based on property taxes payable after December 31, 2013, and rent paid after December
79.31 31, 2012.

79.32 Sec. 17. Minnesota Statutes 2013 Supplement, section 291.005, subdivision 1, as
79.33 amended by Laws 2014, chapter 150, article 3, section 3, is amended to read:

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

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

80.5 (2) "Federal gross estate" means the gross estate of a decedent as required to be valued
80.6 and otherwise determined for federal estate tax purposes under the Internal Revenue Code,
80.7 increased by the value of any property in which the decedent had a qualifying income
80.8 interest for life and for which an election was made under section 291.03, subdivision 1d,
80.9 for Minnesota estate tax purposes, but was not made for federal estate tax purposes.

80.10 (3) "Internal Revenue Code" means the United States Internal Revenue Code of
80.11 1986, as amended through ~~March 1~~ March 26, 2014.

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

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

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

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

80.28 (8) "Situs of property" means, with respect to:

80.29 (i) real property, the state or country in which it is located;

80.30 (ii) tangible personal property, the state or country in which it was normally kept
80.31 or located at the time of the decedent's death or for a gift of tangible personal property
80.32 within three years of death, the state or country in which it was normally kept or located
80.33 when the gift was executed; and

80.34 (iii) a qualified work of art, as defined in section 2503(g)(2) of the Internal Revenue
80.35 Code, owned by a nonresident decedent and that is normally kept or located in this state
80.36 because it is on loan to an organization, qualifying as exempt from taxation under section

81.1 501(c)(3) of the Internal Revenue Code, that is located in Minnesota, the situs of the art is
81.2 deemed to be outside of Minnesota, notwithstanding the provisions of item (ii); and
81.3 (iv) intangible personal property, the state or country in which the decedent was
81.4 domiciled at death or for a gift of intangible personal property within three years of death,
81.5 the state or country in which the decedent was domiciled when the gift was executed.

81.6 For a nonresident decedent with an ownership interest in a pass-through entity with
81.7 assets that include real or tangible personal property, situs of the real or tangible personal
81.8 property, including qualified works of art, is determined as if the pass-through entity does
81.9 not exist and the real or tangible personal property is personally owned by the decedent.
81.10 If the pass-through entity is owned by a person or persons in addition to the decedent,
81.11 ownership of the property is attributed to the decedent in proportion to the decedent's
81.12 capital ownership share of the pass-through entity.

81.13 (9) "Pass-through entity" includes the following:

81.14 (i) an entity electing S corporation status under section 1362 of the Internal Revenue
81.15 Code;

81.16 (ii) an entity taxed as a partnership under subchapter K of the Internal Revenue Code;

81.17 (iii) a single-member limited liability company or similar entity, regardless of
81.18 whether it is taxed as an association or is disregarded for federal income tax purposes
81.19 under Code of Federal Regulations, title 26, section 301.7701-3; or

81.20 (iv) a trust to the extent the property is includible in the decedent's federal gross
81.21 estate; but excludes

81.22 (v) an entity whose ownership interest securities are traded on an exchange regulated
81.23 by the Securities and Exchange Commission as a national securities exchange under
81.24 section 6 of the Securities Exchange Act, United States Code, title 15, section 78f.

81.25 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents
81.26 dying after December 31, 2013.

81.27 Sec. 18. Minnesota Statutes 2012, section 291.016, subdivision 1, as added by Laws
81.28 2014, chapter 150, article 3, section 4, is amended to read:

81.29 Subdivision 1. **General.** For purposes of the tax under this chapter, the Minnesota
81.30 taxable estate equals the federal taxable estate as provided under section 2051 of the Internal
81.31 Revenue Code, without regard to whether the estate is subject to the federal estate tax:

81.32 (1) increased by the value of any property in which the decedent had a qualifying
81.33 income interest for life and for which an election was made under section 291.03,
81.34 subdivision 1d, for Minnesota estate tax purposes, but was not made for federal estate
81.35 tax purposes;

82.1 (2) increased by the additions under subdivision 2; and
 82.2 ~~(2)~~ (3) decreased by the subtraction under subdivision 3.

82.3 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents
 82.4 dying after December 31, 2013.

82.5 Sec. 19. Minnesota Statutes 2012, section 291.031, as added by Laws 2014, chapter
 82.6 150, article 3, section 7, is amended to read:

82.7 **291.031 CREDITS.**

82.8 (a) The estate of a nonresident decedent that is subject to tax under this chapter on
 82.9 the value of Minnesota situs property held in a pass-through entity is allowed a credit
 82.10 against the tax due under ~~this~~ section 291.03 equal to the lesser of:

82.11 (1) the amount of estate or inheritance tax paid to another state that is attributable to
 82.12 the Minnesota situs property held in the pass-through entity; or

82.13 (2) the amount of tax paid under this section attributable to the Minnesota situs
 82.14 property held in the pass-through entity.

82.15 (b) The amount of tax attributable to the Minnesota situs property held in the
 82.16 pass-through entity must be determined by the increase in the estate or inheritance tax that
 82.17 results from including the market value of the property in the estate or treating the value
 82.18 as a taxable inheritance to the recipient of the property.

82.19 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents
 82.20 dying after December 31, 2013.

82.21 Sec. 20. Laws 2014, chapter 150, article 3, section 4, the effective date, is amended to
 82.22 read:

82.23 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents
 82.24 dying after December 31, 2013, and for taxable gifts made after June 30, 2013.

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

82.26 Sec. 21. **DEFINITION OF TAXABLE GIFT FOR DECEDENTS DYING**
 82.27 **BEFORE JANUARY 1, 2014.**

82.28 For estates of decedents dying before January 1, 2014, "taxable gift" as used by
 82.29 Minnesota Statutes, section 291.005, subdivision 1, paragraph (4), means a transfer by gift
 82.30 which is included in taxable gifts for federal gift tax purposes under the following sections
 82.31 of the Internal Revenue Code: section 529; section 530; section 2501(a)(4); section 2503;

83.1 sections 2511 to 2514; and sections 2516 to 2519; less the deductions allowed in sections
83.2 2522 to 2524 of the Internal Revenue Code, and after excluding taxable gifts of any
83.3 property that has its situs outside Minnesota and including taxable gifts of any property
83.4 that has its situs in Minnesota and were not disclosed to federal taxing authorities.

83.5 **EFFECTIVE DATE.** This section is effective retroactively for taxable gifts made
83.6 after June 30, 2013.

83.7 Sec. 22. **TEMPORARY READING CREDIT.**

83.8 Subdivision 1. **Reading credit.** (a) A taxpayer is allowed a credit, up to \$2,000,
83.9 against the tax imposed by Minnesota Statutes, chapter 290. The credit amount equals 75
83.10 percent of the amount of eligible expenses paid by a taxpayer who is a parent or guardian
83.11 of a qualifying child:

83.12 (1) who has been evaluated for determination of a specific learning disability under
83.13 Minnesota Rules, part 3525.1341, and was not found to meet the criteria under Minnesota
83.14 Rules, part 3525.1341, subpart 2, to have a specific learning disability; and

83.15 (2) for whom the evaluation indicated a determination of a deficiency in basic
83.16 reading skills, reading comprehension, or reading fluency that impair a child to meet
83.17 expected age or grade-level standards.

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

83.19 (1) "eligible expenses" means actual expenses, less the amount of expenses used to
83.20 claim the credit under Minnesota Statutes, section 290.0674, subdivision 1, paid by the
83.21 taxpayer for tutoring, instruction, or treatment by an instructor and not compensated by
83.22 insurance, pretax account, or otherwise, for purposes of meeting the academic standards
83.23 required under Minnesota Statutes, section 120B.021;

83.24 (2) "instructor" means a person qualifying under Minnesota Statutes, section
83.25 120A.22, subdivision 10, clauses (1) to (5), who is not a lineal ancestor or sibling of
83.26 the qualifying child;

83.27 (3) "treatment" means instruction that:

83.28 (i) teaches language decoding skills in a systematic manner;

83.29 (ii) uses recognized diagnostic assessments to determine what intervention would be
83.30 most appropriate for individual students; and

83.31 (iii) employs a research-based method; and

83.32 (4) "qualifying child" has the meaning given in section 32(c)(3) of the Internal
83.33 Revenue Code.

83.34 (c) A taxpayer claiming the credit under this subdivision must provide documentation
83.35 of eligibility for the credit in a form and manner prescribed by the commissioner of

84.1 revenue in consultation with the commissioner of education. The documentation under
84.2 this paragraph must not disclose any information other than that necessary to prove
84.3 eligibility for the credit allowed under this subdivision.

84.4 (d) For a nonresident or part-year resident, the credit determined under this section
84.5 must be allocated based on the percentage calculated under Minnesota Statutes, section
84.6 290.06, subdivision 2c, paragraph (e).

84.7 (e) The amount used to claim the credit under this section must be excluded from
84.8 any amount subtracted from federal taxable income under section 290.01, subdivision
84.9 19b, clause (3).

84.10 Subd. 2. **Assignment of refunds.** The provisions of Minnesota Statutes, section
84.11 290.0679, except for subdivision 1, paragraphs (a) and (b), apply to the assignment of
84.12 refunds authorized under this section. For purposes of assignment of refund under this
84.13 section, a "qualifying taxpayer" means a taxpayer qualified to receive a credit under this
84.14 section. In no case shall any condition for assignment require disclosure of the specific
84.15 findings of an evaluation for a specific learning disability.

84.16 Subd. 3. **Credit to be refundable.** If the amount of total credits that the claimant is
84.17 eligible to receive under this section exceeds the claimant's tax liability under Minnesota
84.18 Statutes, chapter 290, the commissioner of revenue shall refund the excess to the claimant.

84.19 Subd. 4. **Appropriation.** An amount sufficient to pay the refunds authorized under
84.20 this section is appropriated to the commissioner of revenue from the general fund.

84.21 Subd. 5. **Report.** By March 1, 2016, the commissioner of revenue, in compliance
84.22 with Minnesota Statutes, sections 3.195 and 3.197, must provide a report to the chairs and
84.23 ranking minority members of the committees of the house of representatives and senate
84.24 with jurisdiction over taxes and education on:

84.25 (1) the number of taxpayers claiming the credit under this section and the average
84.26 amount of credits claimed; and

84.27 (2) the administration of the credit, including recommendations for ensuring
84.28 compliance.

84.29 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
84.30 December 31, 2013, and before January 1, 2015 only.

84.31 **ARTICLE 5**

84.32 **MINERALS TAXES**

84.33 Section 1. Minnesota Statutes 2012, section 276A.06, subdivision 3, as amended by
84.34 Laws 2014, chapter 150, article 6, section 5, is amended to read:

85.1 Subd. 3. **Apportionment of levy.** The county auditor shall apportion the levy of
85.2 each governmental unit in the county in the manner prescribed by this subdivision. The
85.3 auditor shall:

85.4 (a) by August 20 of 2014 and each subsequent year, determine the preliminary
85.5 areawide portion of the levy for each governmental unit by multiplying the local tax
85.6 rate of the governmental unit for the preceding levy year times the distribution value set
85.7 forth in subdivision 2, clause (b);₂

85.8 (b) by September 5 of 2014 and each subsequent year, determine the areawide
85.9 portion of the levy for each governmental unit by multiplying the preliminary areawide
85.10 portion of the levy for each governmental unit times a fraction, the numerator of which is
85.11 the difference between the sum of the preliminary areawide levies for all governmental
85.12 units in the area minus the school fund allocation and the denominator is the sum of the
85.13 preliminary areawide levy for all governmental units in the area; and

85.14 ~~(b)~~ (c) by September 5 of 2014 and each subsequent year, determine the local
85.15 portion of the current year's levy by subtracting the resulting amount from clause (a) from
85.16 the governmental unit's current year's levy.

85.17 **EFFECTIVE DATE.** This section is effective for taxes payable in 2015 and
85.18 thereafter.

85.19 Sec. 2. Minnesota Statutes 2012, section 276A.06, subdivision 5, as amended by Laws
85.20 2014, chapter 150, article 6, section 6, is amended to read:

85.21 Subd. 5. **Areawide tax rate.** On or before August 25 of 1997 and each subsequent
85.22 year, the county auditor shall certify to the administrative auditor ~~that~~ the preliminary
85.23 portion of the levy of each governmental unit determined pursuant to subdivision 3, clause
85.24 (a). The administrative auditor shall then determine the areawide tax rate sufficient to
85.25 yield an amount equal to the sum of the levies from the preliminary areawide net tax
85.26 capacity ~~plus the school fund allocation.~~ On or before September 1, the administrative
85.27 auditor shall certify the areawide tax rate to each of the county auditors.

85.28 **EFFECTIVE DATE.** This section is effective for taxes payable in 2015 and
85.29 thereafter.

85.30 Sec. 3. Minnesota Statutes 2013 Supplement, section 298.018, subdivision 1, is
85.31 amended to read:

86.1 Subdivision 1. **Within taconite assistance area.** The proceeds of the tax paid under
86.2 sections 298.015 and 298.016 on ores, metals, or minerals mined or extracted within the
86.3 taconite assistance area defined in section 273.1341, shall be allocated as follows:

86.4 (1) five percent to the city or town within which the minerals or energy resources
86.5 are mined or extracted, or within which the concentrate was produced. If the mining
86.6 and concentration, or different steps in either process, are carried on in more than one
86.7 taxing district, the commissioner shall apportion equitably the proceeds among the
86.8 cities and towns by attributing 50 percent of the proceeds of the tax to the operation of
86.9 mining or extraction, and the remainder to the concentrating plant and to the processes of
86.10 concentration, and with respect to each thereof giving due consideration to the relative
86.11 extent of the respective operations performed in each taxing district;

86.12 (2) ten percent to the taconite municipal aid account to be distributed as provided
86.13 in section 298.282;

86.14 (3) ten percent to the school district within which the minerals or energy resources
86.15 are mined or extracted, or within which the concentrate was produced. If the mining
86.16 and concentration, or different steps in either process, are carried on in more than one
86.17 school district, distribution among the school districts must be based on the apportionment
86.18 formula prescribed in clause (1);

86.19 (4) 20 percent to a group of school districts comprised of those school districts
86.20 wherein the mineral or energy resource was mined or extracted or in which there is a
86.21 qualifying municipality as defined by section 273.134, paragraph (b), in direct proportion
86.22 to school district indexes as follows: for each school district, its pupil units determined
86.23 under section 126C.05 for the prior school year shall be multiplied by the ratio of the
86.24 average adjusted net tax capacity per pupil unit for school districts receiving aid under
86.25 this clause as calculated pursuant to chapters 122A, 126C, and 127A for the school year
86.26 ending prior to distribution to the adjusted net tax capacity per pupil unit of the district.
86.27 Each district shall receive that portion of the distribution which its index bears to the sum
86.28 of the indices for all school districts that receive the distributions;

86.29 (5) 20 percent to the county within which the minerals or energy resources are
86.30 mined or extracted, or within which the concentrate was produced. If the mining and
86.31 concentration, or different steps in either process, are carried on in more than one county,
86.32 distribution among the counties must be based on the apportionment formula prescribed in
86.33 clause (1), provided that any county receiving distributions under this clause shall pay one
86.34 percent of its proceeds to the Range Association of Municipalities and Schools;

86.35 (6) 20 percent to St. Louis County acting as the counties' fiscal agent to be
86.36 distributed as provided in sections 273.134 to 273.136;

87.1 (7) five percent to the Iron Range Resources and Rehabilitation Board for the
87.2 purposes of section 298.22;

87.3 (8) ~~five~~ three percent to the Douglas J. Johnson economic protection trust fund; and

87.4 (9) ~~five~~ seven percent to the taconite environmental protection fund.

87.5 The proceeds of the tax shall be distributed on July 15 each year.

87.6 **EFFECTIVE DATE.** This section is effective July 1, 2014.

87.7 Sec. 4. Minnesota Statutes 2012, section 298.28, subdivision 5, as amended by Laws
87.8 2014, chapter 150, article 6, section 11, is amended to read:

87.9 Subd. 5. **Counties.** (a) 21.05 cents per taxable ton for distributions in 2015 through
87.10 2023, and 26.05 cents per taxable ton for distributions beginning in 2024 is allocated
87.11 to counties to be distributed, based upon certification by the commissioner of revenue,
87.12 under paragraphs (b) to (d).

87.13 (b) 10.525 cents per taxable ton shall be distributed to the county in which the
87.14 taconite is mined or quarried or in which the concentrate is produced, less any amount
87.15 which is to be distributed pursuant to paragraph (c). The apportionment formula prescribed
87.16 in subdivision 2 is the basis for the distribution.

87.17 (c) If an electric power plant owned by and providing the primary source of power for
87.18 a taxpayer mining and concentrating taconite is located in a county other than the county
87.19 in which the mining and the concentrating processes are conducted, one cent per taxable
87.20 ton of the tax distributed to the counties pursuant to paragraph (b) and imposed on and
87.21 collected from such taxpayer shall be paid to the county in which the power plant is located.

87.22 (d) 10.525 cents per taxable ton for distributions in 2015 through 2023, and 15.525
87.23 cents per taxable ton for distributions beginning in 2024 shall be paid to the county from
87.24 which the taconite was mined, quarried or concentrated to be deposited in the county road
87.25 and bridge fund. If the mining, quarrying and concentrating, or separate steps in any of
87.26 those processes are carried on in more than one county, the commissioner shall follow the
87.27 apportionment formula prescribed in subdivision 2.

87.28 **EFFECTIVE DATE.** This section is effective for distributions beginning in 2015
87.29 and thereafter.

87.30 Sec. 5. Minnesota Statutes 2012, section 298.28, subdivision 7a, as added by Laws
87.31 2014, chapter 150, article 6, section 13, is amended to read:

87.32 Subd. 7a. **Iron Range school consolidation and cooperatively operated school**
87.33 **account.** The following amounts must be allocated to the Iron Range Resources and

88.1 Rehabilitation Board to be deposited in the Iron Range school consolidation and
 88.2 cooperatively operated school account that is hereby created:

88.3 (1) (i) for distributions in 2015 through 2023, ten cents per taxable ton of the tax
 88.4 imposed under section 298.24; and (ii) for distributions beginning in 2024, five cents per
 88.5 taxable ton of the tax imposed under section 298.24;

88.6 (2) the amount as determined under section 298.17, paragraph (b), clause (3); and

88.7 (3) for distributions in 2015 through 2017, an amount equal to two-thirds of the
 88.8 increased tax proceeds attributable to the increase in the implicit price deflator as provided
 88.9 in section 298.24, subdivision 1 (i) for distributions in 2015, an amount equal to two-thirds
 88.10 of the increased tax proceeds attributable to the increase in the implicit price deflator as
 88.11 provided in section 298.24, subdivision 1, with the remaining one-third to be distributed to
 88.12 the Douglas J. Johnson Economic Protection Trust Fund;

88.13 (ii) for distributions in 2016, an amount equal to two-thirds of the sum of the
 88.14 increased tax proceeds attributable to the increase in the implicit price deflator as provided
 88.15 in section 298.24, subdivision 1, for distribution years 2015 and 2016, with the remaining
 88.16 one-third to be distributed to the Douglas J. Johnson Economic Protection Trust Fund; and

88.17 (iii) for distributions in 2017, an amount equal to two-thirds of the sum of the
 88.18 increased tax proceeds attributable to the increase in the implicit price deflator as provided
 88.19 in section 298.24, subdivision 1, for distribution years 2015, 2016, and 2017, with the
 88.20 remaining one-third to be distributed to the Douglas J. Johnson Economic Protection
 88.21 Trust Fund; and

88.22 (4) any other amount as provided by law.

88.23 Expenditures from this account shall be made only to provide disbursements to
 88.24 assist school districts with the payment of bonds that were issued for qualified school
 88.25 projects, or for any other school disbursement as approved by the Iron Range Resources
 88.26 and Rehabilitation Board. For purposes of this section, "qualified school projects" means
 88.27 school projects within the taconite assistance area as defined in section 273.1341, that were
 88.28 (1) approved, by referendum, after ~~December 7, 2009~~ April 3, 2006; and (2) approved by
 88.29 the commissioner of education pursuant to section 123B.71.

88.30 No expenditure under this section shall be made unless approved by seven members
 88.31 of the Iron Range Resources and Rehabilitation Board.

88.32 **EFFECTIVE DATE.** This section is effective for distributions beginning in 2015
 88.33 and thereafter.

88.34 Sec. 6. Minnesota Statutes 2013 Supplement, section 298.28, subdivision 10, as
 88.35 amended by Laws 2014, chapter 150, article 6, section 15, is amended to read:

89.1 Subd. 10. **Increase.** (a) Except as provided in paragraph (b), for distributions
89.2 in 2000 through 2014 and for distributions in 2018 and subsequent years, the amount
89.3 determined under subdivision 9 shall be increased in the same proportion as the increase
89.4 in the implicit price deflator as provided in section 298.24, subdivision 1. Beginning with
89.5 distributions in 2018, the amount determined under subdivision 6, paragraph (a), shall be
89.6 increased in the same proportion as the increase in the implicit price deflator as provided
89.7 in section 298.24, subdivision 1.

89.8 (b) For distributions in 2005 and subsequent years, an amount equal to the increased
89.9 tax proceeds attributable to the increase in the implicit price deflator as provided in
89.10 section 298.24, subdivision 1, for taxes paid in 2005, except for the amount of revenue
89.11 increases provided in subdivision 4, paragraph (d), is distributed to the grant and loan fund
89.12 established in section 298.2961, subdivision 4.

89.13 ~~(c) For distributions in 2015 through 2017, an amount equal to two-thirds of the~~
89.14 ~~increased tax proceeds attributable to the increase in the implicit price deflator as provided~~
89.15 ~~in section 298.24, subdivision 1, is distributed to the Iron Range school consolidation and~~
89.16 ~~cooperatively operated school account in section 298.28, subdivision 7a, with the remaining~~
89.17 ~~one-third to be distributed to the Douglas J. Johnson Economic Protection Trust Fund.~~

89.18 **EFFECTIVE DATE.** This section is effective for distributions beginning in 2015
89.19 and thereafter.

89.20 Sec. 7. Minnesota Statutes 2012, section 298.75, subdivision 2, is amended to read:

89.21 Subd. 2. **Tax imposed.** (a) Except as provided in paragraph (e), a county that
89.22 imposes the aggregate production tax shall impose upon every operator a production tax
89.23 of 21.5 cents per cubic yard or 15 cents per ton of aggregate material excavated in the
89.24 county except that the county board may decide not to impose this tax if it determines
89.25 that in the previous year operators removed less than 20,000 tons or 14,000 cubic yards of
89.26 aggregate material from that county. The tax shall not be imposed on aggregate material
89.27 excavated in the county until the aggregate material is transported from the extraction site
89.28 or sold, whichever occurs first. When aggregate material is stored in a stockpile within the
89.29 state of Minnesota and a public highway, road or street is not used for transporting the
89.30 aggregate material, the tax shall not be imposed until either when the aggregate material
89.31 is sold, or when it is transported from the stockpile site, or when it is used from the
89.32 stockpile, whichever occurs first.

89.33 (b) Except as provided in paragraph (e), a county that imposes the aggregate
89.34 production tax under paragraph (a) shall impose upon every importer a production tax
89.35 of 21.5 cents per cubic yard or 15 cents per ton of aggregate material imported into the

90.1 county. The tax shall be imposed when the aggregate material is imported from the
90.2 extraction site or sold. When imported aggregate material is stored in a stockpile within
90.3 the state of Minnesota and a public highway, road, or street is not used for transporting
90.4 the aggregate material, the tax shall be imposed either when the aggregate material is
90.5 sold, when it is transported from the stockpile site, or when it is used from the stockpile,
90.6 whichever occurs first. The tax shall be imposed on an importer when the aggregate
90.7 material is imported into the county that imposes the tax.

90.8 (c) If the aggregate material is transported directly from the extraction site to a
90.9 waterway, railway, or another mode of transportation other than a highway, road or street,
90.10 the tax imposed by this section shall be apportioned equally between the county where the
90.11 aggregate material is extracted and the county to which the aggregate material is originally
90.12 transported. If that destination is not located in Minnesota, then the county where the
90.13 aggregate material was extracted shall receive all of the proceeds of the tax.

90.14 (d) A county, city, or town that receives revenue under this section is prohibited
90.15 from imposing any additional host community fees on aggregate production within that
90.16 county, city, or town.

90.17 (e) A county that borders two other states and that is not contiguous to a county
90.18 that imposes a tax under this section may impose the taxes under paragraphs (a) and (b)
90.19 at the rate of ten cents per cubic yard or seven cents per ton. This paragraph expires
90.20 December 31, ~~2014~~ 2024.

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

90.22 Sec. 8. Laws 2008, chapter 366, article 10, section 15, is amended to read:

90.23 Sec. 15. **2008 DISTRIBUTIONS ONLY.**

90.24 For distribution in 2008 only, a special fund is established to receive 11.4 cents per ton
90.25 that otherwise would be allocated under Minnesota Statutes, section 298.28, subdivision 6.
90.26 If sufficient funds are not available under Minnesota Statutes, section 298.28, subdivision
90.27 6, to make the payments required under this section and under Minnesota Statutes, section
90.28 298.28, subdivision 6, the remaining amount needed to total 11.4 cents per ton may be
90.29 taken from funds available under Minnesota Statutes, section 298.28, subdivision 9. If
90.30 2008 H.F. No. 1812 is enacted and includes a provision that distributes funds that would
90.31 otherwise be allocated under Minnesota Statutes, section 298.28, subdivision 6, in a
90.32 manner different from the distribution required in this section, the distribution in this
90.33 section supersedes the distribution set in 2008 H.F. No. 1812 notwithstanding Minnesota
90.34 Statutes, section 645.26. The following amounts are allocated to St. Louis County acting
90.35 as the fiscal agent for the recipients for the following specified purposes:

91.1 (1) two cents per ton must be paid to the Hibbing Economic Development Authority
91.2 to retire bonds and for economic development purposes;

91.3 (2) one cent per ton must be divided among and paid in equal shares to each of the
91.4 board of St. Louis County School District No. 2142, the board of Ely School District No.
91.5 696, the board of Mountain Iron-Buhl School District No. 712, and the board of Virginia
91.6 School District No. 706 for each to study the potential for and impact of consolidation
91.7 and streamlining the operations of their school districts;

91.8 (3) 0.25 cent per ton must be paid to the city of Grand Rapids, for industrial park work;

91.9 (4) 0.65 cent per ton must be paid to the city of Aitkin, for ~~sewer and water for~~
91.10 housing economic development projects;

91.11 (5) 0.5 cent per ton must be paid to the city of Crosby, for well and water tower
91.12 infrastructure;

91.13 (6) 0.5 cent per ton must be paid to the city of Two Harbors, for well and water
91.14 tower infrastructure;

91.15 (7) 1.5 cents per ton must be paid to the city of Silver Bay to pay for health and
91.16 safety and maintenance improvements at a former elementary school building that is
91.17 currently owned by the city, to be used for economic development purposes;

91.18 (8) 1.5 cents per ton must be paid to St. Louis County to extend water and sewer
91.19 lines from the city of Chisholm to the St. Louis County fairgrounds;

91.20 (9) 1.5 cents per ton must be paid to the White Community Hospital for debt
91.21 restructuring;

91.22 (10) 0.5 cent per ton must be paid to the city of Keewatin for street, sewer, and
91.23 water improvements;

91.24 (11) 0.5 cent per ton must be paid to the city of Calumet for street, sewer, and water
91.25 improvements; and

91.26 (12) one cent per ton must be paid to Breitung township for sewer and water
91.27 extensions associated with the development of a state park, provided that if a new state
91.28 park is not established in Breitung township by July 1, 2009, the money provided in
91.29 this clause must be transferred to the northeast Minnesota economic development fund
91.30 established in Minnesota Statutes, section 298.2213.

91.31 **EFFECTIVE DATE.** This section is effective the day following final enactment.
91.32 Upon enactment, the city of Aitkin must release all funds under this section to St. Louis
91.33 County acting as fiscal agent by July 1, 2014.

91.34 Sec. 9. Laws 2013, chapter 143, article 11, section 10, is amended to read:

91.35 Sec. 10. **2013 DISTRIBUTION ONLY.**

92.1 For the 2013 distribution, a special fund is established to receive 38.7 cents per ton of
 92.2 any excess of the balance remaining after distribution of amounts required under Minnesota
 92.3 Statutes, section 298.28, subdivision 6. The following amounts are allocated to St. Louis
 92.4 County acting as the fiscal agent for the recipients for the following specific purposes:

92.5 (1) 5.1 cents per ton to the city of Hibbing for improvements to the city's water
 92.6 supply system;

92.7 (2) 4.3 cents per ton to the city of Mountain Iron for the cost of moving utilities
 92.8 required as a result of actions undertaken by United States Steel Corporation;

92.9 (3) 2.5 cents per ton to the city of Biwabik for improvements to the city's water supply
 92.10 system, payable upon agreement with ArcelorMittal to satisfy water permit conditions;

92.11 (4) 2 cents per ton to the city of Tower for the Tower Marina;

92.12 (5) 2.4 cents per ton to the city of Grand Rapids for an eco-friendly heat transfer
 92.13 system to replace aging effluent lines and for parking lot repaving;

92.14 (6) 2.4 cents per ton to the city of Two Harbors for wastewater treatment plant
 92.15 improvements;

92.16 (7) 0.9 cents per ton to the city of Ely for the sanitary sewer replacement project;

92.17 (8) 0.6 cents per ton to the town of Crystal Bay for debt service of the Claire Nelson
 92.18 Intermodal Transportation Center;

92.19 (9) 0.5 cents per ton to the Greenway Joint Recreation Board for the Coleraine
 92.20 hockey arena renovations;

92.21 (10) 1.2 cents per ton for the West Range Regional Fire Hall and Training Center
 92.22 to merge the existing fire services of Coleraine, Bovey, Taconite Marble, Calumet, and
 92.23 Greenway Township;

92.24 (11) 2.5 cents per ton to the city of Hibbing for the Memorial Building;

92.25 (12) 0.7 cents per ton to the city of Chisholm for public works infrastructure;

92.26 (13) 1.8 cents per ton to the Crane Lake Water and Sanitary District for sanitary
 92.27 sewer extension;

92.28 (14) 2.5 cents per ton for the city of Buhl for the roof on the Mesabi Academy;

92.29 (15) 1.2 cents per ton to the city of Gilbert for the New Jersey/Ohio Avenue project;

92.30 (16) ~~1.5~~ 2.0 cents per ton to the city of Cook for street improvements, business park
 92.31 infrastructure, and a maintenance garage;

92.32 ~~(17) 0.5 cents per ton to the city of Cook for a water line project;~~

92.33 ~~(18)~~ (17) 1.8 cents per ton to the city of Eveleth to be used for Jones Street
 92.34 reconstruction and the city auditorium;

92.35 ~~(19)~~ (18) 0.5 cents per ton for the city of Keewatin for an electrical substation and
 92.36 water line replacements;

93.1 ~~(20)~~ (19) 3.3 cents per ton for the city of Virginia for Fourth Street North
 93.2 infrastructure and Franklin Park improvement; and
 93.3 ~~(21)~~ (20) 0.5 cents per ton to the city of Grand Rapids for an economic development
 93.4 project.

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

93.6 Sec. 10. **REALLOCATION OF BOND PAYMENTS.**

93.7 In each year subsequent to the year in which the following appropriations terminate
 93.8 under their terms, an amount equal to the amount payable in 2013 based upon 2012
 93.9 production of the terminating appropriation is appropriated from the same sources listed
 93.10 in this section to the Iron Range school consolidation and cooperatively operated school
 93.11 account under Laws 2014, chapter 150, article 6, section 13:

93.12 (1) Laws 1996, chapter 412, article 5, section 21, subdivision 3, appropriation for
 93.13 bonds of Independent School District No. 166, Cook County;

93.14 (2) Laws 1996, chapter 412, article 5, section 20, subdivision 2, appropriation for
 93.15 bonds of Independent School District No. 696, Ely;

93.16 (3) Laws 1996, chapter 412, article 5, section 20, subdivision 2, appropriation for
 93.17 bonds of Independent School District No. 706, Virginia;

93.18 (4) Laws 1996, chapter 412, article 5, section 20, subdivision 2, appropriation for
 93.19 bonds of Independent School District No. 2154, Eveleth-Gilbert;

93.20 (5) Laws 1998, chapter 398, article 4, section 17, subdivision 2, appropriation for
 93.21 bonds of Independent School District No. 712, Mountain Iron-Buhl;

93.22 (6) Laws 2000, chapter 489, article 5, section 24, subdivision 1, appropriation for
 93.23 bonds of Independent School District No. 695, Chisholm;

93.24 (7) Laws 2000, chapter 489, article 5, section 25, subdivision 1, appropriation for
 93.25 bonds of Independent School District No. 316, Greenway-Coleraine;

93.26 (8) Laws 2000, chapter 489, article 5, section 26, subdivision 1, appropriation for
 93.27 bonds of Independent School District No. 381, Lake Superior; and

93.28 (9) Laws 2008, chapter 154, article 8, section 18, appropriation for bonds of
 93.29 Independent School District No. 2711, Mesabi East.

93.30 **EFFECTIVE DATE.** This section is effective beginning with the distribution
 93.31 in 2015.

93.32 Sec. 11. **2014 DISTRIBUTION ONLY.**

94.1 For the 2014 distribution, a special fund is established to receive 18.84 cents per ton of
94.2 any excess of the balance remaining after distribution of amounts required under Minnesota
94.3 Statutes, section 298.28, subdivision 6. The following amounts are allocated to St. Louis
94.4 County acting as the fiscal agent for the recipients for the following specific purposes:

94.5 (1) 1.3 cents per ton to the city of Silver Bay for a water project under Highway 61;

94.6 (2) 0.5 cents per ton to the city of Grand Rapids for soil and landscape remediation
94.7 at the Reif Center;

94.8 (3) 0.65 cents per ton to the city of LaPrairie for sewer, water, and road improvements
94.9 to accommodate business expansion in the city;

94.10 (4) 0.78 cents per ton to the city of Cohasset for an infrastructure project;

94.11 (5) 0.39 cents per ton to Balkan Township for a salt storage building and
94.12 energy-efficient cold storage building;

94.13 (6) 3.0 cents per ton to the city of McKinley to construct a water line from the city
94.14 of Gilbert or the city of Biwabik to the city of McKinley's distribution center in order to
94.15 secure a potable water source for the city, provided that the city of McKinley secures
94.16 the remainder of the project costs from other sources, and expires three years following
94.17 the date of distribution;

94.18 (7) 6.5 cents per ton to the Iron Range Resources and Rehabilitation Board for
94.19 township block grants to be distributed by the board;

94.20 (8) 0.5 cents per ton to the city of Marble for a water main and looping project;

94.21 (9) 0.65 cents per ton to the city of Nashwauk for an infrastructure project;

94.22 (10) 0.35 cents per ton to the city of Babbitt for demolition of a public building;

94.23 (11) 0.65 cents per ton to the city of Hoyt Lakes for a storm water project;

94.24 (12) 0.65 cents per ton to the city of Aurora for an infrastructure project;

94.25 (13) 0.65 cents per ton to the town of Silver Creek for an infrastructure project;

94.26 (14) 0.5 cents per ton to the city of Calumet for an infrastructure project;

94.27 (15) 0.5 cents per ton to Nashwauk Township for the Nashwauk town hall;

94.28 (16) 0.5 cents per ton to the city of Biwabik for emergency repair of a wastewater
94.29 treatment project;

94.30 (17) 0.47 cents per ton to the city of Cuyuna for improvements to city properties and
94.31 facilities, including construction, electrical, water, sewer, and site preparation; and

94.32 (18) 0.3 cents per ton to Morse Township for a recreational trail.

94.33 **EFFECTIVE DATE.** This section is effective for the 2014 distribution, and all
94.34 payments must be made separately and within ten days of the date of the August 2014
94.35 payment.

ARTICLE 6

LOCAL DEVELOPMENT

Section 1. **[383A.155] HOUSING IMPROVEMENT AREAS.**

Subdivision 1. Powers of a housing improvement authority. The Ramsey County Housing and Redevelopment Authority shall have the powers of a city under sections 428A.11 to 428A.21 to establish housing improvement areas in Ramsey County.

Subd. 2. Definitions. (a) For purposes of exercising the powers in sections 428A.11 to 428A.21, references in those sections to the terms in paragraphs (b) to (e) have the meanings given them for purposes of this section.

(b) "Mayor" means the chair of the Ramsey County Housing and Redevelopment Authority.

(c) "Council" or "governing body of the city" means the Ramsey County Housing and Redevelopment Authority.

(d) "City clerk" means the person designated by the Ramsey County Housing and Redevelopment Authority to carry out the duties of the city clerk under sections 428A.11 to 428A.21.

(e) "Enabling ordinance" means a resolution adopted under subdivision 3 by the Ramsey County Housing and Redevelopment Authority.

Subd. 3. Establishment of housing improvement areas. The Ramsey County Housing and Redevelopment Authority may adopt a resolution establishing one or more housing improvement areas within the county under this section. The Ramsey County Housing and Redevelopment Authority shall send a copy of each petition for the establishment of a housing improvement area to the city in which the proposed housing improvement area is located. The public hearings under sections 428A.13 and 428A.14 may be held at the times and places determined by the Ramsey County Housing and Redevelopment Authority, except that they must be held at least 30 days after the date the applicable petition was sent to the city. If the city council adopts a resolution opposing the establishment within 30 days of the date the copy of the petition was sent to the city under this subdivision, the Ramsey County Housing and Redevelopment Authority may not establish the proposed housing improvement area.

Subd. 4. Applicability. Except as otherwise provided in this section, sections 428A.11 to 428A.21 apply to the establishment of a housing improvement area by the Ramsey County Housing and Redevelopment Authority.

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

96.1 Sec. 2. Minnesota Statutes 2012, section 383D.41, is amended by adding a subdivision
96.2 to read:

96.3 Subd. 11. Tax credit allocation threshold criteria. (a) In addition to the projects
96.4 described in section 462A.222, subdivision 3, paragraph (d), the Dakota County
96.5 Community Development Agency may allocate tax credits in the first round for up to three
96.6 projects of the following type: new construction or substantial rehabilitation multifamily
96.7 housing projects that are not restricted to persons who are 55 years of age or older and that
96.8 are located within one of the following areas at the time a reservation for tax credits is made:

96.9 (1) an area within one-half mile of a completed or planned light rail transit way, bus
96.10 rapid transit way, or commuter rail station;

96.11 (2) an area within one-fourth mile from any stop along a high-frequency local bus line;

96.12 (3) an area within one-half mile from a bus stop or station on a high-frequency
96.13 express route;

96.14 (4) an area within one-half mile from a park and ride lot; or

96.15 (5) an area within one-fourth mile of a high-service public transportation fixed
96.16 route stop.

96.17 (b) For purposes of this section, the following terms have the meaning given them:

96.18 (1) "high-frequency local bus line" means a local bus route providing service at
96.19 least every 15 minutes and running between 6:00 a.m. and 7:00 p.m. on weekdays and
96.20 between 9:00 a.m. and 6:00 p.m. on Saturdays;

96.21 (2) "high-frequency express route" means an express route with bus service
96.22 providing six or more trips during at least one of the peak morning hours between 6:00
96.23 a.m. and 9:00 a.m. and every ten minutes during the peak morning hour; and

96.24 (3) "high-service public transportation fixed route stop" means a stop serviced
96.25 between 6:00 a.m. and 7:00 p.m. on weekdays and 9:00 a.m. and 6:00 p.m. on Saturdays
96.26 and with service approximately every 30 minutes during that time.

96.27 **EFFECTIVE DATE.** This section is effective beginning with the 2015 allocation of
96.28 tax credit.

96.29 Sec. 3. Minnesota Statutes 2012, section 469.1763, subdivision 3, is amended to read:

96.30 Subd. 3. **Five-year rule.** (a) Revenues derived from tax increments are considered
96.31 to have been expended on an activity within the district under subdivision 2 only if one
96.32 of the following occurs:

96.33 (1) before or within five years after certification of the district, the revenues are
96.34 actually paid to a third party with respect to the activity;

97.1 (2) bonds, the proceeds of which must be used to finance the activity, are issued and
97.2 sold to a third party before or within five years after certification, the revenues are spent
97.3 to repay the bonds, and the proceeds of the bonds either are, on the date of issuance,
97.4 reasonably expected to be spent before the end of the later of (i) the five-year period, or
97.5 (ii) a reasonable temporary period within the meaning of the use of that term under section
97.6 148(c)(1) of the Internal Revenue Code, or are deposited in a reasonably required reserve
97.7 or replacement fund;

97.8 (3) binding contracts with a third party are entered into for performance of the
97.9 activity before or within five years after certification of the district and the revenues are
97.10 spent under the contractual obligation;

97.11 (4) costs with respect to the activity are paid before or within five years after
97.12 certification of the district and the revenues are spent to reimburse a party for payment
97.13 of the costs, including interest on unreimbursed costs; or

97.14 (5) expenditures are made for housing purposes as permitted by subdivision 2,
97.15 paragraphs (b) and (d), or for public infrastructure purposes within a zone as permitted
97.16 by subdivision 2, paragraph (e).

97.17 (b) For purposes of this subdivision, bonds include subsequent refunding bonds if
97.18 the original refunded bonds meet the requirements of paragraph (a), clause (2).

97.19 (c) For a redevelopment district or a renewal and renovation district certified after
97.20 June 30, 2003, and before April 20, 2009, the five-year periods described in paragraph (a)
97.21 are extended to ten years after certification of the district. For a redevelopment district
97.22 certified after April 20, 2009, and before June 30, 2012, the five-year periods described in
97.23 paragraph (a) are extended to eight years after certification of the district. This extension is
97.24 provided primarily to accommodate delays in development activities due to unanticipated
97.25 economic circumstances.

97.26 **EFFECTIVE DATE.** This section is effective for districts for which the request for
97.27 certification was made after April 20, 2009.

97.28 Sec. 4. Minnesota Statutes 2012, section 469.177, subdivision 3, is amended to read:

97.29 Subd. 3. **Tax increment, relationship to chapters 276A and 473F.** (a) Unless the
97.30 governing body elects pursuant to paragraph (b) the following method of computation
97.31 shall apply to a district ~~other than an economic development district for which the request~~
97.32 ~~for certification was made after June 30, 1997:~~

97.33 (1) The original net tax capacity and the current net tax capacity shall be determined
97.34 before the application of the fiscal disparity provisions of chapter 276A or 473F. Where
97.35 the original net tax capacity is equal to or greater than the current net tax capacity, there is

98.1 no captured net tax capacity and no tax increment determination. Where the original net
98.2 tax capacity is less than the current net tax capacity, the difference between the original
98.3 net tax capacity and the current net tax capacity is the captured net tax capacity. This
98.4 amount less any portion thereof which the authority has designated, in its tax increment
98.5 financing plan, to share with the local taxing districts is the retained captured net tax
98.6 capacity of the authority.

98.7 (2) The county auditor shall exclude the retained captured net tax capacity of the
98.8 authority from the net tax capacity of the local taxing districts in determining local taxing
98.9 district tax rates. The local tax rates so determined are to be extended against the retained
98.10 captured net tax capacity of the authority as well as the net tax capacity of the local taxing
98.11 districts. The tax generated by the extension of the lesser of (A) the local taxing district
98.12 tax rates or (B) the original local tax rate to the retained captured net tax capacity of the
98.13 authority is the tax increment of the authority.

98.14 (b) The following method of computation applies to any ~~economic development~~
98.15 ~~district for which the request for certification was made after June 30, 1997, and to any~~
98.16 other district for which the governing body, by resolution approving the tax increment
98.17 financing plan pursuant to section 469.175, subdivision 3, elects:

98.18 (1) The original net tax capacity shall be determined before the application of the
98.19 fiscal disparity provisions of chapter 276A or 473F. The current net tax capacity shall
98.20 exclude any fiscal disparity commercial-industrial net tax capacity increase between
98.21 the original year and the current year multiplied by the fiscal disparity ratio determined
98.22 pursuant to section 276A.06, subdivision 7, or 473F.08, subdivision 6. Where the original
98.23 net tax capacity is equal to or greater than the current net tax capacity, there is no captured
98.24 net tax capacity and no tax increment determination. Where the original net tax capacity is
98.25 less than the current net tax capacity, the difference between the original net tax capacity
98.26 and the current net tax capacity is the captured net tax capacity. This amount less any
98.27 portion thereof which the authority has designated, in its tax increment financing plan, to
98.28 share with the local taxing districts is the retained captured net tax capacity of the authority.

98.29 (2) The county auditor shall exclude the retained captured net tax capacity of the
98.30 authority from the net tax capacity of the local taxing districts in determining local taxing
98.31 district tax rates. The local tax rates so determined are to be extended against the retained
98.32 captured net tax capacity of the authority as well as the net tax capacity of the local taxing
98.33 districts. The tax generated by the extension of the lesser of (A) the local taxing district
98.34 tax rates or (B) the original local tax rate to the retained captured net tax capacity of the
98.35 authority is the tax increment of the authority.

99.1 (3) An election by the governing body pursuant to paragraph (b) shall be submitted
99.2 to the county auditor by the authority at the time of the request for certification pursuant to
99.3 subdivision 1.

99.4 (c) The method of computation of tax increment applied to a district pursuant to
99.5 paragraph (a) or (b) shall remain the same for the duration of the district, except that
99.6 the governing body may elect to change its election from the method of computation in
99.7 paragraph (a) to the method in paragraph (b).

99.8 **EFFECTIVE DATE.** This section is effective for districts for which the request for
99.9 certification is made after June 30, 2014.

99.10 Sec. 5. Laws 2013, chapter 143, article 9, section 23, is amended to read:

99.11 Sec. 23. **CITY OF BLOOMINGTON; OLD CEDAR AVENUE BRIDGE.**

99.12 (a) Notwithstanding any law to the contrary, the city of Bloomington shall transfer
99.13 from the tax increment financing accounts for its Tax Increment Financing District No.
99.14 1-C and Tax Increment Financing District No. 1-G an amount equal to the tax increment
99.15 for each district that is computed under the provisions of Minnesota Statutes, section
99.16 473F.08, subdivision 3c, for taxes payable in 2014 to an account or fund established for
99.17 the repair, restoration, or replacement of the Old Cedar Avenue bridge for use by bicycle
99.18 commuters and recreational users. The city is authorized to and must use the transferred
99.19 funds to complete the repair, renovation, or replacement of the bridge.

99.20 (b) Upon completion of the repair, restoration, or replacement of the bridge, the city
99.21 may use any remaining funds in the account for expenditures as provided in this paragraph
99.22 and that use is deemed to be a permitted use of the increments, regardless of whether it is
99.23 for improvements within the project area. If the city elects to use the authority under this
99.24 paragraph, the remaining funds must be spent for the following items and improvements
99.25 in the following order of priority:

99.26 (1) signage for the Old Cedar Avenue bridge that is consistent with the number,
99.27 design, size, and placement of the city's signage for the Normandale Lake District;

99.28 (2) kiosks and other wayfinding aids for users of the Old Cedar Avenue bridge and
99.29 immediately adjacent parkland areas; and

99.30 (3) bicycle and pedestrian trail improvements that provide access to the Old Cedar
99.31 Avenue bridge.

99.32 ~~(b)~~ (c) No signs, plaques, or markers acknowledging or crediting donations for,
99.33 sponsorships of, or naming rights may be posted on or in the vicinity of the Old Cedar
99.34 Avenue bridge.

100.1 **EFFECTIVE DATE.** This section is effective without local approval under
100.2 Minnesota Statutes, section 645.023, subdivision 1, paragraph (a).

100.3 **Sec. 6. CITY OF BAXTER; TAX INCREMENT FINANCING DISTRICT;**
100.4 **PROJECT REQUIREMENT.**

100.5 **Subdivision 1. Addition of parcels to district.** Notwithstanding Minnesota
100.6 Statutes, sections 469.174, subdivision 12; 469.176, subdivision 4c; or any other law to
100.7 the contrary, the governing body of the city of Baxter may elect to expand the boundaries
100.8 of the Isle Drive Tax Increment Financing District to include the real property described as
100.9 tax parcel number 034120010010009 in the city of Baxter, Crow Wing County, Minnesota.

100.10 **Subd. 2. Original tax capacity of district.** Upon addition of the property described
100.11 in subdivision 1 to the Isle Drive Tax Increment Financing District, the Crow Wing
100.12 County auditor shall increase the original tax capacity of Isle Drive Tax Increment
100.13 Financing District by the amount required by Minnesota Statutes, section 469.177, except
100.14 as provided in subdivision 3.

100.15 **Subd. 3. Prior planned improvements.** Minnesota Statutes, section 469.177,
100.16 subdivision 4, does not apply to the property described in subdivision 1 added to the Isle
100.17 Drive Tax Increment Financing District.

100.18 **Subd. 4. Use of increments.** Tax increments and other revenues derived from any
100.19 portion of the Isle Drive Tax Increment Financing District, as expanded under this section,
100.20 may be used to reimburse or otherwise pay for allowable expenditures under the plan
100.21 budget for the Isle Drive Tax Increment Financing District, as amended in accordance
100.22 with Minnesota Statutes, section 469.175, subdivision 4.

100.23 **Subd. 5. Approval and effect of modification.** If the governing body of the
100.24 city elects to exercise the authority provided in subdivision 1 to modify the district, the
100.25 following conditions apply:

100.26 (1) the city must comply with Minnesota Statutes, section 469.175, subdivision 4; and

100.27 (2) beginning with the subsequent calendar year, except as otherwise provided
100.28 in this section, the district is subject to the provisions of Minnesota Statutes, sections
100.29 469.174 to 469.1794, as if the request for certification of the entire district was made on
100.30 December 30, 2011, the date the original request for certification for the Isle Drive Tax
100.31 Increment Financing District was made.

100.32 **EFFECTIVE DATE.** This section is effective upon approval by the governing body
100.33 of the city of Baxter and upon compliance by the city with Minnesota Statutes, section
100.34 645.021, subdivisions 2 and 3.

101.1 **Sec. 7. CITY OF EAGAN; TAX INCREMENT FINANCING.**

101.2 (a) Effective for taxes payable in 2015, the city of Eagan may elect to compute tax
101.3 increment for the Cedar Grove Tax Increment Financing District using the current local tax
101.4 rate, notwithstanding the provisions of Minnesota Statutes, section 469.177, subdivision 1a.

101.5 (b) The requirements of Minnesota Statutes, section 469.1763, subdivision 3, that
101.6 activities must be undertaken within a five-year period from the date of certification
101.7 of a tax increment financing district, is considered to be met for the Cedar Grove Tax
101.8 Increment Financing District in the city of Eagan if the activities are undertaken within 13
101.9 years from the date of certification of the district.

101.10 (c) Notwithstanding the provisions of Minnesota Statutes, section 469.176,
101.11 subdivision 1b, or any other law to the contrary, the city of Eagan may collect tax increment
101.12 from the Cedar Grove Tax Increment Financing District through December 31, 2032.

101.13 **EFFECTIVE DATE.** Paragraphs (a) and (b) are effective upon compliance by the
101.14 governing body of the city of Eagan with the requirements of Minnesota Statutes, section
101.15 645.021, subdivision 3. Paragraph (c) is effective upon compliance by the governing
101.16 bodies of the city of Eagan, Dakota County, and Independent School District No. 191 with
101.17 the requirements of Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021,
101.18 subdivision 3.

101.19 **Sec. 8. CITY OF EDINA; TAX INCREMENT FINANCING.**

101.20 **Subdivision 1. Authority to create districts.** (a) The governing body of the city of
101.21 Edina or its development authority may establish one or more tax increment financing
101.22 housing districts in the Southeast Edina Redevelopment Project Area, as the boundaries
101.23 exist on March 31, 2014.

101.24 (b) The authority to request certification of districts under this section expires on
101.25 June 30, 2017.

101.26 **Subd. 2. Rules governing districts.** (a) Housing districts established under this
101.27 section are subject to the provisions of Minnesota Statutes, sections 469.174 to 469.1794,
101.28 except as otherwise provided in this subdivision.

101.29 (b) Notwithstanding the provisions of Minnesota Statutes, section 469.176,
101.30 subdivision 1b, no increment must be paid to the authority after 20 years after receipt by
101.31 the authority of the first increment from a district established under this section.

101.32 (c) Notwithstanding the provisions of Minnesota Statutes, section 469.1761,
101.33 subdivision 3, for a residential rental project, the city may elect to substitute "20 percent"
101.34 for "40 percent" in the 40-60 test under section 142(d)(1)(B) of the Internal Revenue Code
101.35 in determining the applicable income limits.

102.1 (d) The provisions of Minnesota Statutes, section 469.1761, subdivision 3, apply for
102.2 a 25-year period beginning on the date of certification of the district.

102.3 Subd. 3. **Pooling authority.** The city may elect to treat expenditures of increment
102.4 from the Southdale 2 district for a housing project of a district established under this
102.5 section as expenditures qualifying under Minnesota Statutes, section 469.1763, subdivision
102.6 2, paragraph (d): (1) without regard to whether the housing meets the requirement of a
102.7 qualified building under section 42 of the Internal Revenue Code; and (2) may increase
102.8 by an additional 25 percentage points the permitted amount of expenditures for activities
102.9 located outside the geographic area of the district permitted under that section.

102.10 **EFFECTIVE DATE.** This section is effective upon compliance by the governing
102.11 body of the city of Edina with the requirements of Minnesota Statutes, section 645.021,
102.12 subdivisions 2 and 3.

102.13 Sec. 9. **CITY OF MAPLE GROVE; TAX INCREMENT FINANCING DISTRICT.**

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

102.16 (b) "City" means the city of Maple Grove.

102.17 (c) "Project area" means the area in the city commencing at a point 130 feet East and
102.18 120 feet North of the southwest corner of the Southeast Quarter of Section 23, Township
102.19 119, Range 22, Hennepin County, said point being on the easterly right-of-way line of
102.20 Hemlock Lane; thence northerly along said easterly right-of-way line of Hemlock Lane
102.21 to a point on the west line of the east one-half of the Southeast Quarter of section 23,
102.22 thence south along said west line a distance of 1,200 feet; thence easterly to the east
102.23 line of Section 23, 1,030 feet North from the southeast corner thereof; thence South 74
102.24 degrees East 1,285 feet; thence East a distance of 1,000 feet; thence North 59 degrees
102.25 West a distance of 650 feet; thence northerly to a point on the northerly right-of-way line
102.26 of 81st Avenue North, 650 feet westerly measured at right angles, from the east line of
102.27 the Northwest Quarter of Section 24; thence North 13 degrees West a distance of 795
102.28 feet; thence West to the west line of the Southeast Quarter of the Northwest Quarter of
102.29 Section 24; thence North 55 degrees West to the south line of the Northwest Quarter of the
102.30 Northwest Quarter of Section 24; thence West along said south line to the east right-of-way
102.31 line of Zachary Lane; thence North along the east right-of-way line of Zachary Lane to
102.32 the southwest corner of Lot 1, Block 1, Metropolitan Industrial Park 5th Addition; thence
102.33 East along the south line of said Lot 1 to the northeast corner of Outlot A, Metropolitan
102.34 Industrial Park 5th Addition; thence South along the east line of said Outlot A and its
102.35 southerly extension to the south right-of-way line of County State-Aid Highway (CSAH)

103.1 109; thence easterly along the south right-of-way line of CSAH 109 to the east line of the
103.2 Northwest Quarter of the Northeast Quarter of Section 24; thence South along said east
103.3 line to the north line of the South Half of the Northeast Quarter of Section 24; thence East
103.4 along said north line to the westerly right-of-way line of Jefferson Highway North; thence
103.5 southerly along the westerly right-of-way line of Jefferson Highway to the centerline of
103.6 CSAH 130; thence continuing South along the west right-of-way line of Pilgrim Lane
103.7 North to the westerly extension of the north line of Outlot A, Park North Fourth Addition;
103.8 thence easterly along the north line of Outlot A, Park North Fourth Addition to the
103.9 northeast corner of said Outlot A; thence southerly along the east line of said Outlot A
103.10 to the southeast corner of said Outlot A; thence easterly along the south line of Lot 1,
103.11 Block 1, Park North Fourth Addition to the westerly right-of-way line of State Highway
103.12 169; thence southerly, southwesterly, westerly, and northwesterly along the westerly
103.13 right-of-way line of State Highway 169 and the northerly right-of-way line of Interstate
103.14 694 to its intersection with the southerly extension of the easterly right-of-way line of
103.15 Zachary Lane North; thence northerly along the easterly right-of-way line of Zachary
103.16 Lane North and its northerly extension to the north right-of-way line of CSAH 130; thence
103.17 westerly, southerly, northerly, southwesterly, and northwesterly to the point of beginning
103.18 and there terminating, provided that the project area includes the rights-of-way for all
103.19 present and future highway interchanges abutting the area described in this paragraph.

103.20 (d) "Soil deficiency district" means a type of tax increment financing district
103.21 consisting of a portion of the project area in which the city finds by resolution that the
103.22 following conditions exist:

103.23 (1) unusual terrain or soil deficiencies that occurred over 80 percent of the acreage in
103.24 the district require substantial filling, grading, or other physical preparation for use; and

103.25 (2) the estimated cost of the physical preparation under clause (1), but excluding
103.26 costs directly related to roads as defined in Minnesota Statutes, section 160.01, and
103.27 local improvements as described in Minnesota Statutes, sections 429.021, subdivision 1,
103.28 clauses (1) to (7), (11), and (12), and 430.01, exceeds the fair market value of the land
103.29 before completion of the preparation.

103.30 Subd. 2. **Special rules.** (a) If the city elects, upon the adoption of the tax increment
103.31 financing plan for a district, the rules under this section apply to a redevelopment
103.32 district, renewal and renovation district, soil condition district, or soil deficiency district
103.33 established by the city or a development authority of the city in the project area.

103.34 (b) Prior to or upon the adoption of the first tax increment plan subject to the special
103.35 rules under this subdivision, the city must find by resolution that parcels consisting

104.1 of at least 80 percent of the acreage of the project area, excluding street and railroad
104.2 rights-of-way, are characterized by one or more of the following conditions:

104.3 (1) peat or other soils with geotechnical deficiencies that impair development of
104.4 commercial buildings or infrastructure;

104.5 (2) soils or terrain that require substantial filling in order to permit the development
104.6 of commercial buildings or infrastructure;

104.7 (3) landfills, dumps, or similar deposits of municipal or private waste;

104.8 (4) quarries or similar resource extraction sites;

104.9 (5) floodway; and

104.10 (6) substandard buildings, within the meaning of Minnesota Statutes, section
104.11 469.174, subdivision 10.

104.12 (c) For the purposes of paragraph (b), clauses (1) to (5), a parcel is characterized by
104.13 the relevant condition if at least 70 percent of the area of the parcel contains the relevant
104.14 condition. For the purposes of paragraph (b), clause (6), a parcel is characterized by
104.15 substandard buildings if substandard buildings occupy at least 30 percent of the area
104.16 of the parcel.

104.17 (d) The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3,
104.18 is extended to eight years for any district, and Minnesota Statutes, section 469.1763,
104.19 subdivision 4, does not apply to any district.

104.20 (e) Notwithstanding any provision to the contrary in Minnesota Statutes, section
104.21 469.1763, subdivision 2, paragraph (a), not more than 40 percent of the total revenue
104.22 derived from tax increments paid by properties in any district, measured over the life of
104.23 the district, may be expended on activities outside the district but within the project area.

104.24 (f) For a soil deficiency district:

104.25 (1) increments may be collected through 20 years after the receipt by the authority of
104.26 the first increment from the district;

104.27 (2) increments may be used only to:

104.28 (i) acquire parcels on which the improvements described in item (ii) will occur;

104.29 (ii) pay for the cost of correcting the unusual terrain or soil deficiencies and the
104.30 additional cost of installing public improvements directly caused by the deficiencies; and

104.31 (iii) pay for the administrative expenses of the authority allocable to the district; and

104.32 (3) any parcel acquired with increments from the district must be sold at no less
104.33 than their fair market value.

104.34 (g) Increments spent for any infrastructure costs, whether inside a district or outside
104.35 a district but within the project area, are deemed to satisfy the requirements of Minnesota
104.36 Statutes, section 469.176, subdivision 4j.

105.1 (h) The authority to approve tax increment financing plans to establish tax increment
105.2 financing districts under this section expires June 30, 2020.

105.3 **EFFECTIVE DATE.** This section is effective upon compliance with Minnesota
105.4 Statutes, section 645.021, subdivision 3.

105.5 Sec. 10. **CITY OF MOUND; TAX INCREMENT FINANCING.**

105.6 The requirements of Minnesota Statutes, section 469.1763, subdivision 3, that
105.7 activities must be undertaken within a five-year period from the date of certification of
105.8 a tax increment financing district, are considered to be met for the Mound Harbor Tax
105.9 Increment Financing District administered by the Housing and Redevelopment Authority
105.10 in and for the city of Mound if the activities are undertaken within 13 years from the
105.11 date of certification of the district.

105.12 **EFFECTIVE DATE.** The section is effective upon compliance by the governing
105.13 body of the city of Mound with the requirements of Minnesota Statutes, section 645.021,
105.14 subdivisions 2 and 3.

105.15 Sec. 11. **CITY OF NORTH ST. PAUL; TAX INCREMENT FINANCING;**
105.16 **PARCELS DEEMED OCCUPIED.**

105.17 (a) If the city of North St. Paul authorizes the creation of a redevelopment tax
105.18 increment financing district under Minnesota Statutes, section 469.174, subdivision 10,
105.19 parcel number 122922330059 is deemed to meet the requirements of Minnesota Statutes,
105.20 section 469.174, subdivision 10, paragraph (d), notwithstanding any contrary provisions
105.21 of that paragraph, if the following conditions are met:

105.22 (1) buildings located on the parcel were demolished after the city of North St. Paul
105.23 adopted a resolution under Minnesota Statutes, section 469.174, subdivision 10, paragraph
105.24 (d), clause (3);

105.25 (2) the buildings were removed either by the city of North St. Paul or by the owner
105.26 of the property by entering into a development agreement; and

105.27 (3) the request for certification of the parcel as part of a district is filed with the
105.28 county auditor by December 31, 2017.

105.29 (b) The city of North St. Paul may elect to use the current value for purposes of
105.30 calculating original net tax capacity for the parcels deemed occupied under paragraph (a),
105.31 notwithstanding the provisions of Minnesota Statutes, sections 469.174, subdivision 10,
105.32 paragraph (d), and 469.177, subdivision 1, paragraph (f).

106.1 **EFFECTIVE DATE.** This section is effective upon compliance by the governing
 106.2 body of the city of North St. Paul with the requirements of Minnesota Statutes, section
 106.3 645.021, subdivisions 2 and 3.

106.4 Sec. 12. **CITY OF SAVAGE; TAX INCREMENT FINANCING DISTRICT.**

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

106.7 (b) "City" means the city of Savage.

106.8 (c) "Project area" means parcel numbers 26-931-023-0, 26-931-022-0, 26-931-039-0,
 106.9 26-931-041-0, 26-931-018-1, 26-931-043-0, 26-931-020-0, 26-931-021-0, 26-931-035-0,
 106.10 26-931-040-0, 26-931-036-0, 26-931-037-0, 26-931-038-0, and 26-931-0310.

106.11 (d) "Soil deficiency district" means a type of tax increment financing district
 106.12 consisting of a portion of the project area in which the city finds by resolution that the
 106.13 following conditions exist:

106.14 (1) unusual terrain or soil deficiencies that occurred over 80 percent of the acreage in
 106.15 the district require substantial filling, grading, or other physical preparation for use; and

106.16 (2) the estimated cost of the physical preparation under clause (1), but excluding
 106.17 costs directly related to roads as defined in Minnesota Statutes, section 160.01, and
 106.18 local improvements as described in Minnesota Statutes, sections 429.021, subdivision 1,
 106.19 clauses (1) to (7), (11), and (12), and 430.01, exceeds the fair market value of the land
 106.20 before completion of the preparation.

106.21 **Subd. 2. Special rules.** (a) If the city elects, upon the adoption of the tax increment
 106.22 financing plan for a district, the rules under this section apply to a redevelopment
 106.23 district, renewal and renovation district, soil condition district, or soil deficiency district
 106.24 established by the city or a development authority of the city in the project area.

106.25 (b) Prior to or upon the adoption of the first tax increment plan subject to the special
 106.26 rules under this subdivision, the city must find by resolution that parcels consisting
 106.27 of at least 80 percent of the acreage of the project area, excluding street and railroad
 106.28 rights-of-way, are characterized by one or more of the following conditions:

106.29 (1) peat or other soils with geotechnical deficiencies that impair development of
 106.30 commercial buildings or infrastructure;

106.31 (2) soils or terrain that require substantial filling in order to permit the development
 106.32 of commercial buildings or infrastructure;

106.33 (3) landfills, dumps, or similar deposits of municipal or private waste;

106.34 (4) quarries or similar resource extraction sites;

106.35 (5) floodway; and

107.1 (6) substandard buildings, within the meaning of Minnesota Statutes, section
107.2 469.174, subdivision 10.

107.3 (c) For the purposes of paragraph (b), clauses (1) to (5), a parcel is characterized by
107.4 the relevant condition if at least 70 percent of the area of the parcel contains the relevant
107.5 condition. For the purposes of paragraph (b), clause (6), a parcel is characterized by
107.6 substandard buildings if substandard buildings occupy at least 30 percent of the area
107.7 of the parcel.

107.8 (d) The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3,
107.9 is extended to eight years for any district, and Minnesota Statutes, section 469.1763,
107.10 subdivision 4, does not apply to any district.

107.11 (e) Notwithstanding any provision to the contrary in Minnesota Statutes, section
107.12 469.1763, subdivision 2, paragraph (a), not more than 40 percent of the total revenue
107.13 derived from tax increments paid by properties in any district, measured over the life of
107.14 the district, may be expended on activities outside the district but within the project area.

107.15 (f) For a soil deficiency district:

107.16 (1) increments may be collected through 20 years after the receipt by the authority of
107.17 the first increment from the district;

107.18 (2) increments may be used only to:

107.19 (i) acquire parcels on which the improvements described in item (ii) will occur;

107.20 (ii) pay for the cost of correcting the unusual terrain or soil deficiencies and the
107.21 additional cost of installing public improvements directly caused by the deficiencies; and

107.22 (iii) pay for the administrative expenses of the authority allocable to the district; and

107.23 (3) any parcel acquired with increments from the district must be sold at no less
107.24 than their fair market value.

107.25 (g) Increments spent for any infrastructure costs, whether inside a district or outside
107.26 a district but within the project area, are deemed to satisfy the requirements of Minnesota
107.27 Statutes, section 469.176, subdivision 4j.

107.28 (h) The authority to approve tax increment financing plans to establish tax increment
107.29 financing districts under this section expires June 30, 2020.

107.30 **EFFECTIVE DATE.** This section is effective upon compliance with Minnesota
107.31 Statutes, section 645.021, subdivision 3.

107.32 **Sec. 13. SHOREVIEW TAX INCREMENT FINANCING PILOT PROJECT.**

107.33 **Subdivision 1. Authority to establish districts.** (a) The governing body of the city
107.34 of Shoreview or a development authority it designates may establish not more than three
107.35 economic development tax increment financing districts in the city subject to the special

108.1 rules under this section. The purpose of these districts is the retention and expansion of
108.2 existing businesses in the city and the attraction of new business to the state to create and
108.3 retain high paying jobs.

108.4 (b) The authority to establish or approve the tax increment financing plans and
108.5 request certification for districts under this section expires on June 30, 2019.

108.6 Subd. 2. **Qualified businesses.** For purposes of this section, a "qualified business"
108.7 must satisfy the following requirements:

108.8 (1) the business must qualify under one of the following when the tax increment
108.9 financing plan is approved:

108.10 (i) it operates at a location in the city of Shoreview;

108.11 (ii) it does not have substantial operations in Minnesota; or

108.12 (iii) the assistance is provided for relocation of a portion of the business's operation
108.13 from another state;

108.14 (2) the expansion or location of the operations of the business in the city, as
108.15 provided in the business subsidy agreement under Minnesota Statutes, sections 116J.993 to
108.16 116J.995, will result in an increase in manufacturing, research, service, or professional
108.17 jobs, at least 75 percent of which pay an average wage or salary that is equal to or greater
108.18 than 25 percent of the median wage or salary for all jobs within the metropolitan area; and

108.19 (3) the business is not engaged in making retail sales or in providing other services,
108.20 such as legal, medical, accounting, financial, entertainment, or similar services, to third
108.21 parties at the location receiving assistance.

108.22 Subd. 3. **Applicable rules.** (a) Unless otherwise stated, the provisions of Minnesota
108.23 Statutes, sections 469.174 to 469.1794, apply to districts established under this section.

108.24 (b) Notwithstanding the provisions of section 469.176, subdivision 1b, the duration
108.25 limit for districts created under this section is 12 years after the receipt of the first increment.

108.26 (c) The provisions of Minnesota Statutes, section 469.176, subdivision 4c, apply
108.27 to determining the permitted uses of increments from the districts with the following
108.28 exceptions:

108.29 (1) any building and facilities must be for a qualified business;

108.30 (2) the building and facilities must not be used by the qualified business or its
108.31 lessees or tenants to relocate operations from another location in this state outside of the
108.32 city of Shoreview;

108.33 (3) the 15 percent limit in subdivision 4c, paragraph (a), is increased to 25 percent; and

108.34 (4) the city or development authority may elect to deposit up to 20 percent of the
108.35 increments in the fund established under subdivision 4. If the city elects to use this

109.1 authority, all of the remaining increments must be expended for administrative expenses
109.2 or for activities within the district under Minnesota Statutes, section 469.1763.

109.3 (d) The governing body of the city may elect by resolution to determine the
109.4 original and current net tax capacity of a district established under this section using the
109.5 computation under Minnesota Statutes, section 469.177, subdivision 3, paragraph (a) or (b).

109.6 Subd. 4. **Business retention and expansion fund.** (a) The city may establish a
109.7 business retention and expansion fund and deposit in the fund:

109.8 (1) increments as provided under subdivision 3, paragraph (c), clause (4); and

109.9 (2) increments from a district for which the request for certification of the district
109.10 was made prior to April 30, 1990, if the amount necessary to meet all of the debt and other
109.11 obligations incurred for that district has been received by the city.

109.12 (b) Amounts in the fund may be expended to assist qualified businesses, as permitted
109.13 under subdivisions 2 and 3, and are not otherwise subject to the restrictions in Minnesota
109.14 Statutes, sections 469.174 to 469.1794.

109.15 **EFFECTIVE DATE.** This section is effective upon compliance by the governing
109.16 body of the city of Shoreview with the requirements of Minnesota Statutes, section
109.17 645.021, subdivision 3.

109.18 Sec. 14. **WORKFORCE HOUSING GRANTS PILOT PROGRAM.**

109.19 Subdivision 1. **Establishment.** The commissioner of employment and economic
109.20 development shall establish a workforce housing grants pilot program to award grants to a
109.21 city to be used for financing costs related to the construction of or financing for market
109.22 rate residential rental properties.

109.23 Subd. 2. **Definitions.** For purposes of this section:

109.24 (1) "local unit of government" means a home rule charter or statutory city or county;

109.25 (2) "qualified city" means a home rule charter or statutory city with a population
109.26 exceeding 1,500 located in Roseau County or Pennington County;

109.27 (3) "qualified expenditure" means expenditures for the acquisition of property,
109.28 construction of improvements, provisions of loans or subsidies, grants, interest rate
109.29 subsidies, public infrastructure, and related financing costs for market rate rental
109.30 residential rental properties; and

109.31 (4) "market rate residential rental properties" means properties that are rented at
109.32 market value and excludes: (i) properties constructed with financial assistance requiring
109.33 the property to be occupied by residents that meet income limits under federal or state
109.34 law of initial occupancy; and (ii) properties constructed with federal, state, or local flood

110.1 recovery assistance, regardless of whether that assistance imposed income limits as a
110.2 condition of receiving assistance.

110.3 Subd. 3. **Application.** The commissioner must develop forms and procedures
110.4 for soliciting and reviewing application for grants under this section. At a minimum, a
110.5 city must include in its application a resolution of its governing body certifying that the
110.6 matching amount as required under this section is available and committed.

110.7 Subd. 4. **Program requirements.** The commissioner shall not award a grant to a
110.8 city under this section until the following determinations are made:

110.9 (1) the average vacancy rate for rental housing located in the city, and in any city
110.10 located within 15 miles or less of the boundaries of the city, has been five percent or
110.11 less for at least a two-year period;

110.12 (2) one or more businesses located in the city, or within 15 miles of the city, that
110.13 employ a minimum of twenty full-time equivalent employees in aggregate have provided
110.14 a written statement to the city indicating that the lack of available rental housing has
110.15 impeded their ability to recruit and hire employees;

110.16 (3) the city is located in Roseau County or Pennington County and has a population
110.17 exceeding 1,500;

110.18 (4) fewer than five market rate residential units per 1,000 residents were constructed
110.19 in the city in each of the last ten years; and

110.20 (5) the city certifies that the grants will be used for qualified expenditures for the
110.21 development of rental housing to serve employees of businesses located in the city
110.22 or surrounding area.

110.23 Subd. 5. **Allocation.** The amount of a grant may not exceed the lesser of \$400,000
110.24 or ten percent of the rental housing development project cost. The commissioner shall not
110.25 award a grant to a city without certification by the city that the amount of the grant shall be
110.26 matched by a local unit of government, business, or nonprofit organization.

110.27 Subd. 6. **Report.** By January 15, 2016, the city must submit a report to the chairs and
110.28 ranking minority members of the senate and house of representatives committees having
110.29 jurisdiction over taxes and workforce development specifying the projects that received
110.30 grants under this section and the specific purposes for which the grant funds were used.

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

110.32 **Sec. 15. APPROPRIATION.**

110.33 \$627,000 in fiscal year 2015 is appropriated from the general fund to the
110.34 commissioner of employment and economic development to make grants under the
110.35 workforce housing grants pilot program in section 14. The base for fiscal year 2016 is

111.1 \$1,373,000 and is available until June 30, 2018. The base for fiscal year 2017 is \$0. Of
111.2 these amounts, the commissioner of employment and economic development may use up
111.3 to five percent for administrative expenses.

111.4 **ARTICLE 7**

111.5 **LEWIS AND CLARK REGIONAL WATER SYSTEM PROJECT**

111.6 Section 1. **[469.352] LEWIS AND CLARK WATER PROJECT BONDING.**

111.7 Subdivision 1. **Authority; aggregate limit.** (a) The governing body of a
111.8 municipality may, by resolution, issue obligations under chapter 475 to acquire land or
111.9 interests in land for, and to design, engineer, and construct pipeline and other facilities and
111.10 infrastructure necessary to complete the Lewis and Clark Regional Water System Project.

111.11 (b) The maximum amount of bonds that may be issued under this section is limited
111.12 to an aggregate principal amount of \$45,000,000, plus any costs of issuance and amounts
111.13 to be deposited into a debt service or reserve account. The Lewis and Clark Joint Powers
111.14 Board shall allocate the limit among the municipalities designated in subdivision 2.

111.15 Subd. 2. **Municipalities.** For purposes of this section, "municipality" or
111.16 "municipalities" means any of the following governmental units:

- 111.17 (1) the city of Luverne;
- 111.18 (2) the city of Worthington;
- 111.19 (3) Nobles County; and
- 111.20 (4) Rock County.

111.21 Subd. 3. **Application of chapter 475 limits.** (a) Notwithstanding section 475.58 or
111.22 any other law to contrary, obligations under this section, including general obligations,
111.23 may be issued without obtaining the approval of the electors.

111.24 (b) Notwithstanding section 475.53 or any other law to the contrary, obligations
111.25 issued under this section are not subject to any limitations on net debt.

111.26 Subd. 4. **Payment allocation.** The joint powers board may agree to allocate the
111.27 responsibility of each of its members and each municipality to pay obligations issued
111.28 under this section. One-half of any federal grants and aid received to fund the project in
111.29 any year shall be used to proportionately reduce responsibility to pay obligations under
111.30 this subdivision.

111.31 **EFFECTIVE DATE.** This section is effective the day following final enactment
111.32 without local approval under the provisions of Minnesota Statutes, section 645.023.

112.1 Sec. 2. **[477A.20] DEBT SERVICE AID; LEWIS AND CLARK JOINT POWERS**
112.2 **BOARD.**

112.3 (a) The Lewis and Clark Joint Powers Board is eligible to receive an aid distribution
112.4 under this section equal to (1) the principal and interest payable in the succeeding calendar
112.5 year for bonds issued under section 469.352 minus the sum of (2) the combined adjusted
112.6 net tax capacity of Rock County and Nobles County for the assessment year prior to the
112.7 aid payable year multiplied by 1.5 percent and (3) 50 percent of any federal aid received to
112.8 fund the project in the calendar year. The board shall certify to the commissioner of revenue
112.9 the principal and interest due in the succeeding calendar year by June 1 of the aid payable
112.10 year. The commissioner of revenue shall calculate the aid payable under this section and
112.11 certify the amount payable before July 1 of the aid distribution year. The commissioner
112.12 shall pay the aid under this section to the board at the times specified for payments of local
112.13 government aid in section 477A.015. An amount sufficient to pay the state aid authorized
112.14 under this section is annually appropriated to the commissioner from the general fund.

112.15 (b) The board must allocate the aid to the municipalities issuing bonds under section
112.16 469.352 in proportion to their principal and interest payments.

112.17 (c) If the deduction under paragraph (a), clause (3), eliminates the aid payment under
112.18 this section in a calendar year, then the excess must be used to reduce the principal and
112.19 interest in the succeeding year or years used to calculate aid under paragraph (a).

112.20 (d) If federal grants and aid received for the project, not deducted under paragraph
112.21 (a), clause (3), exceed the total debt service payments for bonds issued under section
112.22 469.352, other than payments made with state aid under this section, the joint powers
112.23 board must repay any excess to the commissioner of revenue for deposit in the general
112.24 fund. The repayment may not exceed the sum of state aid payments under this section and
112.25 any other grants made by the state for the project.

112.26 (e) This section expires at the earlier of January 1, 2039, or when the bonds
112.27 authorized under section 469.352 have been paid or defeased.

112.28 **EFFECTIVE DATE.** This section is effective beginning with aids payable in 2015.

112.29 Sec. 3. Laws 2005, First Special Session chapter 3, article 5, section 44, subdivision 3,
112.30 is amended to read:

112.31 Subd. 3. **Use of revenues.** (a) Revenues received from taxes authorized by
112.32 subdivisions 1 and 2 must be used by the city to pay the cost of collecting and
112.33 administering the taxes and to pay for the costs of a community center complex and
112.34 to make renovations to the Memorial Auditorium. Authorized expenses include, but
112.35 are not limited to, acquiring property and paying construction expenses related to these

113.1 improvements, and paying debt service on bonds or other obligations issued to finance
113.2 acquisition and construction of these improvements.

113.3 (b) Notwithstanding Minnesota Statutes, section 297A.99, subdivisions 2 and 3, if
113.4 the city decides to extend the taxes in subdivisions 1 and 2, as allowed under subdivision
113.5 5, paragraph (b), the city must use any amounts in excess of the amounts necessary to
113.6 meet the obligations under paragraph (a) to pay the city's share of debt service on bonds
113.7 issued under Minnesota Statutes, section 469.352, to fund the Lewis and Clark Regional
113.8 Water System Project.

113.9 **EFFECTIVE DATE.** This section is effective the day after the governing body of
113.10 the city of Worthington and its chief clerical officer comply with Minnesota Statutes,
113.11 section 645.021, subdivisions 2 and 3.

113.12 Sec. 4. Laws 2005, First Special Session chapter 3, article 5, section 44, subdivision 5,
113.13 is amended to read:

113.14 Subd. 5. **Termination of taxes.** (a) The taxes imposed under subdivisions 1 and
113.15 2 expire at the earlier of (1) ten years, or (2) when the city council determines that the
113.16 amount of revenue received from the taxes to pay for the projects under subdivision 3
113.17 equals or exceeds \$6,000,000 plus the additional amount needed to pay the costs related
113.18 to issuance of bonds under subdivision 4, including interest on the bonds. Any funds
113.19 remaining after completion of the project and retirement or redemption of the bonds shall
113.20 be placed in a capital project fund of the city. The taxes imposed under subdivisions 1 and
113.21 2 may expire at an earlier time if the city so determines by ordinance.

113.22 (b) Notwithstanding paragraph (a), the city council may, by ordinance, extend the
113.23 taxes imposed under subdivisions 1 and 2 through December 31, 2039, provided that
113.24 all additional revenues that exceed those necessary to fund the projects and associated
113.25 financing costs listed in subdivision 3, paragraph (a), are committed to pay debt service
113.26 on bonds issued under Minnesota Statutes, section 469.352, to fund the Lewis and Clark
113.27 Regional Water System Project.

113.28 **EFFECTIVE DATE.** This section is effective the day after the governing body of
113.29 the city of Worthington and its chief clerical officer comply with Minnesota Statutes,
113.30 section 645.021, subdivisions 2 and 3.

113.31 Sec. 5. **ROCK COUNTY LOCAL SALES TAX.**

113.32 (a) Notwithstanding Minnesota Statutes, sections 297A.99, 297A.993, and
113.33 477A.016, or any other contrary provision of law, ordinance, or charter, and in

114.1 addition to any taxes the county may impose under another law or statute, the Board
114.2 of Commissioners of Rock County may, by resolution, impose a sales and use tax of
114.3 up to one-half of one percent for the purposes specified in paragraph (c). Except as
114.4 otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,
114.5 subdivisions 4 to 13, govern the imposition, administration, collection, and enforcement
114.6 of the tax authorized under this paragraph.

114.7 (b) The tax imposed under paragraph (a) must be imposed in the entire county unless
114.8 the city of Luverne imposes a local sales tax at the same rate under section 7, in which
114.9 case the county board of commissioners may elect to impose the tax in the portion of the
114.10 county located outside of the boundaries of the city of Luverne.

114.11 (c) The proceeds of any tax imposed under paragraph (a), less refunds and costs of
114.12 collection, must be first used by the county to pay debt service on bonds issued under
114.13 Minnesota Statutes, section 469.352, to fund the Lewis and Clark Regional Water System
114.14 Project. Revenues collected in any calendar year in excess of the county obligation to pay
114.15 for the county's share of the bonds issued under Minnesota Statutes, section 469.352, may
114.16 be retained by the county and used for funding other capital projects within the county.

114.17 (d) A tax imposed under paragraph (a) expires when the county's share of bonds issued
114.18 under Minnesota Statutes, section 469.352, to fund the Lewis and Clark Regional Water
114.19 System Project has been paid, or at an earlier time if approved by resolution of the board.
114.20 The tax must not terminate before the county board of commissioners determines that
114.21 revenues from these taxes and any other revenue source the county dedicates are sufficient
114.22 to pay the county's share of the bonds issued under Minnesota Statutes, section 469.352.

114.23 **EFFECTIVE DATE.** This section is effective the day after the governing body
114.24 of Rock County and its chief clerical officer comply with Minnesota Statutes, section
114.25 645.021, subdivisions 2 and 3.

114.26 Sec. 6. **NOBLES COUNTY LOCAL SALES TAX.**

114.27 (a) Notwithstanding Minnesota Statutes, sections 297A.99, 297A.993, and
114.28 477A.016, or any other contrary provision of law, ordinance, or charter, and in
114.29 addition to any taxes the county may impose under another law or statute, the Board
114.30 of Commissioners of Nobles County may, by resolution, impose a sales and use tax of
114.31 up to one-half of one percent for the purposes specified in paragraph (c). Except as
114.32 otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,
114.33 subdivisions 4 to 13, govern the imposition, administration, collection, and enforcement
114.34 of the tax authorized under this paragraph.

115.1 (b) The tax imposed under paragraph (a) must be imposed in the entire county unless
115.2 the county imposes the tax at one-half of one percent and the local sales tax authorized
115.3 under Laws 2005, chapter 3, article 5, section 44, as amended, has not expired, in which
115.4 case the county board of commissioners may elect to impose the tax in the portion of the
115.5 county located outside of the boundaries of the city of Worthington. If the tax authorized
115.6 under Laws 2005, chapter 3, article 5, section 44, as amended, expires before the tax
115.7 authorized under this section expires, the tax authorized under this section is imposed
115.8 in the entire county.

115.9 (c) The proceeds of any tax imposed under paragraph (a), less refunds and costs of
115.10 collection, must be first used by the county to pay debt service on bonds issued under
115.11 Minnesota Statutes, section 469.352, to fund the Lewis and Clark Regional Water System
115.12 Project. Revenues collected in any calendar year in excess of the county obligation to pay
115.13 for the county's share of the bonds issued under Minnesota Statutes, section 469.352, may
115.14 be retained by the county and used for funding other capital projects within the county.

115.15 (d) A tax imposed under paragraph (a) expires when the county's share of bonds issued
115.16 under Minnesota Statutes, section 469.352, to fund the Lewis and Clark Regional Water
115.17 System Project has been paid, or at an earlier time if approved by resolution of the board.
115.18 The tax must not terminate before the county board of commissioners determines that
115.19 revenues from these taxes and any other revenue source the county dedicates are sufficient
115.20 to pay the county's share of the bonds issued under Minnesota Statutes, section 469.352.

115.21 **EFFECTIVE DATE.** This section is effective the day after the governing body of
115.22 Nobles County and its chief clerical officer comply with Minnesota Statutes, section
115.23 645.021, subdivisions 2 and 3.

115.24 **Sec. 7. CITY OF LUVERNE LOCAL SALES TAX.**

115.25 (a) Notwithstanding Minnesota Statutes, sections 297A.99, 297A.993, and 477A.016,
115.26 or any other contrary provision of law, ordinance, or city charter, the city of Luverne may,
115.27 by ordinance, impose a sales and use tax of up to one-half of one percent for the purposes
115.28 specified in paragraph (b). Except as otherwise provided in this section, the provisions
115.29 of Minnesota Statutes, section 297A.99, subdivisions 4 to 13, govern the imposition,
115.30 administration, collection, and enforcement of the tax authorized under this paragraph.

115.31 (b) The proceeds of any tax imposed under paragraph (a), less refunds and costs
115.32 of collection, must be first used by the city to pay debt service on bonds issued under
115.33 Minnesota Statutes, section 469.352, to fund the Lewis and Clark Regional Water System
115.34 project. Revenues collected in any calendar year in excess of the city obligation to pay for

116.1 debt service on bonds issued under Minnesota Statutes, section 469.352, may be retained
 116.2 by the city and used for funding other capital projects within the city.

116.3 (c) A tax imposed under paragraph (a) expires when the city's share of bonds issued
 116.4 under Minnesota Statutes, section 469.352, to fund the Lewis and Clark Regional Water
 116.5 System Project has been made, or at an earlier time if approved by the city council. The
 116.6 tax must not terminate before the city council determines that revenues from this tax and
 116.7 any other revenue source the city dedicates are sufficient to pay the city share of debt
 116.8 service on bonds issued under Minnesota Statutes, section 469.352.

116.9 **EFFECTIVE DATE.** This section is effective the day after the governing body of
 116.10 the city of Luverne and its chief clerical officer comply with Minnesota Statutes, section
 116.11 645.021, subdivisions 2 and 3.

116.12 **ARTICLE 8**

116.13 **MISCELLANEOUS**

116.14 Section 1. Minnesota Statutes 2013 Supplement, section 116V.03, is amended to read:

116.15 **116V.03 APPROPRIATION.**

116.16 \$1,000,000 in fiscal year 2014 and each year thereafter is appropriated from the
 116.17 general fund to ~~the commissioner of revenue for transfer to the agricultural project~~
 116.18 ~~utilization account in the special revenue fund for the Agricultural Utilization Research~~
 116.19 ~~Institute established under section 116V.01.~~

116.20 **EFFECTIVE DATE.** This section is effective July 1, 2014.

116.21 Sec. 2. Minnesota Statutes 2012, section 161.14, is amended by adding a subdivision
 116.22 to read:

116.23 Subd. 77. **Old Cedar Avenue Bridge.** Minnesota state bridge number 3145, the
 116.24 Camelback bridge over the Minnesota River overflowage (referred to as Long Meadow
 116.25 Lake) constructed in 1920, is designated and named the "Old Cedar Avenue Bridge." This
 116.26 designation and name also applies to any renovation or reconstruction of the bridge and
 116.27 must be used in any publicly financed signage that refers to the bridge.

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

116.29 Sec. 3. Minnesota Statutes 2012, section 270C.72, subdivision 1, is amended to read:

116.30 Subdivision 1. **Tax clearance required.** (a) The state or a political subdivision of
 116.31 the state may not issue, transfer, or renew, and must revoke, a license for the conduct of

117.1 a profession, occupation, trade, or business, if the commissioner notifies the licensing
 117.2 authority that the applicant owes the state delinquent taxes payable to the commissioner,
 117.3 penalties, or interest. The commissioner may not notify the licensing authority unless the
 117.4 applicant taxpayer owes \$500 or more in delinquent taxes, penalties, or interest, or has
 117.5 not filed returns. If the applicant taxpayer does not owe delinquent taxes, penalties, or
 117.6 interest, but has not filed returns, the commissioner may not notify the licensing authority
 117.7 unless the taxpayer has been given 90 days' written notice to file the returns or show
 117.8 that the returns are not required to be filed.

117.9 (b) Within ten days after receipt of the notification from the commissioner under
 117.10 paragraph (a), the licensing authority must notify the license holder by certified mail of
 117.11 the potential revocation of the license for the applicable reason under paragraph (a).
 117.12 The notice must include a copy of the commissioner's notice to the licensing agency
 117.13 and information, in the form specified by the commissioner, on the licensee's option for
 117.14 receiving a tax clearance from the commissioner. The licensing authority must revoke the
 117.15 license 30 days after receiving the notice from the commissioner, unless it receives a tax
 117.16 clearance from the commissioner as provided in paragraph (c).

117.17 (c) A licensing authority that has received a notice from the commissioner may
 117.18 issue, transfer, renew, or not revoke the applicant's license only if (a) (1) the commissioner
 117.19 issues a tax clearance certificate and (b) (2) the commissioner or the applicant forwards a
 117.20 copy of the clearance to the authority. The commissioner may issue a clearance certificate
 117.21 only if the applicant does not owe the state any uncontested delinquent taxes, penalties, or
 117.22 interest and has filed all required returns.

117.23 **EFFECTIVE DATE.** This section is effective July 1, 2014.

117.24 Sec. 4. Minnesota Statutes 2012, section 270C.72, subdivision 3, is amended to read:

117.25 Subd. 3. **Notice and hearing.** ~~(a) The commissioner, on notifying a licensing~~
 117.26 ~~authority pursuant to subdivision 1 not to issue, transfer, or renew a license, must send a~~
 117.27 ~~copy of the notice to the applicant. If the applicant requests, in writing, within 30 days~~
 117.28 ~~of the date of the notice a hearing, a contested case hearing must be held. The hearing~~
 117.29 ~~must be held within 45 days of the date the commissioner refers the case to the Office of~~
 117.30 ~~Administrative Hearings. Notwithstanding any law to the contrary, the applicant must be~~
 117.31 ~~served with 20 days' notice in writing specifying the time and place of the hearing and the~~
 117.32 ~~allegations against the applicant. The notice may be served personally or by mail.~~

117.33 ~~(b) (a)~~ (a) Prior to notifying a licensing authority pursuant to subdivision 1 to revoke a
 117.34 license, the commissioner must send a notice to the applicant of the commissioner's intent
 117.35 to require revocation of the license and of the applicant's right to a hearing ~~under paragraph~~

118.1 (a). If the applicant requests a hearing in writing within 30 days of the date of the notice, a
118.2 contested case hearing must be held. The hearing must be held within 45 days of the date
118.3 the commissioner refers the case to the Office of Administrative Hearings. Notwithstanding
118.4 any law to the contrary, the applicant must be served with 20 days' notice in writing
118.5 specifying the time and place of the hearing and the allegations against the applicant. The
118.6 notice may be served personally or by mail. A license is subject to revocation when 30
118.7 days have passed following the date of the notice in this paragraph without the applicant
118.8 requesting a hearing, or, if a hearing is timely requested, upon final determination of the
118.9 hearing under section 14.62, subdivision 1. A license shall be revoked by the licensing
118.10 authority within 30 days after receiving notice from the commissioner to revoke.

118.11 (b) The commissioner may notify a licensing authority under subdivision 1 only
118.12 after the requirements of paragraph (a) have been satisfied.

118.13 (c) A hearing under this subdivision is in lieu of any other hearing or proceeding
118.14 provided by law arising from any action taken under subdivision 1.

118.15 **EFFECTIVE DATE.** This section is effective July 1, 2014.

118.16 Sec. 5. **CARLTON COUNTY; LEVY FOR SOIL AND WATER CONSERVATION**
118.17 **DISTRICT.**

118.18 Subdivision 1. **Definitions.** (a) For the purposes of this section, "district" means
118.19 the Carlton County Soil and Water Conservation District.

118.20 (b) For the purposes of this section, "county" means Carlton County.

118.21 Subd. 2. **Special project levy.** Notwithstanding any law to the contrary, the county
118.22 may levy ad valorem property taxes on taxable property within the area of its jurisdiction
118.23 for the purposes specified in subdivision 3. The proceeds of the tax must be placed in a
118.24 separate account and used only for the purposes specified in subdivision 3. The amount
118.25 levied is separate from any other amount to be levied for the district by the county under
118.26 Minnesota Statutes, section 103C.331, subdivision 16.

118.27 Subd. 3. **Purpose; limit on levy amount.** (a) The county must allocate the
118.28 proceeds of any tax imposed under this section to the district solely to pay principal,
118.29 interest, and any associated costs of obtaining and servicing a loan to finance the planning,
118.30 constructing, and equipping of an office and storage facility for the district.

118.31 (b) The maximum amount of the levy in any year may not exceed the amount
118.32 necessary, after deduction of any amount remaining from the levy imposed in prior years,
118.33 to pay 105 percent of the principal and interest due in the following calendar year and
118.34 through July 1 of the next year.

118.35 Subd. 4. **Expiration.** (a) This section expires:

119.1 (1) following the final payment of principal, interest, and any associated costs of the
 119.2 loan under subdivision 3, or any loan or other financing that refinanced the original loan; or

119.3 (2) if the district does not obtain the loan under subdivision 3 prior to May 1, 2017.

119.4 (b) Upon expiration of this section, any amount remaining in the account created
 119.5 under subdivision 2 must be transferred to the general account of the county and used to
 119.6 reduce any amount to be levied for the district by the county under Minnesota Statutes,
 119.7 section 103C.331, subdivision 16, for the following year, and any subsequent years, until
 119.8 the amount remaining is exhausted.

119.9 **EFFECTIVE DATE.** This section is effective the day following compliance by
 119.10 Carlton County with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

119.11 Sec. 6. **ADMINISTRATIVE APPROPRIATIONS.**

119.12 (a) \$700,000 in fiscal year 2014 and \$1,800,000 in fiscal year 2015 are appropriated
 119.13 from the general fund to the commissioner of revenue for administering this act. The
 119.14 funding base for this appropriation in fiscal year 2016 is \$1,180,000 and is available to be
 119.15 spent until June 30, 2017. The funding base for fiscal year 2017 is \$0.

119.16 (b) \$40,000 in fiscal year 2015 is appropriated from the general fund to the
 119.17 commissioner of public safety for administration of the volunteer retention stipend aid
 119.18 pilot program in article 1, section 1. The funding base for this appropriation in fiscal
 119.19 year 2016 is \$18,000 and is available to be spent until June 30, 2018. The funding base
 119.20 for fiscal year 2017 is \$0.

119.21 (c) \$400,000 in fiscal year 2015 is appropriated from the general fund to the
 119.22 commissioner of natural resources for the purpose of assisting counties in developing plans
 119.23 and providing training for watercraft inspectors to facilitate the implementation of article
 119.24 1, section 11. This is a onetime appropriation and does not become part of the base budget.

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

119.26 **ARTICLE 9**

119.27 **UNSESSION**

119.28 Section 1. Minnesota Statutes 2012, section 16D.02, subdivision 3, is amended to read:

119.29 Subd. 3. **Debt.** "Debt" means an amount owed to the state directly, or through a
 119.30 state agency, on account of a fee, duty, lease, direct loan, loan insured or guaranteed by
 119.31 the state, rent, service, sale of real or personal property, overpayment, fine, assessment,
 119.32 penalty, restitution, damages, interest, tax, bail bond, forfeiture, reimbursement, liability
 119.33 owed, an assignment to the state including assignments under section 256.741, the Social

120.1 Security Act, or other state or federal law, recovery of costs incurred by the state, or any
120.2 other source of indebtedness to the state. Debt also includes amounts owed to individuals
120.3 as a result of civil, criminal, or administrative action brought by the state or a state agency
120.4 pursuant to its statutory authority or for which the state or state agency acts in a fiduciary
120.5 capacity in providing collection services in accordance with the regulations adopted under
120.6 the Social Security Act at Code of Federal Regulations, title 45, section 302.33. When
120.7 the commissioner provides collection services ~~pursuant to a debt qualification plan to a~~
120.8 referring agency, debt also includes an amount owed to the courts, local government
120.9 units, Minnesota state colleges and universities governed by the Board of Trustees of the
120.10 Minnesota State Colleges and Universities, or University of Minnesota.

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

120.12 Sec. 2. Minnesota Statutes 2012, section 16D.02, subdivision 6, is amended to read:

120.13 Subd. 6. **Referring agency.** "Referring agency" means a state agency, local
120.14 government unit, Minnesota state colleges and universities governed by the Board of
120.15 Trustees of the Minnesota State Colleges and Universities, University of Minnesota, or a
120.16 court, that has entered into ~~a debt qualification plan~~ an agreement with the commissioner
120.17 to refer debts to the commissioner for collection.

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

120.19 Sec. 3. Minnesota Statutes 2012, section 16D.04, subdivision 3, is amended to read:

120.20 Subd. 3. **Services.** The commissioner shall provide collection services for a state
120.21 agency, and may provide for collection services for ~~a court, in accordance with the terms and~~
120.22 ~~conditions of a signed debt qualification plan~~ referring agencies other than state agencies.

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

120.24 Sec. 4. Minnesota Statutes 2012, section 16D.04, subdivision 4, is amended to read:

120.25 Subd. 4. **Authority to contract.** ~~The commissioners~~ commissioner of revenue ~~and~~
120.26 ~~management and budget~~ may contract with credit bureaus, private collection agencies, and
120.27 other entities as necessary for the collection of debts. A private collection agency acting
120.28 under a contract with the commissioner of revenue ~~or management and budget~~ is subject
120.29 to sections 332.31 to 332.45, except that the private collection agency may indicate that it
120.30 is acting under a contract with the state. The commissioner may not delegate the powers
120.31 provided under section 16D.08 to any nongovernmental entity.

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

121.2 Sec. 5. Minnesota Statutes 2012, section 16D.07, is amended to read:

121.3 **16D.07 NOTICE TO DEBTOR.**

121.4 The referring agency shall send notice to the debtor by United States mail or
 121.5 personal delivery at the debtor's last known address at least 20 days before the debt is
 121.6 referred to the commissioner. The notice must state the nature and amount of the debt,
 121.7 identify to whom the debt is owed, and inform the debtor of the remedies available under
 121.8 this chapter. The referring agency shall advise the debtor of collection costs imposed
 121.9 under section 16D.11 and of the debtor's right to cancellation of collection costs under
 121.10 section 16D.11, subdivision 3.

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

121.12 Sec. 6. Minnesota Statutes 2012, section 16D.11, subdivision 1, is amended to read:

121.13 Subdivision 1. **Imposition.** As determined by the commissioner of ~~management and~~
 121.14 ~~budget revenue~~, collection costs shall be added to the debts referred to the commissioner
 121.15 or private collection agency for collection. Collection costs are collectible by the
 121.16 commissioner or private agency from the debtor at the same time and in the same
 121.17 manner as the referred debt. ~~The referring agency shall advise the debtor of collection~~
 121.18 ~~costs under this section and the debtor's right to cancellation of collection costs under~~
 121.19 ~~subdivision 3 at the time the agency sends notice to the debtor under section 16D.07.~~

121.20 If the commissioner or private agency collects an amount less than the total due, the
 121.21 payment is applied proportionally to collection costs and the underlying debt unless
 121.22 the commissioner of ~~management and budget~~ has waived this requirement for certain
 121.23 categories of debt pursuant to the department's internal guidelines. Collection costs
 121.24 collected by the commissioner under this subdivision or retained under subdivision 6 shall
 121.25 be deposited in the general fund as nondedicated receipts. ~~Collection costs collected by~~
 121.26 ~~private agencies are appropriated to the referring agency to pay the collection fees charged~~
 121.27 ~~by the private agency.~~ Collections of collection costs in excess of collection agency fees
 121.28 must be deposited in the general fund as nondedicated receipts.

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

121.30 Sec. 7. Minnesota Statutes 2012, section 16D.11, subdivision 3, is amended to read:

121.31 Subd. 3. **Cancellation.** Collection costs imposed under subdivision 1 shall be
 121.32 canceled and subtracted from the amount due if:

122.1 (1) the debtor's household income as defined in section 290A.03, subdivision 5,
 122.2 excluding the exemption subtractions in subdivision 3, paragraph (3) of that section, for
 122.3 the 12 months preceding the date of referral is less than twice the annual federal poverty
 122.4 guideline under United States Code, title 42, section 9902, subsection (2);

122.5 (2) within 60 days after the first contact with the debtor by the ~~enterprise~~
 122.6 commissioner or collection agency, the debtor establishes reasonable cause for the failure
 122.7 to pay the debt prior to referral of the debt to the ~~enterprise~~ commissioner;

122.8 (3) a good faith dispute as to the legitimacy or the amount of the debt is made,
 122.9 and payment is remitted or a payment agreement is entered into within 30 days after
 122.10 resolution of the dispute;

122.11 (4) good faith litigation occurs and the debtor's position is substantially justified, and
 122.12 if the debtor does not totally prevail, the debt is paid or a payment agreement is entered
 122.13 into within 30 days after the judgment becomes final and nonappealable; or

122.14 (5) collection costs have been added by the referring agency and are included in
 122.15 the amount of the referred debt.

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

122.17 Sec. 8. Minnesota Statutes 2012, section 16D.11, subdivision 7, is amended to read:

122.18 Subd. 7. **Adjustment of rate.** By June 1 of each year, the commissioner shall
 122.19 determine the rate of collection costs for debts referred to the ~~enterprise~~ commissioner
 122.20 during the next fiscal year. The rate is a percentage of the debts in an amount that most
 122.21 nearly equals the costs of the ~~enterprise~~ commissioner necessary to process and collect
 122.22 referred debts under this chapter. In no event shall the rate of the collection costs exceed
 122.23 25 percent of the debt. Determination of the rate of collection costs under this section is
 122.24 not subject to the fee setting requirements of section 16A.1283.

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

122.26 Sec. 9. Minnesota Statutes 2012, section 84A.20, subdivision 2, is amended to read:

122.27 Subd. 2. **County proposal to state.** ~~Under certain conditions,~~ The board of county
 122.28 commissioners of any county may by resolution propose to the state that one or more
 122.29 areas in the county be taken over by the state for afforestation, reforestation, flood control
 122.30 projects, or other state purposes. The projects are to be managed, controlled, and used for
 122.31 the purposes in subdivision 1 on lands to be acquired by the state within the projects, as set
 122.32 forth in sections 84A.20 to 84A.30. The county board may propose this if ~~(1)~~ the county
 122.33 contains lands suitable for the purposes in subdivision 1, ~~(2) on January 1, 1931, the taxes~~

123.1 ~~on more than 35 percent of the taxable land in the county are delinquent, (3) on January 1,~~
 123.2 ~~1931, the county's bonded ditch indebtedness, including accrued interest, equals or exceeds~~
 123.3 ~~nine percent of the assessed valuation of the county, exclusive of money and credits.~~

123.4 The area taken over must include lands that have been assessed for all or part of
 123.5 the cost of the establishment and construction of public drainage ditches under state law,
 123.6 and on which the assessments or installments are delinquent. A certified copy of the
 123.7 county board's resolution must be filed with the department and considered and acted
 123.8 upon by the department. If approved by the department, it must then be submitted to,
 123.9 considered, and acted upon by the executive council. If approved by the Executive
 123.10 Council, the proposition must be formally accepted by the governor. Acceptance must be
 123.11 communicated in writing to and filed with the county auditor.

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

123.13 Sec. 10. Minnesota Statutes 2012, section 84A.31, subdivision 2, is amended to read:

123.14 Subd. 2. **County proposal to state.** ~~Under certain conditions,~~ The board of county
 123.15 commissioners of any county may by resolution propose that the state take over part of the
 123.16 tax-delinquent lands in the county. ~~The board may propose this if:~~

123.17 ~~(1) the county contains land suitable for the purposes in subdivision 1;~~

123.18 ~~(2) on January 1, 1933, the taxes on more than 25 percent of the acreage of the lands~~
 123.19 ~~in a town in the county are delinquent, as shown by its tax books;~~

123.20 ~~(3) on January 1, 1933, the taxes or ditch assessments on more than 50 percent of the~~
 123.21 ~~acreage of the lands to be taken over are delinquent, as shown by the county's tax books; and~~

123.22 ~~(4) on January 1, 1933, the bonded ditch indebtedness of the county equals or~~
 123.23 ~~exceeds 15 percent of the assessed value of the county for 1932 as fixed by the Minnesota~~
 123.24 ~~Tax Commission, exclusive of money and credits.~~

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

123.26 Sec. 11. Minnesota Statutes 2012, section 115B.49, subdivision 4, is amended to read:

123.27 Subd. 4. **Registration; fees.** (a) The owner or operator of a dry cleaning facility
 123.28 shall register on or before October 1 of each year with the commissioner of revenue in
 123.29 a manner prescribed by the commissioner of revenue and pay a registration fee for the
 123.30 facility. The amount of the fee is:

123.31 (1) \$500, for facilities with a full-time equivalence of fewer than five;

123.32 (2) \$1,000, for facilities with a full-time equivalence of five to ten; and

123.33 (3) \$1,500, for facilities with a full-time equivalence of more than ten.

124.1 The registration fee must be paid on or before October 18 or the owner or operator
124.2 of a dry cleaning facility may elect to pay the fee in equal installments. Installment
124.3 payments must be paid on or before October 18, on or before January 18, on or before
124.4 April 18, and on or before June 18. All payments made after October 18 bear interest
124.5 at the rate specified in section 270C.40.

124.6 (b) A person who sells dry cleaning solvents for use by dry cleaning facilities in
124.7 the state shall collect and remit to the commissioner of revenue in a the same manner
124.8 prescribed by the commissioner of revenue, ~~on or before the 20th day of the month~~
124.9 ~~following the month in which the sales of dry cleaning solvents are made~~ for the taxes
124.10 imposed under chapter 297A, a fee of:

124.11 (1) \$3.50 for each gallon of perchloroethylene sold for use by dry cleaning facilities
124.12 in the state;

124.13 (2) 70 cents for each gallon of hydrocarbon-based dry cleaning solvent sold for use
124.14 by dry cleaning facilities in the state; and

124.15 (3) 35 cents for each gallon of other nonaqueous solvents sold for use by dry
124.16 cleaning facilities in the state.

124.17 (c) The audit, assessment, appeal, collection, enforcement, and administrative
124.18 provisions of chapters 270C and 289A apply to the fee imposed by this subdivision. To
124.19 enforce this subdivision, the commissioner of revenue may grant extensions to file returns
124.20 and pay fees, impose penalties and interest on the annual registration fee under paragraph
124.21 (a) and the monthly fee under paragraph (b), and abate penalties and interest in the manner
124.22 provided in chapters 270C and 289A. The penalties and interest imposed on taxes under
124.23 chapter 297A apply to the fees imposed under this subdivision. Disclosure of data collected
124.24 by the commissioner of revenue under this subdivision is governed by chapter 270B.

124.25 **EFFECTIVE DATE.** This section is effective for fees due after June 30, 2014.

124.26 Sec. 12. Minnesota Statutes 2012, section 163.06, subdivision 1, is amended to read:

124.27 Subdivision 1. **Levy.** The county board of any county in which there are unorganized
124.28 townships may levy a tax for road and bridge purposes upon all the real and personal
124.29 property in such unorganized townships, ~~exclusive of money and credits taxed under the~~
124.30 ~~provisions of chapter 285.~~

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

124.32 Sec. 13. Minnesota Statutes 2012, section 270.11, subdivision 1, is amended to read:

125.1 Subdivision 1. **To act as State Board of Equalization.** The commissioner of
 125.2 revenue shall have and exercise all the rights, powers and authority by law vested in the
 125.3 State Board of Equalization, ~~which board of equalization is hereby continued,~~ with full
 125.4 power and authority to review, modify, and revise all of the acts and proceedings of the
 125.5 commissioner in so far as they relate to the equalization and valuation of property assessed
 125.6 for taxation, as prescribed by section 270.12.

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

125.8 Sec. 14. Minnesota Statutes 2012, section 270.12, subdivision 2, is amended to read:

125.9 Subd. 2. **Meeting dates; duties.** The board shall meet annually between April 15
 125.10 and June 30 at the office of the commissioner of revenue and examine and compare the
 125.11 returns of the assessment of the property in the several counties, and equalize the same so
 125.12 that all the taxable property in the state shall be assessed at its market value, subject to
 125.13 the following rules:

125.14 (1) The board shall add to or deduct from the aggregate valuation of the real property
 125.15 of every county, which the board believes to be valued below or above its market value in
 125.16 money, such percent as will bring the same to its market value ~~in money~~;

125.17 ~~(2) The board shall deduct from the aggregate valuation of the real property of every~~
 125.18 ~~county, which the board believes to be valued above its market value in money, such~~
 125.19 ~~percent as will reduce the same to its market value in money;~~

125.20 ~~(3)~~ (2) If the board believes the valuation for a part of a class determined by a range
 125.21 of market value under clause ~~(8)~~ (6) or otherwise, a class, or classes of the real property of
 125.22 any town or district in any county, or the valuation for a part of a class, a class, or classes
 125.23 of the real property of any county not in towns or cities, should be raised or reduced,
 125.24 without raising or reducing the other real property of such county, or without raising or
 125.25 reducing it in the same ratio, the board may add to, or take from, the valuation of a part of
 125.26 a class, a class, or classes in any one or more of such towns or cities, or of the property not
 125.27 in towns or cities, such percent as the board believes will raise or reduce the same to its
 125.28 market value ~~in money~~;

125.29 ~~(4)~~ (3) The board shall add to or take from the aggregate valuation of any part of a
 125.30 class, a class, or classes of personal property of any county, town, or city, which the
 125.31 board believes to be valued below or above the market value thereof, such percent as will
 125.32 raise the same to its market value ~~in money~~;

125.33 ~~(5) The board shall take from the aggregate valuation of any part of a class, a class,~~
 125.34 ~~or classes of personal property in any county, town or city, which the board believes to~~

126.1 ~~be valued above the market value thereof, such percent as will reduce the same to its~~
126.2 ~~market value in money;~~

126.3 ~~(6)~~ (4) The board shall not reduce the aggregate valuation of all the property of the
126.4 state, as returned by the several county auditors, more than one percent on the whole
126.5 valuation thereof;

126.6 ~~(7)~~ (5) When it would be of assistance in equalizing values the board may require any
126.7 county auditor to furnish statements showing assessments of real and personal property
126.8 of any individuals, firms, or corporations within the county. The board shall consider
126.9 and equalize such assessments and may increase the assessment of individuals, firms, or
126.10 corporations above the amount returned by the county board of equalization when it shall
126.11 appear to be undervalued, first giving notice to such persons of the intention of the board
126.12 so to do, which notice shall fix a time and place of hearing. The board shall not decrease
126.13 any such assessment below the valuation placed by the county board of equalization;

126.14 ~~(8)~~ (6) In equalizing values pursuant to this section, the board shall utilize a 12-month
126.15 assessment/sales ratio study conducted by the Department of Revenue containing only
126.16 sales that are filed in the county auditor's office under section 272.115, by November 1 of
126.17 the previous year and that occurred between October 1 of the year immediately preceding
126.18 the previous year and September 30 of the previous year.

126.19 The assessment/sales ratio study may separate the values of residential property
126.20 into market value categories. The board may adjust the market value categories and the
126.21 number of categories as necessary to create an adequate sample size for each market value
126.22 category. The board may determine the adequate sample size. To the extent practicable,
126.23 the methodology used in preparing the assessment/sales ratio study must be consistent
126.24 with the most recent Standard on Assessment Sales Ratio Studies published by the
126.25 Assessment Standards Committee of the International Association of Assessing Officers.
126.26 The board may determine the geographic area used in preparing the study to accurately
126.27 equalize values. A sales ratio study separating residential property into market value
126.28 categories may not be used as the basis for a petition under chapter 278.

126.29 The sales prices used in the study must be discounted for terms of financing. The
126.30 board shall use the median ratio as the statistical measure of the level of assessment for
126.31 any particular category of property; and

126.32 ~~(9)~~ (7) The board shall receive from each county the estimated market values on the
126.33 assessment date falling within the study period for all parcels by ~~magnetic tape or other~~ a
126.34 medium as prescribed by the commissioner of revenue.

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

127.1 Sec. 15. Minnesota Statutes 2012, section 270.12, subdivision 4, is amended to read:

127.2 Subd. 4. **Public utility property.** For purposes of equalization only, public utility
127.3 personal property shall be treated as a separate class of property ~~notwithstanding the fact~~
127.4 ~~that its class rate is the same as commercial-industrial property.~~

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

127.6 Sec. 16. Minnesota Statutes 2012, section 270A.03, subdivision 2, is amended to read:

127.7 Subd. 2. **Claimant agency.** "Claimant agency" means any state agency, as defined
127.8 by section 14.02, subdivision 2, the regents of the University of Minnesota, any district
127.9 court of the state, any county, any statutory or home rule charter city, including a city that
127.10 is presenting a claim for a municipal hospital or a public library or a municipal ambulance
127.11 service, a hospital district, a private nonprofit hospital that leases its building from the
127.12 county or city in which it is located, any ambulance service licensed under chapter 144E,
127.13 any public agency responsible for child support enforcement, any public agency responsible
127.14 for the collection of court-ordered restitution, and any public agency established by
127.15 general or special law that is responsible for the administration of a low-income housing
127.16 program, ~~and the Minnesota collection enterprise as defined in section 16D.02, subdivision~~
127.17 ~~8, for the purpose of collecting the costs imposed under section 16D.11.~~

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

127.19 Sec. 17. Minnesota Statutes 2012, section 270B.14, subdivision 3, is amended to read:

127.20 Subd. 3. **Administration of enterprise, and job opportunity, ~~and biotechnology~~**
127.21 **~~and health sciences industry zone programs.~~** The commissioner may disclose return
127.22 information relating to the taxes imposed by chapters 290 and 297A to the Department of
127.23 Employment and Economic Development or a municipality with a border city enterprise
127.24 zone as defined under section 469.166, but only as necessary to administer the funding
127.25 limitations under section 469.169, or to the Department of Employment and Economic
127.26 Development and appropriate officials from the local government units in which a
127.27 qualified business is located but only as necessary to enforce the job opportunity building
127.28 zone benefits under section 469.315, ~~or biotechnology and health sciences industry zone~~
127.29 ~~benefits under section 469.336.~~

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

128.1 Sec. 18. Minnesota Statutes 2012, section 270C.085, is amended to read:

128.2 **270C.085 NOTIFICATION REQUIREMENTS; SALES AND USE TAXES.**

128.3 The commissioner of revenue shall establish a means of electronically notifying
128.4 persons holding a sales tax permit under section 297A.84 of any statutory change in
128.5 chapter 297A and any issuance or change in any administrative rule, revenue notice, or
128.6 sales tax fact sheet or other written information provided by the department explaining the
128.7 interpretation or administration of the tax imposed under that chapter. The notification
128.8 must indicate the basic subject of the statute, rule, fact sheet, or other material and provide
128.9 an electronic link to the material. Any person holding a sales tax permit that provides
128.10 an electronic address to the department must receive these notifications unless they
128.11 specifically request electronically, or in writing, to be removed from the notification list.
128.12 This requirement does not replace traditional means of notifying the general public or
128.13 persons without access to electronic communications of changes in the sales tax law. ~~The~~
128.14 ~~electronic notification must begin no later than December 31, 2009.~~

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

128.16 Sec. 19. Minnesota Statutes 2012, section 270C.52, subdivision 2, is amended to read:

128.17 Subd. 2. **Payment agreements.** (a) When any portion of any tax payable to the
128.18 commissioner together with interest and penalty thereon, if any, has not been paid, the
128.19 commissioner may extend the time for payment for a further period. When the authority
128.20 of this section is invoked, the extension shall be evidenced by written agreement signed by
128.21 the taxpayer and the commissioner, stating the amount of the tax with penalty and interest,
128.22 if any, and providing for the payment of the amount in installments.

128.23 (b) The agreement may contain a confession of judgment for the amount and for any
128.24 unpaid portion thereof. If the agreement contains a confession of judgment, the confession
128.25 of judgment must provide that the commissioner may enter judgment against the taxpayer
128.26 in the district court of the county of residence as shown upon the taxpayer's tax return for
128.27 the unpaid portion of the amount specified in the extension agreement.

128.28 (c) The agreement shall provide that it can be terminated, after notice by the
128.29 commissioner, if information provided by the taxpayer prior to the agreement was
128.30 inaccurate or incomplete, collection of the tax covered by the agreement is in jeopardy,
128.31 there is a subsequent change in the taxpayer's financial condition, the taxpayer has failed
128.32 to make a payment due under the agreement, or the taxpayer has failed to pay any other
128.33 tax or file a tax return coming due after the agreement.

129.1 (d) The notice must be given at least 14 calendar days prior to termination, and shall
129.2 advise the taxpayer of the right to request a reconsideration from the commissioner of
129.3 whether termination is reasonable and appropriate under the circumstances. A request for
129.4 reconsideration does not stay collection action beyond the 14-day notice period. If the
129.5 commissioner has reason to believe that collection of the tax covered by the agreement
129.6 is in jeopardy, the commissioner may proceed under section 270C.36 and terminate the
129.7 agreement without regard to the 14-day period.

129.8 (e) The commissioner may accept other collateral the commissioner considers
129.9 appropriate to secure satisfaction of the tax liability. The principal sum specified in the
129.10 agreement shall bear interest at the rate specified in section 270C.40 on all unpaid portions
129.11 thereof until the same has been fully paid or the unpaid portion thereof has been entered as
129.12 a judgment. The judgment shall bear interest at the rate specified in section 270C.40.

129.13 (f) If it appears to the commissioner that the tax reported by the taxpayer is in excess
129.14 of the amount actually owing by the taxpayer, the extension agreement or the judgment
129.15 entered pursuant thereto shall be corrected. If after making the extension agreement
129.16 or entering judgment with respect thereto, the commissioner determines that the tax as
129.17 reported by the taxpayer is less than the amount actually due, the commissioner shall
129.18 assess a further tax in accordance with the provisions of law applicable to the tax.

129.19 (g) The authority granted to the commissioner by this section is in addition to any
129.20 other authority granted to the commissioner by law to extend the time of payment or the
129.21 time for filing a return and shall not be construed in limitation thereof.

129.22 (h) The commissioner shall charge a fee for entering into payment agreements ~~that~~
129.23 ~~reflects the commissioner's costs for entering into payment agreements.~~ The fee is set at
129.24 \$50 and is charged for entering into a payment agreement, for entering into a new payment
129.25 agreement after the taxpayer has defaulted on a prior agreement, and for entering into a
129.26 new payment agreement as a result of renegotiation of the terms of an existing agreement.
129.27 The fee is paid to the commissioner before the payment agreement becomes effective and
129.28 does not reduce the amount of the liability.

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

129.30 Sec. 20. Minnesota Statutes 2012, section 272.01, subdivision 1, is amended to read:

129.31 Subdivision 1. **Generally taxable.** All real and personal property in this state, ~~and~~
129.32 ~~all personal property of persons residing therein, including the property of corporations,~~
129.33 ~~banks, banking companies, and bankers,~~ is taxable, except Indian lands and such other
129.34 property as is by law exempt from taxation.

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

130.2 Sec. 21. Minnesota Statutes 2012, section 272.01, subdivision 3, is amended to read:

130.3 Subd. 3. **Exceptions.** The provisions of subdivision 2 shall not apply to:

130.4 (a) Federal property for which payments are made in lieu of taxes in amounts
130.5 equivalent to taxes which might otherwise be lawfully assessed;

130.6 (b) Real estate exempt from ad valorem taxes and taxes in lieu thereof which is
130.7 leased, loaned, or otherwise made available to telephone companies or electric, light
130.8 and power companies upon which personal property consisting of transmission and
130.9 distribution lines is situated and assessed pursuant to sections 273.37, 273.38, 273.40
130.10 and 273.41, or upon which are situated the communication lines of express, railway, or
130.11 telephone ~~or telegraph~~ companies, or pipelines used for the transmission and distribution
130.12 of petroleum products, or the equipment items of a cable communications company
130.13 subject to sections 238.35 to 238.42;

130.14 (c) Property presently owned by any educational institution chartered by the
130.15 territorial legislature;

130.16 (d) Indian lands;

130.17 (e) Property of any corporation organized as a tribal corporation under the Indian
130.18 Reorganization Act of June 18, 1934, (Statutes at Large, volume 48, page 984);

130.19 (f) Real property owned by the state and leased pursuant to section 161.23 or
130.20 161.431, and acts amendatory thereto;

130.21 (g) Real property owned by a seaway port authority on June 1, 1967, upon which
130.22 there has been constructed docks, warehouses, tank farms, administrative and maintenance
130.23 buildings, railroad and ship terminal facilities and other maritime and transportation
130.24 facilities or those directly related thereto, together with facilities for the handling of
130.25 passengers and baggage and for the handling of freight and bulk liquids, and personal
130.26 property owned by a seaway port authority used or usable in connection therewith, when
130.27 said property is leased to a private individual, association or corporation, but only when
130.28 such lease provides that the said facilities are available to the public for the loading and
130.29 unloading of passengers and their baggage and the handling, storage, care, shipment,
130.30 and delivery of merchandise, freight and baggage and other maritime and transportation
130.31 activities and functions directly related thereto, but not including property used for grain
130.32 elevator facilities; it being the declared policy of this state that such property when
130.33 so leased is public property used exclusively for a public purpose, notwithstanding the
130.34 one-year limitation in the provisions of section 273.19;

131.1 (h) Notwithstanding the provisions of clause (g), when the annual rental received by
131.2 a seaway port authority in any calendar year for such leased property exceeds an amount
131.3 reasonably required for administrative expense of the authority per year, plus promotional
131.4 expense for the authority not to exceed the sum of \$100,000 per year, to be expended
131.5 when and in the manner decided upon by the commissioners, plus an amount sufficient to
131.6 pay all installments of principal and interest due, or to become due, during such calendar
131.7 year and the next succeeding year on any revenue bonds issued by the authority, plus
131.8 25 percent of the gross annual rental to be retained by the authority for improvement,
131.9 development, or other contingencies, the authority shall make a payment in lieu of real
131.10 and personal property taxes of a reasonable portion of the remaining annual rental to the
131.11 county treasurer of the county in which such seaway port authority is principally located.
131.12 Any such payments to the county treasurer shall be disbursed by the treasurer on the same
131.13 basis as real estate taxes are divided among the various governmental units, but if such
131.14 port authority shall have received funds from the state of Minnesota and funds from any
131.15 city and county pursuant to Laws 1957, chapters 648, 831, and 849 and acts amendatory
131.16 thereof, then such disbursement by the county treasurer shall be on the same basis as real
131.17 estate taxes are divided among the various governmental units, except that the portion of
131.18 such payments which would otherwise go to other taxing units shall be divided equally
131.19 among the state of Minnesota and said county and city.

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

131.21 Sec. 22. Minnesota Statutes 2012, section 272.025, subdivision 1, is amended to read:

131.22 Subdivision 1. **Statement of exemption.** (a) Except in the case of property owned
131.23 by the state of Minnesota or any political subdivision thereof, and property exempt from
131.24 taxation under section 272.02, subdivisions 9, 10, 13, 15, 18, 20, and 22 to 25, and at the
131.25 times provided in subdivision 3, a taxpayer claiming an exemption from taxation on
131.26 property described in section 272.02, subdivisions 1 to 33, must file a statement of
131.27 exemption with the assessor of the assessment district in which the property is located.

131.28 (b) A taxpayer claiming an exemption from taxation on property described in section
131.29 272.02, subdivision 10, must file a statement of exemption with the commissioner of
131.30 revenue, on or before February 15 of each year for which the taxpayer claims an exemption.

131.31 (c) In case of sickness, absence or other disability or for good cause, the assessor
131.32 or the commissioner may extend the time for filing the statement of exemption for a
131.33 period not to exceed 60 days.

131.34 (d) The commissioner of revenue shall prescribe the form and contents of the
131.35 statement of exemption.

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

132.2 Sec. 23. Minnesota Statutes 2012, section 272.027, subdivision 1, is amended to read:

132.3 Subdivision 1. **Electricity generated to produce goods and services.** Personal
 132.4 property used to generate electric power is exempt from property taxation if the electric
 132.5 power is used to manufacture or produce goods, products, or services, other than electric
 132.6 power, by the owner of the electric generation plant. ~~Except as provided in subdivisions 2~~
 132.7 ~~and 3;~~ The exemption does not apply to property used to produce electric power for sale
 132.8 to others and does not apply to real property. In determining the value subject to tax,
 132.9 a proportionate share of the value of the generating facilities, equal to the proportion
 132.10 that the power sold to others bears to the total generation of the plant, is subject to the
 132.11 general property tax in the same manner as other property. Power generated in such a
 132.12 plant and exchanged for an equivalent amount of power that is used for the manufacture or
 132.13 production of goods, products, or services other than electric power by the owner of the
 132.14 generating plant is considered to be used by the owner of the plant.

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

132.16 Sec. 24. Minnesota Statutes 2012, section 272.029, subdivision 6, is amended to read:

132.17 Subd. 6. **Distribution of revenues.** Revenues from the taxes imposed under
 132.18 subdivision 5 must be part of the settlement between the county treasurer and the county
 132.19 auditor under section 276.09. The revenue must be distributed by the county auditor or the
 132.20 county treasurer to local taxing jurisdictions in which the wind energy conversion system
 132.21 is located as follows: ~~beginning with distributions in 2010, 80 percent to counties; and 20~~
 132.22 ~~percent to cities and townships; and for distributions occurring in 2006 to 2009, 80 percent~~
 132.23 ~~to counties; 14 percent to cities and townships; and six percent to school districts.~~

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

132.25 Sec. 25. Minnesota Statutes 2012, section 273.061, subdivision 6, is amended to read:

132.26 Subd. 6. **Salaries; expenses.** The salaries of the county assessor and assistants and
 132.27 clerical help, shall be fixed by the board of county commissioners and shall be payable in
 132.28 ~~monthly installments~~ out of the general revenue fund of the county. ~~In counties with a~~
 132.29 ~~population of less than 50,000 inhabitants, according to the then last preceding federal~~
 132.30 ~~census, the board of county commissioners shall not fix the salary of the county assessor at~~
 132.31 ~~an amount below the following schedule:~~

132.32 ~~In counties with a population of less than 6,500, \$5,900;~~

- 133.1 ~~In counties with a population of 6,500 but less than 12,000, \$6,200;~~
 133.2 ~~In counties with a population of 12,000 but less than 16,000, \$6,500;~~
 133.3 ~~In counties with a population of 16,000 but less than 21,000, \$6,700;~~
 133.4 ~~In counties with a population of 21,000 but less than 30,000, \$6,900;~~
 133.5 ~~In counties with a population of 30,000 but less than 39,500, \$7,100;~~
 133.6 ~~In counties with a population of 39,500 but less than 50,000, \$7,300;~~
 133.7 ~~In counties with a population of 50,000 or more, \$8,300.~~

133.8 In addition to their salaries, the county assessor and assistants shall be allowed their
 133.9 expenses for reasonable and necessary travel in the performance of their duties, including
 133.10 necessary travel, lodging and meal expense incurred by them while attending meetings of
 133.11 instructions or official hearings called by the commissioner of revenue. These expenses
 133.12 shall be payable out of the general revenue fund of the county, and shall be allowed on the
 133.13 same basis as such expenses are allowed to other county officers.

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

133.15 Sec. 26. Minnesota Statutes 2012, section 273.10, is amended to read:

133.16 **273.10 SCHOOL DISTRICTS.**

133.17 When assessing personal property the county assessor shall designate the number of
 133.18 the school district in which each person assessed is liable for tax, ~~by writing the number~~
 133.19 ~~of the district opposite each assessment in a column provided for that purpose in the~~
 133.20 ~~assessment book.~~ When the personal property of any person is assessable in several
 133.21 school districts, the amount in each shall be assessed separately, and the name of the
 133.22 owner placed opposite each amount.

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

133.24 Sec. 27. Minnesota Statutes 2012, section 273.11, subdivision 13, is amended to read:

133.25 Subd. 13. **Valuation of income-producing property.** ~~Beginning with the 1995~~
 133.26 ~~assessment,~~ Only accredited assessors or senior accredited assessors or other licensed
 133.27 assessors who have successfully completed at least two income-producing property
 133.28 appraisal courses may value income-producing property for ad valorem tax purposes.
 133.29 "Income-producing property" as used in this subdivision means the taxable property in
 133.30 class 3a and 3b in section 273.13, subdivision 24; class 4a and 4c, except for seasonal
 133.31 recreational property not used for commercial purposes; and class 5 in section 273.13,
 133.32 subdivision 31. "Income-producing property" includes any property in class 4e in section
 133.33 273.13, subdivision 25, that would be income-producing property under the definition in

134.1 this subdivision if it were not substandard. "Income-producing property appraisal course"
134.2 as used in this subdivision means a course of study of approximately 30 instructional
134.3 hours, with a final comprehensive test. An assessor must successfully complete the final
134.4 examination for each of the two required courses. The course must be approved by the
134.5 board of assessors.

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

134.7 Sec. 28. Minnesota Statutes 2012, section 273.112, subdivision 6a, is amended to read:

134.8 Subd. 6a. **Guidelines issued by commissioner.** The commissioner of revenue shall
134.9 develop and issue guidelines for qualification by private golf clubs under this section
134.10 covering the access to and use of the golf course by members and other adults so as to be
134.11 consistent with the purposes and terms of this section. ~~The guidelines shall be mailed to~~
134.12 ~~the county attorney and assessor of each county not later than 60 days following May 26,~~
134.13 ~~1989. Within 15 days of receipt of the guidelines from the commissioner, the assessor~~
134.14 ~~shall mail a copy of the guidelines to each golf club in the county.~~

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

134.16 Sec. 29. Minnesota Statutes 2013 Supplement, section 273.1325, subdivision 2,
134.17 is amended to read:

134.18 Subd. 2. **Methodology.** In making its annual assessment/sales ratio studies, the
134.19 Department of Revenue must use a methodology consistent with the most recent Standard
134.20 on Assessment Ratio Studies published by the assessment standards committee of the
134.21 International Association of Assessing Officers. The commissioner of revenue shall
134.22 supplement this general methodology with specific procedures necessary for execution of
134.23 the study in accordance with other Minnesota laws impacting the assessment/sales ratio
134.24 study. The commissioner shall document these specific procedures in writing and shall
134.25 publish the procedures in the State Register, but these procedures will not be considered
134.26 "rules" pursuant to the Minnesota Administrative Procedure Act. When property is sold and
134.27 the purchaser changes its use in a manner that would result in a change of classification of
134.28 the property, the assessment sales ratio study under this subdivision must take into account
134.29 that changed classification as soon as practicable. A change in status from homestead to
134.30 nonhomestead or from nonhomestead to homestead is not a change under this subdivision.
134.31 For purposes of this section, sections 270.12, subdivision 2, clause ~~(8)~~ (6), and 278.05,
134.32 subdivision 4, the commissioner of revenue shall exclude from the assessment/sales ratio
134.33 study the sale of any nonagricultural property which does not contain an improvement,

135.1 if (1) the statutory basis on which the property's taxable value as most recently assessed
 135.2 is less than market value as defined in section 273.11, or (2) the property has undergone
 135.3 significant physical change or a change of use since the most recent assessment.

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

135.5 Sec. 30. Minnesota Statutes 2013 Supplement, section 273.1398, subdivision 3,
 135.6 is amended to read:

135.7 Subd. 3. **Disparity reduction aid.** The amount of disparity aid certified for each
 135.8 taxing district within each unique taxing jurisdiction is the amount certified for taxes
 135.9 ~~payable in the prior year shall be multiplied by the ratio of (1) the jurisdiction's tax~~
 135.10 ~~capacity using the class rates for taxes payable in the year for which aid is being computed,~~
 135.11 ~~to (2) its tax capacity using the class rates for taxes payable in the year prior to that for~~
 135.12 ~~which aid is being computed, both based upon taxable market values for taxes payable in~~
 135.13 ~~the year prior to that for which aid is being computed. If the commissioner determines~~
 135.14 ~~that insufficient information is available to reasonably and timely calculate the numerator~~
 135.15 ~~in this ratio for the first taxes payable year that a class rate change or new class rate is~~
 135.16 ~~effective, the commissioner shall omit the effects of that class rate change or new class~~
 135.17 ~~rate when calculating this ratio for aid payable in that taxes payable year. For aid payable~~
 135.18 ~~in the year following a year for which such omission was made, the commissioner shall~~
 135.19 ~~use in the denominator for the class that was changed or created, the tax capacity for taxes~~
 135.20 ~~payable two years prior to that in which the aid is payable, based on taxable market values~~
 135.21 ~~for taxes payable in the year prior to that for which aid is being computed.~~

135.22 **EFFECTIVE DATE.** This section is effective beginning for taxes payable in 2015.

135.23 Sec. 31. Minnesota Statutes 2012, section 273.18, is amended to read:

135.24 **273.18 LISTING, VALUATION, AND ASSESSMENT OF EXEMPT**
 135.25 **PROPERTY BY COUNTY AUDITORS.**

135.26 (a) In every sixth year after the year ~~1926~~ 2010, the county auditor shall enter, ~~in~~
 135.27 ~~a separate place in the real estate assessment books,~~ the description of each tract of real
 135.28 property exempt by law from taxation, with the name of the owner, ~~if known,~~ and the
 135.29 assessor shall value and assess the same in the same manner that other real property is
 135.30 valued and assessed, and shall designate in each case the purpose for which the property is
 135.31 used.

135.32 (b) For purposes of the apportionment of fire state aid under section 69.021,
 135.33 subdivision 7, the county auditor shall include on the abstract of assessment of exempt real

136.1 property filed under this section, the total number of acres of all natural resources lands for
136.2 which in lieu payments are made under sections 477A.11 to 477A.14. The assessor shall
136.3 estimate its market value, provided that if the assessor is not able to estimate the market
136.4 value of the land on a per parcel basis, the assessor shall furnish the commissioner of
136.5 revenue with an estimate of the average value per acre of this land within the county.

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

136.7 Sec. 32. Minnesota Statutes 2012, section 274.01, subdivision 1, is amended to read:

136.8 Subdivision 1. **Ordinary board; meetings, deadlines, grievances.** (a) The town
136.9 board of a town, or the council or other governing body of a city, is the board of appeal
136.10 and equalization except (1) in cities whose charters provide for a board of equalization or
136.11 (2) in any city or town that has transferred its local board of review power and duties to
136.12 the county board as provided in subdivision 3. The county assessor shall fix a day and
136.13 time when the board or the board of equalization shall meet in the assessment districts
136.14 of the county. Notwithstanding any law or city charter to the contrary, a city board of
136.15 equalization shall be referred to as a board of appeal and equalization. On or before
136.16 February 15 of each year the assessor shall give written notice of the time to the city or
136.17 town clerk. Notwithstanding the provisions of any charter to the contrary, the meetings
136.18 must be held between April 1 and May 31 each year. The clerk shall give published and
136.19 posted notice of the meeting at least ten days before the date of the meeting.

136.20 The board shall meet at the office of the clerk to review the assessment and
136.21 classification of property in the town or city. No changes in valuation or classification
136.22 which are intended to correct errors in judgment by the county assessor may be made by
136.23 the county assessor after the board has adjourned in those cities or towns that hold a
136.24 local board of review; however, corrections of errors that are merely clerical in nature or
136.25 changes that extend homestead treatment to property are permitted after adjournment until
136.26 the tax extension date for that assessment year. The changes must be fully documented and
136.27 maintained in the assessor's office and must be available for review by any person. A copy
136.28 of the changes made during this period in those cities or towns that hold a local board of
136.29 review must be sent to the county board no later than December 31 of the assessment year.

136.30 (b) The board shall determine whether the taxable property in the town or city has
136.31 been properly placed on the list and properly valued by the assessor. If real or personal
136.32 property has been omitted, the board shall place it on the list with its market value, and
136.33 correct the assessment so that each tract or lot of real property, and each article, parcel,
136.34 or class of personal property, is entered on the assessment list at its market value. No
136.35 assessment of the property of any person may be raised unless the person has been

137.1 duly notified of the intent of the board to do so. On application of any person feeling
137.2 aggrieved, the board shall review the assessment or classification, or both, and correct
137.3 it as appears just. The board may not make an individual market value adjustment or
137.4 classification change that would benefit the property if the owner or other person having
137.5 control over the property has refused the assessor access to inspect the property and the
137.6 interior of any buildings or structures as provided in section 273.20. A board member
137.7 shall not participate in any actions of the board which result in market value adjustments
137.8 or classification changes to property owned by the board member, the spouse, parent,
137.9 stepparent, child, stepchild, grandparent, grandchild, brother, sister, uncle, aunt, nephew,
137.10 or niece of a board member, or property in which a board member has a financial interest.
137.11 The relationship may be by blood or marriage.

137.12 (c) A local board may reduce assessments upon petition of the taxpayer but the total
137.13 reductions must not reduce the aggregate assessment made by the county assessor by more
137.14 than one percent. If the total reductions would lower the aggregate assessments made by
137.15 the county assessor by more than one percent, none of the adjustments may be made. The
137.16 assessor shall correct any clerical errors or double assessments discovered by the board
137.17 without regard to the one percent limitation.

137.18 (d) A local board does not have authority to grant an exemption or to order property
137.19 removed from the tax rolls.

137.20 (e) A majority of the members may act at the meeting, and adjourn from day to day
137.21 until they finish hearing the cases presented. The assessor shall attend, ~~with the assessment~~
137.22 ~~books and papers,~~ and take part in the proceedings, but must not vote. The county assessor,
137.23 or an assistant delegated by the county assessor shall attend the meetings. The board shall
137.24 list separately, ~~on a form appended to the assessment book,~~ all omitted property added
137.25 to the list by the board and all items of property increased or decreased, with the market
137.26 value of each item of property, added or changed by the board, ~~placed opposite the item.~~
137.27 The county assessor shall enter all changes made by the board ~~in the assessment book.~~

137.28 (f) Except as provided in subdivision 3, if a person fails to appear in person, by
137.29 counsel, or by written communication before the board after being duly notified of the
137.30 board's intent to raise the assessment of the property, or if a person feeling aggrieved by an
137.31 assessment or classification fails to apply for a review of the assessment or classification,
137.32 the person may not appear before the county board of appeal and equalization for a review
137.33 ~~of the assessment or classification.~~ This paragraph does not apply if an assessment was
137.34 made after the local board meeting, as provided in section 273.01, or if the person can
137.35 establish not having received notice of market value at least five days before the local
137.36 board meeting.

138.1 (g) The local board must complete its work and adjourn within 20 days from the
138.2 time of convening stated in the notice of the clerk, unless a longer period is approved by
138.3 the commissioner of revenue. No action taken after that date is valid. All complaints
138.4 about an assessment or classification made after the meeting of the board must be heard
138.5 and determined by the county board of equalization. A nonresident may, at any time,
138.6 before the meeting of the board file written objections to an assessment or classification
138.7 with the county assessor. The objections must be presented to the board at its meeting by
138.8 the county assessor for its consideration.

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

138.10 Sec. 33. Minnesota Statutes 2012, section 274.01, subdivision 2, is amended to read:

138.11 Subd. 2. **Special board; duties delegated.** The governing body of a city, ~~including~~
138.12 ~~a city whose charter provides for a board of equalization,~~ may appoint a special board of
138.13 review. The city may delegate to the special board of review all of the powers and duties
138.14 in subdivision 1. The special board of review shall serve at the direction and discretion
138.15 of the appointing body, subject to the restrictions imposed by law. The appointing body
138.16 shall determine the number of members of the board, the compensation and expenses to be
138.17 paid, and the term of office of each member. At least one member of the special board
138.18 of review must be an appraiser, realtor, or other person familiar with property valuations
138.19 in the assessment district.

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

138.21 Sec. 34. Minnesota Statutes 2012, section 275.08, subdivision 1a, is amended to read:

138.22 Subd. 1a. **Computation of tax capacity.** ~~For taxes payable in 1989, the county~~
138.23 ~~auditor shall compute the gross tax capacity for each parcel according to the class rates~~
138.24 ~~specified in section 273.13. The gross tax capacity will be the appropriate class rate~~
138.25 ~~multiplied by the parcel's market value. For taxes payable in 1990 and subsequent years,~~
138.26 The county auditor shall compute the net tax capacity for each parcel according to the
138.27 class rates specified in section 273.13. The net tax capacity will be the appropriate class
138.28 rate multiplied by the parcel's market value.

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

138.30 Sec. 35. Minnesota Statutes 2012, section 275.08, subdivision 1d, is amended to read:

138.31 Subd. 1d. **Additional adjustment.** If, after computing each local government's
138.32 adjusted local tax rate within a unique taxing jurisdiction pursuant to subdivision 1c, the

139.1 auditor finds that the total adjusted local tax rate of all local governments combined is
139.2 ~~less than 90 percent of gross tax capacity for taxes payable in 1989 and 90 percent of net~~
139.3 ~~tax capacity for taxes payable in 1990 and thereafter~~, the auditor shall increase each local
139.4 government's adjusted local tax rate proportionately so the total adjusted local tax rate of
139.5 all local governments combined equals 90 percent. The total amount of the increase in
139.6 tax resulting from the increased local tax rates must not exceed the amount of disparity
139.7 aid allocated to the unique taxing district under section 273.1398. The auditor shall
139.8 certify to the Department of Revenue the difference between the disparity aid originally
139.9 allocated under section 273.1398, subdivision 3, and the amount necessary to reduce
139.10 the total adjusted local tax rate of all local governments combined to 90 percent. Each
139.11 local government's disparity reduction aid payment under section 273.1398, subdivision
139.12 6, must be reduced accordingly.

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

139.14 Sec. 36. Minnesota Statutes 2013 Supplement, section 275.70, subdivision 5, is
139.15 amended to read:

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

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

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

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

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

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

139.28 (iv) certificates of indebtedness used to fund an insufficiency in tax receipts or an
139.29 insufficiency in other revenue sources, provided that nothing in this subdivision limits the
139.30 special levy authorized under section 475.755;

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

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

140.1 (5) property taxes approved by voters which are levied against the referendum
140.2 market value as provided under section 275.61;

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

140.7 (7) to pay the expenses reasonably and necessarily incurred in preparing for or
140.8 repairing the effects of natural disaster including the occurrence or threat of widespread
140.9 or severe damage, injury, or loss of life or property resulting from natural causes, in
140.10 accordance with standards formulated by the Emergency Services Division of the state
140.11 Department of Public Safety, as allowed by the commissioner of revenue under section
140.12 275.74, subdivision 2;

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

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

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

140.21 (11) to pay the operating or maintenance costs of a county jail as authorized in section
140.22 641.01 or 641.262, or of a correctional facility as defined in section 241.021, subdivision 1,
140.23 paragraph (f), to the extent that the county can demonstrate to the commissioner of revenue
140.24 that the amount has been included in the county budget as a direct result of a rule, minimum
140.25 requirement, minimum standard, or directive of the Department of Corrections, or to pay
140.26 the operating or maintenance costs of a regional jail as authorized in section 641.262. For
140.27 purposes of this clause, a district court order is not a rule, minimum requirement, minimum
140.28 standard, or directive of the Department of Corrections. If the county utilizes this special
140.29 levy, except to pay operating or maintenance costs of a new regional jail facility under
140.30 sections 641.262 to 641.264 which will not replace an existing jail facility, any amount
140.31 levied by the county in the previous levy year for the purposes specified under this clause
140.32 and included in the county's previous year's levy limitation computed under section
140.33 275.71, shall be deducted from the levy limit base under section 275.71, subdivision 2,
140.34 when determining the county's current year levy limitation. The county shall provide the
140.35 necessary information to the commissioner of revenue for making this determination;

141.1 (12) to pay for operation of a lake improvement district, as authorized under section
141.2 103B.555. If the county utilizes this special levy, any amount levied by the county in the
141.3 previous levy year for the purposes specified under this clause and included in the county's
141.4 previous year's levy limitation computed under section 275.71 shall be deducted from
141.5 the levy limit base under section 275.71, subdivision 2, when determining the county's
141.6 current year levy limitation. The county shall provide the necessary information to the
141.7 commissioner of revenue for making this determination;

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

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

141.19 ~~(15) (14)~~ to fund a firefighters relief association as required under Laws 2013,
141.20 chapter 111, article 5, sections 31 to 42, to the extent that the required amount exceeds the
141.21 amount levied for this purpose in 2001;

141.22 ~~(16) (15)~~ for purposes of a storm sewer improvement district under section 444.20;

141.23 ~~(17) (16)~~ to pay for the maintenance and support of a city or county society for
141.24 the prevention of cruelty to animals under section 343.11, but not to exceed in any year
141.25 \$4,800 or the sum of \$1 per capita based on the county's or city's population as of the most
141.26 recent federal census, whichever is greater. If the city or county uses this special levy, any
141.27 amount levied by the city or county in the previous levy year for the purposes specified
141.28 in this clause and included in the city's or county's previous year's levy limit computed
141.29 under section 275.71, must be deducted from the levy limit base under section 275.71,
141.30 subdivision 2, in determining the city's or county's current year levy limit;

141.31 ~~(18) (17)~~ for counties, to pay for the increase in their share of health and human
141.32 service costs caused by reductions in federal health and human services grants effective
141.33 after September 30, 2007;

141.34 ~~(19) (18)~~ for a city, for the costs reasonably and necessarily incurred for securing,
141.35 maintaining, or demolishing foreclosed or abandoned residential properties, as allowed by
141.36 the commissioner of revenue under section 275.74, subdivision 2. A city must have either

142.1 (i) a foreclosure rate of at least 1.4 percent in 2007, or (ii) a foreclosure rate in 2007 in
142.2 the city or in a zip code area of the city that is at least 50 percent higher than the average
142.3 foreclosure rate in the metropolitan area, as defined in section 473.121, subdivision 2,
142.4 to use this special levy. For purposes of this paragraph, "foreclosure rate" means the
142.5 number of foreclosures, as indicated by sheriff sales records, divided by the number of
142.6 households in the city in 2007;

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

142.10 ~~(21)~~ (19) to pay costs attributable to wages and benefits for sheriff, police, and fire
142.11 personnel. If a local governmental unit did not use this special levy in the previous year its
142.12 levy limit base under section 275.71 shall be reduced by the amount equal to the amount it
142.13 levied for the purposes specified in this clause in the previous year;

142.14 ~~(22)~~ (20) an amount equal to any reductions in the certified aids or credit
142.15 reimbursements payable under sections 477A.011 to 477A.014, and section 273.1384,
142.16 due to unallotment under section 16A.152 or reductions under another provision of law.
142.17 The amount of the levy allowed under this clause for each year is limited to the amount
142.18 unallotted or reduced from the aids and credit reimbursements certified for payment in the
142.19 year following the calendar year in which the tax levy is certified unless the unallotment
142.20 or reduction amount is not known by September 1 of the levy certification year, and
142.21 the local government has not adjusted its levy under section 275.065, subdivision 6, or
142.22 275.07, subdivision 6, in which case that unallotment or reduction amount may be levied
142.23 in the following year;

142.24 ~~(23)~~ (21) to pay for the difference between one-half of the costs of confining sex
142.25 offenders undergoing the civil commitment process and any state payments for this
142.26 purpose pursuant to section 253D.12;

142.27 ~~(24)~~ (22) for a county to pay the costs of the first year of maintaining and operating
142.28 a new facility or new expansion, either of which contains courts, corrections, dispatch,
142.29 criminal investigation labs, or other public safety facilities and for which all or a portion
142.30 of the funding for the site acquisition, building design, site preparation, construction, and
142.31 related equipment was issued or authorized prior to the imposition of levy limits ~~in 2008~~.
142.32 The levy limit base shall then be increased by an amount equal to the new facility's first
142.33 full year's operating costs as described in this clause; and

142.34 ~~(25)~~ (23) for the estimated amount of reduction to market value credit reimbursements
142.35 under section 273.1384 for credits payable in the year in which the levy is payable.

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

143.1 Sec. 37. Minnesota Statutes 2012, section 275.74, subdivision 2, is amended to read:

143.2 Subd. 2. **Authorization for special levies.** (a) A local governmental unit may
143.3 request authorization to levy for unreimbursed costs for natural disasters under section
143.4 275.70, subdivision 5, clause (7). The local governmental unit shall submit a request to
143.5 levy under section 275.70, subdivision 5, clause (7), to the commissioner of revenue by
143.6 September 30 of the levy year and the request must include information documenting the
143.7 estimated unreimbursed costs. The commissioner of revenue may grant levy authority,
143.8 up to the amount requested based on the documentation submitted. All decisions of the
143.9 commissioner are final.

143.10 (b) A city may request authorization to levy for reasonable and necessary costs for
143.11 securing, maintaining, or demolishing foreclosed or abandoned residential properties under
143.12 section 275.70, subdivision 5, clause ~~(19)~~ (18). The local governmental unit shall submit a
143.13 request to levy under section 275.70, subdivision 5, clause ~~(19)~~ (18), to the commissioner
143.14 of revenue by September 30 of the levy year and the request must include information
143.15 documenting the estimated costs. For taxes payable in 2009, the amount may include
143.16 unanticipated costs incurred above the amount budgeted for these purposes in 2008. Costs
143.17 of securing foreclosed or abandoned residential properties include payment for police and
143.18 fire department services. The commissioner of revenue may grant levy authority, up to the
143.19 lesser of (1) the amount requested based on the documentation submitted, or (2) \$3,000
143.20 multiplied by the number of foreclosed residential properties, as defined by sheriff sales
143.21 records, in calendar year 2007. All decisions of the commissioner are final.

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

143.23 Sec. 38. Minnesota Statutes 2012, section 275.75, is amended to read:

143.24 **275.75 CHARTER EXEMPTION FOR AID LOSS.**

143.25 Notwithstanding any other provision of a municipal charter that limits ad valorem
143.26 taxes to a lesser amount, or that would require voter approval for any increase, the
143.27 governing body of a municipality may by resolution increase its levy in any year by an
143.28 amount equal to its special levies under section 275.70, subdivision 5, clauses ~~(22)~~ and
143.29 ~~(25)~~ (20) and (23).

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

143.31 Sec. 39. Minnesota Statutes 2012, section 279.03, subdivision 1, is amended to read:

143.32 Subdivision 1. **Rate Interest calculation.** ~~The rate of interest on delinquent~~
143.33 ~~property taxes levied in 1979 and prior years is fixed at six percent per year until January~~

144.1 ~~1, 1983. Thereafter Interest is payable at the rate determined pursuant to section 549.09.~~
144.2 ~~The rate of interest on delinquent property taxes levied in 1980 and subsequent years is~~
144.3 ~~the rate determined pursuant to section 549.09. All provisions of law except section~~
144.4 ~~549.09 providing for the calculation of interest at any different rate on delinquent taxes in~~
144.5 ~~any notice or proceeding in connection with the payment, collection, sale, or assignment~~
144.6 ~~of delinquent taxes, or redemption from such sale or assignment are hereby amended~~
144.7 ~~to correspond herewith. Section 549.09 shall continue in force applies with respect to~~
144.8 ~~judgments arising out of petitions for review filed pursuant to chapter 278 irrespective of~~
144.9 ~~the levy year.~~

144.10 For property taxes levied in 1980 and prior years, interest is to be calculated at
144.11 simple interest from the second Monday in May following the year in which the taxes
144.12 become due until the time that the taxes and penalties are paid, computed on the amount
144.13 of unpaid taxes, penalties and costs. For property taxes levied in 1981 and subsequent
144.14 years, Interest shall commence on the first day of January following the year in which the
144.15 taxes become due, but the county treasurer need not calculate interest on unpaid taxes and
144.16 penalties on the tax list returned to the county auditor pursuant to section 279.01.

144.17 If interest is payable for a portion of a year, the interest is calculated only for the
144.18 months that the taxes or penalties remain unpaid, and for this purpose a portion of a month
144.19 is deemed to be a whole month.

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

144.21 Sec. 40. Minnesota Statutes 2012, section 279.03, subdivision 1a, is amended to read:

144.22 Subd. 1a. **Rate after December 31, 1990.** (a) Except as provided in paragraph (b),
144.23 interest on delinquent property taxes, penalties, and costs unpaid on or after January 1;
144.24 ~~1991, shall be~~ is payable at the per annum rate determined in section 270C.40, subdivision
144.25 5. If the rate so determined is less than ten percent, the rate of interest ~~shall be~~ is ten
144.26 percent. The maximum per annum rate ~~shall be~~ is 14 percent if the rate specified under
144.27 section 270C.40, subdivision 5, exceeds 14 percent. The rate ~~shall be~~ is subject to change
144.28 on January 1 of each year.

144.29 (b) If a person is the owner of one or more parcels of property on which taxes are
144.30 delinquent, and the delinquent taxes are more than 25 percent of the prior year's school
144.31 district levy, interest on the delinquent property taxes, penalties, and costs unpaid ~~after~~
144.32 ~~January 1, 1992, shall be~~ is payable at twice the rate determined under paragraph (a) for
144.33 the year.

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

145.1 Sec. 41. Minnesota Statutes 2012, section 279.16, is amended to read:

145.2 **279.16 JUDGMENT WHEN NO ANSWER; FORM; ENTRY.**

145.3 Upon the expiration of 20 days from the later of the filing of the affidavit of
145.4 publication or the filing of the affidavit of mailing pursuant to section 279.131, the
145.5 court administrator shall enter judgment against each and every such parcel as to which
145.6 no answer has been filed, which judgment shall include all such parcels, and shall be
145.7 substantially in the following form:

145.8 State of Minnesota) District Court,
145.9) ss.
145.10 County of) Judicial District.

145.11 In the matter of the proceedings to enforce payment of the taxes on real estate
145.12 remaining delinquent on the first Monday in January,, for the county of,
145.13 state of Minnesota.

145.14 A list of taxes on real property, delinquent on the first Monday in January,, for
145.15 said county of, having been duly filed in the office of the court administrator of
145.16 this court, and the notice and list required by law having been duly published and mailed
145.17 as required by law, and more than 20 days having elapsed since the last publication of the
145.18 notice and list, and no answer having been filed by any person, company, or corporation
145.19 to the taxes upon any of the parcels of land hereinafter described, it is hereby adjudged
145.20 that each parcel of land hereinafter described is liable for taxes, penalties, and costs to the
145.21 amount set opposite the same, as follows:

145.22 Description. Parcel Number. Amount.

145.23 The amount of taxes, penalties, and cost to which, as hereinbefore stated, each of
145.24 such parcels of land is liable, is hereby declared a lien upon such parcel of land as against
145.25 the estate, right, title, interest, claim, or lien, of whatever nature, in law or equity, of every
145.26 person, company, or corporation; and it is adjudged that, unless the amount to which
145.27 each of such parcels is liable be paid, each of such parcels be sold, as provided by law,
145.28 to satisfy the amount to which it is liable.

145.29 Dated this day of,
145.30
145.31 Court Administrator of the District Court,
145.32 County of

145.33 The judgment shall be entered by the court administrator in a book to be kept by
145.34 the court administrator, to be called the real estate tax judgment book, and signed by the
145.35 court administrator. ~~The judgment shall be written out on the left-hand pages of the book,~~
145.36 ~~leaving the right-hand pages blank for the entries in this chapter hereinafter provided; and~~

146.1 The same presumption in favor of the regularity and validity of the judgment shall be
146.2 deemed to exist as in respect to judgments in civil actions in such court, except where taxes
146.3 have been paid before the entry of judgment, or where the land is exempt from taxation, in
146.4 which cases the judgment shall be prima facie evidence only of its regularity and validity.

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

146.6 Sec. 42. Minnesota Statutes 2012, section 279.23, is amended to read:

146.7 **279.23 COPY OF JUDGMENT TO COUNTY AUDITOR.**

146.8 When any real estate tax judgment is entered, the court administrator shall ~~forthwith~~
146.9 deliver to the county auditor, ~~in a book to be provided by the auditor,~~ a certified copy of
146.10 such judgment, ~~which shall be written on the left-hand pages of the book, leaving the~~
146.11 ~~right-hand pages blank.~~

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

146.13 Sec. 43. Minnesota Statutes 2012, section 279.25, is amended to read:

146.14 **279.25 PAYMENT BEFORE JUDGMENT.**

146.15 Before sale any person may pay the amount adjudged against any parcel of land.
146.16 If payment is made before entry of judgment, and the delinquent list has been filed with
146.17 the court administrator, the county auditor shall immediately certify such payment to the
146.18 court administrator, who shall note the same on such delinquent list; and all proceedings
146.19 pending against such parcel shall thereupon be discontinued. If payment is made after
146.20 judgment is entered and before sale, the auditor shall certify such payment to the clerk,
146.21 who, upon production of such certificate and the payment of a fee of ten cents, shall enter
146.22 ~~on the right-hand page of the real estate tax judgment book, and opposite the description~~
146.23 ~~of such parcel,~~ satisfaction of the judgment against the same. The auditor shall make
146.24 proper records of all payments made under this section.

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

146.26 Sec. 44. Minnesota Statutes 2013 Supplement, section 279.37, subdivision 2, is
146.27 amended to read:

146.28 Subd. 2. **Installment payments.** The owner of any such parcel, or any person to
146.29 whom the right to pay taxes has been given by statute, mortgage, or other agreement, may
146.30 make and file with the county auditor of the county in which the parcel is located a written
146.31 offer to pay the current taxes each year before they become delinquent, or to contest the

147.1 taxes under ~~Minnesota Statutes 1941, sections 278.01 to 278.13~~ chapter 278, and agree
 147.2 to confess judgment for the amount provided, as determined by the county auditor. By
 147.3 filing the offer, the owner waives all irregularities in connection with the tax proceedings
 147.4 affecting the parcel and any defense or objection which the owner may have to the
 147.5 proceedings, and also waives the requirements of any notice of default in the payment of
 147.6 any installment or interest to become due pursuant to the composite judgment to be so
 147.7 entered. Unless the property is subject to subdivision 1a, with the offer, the owner shall (i)
 147.8 tender one-tenth of the amount of the delinquent taxes, costs, penalty, and interest, and
 147.9 (ii) tender all current year taxes and penalty due at the time the confession of judgment is
 147.10 entered. In the offer, the owner shall agree to pay the balance in nine equal installments,
 147.11 with interest as provided in section 279.03, payable annually on installments remaining
 147.12 unpaid from time to time, on or before December 31 of each year following the year in
 147.13 which judgment was confessed. The offer must be substantially as follows:

147.14 "To the court administrator of the district court of county, I,,
 147.15 am the owner of the following described parcel of real estate located in
 147.16 county, Minnesota:

147.17 Upon that real estate there are delinquent taxes for the year, and
 147.18 prior years, as follows: (here insert year of delinquency and the total amount of delinquent
 147.19 taxes, costs, interest, and penalty). By signing this document I offer to confess judgment in
 147.20 the sum of \$..... and waive all irregularities in the tax proceedings affecting these taxes and
 147.21 any defense or objection which I may have to them, and direct judgment to be entered for
 147.22 the amount stated above, minus the sum of \$....., to be paid with this document, which
 147.23 is one-tenth or one-fifth of the amount of the taxes, costs, penalty, and interest stated above.
 147.24 I agree to pay the balance of the judgment in nine or four equal, annual installments, with
 147.25 interest as provided in section 279.03, payable annually, on the installments remaining
 147.26 unpaid. I agree to pay the installments and interest on or before December 31 of each year
 147.27 following the year in which this judgment is confessed and current taxes each year before
 147.28 they become delinquent, or within 30 days after the entry of final judgment in proceedings
 147.29 to contest the taxes under ~~Minnesota Statutes, sections 278.01 to 278.13~~ chapter 278.

147.30 Dated,"

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

147.32 Sec. 45. Minnesota Statutes 2012, section 280.001, is amended to read:

147.33 **280.001 PUBLIC SALES, AUDITOR'S CERTIFICATES ABOLISHED.**

148.1 ~~Effective the second Monday in May 1974, and each year thereafter,~~ No parcel of
 148.2 land against which judgment has been entered and remains unsatisfied for the taxes of
 148.3 the preceding year or years may be sold at public vendue as provided in sections 280.01
 148.4 and 280.02 by the county auditor but shall be treated in the same manner and regarded in
 148.5 all respects as land bid in for the state by the auditor in the manner provided in section
 148.6 280.02. No notice of sale required by section 280.01 shall be published or posted ~~in 1974~~
 148.7 ~~and in years thereafter,~~ and no auditor's certificate authorized by section 280.03 shall be
 148.8 issued ~~on the second Monday in May 1974, or thereafter.~~

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

148.10 Sec. 46. Minnesota Statutes 2012, section 280.03, is amended to read:

148.11 **280.03 CERTIFICATE OF SALE.**

148.12 The county auditor shall execute to the purchaser of each parcel a certificate which
 148.13 may be substantially in the following form:

148.14 "I,, auditor of the county of, state of Minnesota, do hereby certify that
 148.15 at the sale of lands pursuant to the real estate tax judgment entered in the district court
 148.16 in the county of, on the day of,, in proceedings to enforce the
 148.17 payment of taxes delinquent on real estate for the years, for the county of,
 148.18 which sale was held at, in said county of, on the day of,,
 148.19 the following described parcel of land, situate in said county of, state of Minnesota:
 148.20 (insert description), was offered for sale to the bidder who should offer to pay the amount
 148.21 for which the same was to be sold, at the lowest annual rate of interest on such amount;
 148.22 and at said sale I did sell the said parcel of land to for the sum of dollars,
 148.23 with interest at percent per annum on such amount, that being the sum for which the
 148.24 same was to be sold, and such rate of interest being the lowest rate percent per annum bid
 148.25 on such sum; and, the sum having been paid, I do therefore, in consideration thereof, and
 148.26 pursuant to the statute in such case made and provided, convey the said parcel of land, in
 148.27 fee simple, subject to easements and restrictions of record at the date of the tax judgment
 148.28 sale, including, but without limitation, permits for telephone, ~~telegraph~~ and electric
 148.29 power lines either by underground cable or conduit or otherwise, sewer and water lines,
 148.30 highways, railroads, and pipe lines for gas, liquids, or solids in suspension, to said,
 148.31 and the heirs and assigns of, forever, subject to redemption as provided by law.

148.32 Witness my hand and official seal this day of,

148.33
 148.34 County Auditor."

149.1 If the land shall not be redeemed as provided in chapter 281, such certificate shall
 149.2 pass to the purchaser an estate therein, in fee simple, without any other act or deed
 149.3 whatever subject to easements and restrictions of record at the date of the tax judgment
 149.4 sale, including, but without limitation, permits for telephone, ~~telegraph~~, and electric
 149.5 power lines either by underground cable or conduit or otherwise, sewer and water lines,
 149.6 highways, railroads, and pipe lines for gas, liquids, or solids in suspension. Such certificate
 149.7 may be recorded, after the time for redemption shall have expired, as other deeds of real
 149.8 estate, and with like effect. If any purchaser at such sale shall purchase more than one
 149.9 parcel, the auditor shall issue to the purchaser a certificate for each parcel so purchased.

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

149.11 Sec. 47. Minnesota Statutes 2012, section 280.07, is amended to read:

149.12 **280.07 ENTRIES IN ~~JUDGMENT BOOKS~~ AFTER SALE.**

149.13 Immediately after such sale the county auditor shall ~~set out in the copy judgment~~
 149.14 ~~book~~ record that all parcels were bid in for the state. The county auditor shall thereupon
 149.15 ~~deliver such book to~~ notify the court administrator, ~~who shall forthwith enter on the~~
 149.16 ~~right-hand page of the real estate tax judgment book, opposite the description of each~~
 149.17 ~~parcel sold, the words "bid in for the state," and thereupon redeliver the copy judgment~~
 149.18 ~~book to the auditor.~~ Upon redemption the auditor shall ~~make a note thereon in the copy~~
 149.19 ~~judgment book, opposite the parcel redeemed.~~

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

149.21 Sec. 48. Minnesota Statutes 2012, section 280.11, is amended to read:

149.22 **280.11 LANDS BID IN FOR STATE.**

149.23 At any time after any parcel of land has been bid in for the state, the same not having
 149.24 been redeemed, the county auditor shall assign and convey the same, and all the right of
 149.25 the state therein acquired at such sale, to any person who shall pay the amount for which
 149.26 the same was bid in, with interest at the rate of 12 percent per annum, and the amount of
 149.27 all subsequent delinquent taxes, penalties, costs, and interest at such rate upon the same
 149.28 from the time when such taxes became delinquent. The county auditor shall execute to
 149.29 such person a certificate for such parcel, which may be substantially in the following form:

149.30 "I,, auditor of the county of, state of Minnesota, do hereby certify that
 149.31 at the sale of lands pursuant to the real estate tax judgment entered in the district court
 149.32 in the county of, on the day of,, in proceedings to enforce the
 149.33 payment of taxes delinquent upon real estate for the years for the county of,

150.1 which sale was held at, in said county of, on the day of,,
 150.2 the following described parcel of land, situate in said county of, state of Minnesota:
 150.3 (insert description), was duly offered for sale; and, no one bidding upon such offer an
 150.4 amount equal to that for which the parcel was subject to be sold, the same was then bid in
 150.5 for the state at such amount, being the sum of dollars; and the same still remaining
 150.6 unredeemed, and on this day having paid into the treasury of the county the amount
 150.7 for which the same was so bid in, and all subsequent delinquent taxes, penalties, costs,
 150.8 and interest, amounting in all to dollars, therefore, in consideration thereof, and
 150.9 pursuant to the statute in such case made and provided, I do hereby assign and convey this
 150.10 parcel of land, in fee simple, subject to easements and restrictions of record at the date of
 150.11 the tax judgment sale, including but without limitation, permits for telephone, ~~telegraph~~,
 150.12 and electric power lines either by underground cable or conduit or otherwise, sewer and
 150.13 water lines, highways, railroads, and pipe lines for gas, liquids, or solids in suspension,
 150.14 with all the right, title and interest of the state acquired therein at such sale to, and
 150.15 the heirs and assigns of, forever, subject to redemption as provided by law.

150.16 Witness my hand and official seal this day of,

150.17
 150.18 County Auditor."

150.19 If the land shall not be redeemed, as provided in chapter 281, such certificate shall
 150.20 pass to the purchaser or assignee an estate therein, in fee simple, without any other act
 150.21 or deed whatever subject to easements and restrictions of record at the date of the tax
 150.22 judgment sale, including, but without limitation, permits for telephone, ~~telegraph~~ and
 150.23 electric power lines either by underground cable or conduit or otherwise, sewer and water
 150.24 lines, highways, railroads, and pipe lines for gas, liquids, or solids in suspension. Such
 150.25 certificate or conveyance may be recorded, after the time for redemption shall have
 150.26 expired, as other deeds of real estate, and with like effect. No assignment of the right of
 150.27 the state shall be given pursuant to this section after January 1, 1972.

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

150.29 Sec. 49. Minnesota Statutes 2012, section 281.03, is amended to read:

150.30 **281.03 AUDITOR'S CERTIFICATE.**

150.31 The county auditor shall certify to the amount due on such redemption, and, on
 150.32 payment of the same to the county treasurer, shall make duplicate receipts for the certified
 150.33 amount, describing the property redeemed, one of which shall be filed with the auditor.
 150.34 Such receipts shall be governed by the provisions of this chapter regulating the payment
 150.35 of current taxes and such payment shall have the effect to annul the sale. If the amount

151.1 certified by the auditor and received in payment for redemption be less than that required
 151.2 by law, it shall not invalidate the redemption. On redemption being made, the auditor shall
 151.3 ~~enter upon the copy of the tax judgment book, opposite the description of record~~ the
 151.4 parcel as redeemed, ~~the word, "redeemed."~~

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

151.6 Sec. 50. Minnesota Statutes 2013 Supplement, section 281.17, is amended to read:

151.7 **281.17 PERIOD FOR REDEMPTION.**

151.8 Except for properties for which the period of redemption has been limited under
 151.9 sections 281.173 and 281.174, the following periods for redemption apply.

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

151.12 The period of redemption for homesteaded lands as defined in section 273.13,
 151.13 subdivision 22, located in a targeted neighborhood as defined in Laws 1987, chapter 386,
 151.14 article 6, section 4, and sold to the state at a tax judgment sale is three years from the date
 151.15 of sale. The period of redemption for all lands located in a targeted neighborhood as
 151.16 defined in Laws 1987, chapter 386, article 6, section 4, except ~~(1)~~ homesteaded lands as
 151.17 defined in section 273.13, subdivision 22, ~~and (2) for periods of redemption beginning~~
 151.18 ~~after June 30, 1991, but before July 1, 1996, lands located in the Loring Park targeted~~
 151.19 ~~neighborhood on which a notice of lis pendens has been served, and sold to the state at a~~
 151.20 ~~tax judgment sale~~ is one year from the date of sale.

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

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

151.25 Sec. 51. Minnesota Statutes 2012, section 281.327, is amended to read:

151.26 **281.327 CANCELLATION OF CERTIFICATE UPON JUDICIAL ORDER.**

151.27 Upon the petition of any person interested in the land covered by a real estate tax
 151.28 sale certificate, state assignment certificate, or forfeited tax sale certificate and, upon the
 151.29 giving of such notice to the holder of such certificate as may be ordered, the district court,
 151.30 in the proceedings resulting in the judgment upon which a real estate tax judgment sale
 151.31 certificate, state assignment certificate, or forfeited tax sale certificate is based, may order
 151.32 the cancellation of a real estate tax judgment sale certificate, state assignment certificate,
 151.33 or forfeited tax sale certificate upon which notice of expiration of time of redemption

152.1 has been issued when the certificate or a deed issued thereon has not been recorded in
152.2 the office of the county recorder or filed in that of the registrar of titles, if the land is
152.3 registered, within seven years after the date of the issuance of such certificate; the county
152.4 auditor, on the filing of the order, shall ~~make an entry in the proper copy real estate tax~~
152.5 ~~judgment book, opposite the description of the land, "canceled by order of court" record~~
152.6 the land as canceled by order of court; and the rights of the holder under the certificate
152.7 shall thereupon be terminated of record in the office of the county auditor.

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

152.9 Sec. 52. Minnesota Statutes 2012, section 282.01, subdivision 6, is amended to read:

152.10 Subd. 6. **Duties of commissioner after sale.** When any sale has been made by the
152.11 county auditor under sections 282.01 to 282.13, the auditor shall immediately certify to
152.12 the commissioner of revenue such information relating to such sale, on such forms as the
152.13 commissioner of revenue may prescribe as will enable the commissioner of revenue to
152.14 prepare an appropriate deed if the sale is for cash, or keep necessary records if the sale
152.15 is on terms; and not later than October 31 of each year the county auditor shall submit
152.16 to the commissioner of revenue a statement of all instances wherein any payment of
152.17 principal, interest, or current taxes on lands held under certificate, due or to be paid during
152.18 the preceding calendar years, are still outstanding at the time such certificate is made.
152.19 When such statement shows that a purchaser or the purchaser's assignee is in default, the
152.20 commissioner of revenue may instruct the county board of the county in which the land is
152.21 located to cancel said certificate of sale in the manner provided by subdivision 5, provided
152.22 that upon recommendation of the county board, and where the circumstances are such
152.23 that the commissioner of revenue after investigation is satisfied that the purchaser has
152.24 made every effort reasonable to make payment of both the annual installment and said
152.25 taxes, and that there has been no willful neglect on the part of the purchaser in meeting
152.26 these obligations, then the commissioner of revenue may extend the time for the payment
152.27 for such period as the commissioner may deem warranted, not to exceed one year. On
152.28 payment in full of the purchase price, appropriate conveyance in fee, in such form as may
152.29 be prescribed by the attorney general, shall be issued by the commissioner of revenue,
152.30 which conveyance must be recorded by the county and shall have the force and effect of
152.31 a patent from the state subject to easements and restrictions of record at the date of the
152.32 tax judgment sale, including, but without limitation, permits for telephone, ~~telegraph,~~ and
152.33 electric power lines either by underground cable or conduit or otherwise, sewer and water
152.34 lines, highways, railroads, and pipe lines for gas, liquids, or solids in suspension.

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

153.2 Sec. 53. Minnesota Statutes 2012, section 282.04, subdivision 4, is amended to read:

153.3 Subd. 4. **Easements.** The county auditor, when and for such price and on such
153.4 terms and for such period as the county board prescribes, may grant easements or permits
153.5 on unsold tax-forfeited land for telephone, ~~telegraph~~, and electric power lines either by
153.6 underground cable or conduit or otherwise, sewer and water lines, highways, recreational
153.7 trails, railroads, and pipe lines for gas, liquids, or solids in suspension. Any such easement
153.8 or permit may be canceled by resolution of the county board after reasonable notice for
153.9 any substantial breach of its terms or if at any time its continuance will conflict with
153.10 public use of the land, or any part thereof, on which it is granted. Land affected by any
153.11 such easement or permit may be sold or leased for mineral or other legal purpose, but sale
153.12 or lease shall be subject to the easement or permit, and all rights granted by the easement
153.13 or permit shall be excepted from the conveyance or lease of the land and be reserved,
153.14 and may be canceled by the county board in the same manner and for the same reasons
153.15 as it could have been canceled before sale and in that case the rights granted thereby
153.16 shall vest in the state in trust as the land on which it was granted was held before sale or
153.17 lease. Any easement or permit granted before passage of Laws 1951, Chapter 203, may
153.18 be governed thereby if the holder thereof and county board so agree. Reasonable notice
153.19 as used in this subdivision, means a 90-day written notice addressed to the record owner
153.20 of the easement at the last known address, and upon cancellation the county board may
153.21 grant extensions of time to vacate the premises affected.

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

153.23 Sec. 54. Minnesota Statutes 2012, section 282.261, subdivision 2, is amended to read:

153.24 Subd. 2. **Interest rate.** The unpaid balance on any repurchase contract approved
153.25 by the county board ~~on or after July 1, 1982~~, is subject to interest at the rate determined
153.26 pursuant to section ~~549.09~~. ~~Repurchase contracts approved after December 31, 1990, are~~
153.27 ~~subject to interest at the rate determined~~ in section 279.03, subdivision 1a. The interest
153.28 rate is subject to change each year on the unpaid balance in the manner provided for rate
153.29 changes in section ~~549.09~~ or 279.03, subdivision 1a, ~~whichever is applicable~~. ~~Interest on~~
153.30 ~~the unpaid contract balance on repurchases approved before July 1, 1982, is payable at the~~
153.31 ~~rate applicable to the repurchase contract at the time that it was approved.~~

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

154.1 Sec. 55. Minnesota Statutes 2012, section 282.261, subdivision 4, is amended to read:

154.2 Subd. 4. **Service fee.** The county auditor may collect a service fee to cover
154.3 administrative costs as set by the county board for each repurchase application received
154.4 after July 1, 1985. The fee must be paid at the time of application and must be credited to
154.5 the county general revenue fund.

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

154.7 Sec. 56. Minnesota Statutes 2012, section 282.261, subdivision 5, is amended to read:

154.8 Subd. 5. **County may impose conditions of repurchase.** The county auditor, after
154.9 receiving county board approval, may impose conditions on repurchase of tax-forfeited
154.10 lands limiting the use of the parcel subject to the repurchase, including, but not limited to,
154.11 environmental remediation action plan restrictions or covenants, or easements for lines or
154.12 equipment for telephone, telegraph, electric power, or telecommunications.

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

154.14 Sec. 57. Minnesota Statutes 2012, section 282.322, is amended to read:

154.15 **282.322 FORFEITED LANDS LIST.**

154.16 The county board of any county may ~~at any time after the passage of Laws 1945,~~
154.17 ~~chapter 296,~~ file a list of forfeited lands with the county auditor, if the board is of the
154.18 opinion that such lands may be acquired by the state or any municipal subdivision thereof
154.19 for public purposes. Upon the filing of such list the county auditor shall withhold said
154.20 lands from repurchase. If no proceeding shall be started to acquire such lands by the
154.21 state or some municipal subdivision thereof within one year after the filing of such list
154.22 the county board shall withdraw said list and thereafter the owner shall have one year in
154.23 which to repurchase ~~as otherwise provided in Laws 1945, chapter 296.~~

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

154.25 Sec. 58. Minnesota Statutes 2012, section 287.30, is amended to read:

154.26 **287.30 COUNTY TREASURER; DUTIES.**

154.27 ~~The care of documentary stamps entrusted to county treasurers and the duties imposed~~
154.28 upon county treasurers by this chapter are within the duties of such office and are within
154.29 the coverage of any official bond delivered to the state, conditioned that any such officer
154.30 shall faithfully execute the duties of office. The county board may by resolution require
154.31 the county auditor to perform any duty imposed on the county treasurer under this chapter.

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

155.2 Sec. 59. Minnesota Statutes 2012, section 289A.25, subdivision 1, is amended to read:

155.3 Subdivision 1. **Requirements to pay.** An individual, trust, S corporation, or
155.4 partnership must, when prescribed in subdivision 3, paragraph (b), make payments of
155.5 estimated tax. For individuals, the term "estimated tax" means the amount the taxpayer
155.6 estimates is the sum of the taxes imposed by chapter 290 for the taxable year. For trusts,
155.7 S corporations, and partnerships, the term estimated tax means the amount the taxpayer
155.8 estimates is the sum of the taxes for the taxable year imposed by chapter 290 and the
155.9 composite income tax imposed by section 289A.08, subdivision 7. If the individual is an
155.10 infant or incompetent person, the payments must be made by the individual's guardian. If
155.11 joint payments on estimated tax are made but a joint return is not made for the taxable
155.12 year, the estimated tax for that year may be treated as the estimated tax of either the
155.13 husband or the wife or may be divided between them.

155.14 ~~Notwithstanding the provisions of this section, no payments of estimated tax are~~
155.15 ~~required if the estimated tax, as defined in this subdivision, less the credits allowed against~~
155.16 ~~the tax, is less than \$500.~~

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

155.18 Sec. 60. Minnesota Statutes 2012, section 290.01, subdivision 5, is amended to read:

155.19 Subd. 5. **Domestic corporation.** The term "domestic" when applied to a corporation
155.20 means a corporation:

155.21 (1) created or organized in the United States, or under the laws of the United
155.22 States or of any state, the District of Columbia, or any political subdivision of any of
155.23 the foregoing but not including the Commonwealth of Puerto Rico, or any possession
155.24 of the United States; or

155.25 (2) which qualifies as a DISC, as defined in section 992(a) of the Internal Revenue
155.26 Code; or

155.27 ~~(3) which qualifies as a FSC, as defined in section 922 of the Internal Revenue Code.~~

155.28 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
155.29 December 31, 2013.

155.30 Sec. 61. Minnesota Statutes 2013 Supplement, section 290.01, subdivision 19d,
155.31 is amended to read:

156.1 Subd. 19d. **Corporations; modifications decreasing federal taxable income.** For
156.2 corporations, there shall be subtracted from federal taxable income after the increases
156.3 provided in subdivision 19c:

156.4 (1) the amount of foreign dividend gross-up added to gross income for federal
156.5 income tax purposes under section 78 of the Internal Revenue Code;

156.6 (2) the amount of salary expense not allowed for federal income tax purposes due to
156.7 claiming the work opportunity credit under section 51 of the Internal Revenue Code;

156.8 (3) any dividend (not including any distribution in liquidation) paid within the
156.9 taxable year by a national or state bank to the United States, or to any instrumentality of
156.10 the United States exempt from federal income taxes, on the preferred stock of the bank
156.11 owned by the United States or the instrumentality;

156.12 ~~(4) amounts disallowed for intangible drilling costs due to differences between~~
156.13 ~~this chapter and the Internal Revenue Code in taxable years beginning before January~~
156.14 ~~1, 1987, as follows:~~

156.15 ~~(i) to the extent the disallowed costs are represented by physical property, an amount~~
156.16 ~~equal to the allowance for depreciation under Minnesota Statutes 1986, section 290.09,~~
156.17 ~~subdivision 7, subject to the modifications contained in subdivision 19e; and~~

156.18 ~~(ii) to the extent the disallowed costs are not represented by physical property, an~~
156.19 ~~amount equal to the allowance for cost depletion under Minnesota Statutes 1986, section~~
156.20 ~~290.09, subdivision 8;~~

156.21 ~~(5)~~ (4) the deduction for capital losses pursuant to sections 1211 and 1212 of the
156.22 Internal Revenue Code, except that:

156.23 (i) for capital losses incurred in taxable years beginning after December 31, 1986,
156.24 capital loss carrybacks shall not be allowed;

156.25 (ii) for capital losses incurred in taxable years beginning after December 31, 1986,
156.26 a capital loss carryover to each of the 15 taxable years succeeding the loss year shall be
156.27 allowed;

156.28 (iii) for capital losses incurred in taxable years beginning before January 1, 1987, a
156.29 capital loss carryback to each of the three taxable years preceding the loss year, subject to
156.30 the provisions of Minnesota Statutes 1986, section 290.16, shall be allowed; and

156.31 (iv) for capital losses incurred in taxable years beginning before January 1, 1987,
156.32 a capital loss carryover to each of the five taxable years succeeding the loss year to the
156.33 extent such loss was not used in a prior taxable year and subject to the provisions of
156.34 Minnesota Statutes 1986, section 290.16, shall be allowed;

156.35 ~~(6)~~ (5) an amount for interest and expenses relating to income not taxable for federal
156.36 income tax purposes, if (i) the income is taxable under this chapter and (ii) the interest and

157.1 expenses were disallowed as deductions under the provisions of section 171(a)(2), 265 or
157.2 291 of the Internal Revenue Code in computing federal taxable income;

157.3 ~~(7)~~ (6) in the case of mines, oil and gas wells, other natural deposits, and timber for
157.4 which percentage depletion was disallowed pursuant to subdivision 19c, clause (8), a
157.5 reasonable allowance for depletion based on actual cost. In the case of leases the deduction
157.6 must be apportioned between the lessor and lessee in accordance with rules prescribed
157.7 by the commissioner. In the case of property held in trust, the allowable deduction must
157.8 be apportioned between the income beneficiaries and the trustee in accordance with the
157.9 pertinent provisions of the trust, or if there is no provision in the instrument, on the basis
157.10 of the trust's income allocable to each;

157.11 ~~(8)~~ (7) for certified pollution control facilities placed in service in a taxable year
157.12 beginning before December 31, 1986, and for which amortization deductions were elected
157.13 under section 169 of the Internal Revenue Code of 1954, as amended through December
157.14 31, 1985, an amount equal to the allowance for depreciation under Minnesota Statutes
157.15 1986, section 290.09, subdivision 7;

157.16 ~~(9)~~ (8) amounts included in federal taxable income that are due to refunds of
157.17 income, excise, or franchise taxes based on net income or related minimum taxes paid
157.18 by the corporation to Minnesota, another state, a political subdivision of another state,
157.19 the District of Columbia, or a foreign country or possession of the United States to the
157.20 extent that the taxes were added to federal taxable income under subdivision 19c, clause
157.21 (1), in a prior taxable year;

157.22 ~~(10)~~ (9) income or gains from the business of mining as defined in section 290.05,
157.23 subdivision 1, clause (a), that are not subject to Minnesota franchise tax;

157.24 ~~(11)~~ (10) the amount of disability access expenditures in the taxable year which are not
157.25 allowed to be deducted or capitalized under section 44(d)(7) of the Internal Revenue Code;

157.26 ~~(12)~~ (11) the amount of qualified research expenses not allowed for federal income
157.27 tax purposes under section 280C(c) of the Internal Revenue Code, but only to the extent
157.28 that the amount exceeds the amount of the credit allowed under section 290.068;

157.29 ~~(13)~~ (12) the amount of salary expenses not allowed for federal income tax purposes
157.30 due to claiming the Indian employment credit under section 45A(a) of the Internal
157.31 Revenue Code;

157.32 ~~(14)~~ (13) any decrease in subpart F income, as defined in section 952(a) of the
157.33 Internal Revenue Code, for the taxable year when subpart F income is calculated without
157.34 regard to the provisions of Division C, title III, section 303(b) of Public Law 110-343;

157.35 ~~(15)~~ (14) in each of the five tax years immediately following the tax year in which
157.36 an addition is required under subdivision 19c, clause (12), an amount equal to one-fifth

158.1 of the delayed depreciation. For purposes of this clause, "delayed depreciation" means
158.2 the amount of the addition made by the taxpayer under subdivision 19c, clause (12). The
158.3 resulting delayed depreciation cannot be less than zero;

158.4 ~~(16)~~ (15) in each of the five tax years immediately following the tax year in which an
158.5 addition is required under subdivision 19c, clause (13), an amount equal to one-fifth of the
158.6 amount of the addition;

158.7 ~~(17)~~ (16) to the extent included in federal taxable income, discharge of indebtedness
158.8 income resulting from reacquisition of business indebtedness included in federal taxable
158.9 income under section 108(i) of the Internal Revenue Code. This subtraction applies only
158.10 to the extent that the income was included in net income in a prior year as a result of the
158.11 addition under subdivision 19c, clause (16); and

158.12 ~~(18)~~ (17) the amount of expenses not allowed for federal income tax purposes due
158.13 to claiming the railroad track maintenance credit under section 45G(a) of the Internal
158.14 Revenue Code.

158.15 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
158.16 December 31, 2013.

158.17 Sec. 62. Minnesota Statutes 2012, section 290.01, subdivision 19f, is amended to read:

158.18 Subd. 19f. **Basis modifications affecting gain or loss on disposition of property.**

158.19 (a) For individuals, estates, and trusts, the basis of property is its adjusted basis for federal
158.20 income tax purposes except as set forth in paragraphs (e) and (f), ~~(g)~~, and ~~(m)~~. For
158.21 corporations, the basis of property is its adjusted basis for federal income tax purposes,
158.22 without regard to the time when the property became subject to tax under this chapter or to
158.23 whether out-of-state losses or items of tax preference with respect to the property were not
158.24 deductible under this chapter, except that the modifications to the basis for federal income
158.25 tax purposes set forth in paragraphs (b) to ~~(j)~~ (i) are allowed to corporations, and the
158.26 resulting modifications to federal taxable income must be made in the year in which gain
158.27 or loss on the sale or other disposition of property is recognized.

158.28 (b) The basis of property shall not be reduced to reflect federal investment tax credit.

158.29 ~~(c) The basis of property subject to the accelerated cost recovery system under~~
158.30 ~~section 168 of the Internal Revenue Code shall be modified to reflect the modifications in~~
158.31 ~~depreciation with respect to the property provided for in subdivision 19c. For certified~~
158.32 ~~pollution control facilities for which amortization deductions were elected under section~~
158.33 ~~169 of the Internal Revenue Code of 1954, the basis of the property must be increased by~~
158.34 ~~the amount of the amortization deduction not previously allowed under this chapter.~~

159.1 ~~(d)~~ For property acquired before January 1, 1933, the basis for computing a gain is
159.2 the fair market value of the property as of that date. The basis for determining a loss is
159.3 the cost of the property to the taxpayer less any depreciation, amortization, or depletion,
159.4 actually sustained before that date. If the adjusted cost exceeds the fair market value of the
159.5 property, then the basis is the adjusted cost regardless of whether there is a gain or loss.

159.6 ~~(e)~~ (d) The basis is reduced by the allowance for amortization of bond premium if
159.7 an election to amortize was made pursuant to Minnesota Statutes 1986, section 290.09,
159.8 subdivision 13, and the allowance could have been deducted by the taxpayer under this
159.9 chapter during the period of the taxpayer's ownership of the property.

159.10 ~~(f)~~ (e) For assets placed in service before January 1, 1987, corporations, partnerships,
159.11 or individuals engaged in the business of mining ores other than iron ore or taconite
159.12 concentrates subject to the occupation tax under chapter 298 must use the occupation
159.13 tax basis of property used in that business.

159.14 ~~(g)~~ (f) For assets placed in service before January 1, 1990, corporations, partnerships,
159.15 or individuals engaged in the business of mining iron ore or taconite concentrates subject
159.16 to the occupation tax under chapter 298 must use the occupation tax basis of property
159.17 used in that business.

159.18 ~~(h)~~ (g) In applying the provisions of sections 301(c)(3)(B), 312(f) and (g), and
159.19 316(a)(1) of the Internal Revenue Code, the dates December 31, 1932, and January 1,
159.20 1933, shall be substituted for February 28, 1913, and March 1, 1913, respectively.

159.21 ~~(i)~~ (h) In applying the provisions of section 362(a) and (c) of the Internal Revenue
159.22 Code, the date December 31, 1956, shall be substituted for June 22, 1954.

159.23 ~~(j)~~ (i) The basis of property shall be increased by the amount of intangible drilling
159.24 costs not previously allowed due to differences between this chapter and the Internal
159.25 Revenue Code.

159.26 ~~(k)~~ (j) The adjusted basis of any corporate partner's interest in a partnership is
159.27 the same as the adjusted basis for federal income tax purposes modified as required to
159.28 reflect the basis modifications set forth in paragraphs (b) to ~~(j)~~ (i). The adjusted basis
159.29 of a partnership in which the partner is an individual, estate, or trust is the same as the
159.30 adjusted basis for federal income tax purposes modified as required to reflect the basis
159.31 modifications set forth in paragraphs (e) and (f) and ~~(g)~~.

159.32 ~~(l)~~ (k) The modifications contained in paragraphs (b) to ~~(j)~~ (i) also apply to the basis
159.33 of property that is determined by reference to the basis of the same property in the hands
159.34 of a different taxpayer or by reference to the basis of different property.

159.35 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
159.36 December 31, 2013.

160.1 Sec. 63. Minnesota Statutes 2012, section 290.01, subdivision 29, is amended to read:

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

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

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

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

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

160.7 (iii) the exemption for operating in a job opportunity building zone under section
160.8 469.317; and

160.9 ~~(iv) the exemption for operating in a biotechnology and health sciences industry~~
160.10 ~~zone under section 469.337.~~

160.11 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
160.12 December 31, 2013.

160.13 Sec. 64. Minnesota Statutes 2012, section 290.015, subdivision 1, is amended to read:

160.14 Subdivision 1. **General rule.** (a) Except as provided in subdivision 3, a person

160.15 that conducts a trade or business that has a place of business in this state, regularly has

160.16 employees or independent contractors conducting business activities on its behalf in this

160.17 state, or owns or leases real property that is located in this state or tangible personal

160.18 property, including but not limited to mobile property, that is present in this state is subject

160.19 to the taxes imposed by this chapter.

160.20 (b) Except as provided in subdivision 3, a person that conducts a trade or business

160.21 not described in paragraph (a) is subject to the taxes imposed by this chapter if the trade

160.22 or business obtains or regularly solicits business from within this state, without regard

160.23 to physical presence in this state.

160.24 (c) For purposes of paragraph (b), business from within this state includes, but is
160.25 not limited to:

160.26 (1) sales of products or services of any kind or nature to customers in this state who
160.27 receive the product or service in this state;

160.28 (2) sales of services which are performed from outside this state but the services
160.29 are received in this state;

160.30 (3) transactions with customers in this state that involve intangible property and
160.31 result in receipts attributed to this state as provided in section 290.191, subdivision 5 or 6;

160.32 (4) leases of tangible personal property that is located in this state as defined in
160.33 section 290.191, subdivision 5, paragraph (g), or 6, paragraph (e); and

160.34 (5) sales and leases of real property located in this state.

160.35 (d) For purposes of paragraph (b), solicitation includes, but is not limited to:

- 161.1 (1) the distribution, by mail or otherwise, without regard to the state from which such
161.2 distribution originated or in which the materials were prepared, of catalogs, periodicals,
161.3 advertising flyers, or other written solicitations of business to customers in this state;
- 161.4 (2) display of advertisements on billboards or other outdoor advertising in this state;
- 161.5 (3) advertisements in newspapers published in this state;
- 161.6 (4) advertisements in trade journals or other periodicals, the circulation of which is
161.7 primarily within this state;
- 161.8 (5) advertisements in a Minnesota edition of a national or regional publication or a
161.9 limited regional edition of which this state is included of a broader regional or national
161.10 publication which are not placed in other geographically defined editions of the same issue
161.11 of the same publication;
- 161.12 (6) advertisements in regional or national publications in an edition which is not
161.13 by its contents geographically targeted to Minnesota, but which is sold over the counter
161.14 in Minnesota or by subscription to Minnesota residents;
- 161.15 (7) advertisements broadcast on a radio or television station located in Minnesota; or
- 161.16 (8) any other solicitation by ~~telegraph~~, telephone, computer database, cable, optic,
161.17 microwave, or other communication system.

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

161.19 Sec. 65. Minnesota Statutes 2012, section 290.07, subdivision 1, is amended to read:

161.20 Subdivision 1. **Annual accounting period.** Net income and taxable net income
161.21 shall be computed upon the basis of the taxpayer's annual accounting period. If a taxpayer
161.22 has no annual accounting period, or has one other than a fiscal year, ~~as heretofore defined,~~
161.23 the net income and taxable net income shall be computed on the basis of the calendar year.
161.24 Taxpayers shall employ the same accounting period on which they report, or would be
161.25 required to report, their net income under the Internal Revenue Code. The commissioner
161.26 shall provide by rule for the determination of the accounting period for taxpayers who file
161.27 a combined report under section 290.17, subdivision 4, when members of the group use
161.28 different accounting periods for federal income tax purposes. ~~Unless the taxpayer changes~~
161.29 ~~its accounting period for federal purposes, the due date of the return is not changed.~~

161.30 ~~A taxpayer may change accounting periods only with the consent of the~~
161.31 ~~commissioner. In case of any such change, the taxpayer shall pay a tax for the period~~
161.32 ~~not included in either the taxpayer's former or newly adopted taxable year, computed as~~
161.33 ~~provided in section 290.32.~~

162.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
162.2 December 31, 2013.

162.3 Sec. 66. Minnesota Statutes 2012, section 290.07, subdivision 2, is amended to read:

162.4 Subd. 2. **Accounting methods.** Except as specifically provided to the contrary by
162.5 this chapter, net income and taxable net income shall be computed in accordance with
162.6 the method of accounting regularly employed in keeping the taxpayer's books. If no such
162.7 accounting system has been regularly employed, or if that employed does not clearly or
162.8 fairly reflect income or the income taxable under this chapter, the computation shall be
162.9 made in accordance with such method as in the opinion of the commissioner does clearly
162.10 and fairly reflect income and the income taxable under this chapter.

162.11 ~~Except as otherwise expressly provided in this chapter, a taxpayer who changes the~~
162.12 ~~method of accounting for regularly computing the taxpayer's income in keeping books~~
162.13 ~~shall, before computing net income and taxable net income under the new method, secure~~
162.14 ~~the consent of the commissioner.~~

162.15 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
162.16 December 31, 2013.

162.17 Sec. 67. Minnesota Statutes 2013 Supplement, section 290.0921, subdivision 3,
162.18 is amended to read:

162.19 Subd. 3. **Alternative minimum taxable income.** "Alternative minimum taxable
162.20 income" is Minnesota net income as defined in section 290.01, subdivision 19, and
162.21 includes the adjustments and tax preference items in sections 56, 57, 58, and 59(d), (e),
162.22 (f), and (h) of the Internal Revenue Code. If a corporation files a separate company
162.23 Minnesota tax return, the minimum tax must be computed on a separate company basis.
162.24 If a corporation is part of a tax group filing a unitary return, the minimum tax must be
162.25 computed on a unitary basis. The following adjustments must be made.

162.26 ~~(1) For purposes of the depreciation adjustments under section 56(a)(1) and~~
162.27 ~~56(g)(4)(A) of the Internal Revenue Code, the basis for depreciable property placed in~~
162.28 ~~service in a taxable year beginning before January 1, 1990, is the adjusted basis for federal~~
162.29 ~~income tax purposes, including any modification made in a taxable year under section~~
162.30 ~~290.01, subdivision 19c, or Minnesota Statutes 1986, section 290.09, subdivision 7,~~
162.31 ~~paragraph (c).~~

162.32 ~~For taxable years beginning after December 31, 2000, the amount of any remaining~~
162.33 ~~modification made under section 290.01, subdivision 19c, or Minnesota Statutes 1986,~~

163.1 ~~section 290.09, subdivision 7, paragraph (c), not previously deducted is a depreciation~~
163.2 ~~allowance in the first taxable year after December 31, 2000.~~

163.3 ~~(2)~~ (1) The portion of the depreciation deduction allowed for federal income tax
163.4 purposes under section 168(k) of the Internal Revenue Code that is required as an
163.5 addition under section 290.01, subdivision 19c, clause (12), is disallowed in determining
163.6 alternative minimum taxable income.

163.7 ~~(3)~~ (2) The subtraction for depreciation allowed under section 290.01, subdivision
163.8 19d, clause ~~(15)~~ (14), is allowed as a depreciation deduction in determining alternative
163.9 minimum taxable income.

163.10 ~~(4)~~ (3) The alternative tax net operating loss deduction under sections 56(a)(4) and
163.11 56(d) of the Internal Revenue Code does not apply.

163.12 ~~(5)~~ (4) The special rule for certain dividends under section 56(g)(4)(C)(ii) of the
163.13 Internal Revenue Code does not apply.

163.14 ~~(6)~~ (5) The tax preference for depletion under section 57(a)(1) of the Internal
163.15 Revenue Code does not apply.

163.16 ~~(7)~~ The tax preference for intangible drilling costs under section 57(a)(2) of the
163.17 Internal Revenue Code must be calculated without regard to subparagraph (E) and the
163.18 subtraction under section 290.01, subdivision 19d, clause (4).

163.19 ~~(8)~~ (6) The tax preference for tax exempt interest under section 57(a)(5) of the
163.20 Internal Revenue Code does not apply.

163.21 ~~(9)~~ (7) The tax preference for charitable contributions of appreciated property under
163.22 section 57(a)(6) of the Internal Revenue Code does not apply.

163.23 ~~(10)~~ For purposes of calculating the tax preference for accelerated depreciation or
163.24 amortization on certain property placed in service before January 1, 1987, under section
163.25 57(a)(7) of the Internal Revenue Code, the deduction allowable for the taxable year is the
163.26 deduction allowed under section 290.01, subdivision 19e.

163.27 ~~For taxable years beginning after December 31, 2000, the amount of any remaining~~
163.28 ~~modification made under section 290.01, subdivision 19e, not previously deducted is a~~
163.29 ~~depreciation or amortization allowance in the first taxable year after December 31, 2004.~~

163.30 ~~(11)~~ (8) For purposes of calculating the adjustment for adjusted current earnings
163.31 in section 56(g) of the Internal Revenue Code, the term "alternative minimum taxable
163.32 income" as it is used in section 56(g) of the Internal Revenue Code, means alternative
163.33 minimum taxable income as defined in this subdivision, determined without regard to the
163.34 adjustment for adjusted current earnings in section 56(g) of the Internal Revenue Code.

163.35 ~~(12)~~ (9) For purposes of determining the amount of adjusted current earnings under
163.36 section 56(g)(3) of the Internal Revenue Code, no adjustment shall be made under section

164.1 56(g)(4) of the Internal Revenue Code with respect to (i) the amount of foreign dividend
164.2 gross-up subtracted as provided in section 290.01, subdivision 19d, clause (1), or (ii) the
164.3 amount of refunds of income, excise, or franchise taxes subtracted as provided in section
164.4 290.01, subdivision 19d, clause (9).

164.5 ~~(13)~~ (10) Alternative minimum taxable income excludes the income from operating
164.6 in a job opportunity building zone as provided under section 469.317.

164.7 ~~(14) Alternative minimum taxable income excludes the income from operating in a~~
164.8 ~~biotechnology and health sciences industry zone as provided under section 469.337.~~

164.9 Items of tax preference must not be reduced below zero as a result of the
164.10 modifications in this subdivision.

164.11 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
164.12 December 31, 2013.

164.13 Sec. 68. Minnesota Statutes 2012, section 290.0922, subdivision 3, is amended to read:

164.14 Subd. 3. **Definitions.** (a) "Minnesota sales or receipts" means the total sales
164.15 apportioned to Minnesota pursuant to section 290.191, subdivision 5, the total receipts
164.16 attributed to Minnesota pursuant to section 290.191, subdivisions 6 to 8, and/or the
164.17 total sales or receipts apportioned or attributed to Minnesota pursuant to any other
164.18 apportionment formula applicable to the taxpayer.

164.19 (b) "Minnesota property" means total Minnesota tangible property as provided in
164.20 section 290.191, subdivisions 9 to 11, any other tangible property located in Minnesota,
164.21 but does not include: ~~(1) the property of a qualified business as defined under section~~
164.22 ~~469.310, subdivision 11, that is located in a job opportunity building zone designated~~
164.23 ~~under section 469.314 and (2) property of a qualified business located in a biotechnology~~
164.24 ~~and health sciences industry zone designated under section 469.334. Intangible property~~
164.25 shall not be included in Minnesota property for purposes of this section. Taxpayers who
164.26 do not utilize tangible property to apportion income shall nevertheless include Minnesota
164.27 property for purposes of this section. On a return for a short taxable year, the amount of
164.28 Minnesota property owned, as determined under section 290.191, shall be included in
164.29 Minnesota property based on a fraction in which the numerator is the number of days in
164.30 the short taxable year and the denominator is 365.

164.31 (c) "Minnesota payrolls" means total Minnesota payrolls as provided in section
164.32 290.191, subdivision 12, but does not include: ~~(1) the job opportunity building zone payroll~~
164.33 ~~under section 469.310, subdivision 8, of a qualified business as defined under section~~
164.34 ~~469.310, subdivision 11, and (2) biotechnology and health sciences industry zone payrolls~~

165.1 ~~under section 469.330, subdivision 8.~~ Taxpayers who do not utilize payrolls to apportion
165.2 income shall nevertheless include Minnesota payrolls for purposes of this section.

165.3 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
165.4 December 31, 2013.

165.5 Sec. 69. Minnesota Statutes 2012, section 290.095, subdivision 3, is amended to read:

165.6 Subd. 3. **Carryover.** (a) A net operating loss incurred ~~in a~~ during the taxable year:
165.7 ~~(i) beginning after December 31, 1986,~~ shall be a net operating loss carryover to each of
165.8 the 15 taxable years following the taxable year of such loss; ~~(ii) beginning before January~~
165.9 ~~1, 1987, shall be a net operating loss carryover to each of the five taxable years following~~
165.10 ~~the taxable year of such loss subject to the provisions of Minnesota Statutes 1986, section~~
165.11 ~~290.095; and (iii) beginning before January 1, 1987, shall be a net operating loss carryback~~
165.12 ~~to each of the three taxable years preceding the loss year subject to the provisions of~~
165.13 ~~Minnesota Statutes 1986, section 290.095.~~

165.14 (b) The entire amount of the net operating loss for any taxable year shall be carried to
165.15 the earliest of the taxable years to which such loss may be carried. The portion of such loss
165.16 which shall be carried to each of the other taxable years shall be the excess, if any, of the
165.17 amount of such loss over the sum of the taxable net income, adjusted by the modifications
165.18 specified in subdivision 4, for each of the taxable years to which such loss may be carried.

165.19 (c) Where a corporation apportions its income under the provisions of section
165.20 290.191, the net operating loss deduction incurred in any taxable year shall be allowed
165.21 to the extent of the apportionment ratio of the loss year.

165.22 (d) The provisions of sections 381, 382, and 384 of the Internal Revenue Code apply
165.23 to carryovers in certain corporate acquisitions and special limitations on net operating loss
165.24 carryovers. The limitation amount determined under section 382 shall be applied to net
165.25 income, before apportionment, in each post change year to which a loss is carried.

165.26 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
165.27 December 31, 2013.

165.28 Sec. 70. Minnesota Statutes 2012, section 290.9728, subdivision 2, is amended to read:

165.29 Subd. 2. **Taxable income.** For purposes of this section, taxable income means
165.30 the lesser of:

165.31 (1) the amount of the net capital gain of the S corporation for the taxable year, as
165.32 determined under sections 1222 and 1374 of the Internal Revenue Code, and subject to the

166.1 modifications provided in section 290.01, ~~subdivisions 19e and~~ subdivision 19f, in excess
166.2 of \$25,000 that is allocable to this state under section 290.17, 290.191, or 290.20; or

166.3 (2) the amount of the S corporation's federal taxable income, subject to the
166.4 provisions of section 290.01, subdivisions 19c to 19f, that is allocable to this state under
166.5 section 290.17, 290.191, or 290.20.

166.6 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
166.7 December 31, 2013.

166.8 Sec. 71. Minnesota Statutes 2013 Supplement, section 297A.61, subdivision 3, as
166.9 amended by Laws 2014, chapter 150, article 2, section 1, is amended to read:

166.10 Subd. 3. **Sale and purchase.** (a) "Sale" and "purchase" include, but are not limited
166.11 to, each of the transactions listed in this subdivision. In applying the provisions of this
166.12 chapter, the terms "tangible personal property" and "retail sale" include the taxable
166.13 services listed in paragraph (g), clause (6), items (i) to (vi) and (viii), and the provision
166.14 of these taxable services, unless specifically provided otherwise. Services performed by
166.15 an employee for an employer are not taxable. Services performed by a partnership or
166.16 association for another partnership or association are not taxable if one of the entities owns
166.17 or controls more than 80 percent of the voting power of the equity interest in the other
166.18 entity. Services performed between members of an affiliated group of corporations are not
166.19 taxable. For purposes of the preceding sentence, "affiliated group of corporations" means
166.20 those entities that would be classified as members of an affiliated group as defined under
166.21 United States Code, title 26, section 1504, disregarding the exclusions in section 1504(b).

166.22 (b) Sale and purchase include:

166.23 (1) any transfer of title or possession, or both, of tangible personal property, whether
166.24 absolutely or conditionally, for a consideration in money or by exchange or barter; and

166.25 (2) the leasing of or the granting of a license to use or consume, for a consideration
166.26 in money or by exchange or barter, tangible personal property, other than a manufactured
166.27 home used for residential purposes for a continuous period of 30 days or more.

166.28 (c) Sale and purchase include the production, fabrication, printing, or processing of
166.29 tangible personal property for a consideration for consumers who furnish either directly or
166.30 indirectly the materials used in the production, fabrication, printing, or processing.

166.31 (d) Sale and purchase include the preparing for a consideration of food.

166.32 Notwithstanding section 297A.67, subdivision 2, taxable food includes, but is not limited
166.33 to, the following:

166.34 (1) prepared food sold by the retailer;

166.35 (2) soft drinks;

- 167.1 (3) candy;
- 167.2 (4) dietary supplements; and
- 167.3 (5) all food sold through vending machines.
- 167.4 (e) A sale and a purchase includes the furnishing for a consideration of electricity,
- 167.5 gas, water, or steam for use or consumption within this state.
- 167.6 (f) A sale and a purchase includes the transfer for a consideration of prewritten
- 167.7 computer software whether delivered electronically, by load and leave, or otherwise.
- 167.8 (g) A sale and a purchase includes the furnishing for a consideration of the following
- 167.9 services:
- 167.10 (1) the privilege of admission to places of amusement, recreational areas, or athletic
- 167.11 events, and the making available of amusement devices, tanning facilities, reducing
- 167.12 salons, steam baths, ~~Turkish baths~~, health clubs, and spas or athletic facilities;
- 167.13 (2) lodging and related services by a hotel, rooming house, resort, campground,
- 167.14 motel, or trailer camp, including furnishing the guest of the facility with access to
- 167.15 telecommunication services, and the granting of any similar license to use real property in
- 167.16 a specific facility, other than the renting or leasing of it for a continuous period of 30 days
- 167.17 or more under an enforceable written agreement that may not be terminated without prior
- 167.18 notice and including accommodations intermediary services provided in connection with
- 167.19 other services provided under this clause;
- 167.20 (3) nonresidential parking services, whether on a contractual, hourly, or other
- 167.21 periodic basis, except for parking at a meter;
- 167.22 (4) the granting of membership in a club, association, or other organization if:
- 167.23 (i) the club, association, or other organization makes available for the use of its
- 167.24 members sports and athletic facilities, without regard to whether a separate charge is
- 167.25 assessed for use of the facilities; and
- 167.26 (ii) use of the sports and athletic facility is not made available to the general public
- 167.27 on the same basis as it is made available to members.
- 167.28 Granting of membership means both onetime initiation fees and periodic membership
- 167.29 dues. Sports and athletic facilities include golf courses; tennis, racquetball, handball, and
- 167.30 squash courts; basketball and volleyball facilities; running tracks; exercise equipment;
- 167.31 swimming pools; and other similar athletic or sports facilities;
- 167.32 (5) delivery of aggregate materials by a third party, excluding delivery of aggregate
- 167.33 material used in road construction; and delivery of concrete block by a third party if the
- 167.34 delivery would be subject to the sales tax if provided by the seller of the concrete block.
- 167.35 For purposes of this clause, "road construction" means construction of:
- 167.36 (i) public roads;

168.1 (ii) cartways; and
168.2 (iii) private roads in townships located outside of the seven-county metropolitan area
168.3 up to the point of the emergency response location sign; and
168.4 (6) services as provided in this clause:
168.5 (i) laundry and dry cleaning services including cleaning, pressing, repairing, altering,
168.6 and storing clothes, linen services and supply, cleaning and blocking hats, and carpet,
168.7 drapery, upholstery, and industrial cleaning. Laundry and dry cleaning services do not
168.8 include services provided by coin operated facilities operated by the customer;
168.9 (ii) motor vehicle washing, waxing, and cleaning services, including services
168.10 provided by coin operated facilities operated by the customer, and rustproofing,
168.11 undercoating, and towing of motor vehicles;
168.12 (iii) building and residential cleaning, maintenance, and disinfecting services and
168.13 pest control and exterminating services;
168.14 (iv) detective, security, burglar, fire alarm, and armored car services; but not
168.15 including services performed within the jurisdiction they serve by off-duty licensed peace
168.16 officers as defined in section 626.84, subdivision 1, or services provided by a nonprofit
168.17 organization or any organization at the direction of a county for monitoring and electronic
168.18 surveillance of persons placed on in-home detention pursuant to court order or under the
168.19 direction of the Minnesota Department of Corrections;
168.20 (v) pet grooming services;
168.21 (vi) lawn care, fertilizing, mowing, spraying and sprigging services; garden planting
168.22 and maintenance; tree, bush, and shrub pruning, bracing, spraying, and surgery; indoor
168.23 plant care; tree, bush, shrub, and stump removal, except when performed as part of a land
168.24 clearing contract as defined in section 297A.68, subdivision 40; and tree trimming for
168.25 public utility lines. Services performed under a construction contract for the installation of
168.26 shrubbery, plants, sod, trees, bushes, and similar items are not taxable;
168.27 (vii) massages, except when provided by a licensed health care facility or
168.28 professional or upon written referral from a licensed health care facility or professional for
168.29 treatment of illness, injury, or disease; and
168.30 (viii) the furnishing of lodging, board, and care services for animals in kennels and
168.31 other similar arrangements, but excluding veterinary and horse boarding services.
168.32 (h) A sale and a purchase includes the furnishing for a consideration of tangible
168.33 personal property or taxable services by the United States or any of its agencies or
168.34 instrumentalities, or the state of Minnesota, its agencies, instrumentalities, or political
168.35 subdivisions.

169.1 (i) A sale and a purchase includes the furnishing for a consideration of
169.2 telecommunications services, ancillary services associated with telecommunication
169.3 services, and pay television services. Telecommunication services include, but are
169.4 not limited to, the following services, as defined in section 297A.669: air-to-ground
169.5 radiotelephone service, mobile telecommunication service, postpaid calling service,
169.6 prepaid calling service, prepaid wireless calling service, and private communication
169.7 services. The services in this paragraph are taxed to the extent allowed under federal law.

169.8 (j) A sale and a purchase includes the furnishing for a consideration of installation if
169.9 the installation charges would be subject to the sales tax if the installation were provided
169.10 by the seller of the item being installed.

169.11 (k) A sale and a purchase includes the rental of a vehicle by a motor vehicle dealer
169.12 to a customer when (1) the vehicle is rented by the customer for a consideration, or (2)
169.13 the motor vehicle dealer is reimbursed pursuant to a service contract as defined in section
169.14 59B.02, subdivision 11.

169.15 (l) A sale and a purchase includes furnishing for a consideration of specified digital
169.16 products or other digital products or granting the right for a consideration to use specified
169.17 digital products or other digital products on a temporary or permanent basis and regardless
169.18 of whether the purchaser is required to make continued payments for such right. Wherever
169.19 the term "tangible personal property" is used in this chapter, other than in subdivisions 10
169.20 and 38, the provisions also apply to specified digital products, or other digital products,
169.21 unless specifically provided otherwise or the context indicates otherwise.

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

169.23 Sec. 72. Minnesota Statutes 2012, section 297A.70, subdivision 10, is amended to read:

169.24 Subd. 10. **Nonprofit tickets or admissions.** (a) Tickets or admissions to an event
169.25 are exempt if all the gross receipts are recorded as such, in accordance with generally
169.26 accepted accounting principles, on the books of one or more organizations whose primary
169.27 mission is to provide an opportunity for citizens of the state to participate in the creation,
169.28 performance, or appreciation of the arts, and provided that each organization is:

169.29 (1) an organization described in section 501(c)(3) of the Internal Revenue Code
169.30 in which voluntary contributions make up at least ~~the following~~ five percent of the
169.31 organization's annual revenue in its most recently completed 12-month fiscal year, or in
169.32 the current year if the organization has not completed a 12-month fiscal year;

169.33 ~~(i) for sales made after July 31, 2001, and before July 1, 2002, for the organization's~~
169.34 ~~fiscal year completed in calendar year 2000, three percent;~~

170.1 ~~(ii) for sales made on or after July 1, 2002, and on or before June 30, 2003, for the~~
170.2 ~~organization's fiscal year completed in calendar year 2001, three percent;~~

170.3 ~~(iii) for sales made on or after July 1, 2003, and on or before June 30, 2004, for the~~
170.4 ~~organization's fiscal year completed in calendar year 2002, four percent; and~~

170.5 ~~(iv) for sales made in each 12-month period, beginning on July 1, 2004, and each~~
170.6 ~~subsequent year, for the organization's fiscal year completed in the preceding calendar~~
170.7 ~~year, five percent;~~

170.8 (2) a municipal board that promotes cultural and arts activities; or

170.9 (3) the University of Minnesota, a state college and university, or a private nonprofit
170.10 college or university provided that the event is held at a facility owned by the educational
170.11 institution holding the event.

170.12 The exemption only applies if the entire proceeds, after reasonable expenses, are used
170.13 solely to provide opportunities for citizens of the state to participate in the creation,
170.14 performance, or appreciation of the arts.

170.15 (b) Tickets or admissions to the premises of the Minnesota Zoological Garden are
170.16 exempt, provided that the exemption under this paragraph does not apply to tickets or
170.17 admissions to performances or events held on the premises unless the performance or
170.18 event is sponsored and conducted exclusively by the Minnesota Zoological Board or
170.19 employees of the Minnesota Zoological Garden.

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

170.21 Sec. 73. Minnesota Statutes 2013 Supplement, section 297A.75, subdivision 1, is
170.22 amended to read:

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

170.26 (1) building materials for an agricultural processing facility exempt under section
170.27 297A.71, subdivision 13;

170.28 (2) building materials for mineral production facilities exempt under section
170.29 297A.71, subdivision 14;

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

170.31 (4) building materials used in a residence for disabled veterans exempt under section
170.32 297A.71, subdivision 11;

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

- 171.1 ~~(6) building materials for the Long Lake Conservation Center exempt under section~~
171.2 ~~297A.71, subdivision 17;~~
- 171.3 ~~(7) (6) materials and supplies for qualified low-income housing under section~~
171.4 ~~297A.71, subdivision 23;~~
- 171.5 ~~(8) (7) materials, supplies, and equipment for municipal electric utility facilities~~
171.6 ~~under section 297A.71, subdivision 35;~~
- 171.7 ~~(9) (8) equipment and materials used for the generation, transmission, and~~
171.8 ~~distribution of electrical energy and an aerial camera package exempt under section~~
171.9 ~~297A.68, subdivision 37;~~
- 171.10 ~~(10) (9) commuter rail vehicle and repair parts under section 297A.70, subdivision~~
171.11 ~~3, paragraph (a), clause (10);~~
- 171.12 ~~(11) (10) materials, supplies, and equipment for construction or improvement of~~
171.13 ~~projects and facilities under section 297A.71, subdivision 40;~~
- 171.14 ~~(12) materials, supplies, and equipment for construction or improvement of a meat~~
171.15 ~~processing facility exempt under section 297A.71, subdivision 41;~~
- 171.16 ~~(13) (11) materials, supplies, and equipment for construction, improvement, or~~
171.17 ~~expansion of:~~
- 171.18 ~~(i) an aerospace defense manufacturing facility exempt under section 297A.71,~~
171.19 ~~subdivision 42;~~
- 171.20 ~~(ii) a biopharmaceutical manufacturing facility exempt under section 297A.71,~~
171.21 ~~subdivision 45;~~
- 171.22 ~~(iii) a research and development facility exempt under section 297A.71, subdivision~~
171.23 ~~46; and~~
- 171.24 ~~(iv) an industrial measurement manufacturing and controls facility exempt under~~
171.25 ~~section 297A.71, subdivision 47;~~
- 171.26 ~~(14) (12) enterprise information technology equipment and computer software for~~
171.27 ~~use in a qualified data center exempt under section 297A.68, subdivision 42;~~
- 171.28 ~~(15) (13) materials, supplies, and equipment for qualifying capital projects under~~
171.29 ~~section 297A.71, subdivision 44;~~
- 171.30 ~~(16) (14) items purchased for use in providing critical access dental services exempt~~
171.31 ~~under section 297A.70, subdivision 7, paragraph (c); and~~
- 171.32 ~~(17) (15) items and services purchased under a business subsidy agreement for use or~~
171.33 ~~consumption primarily in greater Minnesota exempt under section 297A.68, subdivision 44.~~
- 171.34 **EFFECTIVE DATE.** This section is effective the day following final enactment.

172.1 Sec. 74. Minnesota Statutes 2013 Supplement, section 297A.75, subdivision 2, is
172.2 amended to read:

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

172.6 (1) for subdivision 1, clauses (1), (2), and ~~(4)~~ (14), the applicant must be the
172.7 purchaser;

172.8 (2) for subdivision 1, ~~clauses~~ clause (3) and ~~(6)~~, the applicant must be the
172.9 governmental subdivision;

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

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

172.14 (5) for subdivision 1, clause ~~(7)~~ (6), the owner of the qualified low-income housing
172.15 project;

172.16 (6) for subdivision 1, clause ~~(8)~~ (7), the applicant must be a municipal electric utility
172.17 or a joint venture of municipal electric utilities;

172.18 (7) for subdivision 1, clauses ~~(9), (12), (13), (14)~~ (8), (11), (12), and ~~(17)~~ (15),
172.19 the owner of the qualifying business; and

172.20 (8) for subdivision 1, clauses (9), (10), ~~(11)~~, and ~~(15)~~ (13), the applicant must be the
172.21 governmental entity that owns or contracts for the project or facility.

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

172.23 Sec. 75. Minnesota Statutes 2013 Supplement, section 297A.75, subdivision 3, is
172.24 amended to read:

172.25 Subd. 3. **Application.** (a) The application must include sufficient information
172.26 to permit the commissioner to verify the tax paid. If the tax was paid by a contractor,
172.27 subcontractor, or builder, under subdivision 1, clauses (3) to ~~(15)~~ (13), or ~~(17)~~ (15), the
172.28 contractor, subcontractor, or builder must furnish to the refund applicant a statement
172.29 including the cost of the exempt items and the taxes paid on the items unless otherwise
172.30 specifically provided by this subdivision. The provisions of sections 289A.40 and
172.31 289A.50 apply to refunds under this section.

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

172.34 ~~(c) Total refunds for purchases of items in section 297A.71, subdivision 40, must not~~
172.35 ~~exceed \$5,000,000 in fiscal years 2010 and 2011. Applications for refunds for purchases~~

173.1 ~~of items in sections 297A.70, subdivision 3, paragraph (a), clause (11), and 297A.71,~~
173.2 ~~subdivision 40, must not be filed until after June 30, 2009.~~

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

173.4 Sec. 76. Minnesota Statutes 2012, section 297A.94, is amended to read:

173.5 **297A.94 DEPOSIT OF REVENUES.**

173.6 (a) Except as provided in this section, the commissioner shall deposit the revenues,
173.7 including interest and penalties, derived from the taxes imposed by this chapter in the state
173.8 treasury and credit them to the general fund.

173.9 (b) The commissioner shall deposit taxes in the Minnesota agricultural and economic
173.10 account in the special revenue fund if:

173.11 (1) the taxes are derived from sales and use of property and services purchased for
173.12 the construction and operation of an agricultural resource project; and

173.13 (2) the purchase was made on or after the date on which a conditional commitment
173.14 was made for a loan guaranty for the project under section 41A.04, subdivision 3.

173.15 The commissioner of management and budget shall certify to the commissioner the date
173.16 on which the project received the conditional commitment. The amount deposited in
173.17 the loan guaranty account must be reduced by any refunds and by the costs incurred by
173.18 the Department of Revenue to administer and enforce the assessment and collection of
173.19 the taxes.

173.20 (c) The commissioner shall deposit the revenues, including interest and penalties,
173.21 derived from the taxes imposed on sales and purchases included in section 297A.61,
173.22 subdivision 3, paragraph (g), clauses (1) and (4), in the state treasury, and credit them
173.23 as follows:

173.24 (1) first to the general obligation special tax bond debt service account in each fiscal
173.25 year the amount required by section 16A.661, subdivision 3, paragraph (b); and

173.26 (2) after the requirements of clause (1) have been met, the balance to the general fund.

173.27 (d) The commissioner shall deposit the revenues, including interest and penalties,
173.28 collected under section 297A.64, subdivision 5, in the state treasury and credit them to the
173.29 general fund. By July 15 of each year the commissioner shall transfer to the highway user
173.30 tax distribution fund an amount equal to the excess fees collected under section 297A.64,
173.31 subdivision 5, for the previous calendar year.

173.32 (e) ~~For fiscal year 2001, 97 percent; for fiscal years 2002 and 2003, 87 percent; and~~
173.33 ~~For fiscal year 2004 and thereafter, 72.43 percent of the revenues, including interest and~~

174.1 penalties, transmitted to the commissioner under section 297A.65, must be deposited by
174.2 the commissioner in the state treasury as follows:

174.3 (1) 50 percent of the receipts must be deposited in the heritage enhancement account
174.4 in the game and fish fund, and may be spent only on activities that improve, enhance, or
174.5 protect fish and wildlife resources, including conservation, restoration, and enhancement
174.6 of land, water, and other natural resources of the state;

174.7 (2) 22.5 percent of the receipts must be deposited in the natural resources fund, and
174.8 may be spent only for state parks and trails;

174.9 (3) 22.5 percent of the receipts must be deposited in the natural resources fund, and
174.10 may be spent only on metropolitan park and trail grants;

174.11 (4) three percent of the receipts must be deposited in the natural resources fund, and
174.12 may be spent only on local trail grants; and

174.13 (5) two percent of the receipts must be deposited in the natural resources fund,
174.14 and may be spent only for the Minnesota Zoological Garden, the Como Park Zoo and
174.15 Conservatory, and the Duluth Zoo.

174.16 (f) The revenue dedicated under paragraph (e) may not be used as a substitute
174.17 for traditional sources of funding for the purposes specified, but the dedicated revenue
174.18 shall supplement traditional sources of funding for those purposes. Land acquired with
174.19 money deposited in the game and fish fund under paragraph (e) must be open to public
174.20 hunting and fishing during the open season, except that in aquatic management areas or
174.21 on lands where angling easements have been acquired, fishing may be prohibited during
174.22 certain times of the year and hunting may be prohibited. At least 87 percent of the money
174.23 deposited in the game and fish fund for improvement, enhancement, or protection of fish
174.24 and wildlife resources under paragraph (e) must be allocated for field operations.

174.25 (g) The revenues deposited under paragraphs (a) to (f) do not include the revenues,
174.26 including interest and penalties, generated by the sales tax imposed under section
174.27 297A.62, subdivision 1a, which must be deposited as provided under the Minnesota
174.28 Constitution, article XI, section 15.

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

174.30 Sec. 77. Minnesota Statutes 2012, section 297B.09, is amended to read:

174.31 **297B.09 ALLOCATION OF REVENUE.**

174.32 Subdivision 1. **Deposit of revenues.** (a) Money collected and received under this
174.33 chapter must be deposited as provided in this subdivision.

175.1 ~~(b) From July 1, 2007, through June 30, 2008, 38.25 percent of the money collected~~
175.2 ~~and received must be deposited in the highway user tax distribution fund, 24 percent must~~
175.3 ~~be deposited in the metropolitan area transit account under section 16A.88, and 1.5 percent~~
175.4 ~~must be deposited in the greater Minnesota transit account under section 16A.88. The~~
175.5 ~~remaining money must be deposited in the general fund.~~

175.6 ~~(e) From July 1, 2008, through June 30, 2009, 44.25 percent of the money collected~~
175.7 ~~and received must be deposited in the highway user tax distribution fund, 27.75 percent~~
175.8 ~~must be deposited in the metropolitan area transit account under section 16A.88, 1.75~~
175.9 ~~percent must be deposited in the greater Minnesota transit account under section 16A.88,~~
175.10 ~~and the remaining money must be deposited in the general fund.~~

175.11 ~~(d) From July 1, 2009, through June 30, 2010, 47.5 percent of the money collected~~
175.12 ~~and received must be deposited in the highway user tax distribution fund, 30 percent~~
175.13 ~~must be deposited in the metropolitan area transit account under section 16A.88, 3.5~~
175.14 ~~percent must be deposited in the greater Minnesota transit account under section 16A.88,~~
175.15 ~~and 16.25 percent must be deposited in the general fund. The remaining amount must~~
175.16 ~~be deposited as follows:~~

175.17 ~~(1) 1.5 percent in the metropolitan area transit account, except that any amount in~~
175.18 ~~excess of \$6,000,000 must be deposited in the highway user tax distribution fund; and~~

175.19 ~~(2) 1.25 percent in the greater Minnesota transit account, except that any amount in~~
175.20 ~~excess of \$5,000,000 must be deposited in the highway user tax distribution fund.~~

175.21 ~~(e) From July 1, 2010, through June 30, 2011, 54.5 percent of the money collected~~
175.22 ~~and received must be deposited in the highway user tax distribution fund, 33.75 percent~~
175.23 ~~must be deposited in the metropolitan area transit account under section 16A.88, 3.75~~
175.24 ~~percent must be deposited in the greater Minnesota transit account under section 16A.88,~~
175.25 ~~and 6.25 percent must be deposited in the general fund. The remaining amount must~~
175.26 ~~be deposited as follows:~~

175.27 ~~(1) 1.5 percent in the metropolitan area transit account, except that any amount in~~
175.28 ~~excess of \$6,750,000 must be deposited in the highway user tax distribution fund; and~~

175.29 ~~(2) 0.25 percent in the greater Minnesota transit account, except that any amount in~~
175.30 ~~excess of \$1,250,000 must be deposited in the highway user tax distribution fund.~~

175.31 ~~(f) On and after July 1, 2011, (b) 60 percent of the money collected and received~~
175.32 ~~must be deposited in the highway user tax distribution fund, 36 percent must be deposited~~
175.33 ~~in the metropolitan area transit account under section 16A.88, and four percent must be~~
175.34 ~~deposited in the greater Minnesota transit account under section 16A.88.~~

175.35 ~~(g) (c) It is the intent of the legislature that the allocations under paragraph (f) (b)~~
175.36 ~~remain unchanged for fiscal year 2012 and all subsequent fiscal years.~~

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

176.2 Sec. 78. Minnesota Statutes 2012, section 297F.03, subdivision 2, is amended to read:

176.3 Subd. 2. **Form of application.** Every application for a cigarette or tobacco products
176.4 license shall be made on a form prescribed by the commissioner ~~and shall state the name~~
176.5 ~~and address of the applicant; if the applicant is a firm, partnership, or association, the name~~
176.6 ~~and address of each of its members; if the applicant is a corporation, the name and address~~
176.7 ~~of each of its officers; the address of its principal place of business; the place where the~~
176.8 ~~business to be licensed is to be conducted; and any other information the commissioner~~
176.9 ~~may require for the administration of this chapter.~~

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

176.11 Sec. 79. Minnesota Statutes 2012, section 297H.06, subdivision 2, is amended to read:

176.12 Subd. 2. **Materials.** The tax is not imposed upon charges to generators of mixed
176.13 municipal solid waste or upon the volume of nonmixed municipal solid waste for waste
176.14 management services to manage the following materials:

176.15 (1) mixed municipal solid waste and nonmixed municipal solid waste generated
176.16 outside of Minnesota;

176.17 (2) recyclable materials that are separated for recycling by the generator, collected
176.18 separately from other waste, and recycled, to the extent the price of the service for
176.19 handling recyclable material is separately itemized;

176.20 (3) recyclable nonmixed municipal solid waste that is separated for recycling by
176.21 the generator, collected separately from other waste, delivered to a waste facility for the
176.22 purpose of recycling, and recycled;

176.23 (4) industrial waste, when it is transported to a facility owned and operated by
176.24 the same person that generated it;

176.25 (5) mixed municipal solid waste from a recycling facility that separates or processes
176.26 recyclable materials and reduces the volume of the waste by at least 85 percent, provided
176.27 that the exempted waste is managed separately from other waste;

176.28 (6) recyclable materials that are separated from mixed municipal solid waste by the
176.29 generator, collected and delivered to a waste facility that recycles at least 85 percent of its
176.30 waste, and are collected with mixed municipal solid waste that is segregated in leakproof
176.31 bags, provided that the mixed municipal solid waste does not exceed five percent of the
176.32 total weight of the materials delivered to the facility and is ultimately delivered to a waste
176.33 facility identified as a preferred waste management facility in county solid waste plans
176.34 under section 115A.46;

177.1 (7) source-separated compostable waste, if the waste is delivered to a facility
177.2 exempted as described in this clause. To initially qualify for an exemption, a facility must
177.3 apply for an exemption in its application for a new or amended solid waste permit to the
177.4 Pollution Control Agency. The first time a facility applies to the agency it must certify in
177.5 its application that it will comply with the criteria in items (i) to (v) and the commissioner
177.6 of the agency shall so certify to the commissioner of revenue who must grant the
177.7 exemption. ~~For each subsequent calendar year, by October 1 of the preceding year, The~~
177.8 ~~facility must annually apply to the agency for certification to renew its exemption for the~~
177.9 ~~following year. The application must be filed according to the procedures of, and contain~~
177.10 ~~the information required by, the agency. The commissioner of revenue shall grant the~~
177.11 ~~exemption if the commissioner of the Pollution Control Agency finds and certifies to the~~
177.12 ~~commissioner of revenue that based on an evaluation of the composition of incoming~~
177.13 ~~waste and residuals and the quality and use of the product:~~

177.14 (i) generators separate materials at the source;

177.15 (ii) the separation is performed in a manner appropriate to the technology specific
177.16 to the facility that:

177.17 (A) maximizes the quality of the product;

177.18 (B) minimizes the toxicity and quantity of residuals; and

177.19 (C) provides an opportunity for significant improvement in the environmental
177.20 efficiency of the operation;

177.21 (iii) the operator of the facility educates generators, in coordination with each county
177.22 using the facility, about separating the waste to maximize the quality of the waste stream
177.23 for technology specific to the facility;

177.24 (iv) process residuals do not exceed 15 percent of the weight of the total material
177.25 delivered to the facility; and

177.26 (v) the final product is accepted for use;

177.27 (8) waste and waste by-products for which the tax has been paid; and

177.28 (9) daily cover for landfills that has been approved in writing by the Minnesota
177.29 Pollution Control Agency.

177.30 Sec. 80. Minnesota Statutes 2012, section 297I.05, subdivision 14, is amended to read:

177.31 Subd. 14. **Life insurance.** A tax is imposed on life insurance. The rate of tax equals
177.32 ~~a percentage~~ 1.5 percent of gross premiums less return premiums on all direct business
177.33 received by the insurer or agents of the insurer in Minnesota for life insurance, in cash or
177.34 otherwise, during the year. ~~For premiums received after December 31, 2005, but before~~
177.35 ~~January 1, 2007, the rate of tax is 1.875 percent. For premiums received after December~~

178.1 31, 2006, but before January 1, 2008, the rate of tax is 1.75 percent. For premiums
178.2 received after December 31, 2007, but before January 1, 2009, the rate of tax is 1.625
178.3 percent. For premiums received after December 31, 2008, the rate of tax is 1.5 percent.

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

178.5 Sec. 81. Minnesota Statutes 2012, section 298.75, subdivision 1, is amended to read:

178.6 Subdivision 1. **Definitions.** Except as may otherwise be provided, the following
178.7 words, when used in this section, shall have the meanings herein ascribed to them.

178.8 (a) "Aggregate material" means:

178.9 (1) nonmetallic natural mineral aggregate including, but not limited to sand, silica
178.10 sand, gravel, crushed rock, limestone, granite, and borrow, but only if the borrow is
178.11 transported on a public road, street, or highway, provided that nonmetallic aggregate
178.12 material does not include dimension stone and dimension granite; and

178.13 (2) taconite tailings, crushed rock, and architectural or dimension stone and dimension
178.14 granite removed from a taconite mine or the site of a previously operated taconite mine.

178.15 Aggregate material must be measured or weighed after it has been extracted from
178.16 the pit, quarry, or deposit.

178.17 (b) "Person" means any individual, firm, partnership, corporation, organization,
178.18 trustee, association, or other entity.

178.19 (c) "Operator" means any person engaged in the business of removing aggregate
178.20 material from the surface or subsurface of the soil, for the purpose of sale, either directly
178.21 or indirectly, through the use of the aggregate material in a marketable product or service.

178.22 (d) "Extraction site" means a pit, quarry, or deposit containing aggregate material
178.23 and any contiguous property to the pit, quarry, or deposit which is used by the operator for
178.24 stockpiling the aggregate material.

178.25 (e) "Importer" means any person who buys aggregate material excavated from a
178.26 county not listed in paragraph (f) or another state site on which the tax under this section is
178.27 not imposed and causes the aggregate material to be imported into a county in this state
178.28 which imposes a tax on aggregate material.

178.29 (f) "County" means ~~the counties of Pope, Stearns, Benton, Sherburne, Carver, Scott,~~
178.30 ~~Dakota, Le Sueur, Kittson, Marshall, Pennington, Red Lake, Polk, Norman, Mahnomon,~~
178.31 ~~Clay, Becker, Carlton, St. Louis, Rock, Murray, Wilkin, Big Stone, Sibley, Hennepin,~~
178.32 ~~Washington, Chisago, and Ramsey.~~ County also means a county imposing the tax under
178.33 this section on December 31, 2014, or any other county whose board has voted after a
178.34 public hearing to impose the tax under this section and has notified the commissioner of
178.35 revenue of the imposition of the tax.

179.1 (g) "Borrow" means granular borrow, consisting of durable particles of gravel and
179.2 sand, crushed quarry or mine rock, crushed gravel or stone, or any combination thereof,
179.3 the ratio of the portion passing the (#200) sieve divided by the portion passing the (1 inch)
179.4 sieve may not exceed 20 percent by mass.

179.5 **EFFECTIVE DATE.** This section is effective January 1, 2015.

179.6 Sec. 82. Minnesota Statutes 2012, section 412.131, is amended to read:

179.7 **412.131 ASSESSOR; DUTIES, COMPENSATION.**

179.8 The city assessor, if there is one, shall assess and return as provided by law all
179.9 property taxable within the city, if a separate assessment district, and the assessor of the
179.10 town within which the city lies shall not include in the return any property taxable in the
179.11 city. Any assessor may appoint a deputy assessor as provided in section 273.06. The
179.12 assessor may be compensated on a full-time or part-time basis at the option of the council
179.13 ~~but the compensation shall be not less than \$100 in any one year, if fixed on an annual~~
179.14 ~~basis, or not more than \$20 per day, if fixed on a per diem basis. If the compensation is~~
179.15 ~~not fixed by the council the assessor shall be entitled to compensation at the rate of \$20~~
179.16 ~~per day for each days service necessarily rendered, and mileage at the rate paid other city~~
179.17 ~~officers for each mile necessarily traveled in going to and returning from the county seat of~~
179.18 ~~the county to attend any meeting of the assessors of the county legally called by the county~~
179.19 ~~auditor, and also for each mile necessarily traveled in making the return of assessment~~
179.20 ~~to the proper county officer and in attending sectional meetings called by the county~~
179.21 ~~assessor, except when mileage is paid by the county. In addition to other compensation,~~
179.22 ~~the council may allow the assessor mileage at the same rate per mile as paid other city~~
179.23 ~~officers for each mile necessarily traveled in assessment work.~~

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

179.25 Sec. 83. Minnesota Statutes 2013 Supplement, section 423A.022, subdivision 3,
179.26 is amended to read:

179.27 Subd. 3. **Reporting; definitions.** (a) On or before September 1, annually, the
179.28 executive director of the Public Employees Retirement Association shall report to the
179.29 commissioner of revenue the following:

179.30 (1) the municipalities which employ firefighters with retirement coverage by the
179.31 public employees police and fire retirement plan;

179.32 ~~(2) the number of firefighters with public employees police and fire retirement plan~~
179.33 ~~coverage employed by each municipality;~~

180.1 ~~(3)~~ (2) the fire departments covered by the voluntary statewide lump-sum volunteer
180.2 firefighter retirement plan; and

180.3 ~~(4)~~ (3) any other information requested by the commissioner to administer the police
180.4 and firefighter retirement supplemental state aid program.

180.5 ~~(b) For this subdivision, (i) the number of firefighters employed by a municipality~~
180.6 ~~who have public employees police and fire retirement plan coverage means the number~~
180.7 ~~of firefighters with public employees police and fire retirement plan coverage that were~~
180.8 ~~employed by the municipality for not less than 30 hours per week for a minimum of six~~
180.9 ~~months prior to December 31 preceding the date of the payment under this section and, if~~
180.10 ~~the person was employed for less than the full year, prorated to the number of full months~~
180.11 ~~employed; and (ii) the number of active police officers certified for police state aid receipt~~
180.12 ~~under section 69.011, subdivisions 2 and 2b, means, for each municipality, the number of~~
180.13 ~~police officers meeting the definition of peace officer in section 69.011, subdivision 1,~~
180.14 ~~counted as provided and limited by section 69.011, subdivisions 2 and 2b.~~

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

180.16 Sec. 84. Minnesota Statutes 2013 Supplement, section 465.04, is amended to read:

180.17 **465.04 ACCEPTANCE OF GIFTS.**

180.18 ~~Cities~~ A city of the second, third, or fourth class, ~~having at any time an estimated~~
180.19 ~~market value of not more than \$41,000,000, as officially equalized by the commissioner~~
180.20 ~~of revenue, either operating under a home rule charter or under the laws of this state, in~~
180.21 ~~addition to all other powers possessed by them, hereby are authorized and empowered to~~
180.22 may receive and accept gifts and donations for the use and benefit of ~~such cities and the~~
180.23 city and its inhabitants thereof upon terms and conditions to be approved by the governing
180.24 ~~bodies~~ body of such cities; ~~and such cities are authorized to comply with and perform such~~
180.25 the city. ~~The~~ terms and conditions, ~~which~~ may include payment to the donor or donors of
180.26 interest on the value of the gift at not exceeding five percent per annum payable annually or
180.27 semiannually, during the remainder of the natural life or lives of ~~such~~ the donor or donors.

180.28 Sec. 85. Minnesota Statutes 2012, section 469.176, subdivision 1b, is amended to read:

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

180.31 (1) after 15 years after receipt by the authority of the first increment for a renewal
180.32 and renovation district;

181.1 (2) after 20 years after receipt by the authority of the first increment for a soils
181.2 condition district;

181.3 (3) after eight years after receipt by the authority of the first increment for an
181.4 economic development district;

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

181.7 (b) For purposes of determining a duration limit under this subdivision or subdivision
181.8 1e that is based on the receipt of an increment, any increments from taxes payable in the year
181.9 in which the district terminates shall be paid to the authority. This paragraph does not affect
181.10 a duration limit calculated from the date of approval of the tax increment financing plan or
181.11 based on the recovery of costs or to a duration limit under subdivision 1c. This paragraph
181.12 does not supersede the restrictions on payment of delinquent taxes in subdivision 1f.

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

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

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

181.23 Sec. 86. Minnesota Statutes 2012, section 469.176, subdivision 3, is amended to read:

181.24 Subd. 3. **Limitation on administrative expenses.** (a) For districts for which
181.25 certification was requested before ~~August 1, 1979~~, or after ~~June 30, 1982~~ and before
181.26 August 1, 2001, no tax increment shall be used to pay any administrative expenses for
181.27 a project which exceed ten percent of the total estimated tax increment expenditures
181.28 authorized by the tax increment financing plan or the total tax increment expenditures
181.29 for the project, whichever is less.

181.30 ~~(b) For districts for which certification was requested after July 31, 1979, and before~~
181.31 ~~July 1, 1982, no tax increment shall be used to pay administrative expenses, as defined in~~
181.32 ~~Minnesota Statutes 1980, section 273.73, for a district which exceeds five percent of the~~
181.33 ~~total tax increment expenditures authorized by the tax increment financing plan or the total~~
181.34 ~~estimated tax increment expenditures for the district, whichever is less.~~

182.1 ~~(e)~~ (b) For districts for which certification was requested after July 31, 2001, no tax
182.2 increment may be used to pay any administrative expenses for a project which exceed
182.3 ten percent of total estimated tax increment expenditures authorized by the tax increment
182.4 financing plan or the total tax increments, as defined in section 469.174, subdivision 25,
182.5 clause (1), from the district, whichever is less.

182.6 ~~(d)~~ (c) Increments used to pay the county's administrative expenses under
182.7 subdivision 4h are not subject to the percentage limits in this subdivision.

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

182.9 Sec. 87. Minnesota Statutes 2013 Supplement, section 469.1763, subdivision 2,
182.10 is amended to read:

182.11 Subd. 2. **Expenditures outside district.** (a) For each tax increment financing
182.12 district, an amount equal to at least 75 percent of the total revenue derived from tax
182.13 increments paid by properties in the district must be expended on activities in the district
182.14 or to pay bonds, to the extent that the proceeds of the bonds were used to finance activities
182.15 in the district or to pay, or secure payment of, debt service on credit enhanced bonds.
182.16 For districts, other than redevelopment districts for which the request for certification
182.17 was made after June 30, 1995, the in-district percentage for purposes of the preceding
182.18 sentence is 80 percent. Not more than 25 percent of the total revenue derived from tax
182.19 increments paid by properties in the district may be expended, through a development fund
182.20 or otherwise, on activities outside of the district but within the defined geographic area of
182.21 the project except to pay, or secure payment of, debt service on credit enhanced bonds.
182.22 For districts, other than redevelopment districts for which the request for certification was
182.23 made after June 30, 1995, the pooling percentage for purposes of the preceding sentence is
182.24 20 percent. The revenue derived from tax increments for the district that are expended on
182.25 costs under section 469.176, subdivision 4h, paragraph (b), may be deducted first before
182.26 calculating the percentages that must be expended within and without the district.

182.27 (b) In the case of a housing district, a housing project, as defined in section 469.174,
182.28 subdivision 11, is an activity in the district.

182.29 (c) All administrative expenses are for activities outside of the district, except that
182.30 if the only expenses for activities outside of the district under this subdivision are for
182.31 the purposes described in paragraph (d), administrative expenses will be considered as
182.32 expenditures for activities in the district.

182.33 (d) The authority may elect, in the tax increment financing plan for the district,
182.34 to increase by up to ten percentage points the permitted amount of expenditures for
182.35 activities located outside the geographic area of the district under paragraph (a). As

183.1 permitted by section 469.176, subdivision 4k, the expenditures, including the permitted
183.2 expenditures under paragraph (a), need not be made within the geographic area of the
183.3 project. Expenditures that meet the requirements of this paragraph are legally permitted
183.4 expenditures of the district, notwithstanding section 469.176, subdivisions 4b, 4c, and 4j.

183.5 To qualify for the increase under this paragraph, the expenditures must:

183.6 (1) be used exclusively to assist housing that meets the requirement for a qualified
183.7 low-income building, as that term is used in section 42 of the Internal Revenue Code; and

183.8 (2) not exceed the qualified basis of the housing, as defined under section 42(c) of
183.9 the Internal Revenue Code, less the amount of any credit allowed under section 42 of
183.10 the Internal Revenue Code; and

183.11 (3) be used to:

183.12 (i) acquire and prepare the site of the housing;

183.13 (ii) acquire, construct, or rehabilitate the housing; or

183.14 (iii) make public improvements directly related to the housing; or

183.15 (4) be used to develop housing:

183.16 (i) if the market value of the housing does not exceed the lesser of:

183.17 (A) 150 percent of the average market value of single-family homes in that
183.18 municipality; or

183.19 (B) \$200,000 for municipalities located in the metropolitan area, as defined in
183.20 section 473.121, or \$125,000 for all other municipalities; and

183.21 (ii) if the expenditures are used to pay the cost of site acquisition, relocation,
183.22 demolition of existing structures, site preparation, and pollution abatement on one or
183.23 more parcels, if the parcel contains a residence containing one to four family dwelling
183.24 units that has been vacant for six or more months and is in foreclosure as defined in
183.25 section 325N.10, subdivision 7, but without regard to whether the residence is the owner's
183.26 principal residence, and only after the redemption period has expired.

183.27 (e) For a district created within a biotechnology and health sciences industry zone
183.28 as defined in section 469.330, subdivision 6, or for an existing district located within
183.29 such a zone, tax increment derived from such a district may be expended outside of the
183.30 district but within the zone only for expenditures required for the construction of public
183.31 infrastructure necessary to support the activities of the zone, land acquisition, and other
183.32 redevelopment costs as defined in section 469.176, subdivision 4j. These expenditures are
183.33 considered as expenditures for activities within the district. The authority provided by
183.34 this paragraph expires for expenditures made after the later of (1) December 31, 2015,
183.35 or (2) the end of the five-year period beginning on the date the district was certified,
183.36 provided that date was before January 1, 2016.

184.1 (f) The authority under paragraph (d), clause (4), expires on December 31, 2016.
184.2 Increments may continue to be expended under this authority after that date, if they are
184.3 used to pay bonds or binding contracts that would qualify under subdivision 3, paragraph
184.4 (a), if December 31, 2016, is considered to be the last date of the five-year period after
184.5 certification under that provision.

184.6 **EFFECTIVE DATE.** This section is effective the day following final enactment
184.7 and applies to all districts, regardless of when the request for certification was made.

184.8 Sec. 88. Minnesota Statutes 2012, section 473.665, subdivision 5, is amended to read:

184.9 Subd. 5. **Tax levy; surplus; reduction.** The corporation, upon issuing any bonds
184.10 under the provisions of this section, shall, before the issuance thereof, levy for each year,
184.11 until the principal and interest are paid in full, a direct annual tax on all the taxable property
184.12 of the cities in and for which the corporation has been created in an amount not less than
184.13 five percent in excess of the sum required to pay the principal and interest thereof, when
184.14 and as such principal and interest matures. After any of such bonds have been delivered to
184.15 purchasers, such tax shall be irrevocable until all such indebtedness is paid, and after the
184.16 issuance of such bonds no further action of the corporation shall be necessary to authorize
184.17 the extensions, assessments, and collection of such tax. The secretary of the corporation
184.18 shall forthwith furnish a certified copy of such levy to the county auditor or county
184.19 auditors of the county or counties in which the cities in and for which the corporation has
184.20 been created are located, together with full information regarding the bonds for which the
184.21 tax is levied, and such county auditor or such county auditors, as the case may be, shall
184.22 enter the same in the register provided for in section 475.62, or a similar register, and shall
184.23 extend and assess the tax so levied. If both cities are located wholly within one county, the
184.24 county auditor thereof shall annually extend and assess the amount of the tax so levied. If
184.25 the cities are located in different counties, the county auditor of each such county shall
184.26 annually extend and assess such portion of the tax levied as the net tax capacity of the
184.27 taxable property, ~~not including moneys and credits,~~ located wholly within the city in such
184.28 county bears to the total net tax capacity of the taxable property, ~~not including moneys and~~
184.29 ~~credits,~~ within both cities. Any surplus resulting from the excess levy herein provided
184.30 for shall be transferred to a sinking fund after the principal and interest for which the tax
184.31 was levied and collected has been paid; provided, that the corporation may, on or before
184.32 October 15 in any year, by appropriate action, cause its secretary to certify to the county
184.33 auditor, or auditors, the amount on hand and available in its treasury from earnings, or
184.34 otherwise, including the amount in the sinking fund, which it will use to pay principal or
184.35 interest or both on each specified issue of its bonds, and the county auditor or auditors

185.1 shall reduce the levy for that year, herein provided for by that amount. The amount of
185.2 funds so certified shall be set aside by the corporation, and be used for no other purpose
185.3 than for the payment of the principal and interest of the bonds. All taxes hereunder shall
185.4 be collected and remitted to the corporation by the county treasurer or county treasurers,
185.5 in accordance with the provisions of law governing the collection of other taxes, and shall
185.6 be used solely for the payment of the bonds where due.

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

185.8 Sec. 89. Minnesota Statutes 2012, section 477A.0124, subdivision 5, is amended to
185.9 read:

185.10 Subd. 5. **County transition aid.** ~~(a) For 2009 and each year thereafter,~~ A county is
185.11 eligible to receive the transition aid it received in 2007.

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

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

185.16 Sec. 90. Minnesota Statutes 2012, section 477A.014, subdivision 1, is amended to read:

185.17 Subdivision 1. **Calculations and payments.** (a) The commissioner of revenue shall
185.18 make all necessary calculations and make payments pursuant to sections 477A.013 and
185.19 477A.03 directly to the affected taxing authorities annually. In addition, the commissioner
185.20 shall notify the authorities of their aid amounts, as well as the computational factors used
185.21 in making the calculations for their authority, and those statewide total figures that are
185.22 pertinent, before August 1 of the year preceding the aid distribution year.

185.23 (b) For the purposes of this subdivision, aid is determined for a city or town based
185.24 on its city or town status as of June 30 of the year preceding the aid distribution year. If
185.25 the effective date for a municipal incorporation, consolidation, annexation, detachment,
185.26 dissolution, or township organization is on or before June 30 of the year preceding
185.27 the aid distribution year, such change in boundaries or form of government shall be
185.28 recognized for aid determinations for the aid distribution year. If the effective date for a
185.29 municipal incorporation, consolidation, annexation, detachment, dissolution, or township
185.30 organization is after June 30 of the year preceding the aid distribution year, such change in
185.31 boundaries or form of government shall not be recognized for aid determinations until
185.32 the following year.

186.1 (c) Changes in boundaries or form of government will only be recognized for the
186.2 purposes of this subdivision, to the extent that: (1) changes in market values are included
186.3 in market values reported by assessors to the commissioner, and changes in population;
186.4 and household size, ~~and the road accidents factor~~ are included in their respective
186.5 certifications to the commissioner as referenced in section 477A.011, or (2) an annexation
186.6 information report as provided in paragraph (d) is received by the commissioner on
186.7 or before July 15 of the aid calculation year. Revisions to estimates or data for use in
186.8 recognizing changes in boundaries or form of government are not effective for purposes
186.9 of this subdivision unless received by the commissioner on or before July 15 of the aid
186.10 calculation year. Clerical errors in the certification or use of estimates and data established
186.11 as of July 15 in the aid calculation year are subject to correction within the time periods
186.12 allowed under subdivision 3.

186.13 (d) In the case of an annexation, an annexation information report may be completed
186.14 by the annexing jurisdiction and submitted to the commissioner for purposes of this
186.15 subdivision if the net tax capacity of annexed area for the assessment year preceding the
186.16 effective date of the annexation exceeds five percent of the city's net tax capacity for the
186.17 same year. The form and contents of the annexation information report shall be prescribed
186.18 by the commissioner. The commissioner shall change the net tax capacity, the population,
186.19 the population decline, the commercial industrial percentage, and the transformed
186.20 population for the annexing jurisdiction only if the annexation information report provides
186.21 data the commissioner determines to be reliable for all of these factors used to compute city
186.22 revenue need for the annexing jurisdiction. The commissioner shall adjust the pre-1940
186.23 housing percentage, ~~the road accidents factor~~, and household size only if the entire area of
186.24 an existing city or town is annexed or consolidated and only if reliable data is available for
186.25 all of these factors used to compute city revenue need for the annexing jurisdiction.

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

186.27 Sec. 91. Minnesota Statutes 2012, section 611.27, subdivision 13, is amended to read:

186.28 Subd. 13. **Public defense services; correctional facility inmates.** All billings
186.29 for services rendered and ordered under subdivision 7 shall require the approval of the
186.30 chief district public defender before being forwarded on a monthly basis to the state
186.31 public defender. In cases where adequate representation cannot be provided by the district
186.32 public defender and where counsel has been appointed under a court order, the state
186.33 public defender shall forward to the commissioner of management and budget all billings
186.34 for services rendered under the court order. The commissioner shall pay for services

187.1 from county program aid retained by the commissioner of revenue for that purpose under
187.2 section ~~477A.0124, subdivision 1, clause (4), or 477A.03~~, subdivision 2b, paragraph (a).

187.3 The costs of appointed counsel and associated services in cases arising from new
187.4 criminal charges brought against indigent inmates who are incarcerated in a Minnesota
187.5 state correctional facility are the responsibility of the state Board of Public Defense. In
187.6 such cases the state public defender may follow the procedures outlined in this section for
187.7 obtaining court-ordered counsel.

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

187.9 Sec. 92. Minnesota Statutes 2012, section 611.27, subdivision 15, is amended to read:

187.10 Subd. 15. **Costs of transcripts.** In appeal cases and postconviction cases where
187.11 the appellate public defender's office does not have sufficient funds to pay for transcripts
187.12 and other necessary expenses because it has spent or committed all of the transcript
187.13 funds in its annual budget, the state public defender may forward to the commissioner
187.14 of management and budget all billings for transcripts and other necessary expenses. The
187.15 commissioner shall pay for these transcripts and other necessary expenses from county
187.16 program aid retained by the commissioner of revenue for that purpose under section
187.17 ~~477A.0124, subdivision 1, clause (4), or 477A.03~~, subdivision 2b, paragraph (a).

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

187.19 Sec. 93. **REVISOR'S INSTRUCTION.**

187.20 The revisor of statutes shall make all necessary cross-reference changes in
187.21 Minnesota Statutes and Minnesota Rules consistent with the amendments and repealers in
187.22 this article. The revisor can make changes to sentence structure to preserve the meaning of
187.23 the text. The revisor shall make other changes in chapter titles; section, subdivision, part,
187.24 and subpart headnotes; and in other terminology necessary as a result of the enactment of
187.25 this act. The Department of Revenue shall assist in making these corrections.

187.26 Sec. 94. **REPEALER.**

187.27 (a) Minnesota Statutes 2012, sections 273.1398, subdivision 4b; 290.01, subdivision
187.28 19e; 290.0674, subdivision 3; 290.191, subdivision 4; and 290.33, and Minnesota Rules,
187.29 part 8007.0200, are repealed.

187.30 (b) Minnesota Statutes 2012, sections 16D.02, subdivisions 5 and 8; 16D.11,
187.31 subdivision 2; 270C.53; 270C.991, subdivision 4; 272.02, subdivisions 1, 1a, 43, 48, 51,
187.32 53, 67, 72, and 82; 272.027, subdivision 2; 272.031; 273.015, subdivision 1; 273.03,

188.1 subdivision 3; 273.075; 273.13, subdivision 21a; 273.1383; 273.1386; 273.80; 275.77;
188.2 279.32; 281.173, subdivision 8; 281.174, subdivision 8; 281.328; 282.10; 282.23; 287.20,
188.3 subdivision 4; 287.27, subdivision 2; 290.01, subdivisions 4b and 20e; 295.52, subdivision
188.4 7; 297A.666; 297A.71, subdivisions 4, 5, 7, 9, 10, 17, 18, 20, 32, and 41; 297F.08,
188.5 subdivision 11; 297H.10, subdivision 2; 469.174, subdivision 10c; 469.175, subdivision
188.6 2b; 469.176, subdivision 1i; 469.177, subdivision 10; 477A.0124, subdivisions 1 and 6;
188.7 and 505.173, Minnesota Statutes 2013 Supplement, section 273.1103, Laws 1993, chapter
188.8 375, article 9, section 47, and Minnesota Rules, parts 8002.0200, subpart 8; 8100.0800;
188.9 and 8130.7500, subpart 7, are repealed.

188.10 (c) Minnesota Statutes 2012, section 469.1764, is repealed.

188.11 (d) Minnesota Statutes 2012, sections 289A.56, subdivision 7; 297A.68, subdivision
188.12 38; 469.330; 469.331; 469.332; 469.333; 469.334; 469.335; 469.336; 469.337; 469.338;
188.13 469.339; 469.340, subdivisions 1, 2, 3, and 5; and 469.341, and Minnesota Statutes 2013
188.14 Supplement, section 469.340, subdivision 4, are repealed.

188.15 (e) Minnesota Statutes 2012, section 290.06, subdivisions 30 and 31, are repealed.

188.16 **EFFECTIVE DATE.** Paragraph (a) is effective for taxable years beginning after
188.17 December 31, 2013.

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

188.19 Paragraph (c) is effective the day following final enactment and any remaining
188.20 unexpended tax increments from a district subject to Minnesota Statutes, section 469.1764,
188.21 must be distributed as excess increments to the city, county, and school district under
188.22 Minnesota Statutes, section 469.176, subdivision 2, paragraph (c), clause (4), on or before
188.23 December 31, 2014.

188.24 Paragraph (d) is effective the day following final enactment.

188.25 Paragraph (e) is effective for taxable years beginning after December 31, 2013.

188.26 **ARTICLE 10**

188.27 **DEPARTMENT OF REVENUE - TECHNICAL AND POLICY** 188.28 **PROPERTY TAX PROVISIONS**

188.29 Section 1. Minnesota Statutes 2012, section 270.87, is amended to read:

188.30 **270.87 CERTIFICATION TO COUNTY ASSESSORS.**

188.31 After making an annual determination of the equalized fair market value of the
188.32 operating property of each company in each of the respective counties, and in the taxing
188.33 districts therein, the commissioner shall certify the equalized fair market value to the
188.34 county assessor on or before June 30. The equalized fair market value of the operating

189.1 property of the railroad company in the county and the taxing districts therein is the value
189.2 on which taxes must be levied and collected in the same manner as on the commercial and
189.3 industrial property of such county and the taxing districts therein. If the commissioner
189.4 determines that the equalized fair market value certified on or before June 30 is in error,
189.5 the commissioner may issue a corrected certification on or before August 31. The
189.6 commissioner may correct errors that are merely clerical in nature until December 31.

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

189.8 Sec. 2. Minnesota Statutes 2012, section 272.029, subdivision 4a, is amended to read:

189.9 Subd. 4a. **Correction of errors.** If the commissioner of revenue determines that
189.10 the amount of production tax has been erroneously calculated, the commissioner may
189.11 correct the error. The commissioner must notify the owner of the wind energy conversion
189.12 system of the correction and the amount of tax due to each county and must certify the
189.13 correction to the county auditor of each county in which the system is located on or before
189.14 April 1 of the current year. The commissioner may correct errors that are merely clerical
189.15 in nature until December 31.

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

189.17 Sec. 3. Minnesota Statutes 2012, section 273.01, is amended to read:

189.18 **273.01 LISTING AND ASSESSMENT, TIME.**

189.19 All real property subject to taxation shall be listed and at least one-fifth of the parcels
189.20 listed shall be appraised each year with reference to their value on January 2 preceding the
189.21 assessment so that each parcel shall be reappraised at maximum intervals of five years. All
189.22 real property becoming taxable in any year shall be listed with reference to its value on
189.23 January 2 of that year. Except as provided in this section and section 274.01, subdivision
189.24 1, all real property assessments shall be completed two weeks prior to the date scheduled
189.25 for the local board of review or equalization. No changes in valuation or classification
189.26 which are intended to correct errors in judgment by the county assessor may be made by
189.27 the county assessor after the board of review or the county board of equalization has
189.28 adjourned; however, corrections of errors for real or personal property that are merely
189.29 clerical in nature or changes that extend homestead treatment to property are permitted
189.30 after adjournment until the tax extension date for that assessment year. Any changes made
189.31 by the assessor after adjournment must be fully documented and maintained in a file in the
189.32 assessor's office and shall be available for review by any person. A copy of any changes
189.33 made during this period shall be sent to the county board no later than December 31 of

190.1 the assessment year. In the event a valuation and classification is not placed on any real
190.2 property by the dates scheduled for the local board of review or equalization the valuation
190.3 and classification determined in the preceding assessment shall be continued in effect and
190.4 the provisions of section 273.13 shall, in such case, not be applicable, except with respect
190.5 to real estate which has been constructed since the previous assessment. Real property
190.6 containing iron ore, the fee to which is owned by the state of Minnesota, shall, if leased by
190.7 the state after January 2 in any year, be subject to assessment for that year on the value of
190.8 any iron ore removed under said lease prior to January 2 of the following year. Personal
190.9 property subject to taxation shall be listed and assessed annually with reference to its value
190.10 on January 2; and, if acquired on that day, shall be listed by or for the person acquiring it.

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

190.12 Sec. 4. Minnesota Statutes 2013 Supplement, section 273.13, subdivision 25, is
190.13 amended to read:

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

190.21 (b) Class 4b includes:

190.22 (1) residential real estate containing less than four units that does not qualify as class
190.23 4bb, other than seasonal residential recreational property;

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

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

190.27 (4) unimproved property that is classified residential as determined under subdivision
190.28 33.

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

190.30 (c) Class 4bb includes nonhomestead residential real estate containing one unit,
190.31 other than seasonal residential recreational property, and a single family dwelling, garage,
190.32 and surrounding one acre of property on a nonhomestead farm classified under subdivision
190.33 23, paragraph (b).

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

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

191.4 (d) Class 4c property includes:

191.5 (1) except as provided in subdivision 22, paragraph (c), real and personal property
191.6 devoted to commercial temporary and seasonal residential occupancy for recreation
191.7 purposes, for not more than 250 days in the year preceding the year of assessment. For
191.8 purposes of this clause, property is devoted to a commercial purpose on a specific day
191.9 if any portion of the property is used for residential occupancy, and a fee is charged for
191.10 residential occupancy. Class 4c property under this clause must contain three or more
191.11 rental units. A "rental unit" is defined as a cabin, condominium, townhouse, sleeping room,
191.12 or individual camping site equipped with water and electrical hookups for recreational
191.13 vehicles. A camping pad offered for rent by a property that otherwise qualifies for class
191.14 4c under this clause is also class 4c under this clause regardless of the term of the rental
191.15 agreement, as long as the use of the camping pad does not exceed 250 days. In order for a
191.16 property to be classified under this clause, either (i) the business located on the property
191.17 must provide recreational activities, at least 40 percent of the annual gross lodging receipts
191.18 related to the property must be from business conducted during 90 consecutive days,
191.19 and either (A) at least 60 percent of all paid bookings by lodging guests during the year
191.20 must be for periods of at least two consecutive nights; or (B) at least 20 percent of the
191.21 annual gross receipts must be from charges for providing recreational activities, or (ii) the
191.22 business must contain 20 or fewer rental units, and must be located in a township or a city
191.23 with a population of 2,500 or less located outside the metropolitan area, as defined under
191.24 section 473.121, subdivision 2, that contains a portion of a state trail administered by the
191.25 Department of Natural Resources. For purposes of item (i)(A), a paid booking of five or
191.26 more nights shall be counted as two bookings. Class 4c property also includes commercial
191.27 use real property used exclusively for recreational purposes in conjunction with other class
191.28 4c property classified under this clause and devoted to temporary and seasonal residential
191.29 occupancy for recreational purposes, up to a total of two acres, provided the property is
191.30 not devoted to commercial recreational use for more than 250 days in the year preceding
191.31 the year of assessment and is located within two miles of the class 4c property with which
191.32 it is used. In order for a property to qualify for classification under this clause, the owner
191.33 must submit a declaration to the assessor designating the cabins or units occupied for 250
191.34 days or less in the year preceding the year of assessment by January 15 of the assessment
191.35 year. Those cabins or units and a proportionate share of the land on which they are located
191.36 must be designated class 4c under this clause as otherwise provided. The remainder of the

192.1 cabins or units and a proportionate share of the land on which they are located will be
192.2 designated as class 3a. The owner of property desiring designation as class 4c property
192.3 under this clause must provide guest registers or other records demonstrating that the units
192.4 for which class 4c designation is sought were not occupied for more than 250 days in the
192.5 year preceding the assessment if so requested. The portion of a property operated as a
192.6 (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5) other
192.7 nonresidential facility operated on a commercial basis not directly related to temporary and
192.8 seasonal residential occupancy for recreation purposes does not qualify for class 4c. For
192.9 the purposes of this paragraph, "recreational activities" means renting ice fishing houses,
192.10 boats and motors, snowmobiles, downhill or cross-country ski equipment; providing
192.11 marina services, launch services, or guide services; or selling bait and fishing tackle;

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

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

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

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

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

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

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

192.29 For purposes of this clause:

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

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

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

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

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

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

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

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

193.23 (5)(i) manufactured home parks as defined in section 327.14, subdivision 3,
193.24 excluding manufactured home parks described in section 273.124, subdivision 3a, and (ii)
193.25 manufactured home parks as defined in section 327.14, subdivision 3, that are described in
193.26 section 273.124, subdivision 3a;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

194.35 (11) lakeshore and riparian property and adjacent land, not to exceed six acres, used
194.36 as a marina, as defined in section 86A.20, subdivision 5, which is made accessible to

195.1 the public and devoted to recreational use for marina services. The marina owner must
195.2 annually provide evidence to the assessor that it provides services, including lake or river
195.3 access to the public by means of an access ramp or other facility that is either located on
195.4 the property of the marina or at a publicly owned site that abuts the property of the marina.
195.5 No more than 800 feet of lakeshore may be included in this classification. Buildings used
195.6 in conjunction with a marina for marina services, including but not limited to buildings
195.7 used to provide food and beverage services, fuel, boat repairs, or the sale of bait or fishing
195.8 tackle, are classified as class 3a property; and

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

195.11 Class 4c property has a class rate of 1.5 percent of market value, except that (i) each
195.12 parcel of noncommercial seasonal residential recreational property under clause (12)
195.13 has the same class rates as class 4bb property, (ii) manufactured home parks assessed
195.14 under clause (5), item (i), have the same class rate as class 4b property, and the market
195.15 value of manufactured home parks assessed under clause (5), item (ii), ~~has the same class~~
195.16 ~~rate as class 4d property~~ has a classification rate of 0.75 percent if more than 50 percent
195.17 of the lots in the park are occupied by shareholders in the cooperative corporation or
195.18 association and a class rate of one percent if 50 percent or less of the lots are so occupied,
195.19 (iii) commercial-use seasonal residential recreational property and marina recreational
195.20 land as described in clause (11), has a class rate of one percent for the first \$500,000 of
195.21 market value, and 1.25 percent for the remaining market value, (iv) the market value of
195.22 property described in clause (4) has a class rate of one percent, (v) the market value of
195.23 property described in clauses (2), (6), and (10) has a class rate of 1.25 percent, and (vi)
195.24 that portion of the market value of property in clause (9) qualifying for class 4c property
195.25 has a class rate of 1.25 percent.

195.26 (e) Class 4d property is qualifying low-income rental housing certified to the assessor
195.27 by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion
195.28 of the units in the building qualify as low-income rental housing units as certified under
195.29 section 273.128, subdivision 3, only the proportion of qualifying units to the total number
195.30 of units in the building qualify for class 4d. The remaining portion of the building shall be
195.31 classified by the assessor based upon its use. Class 4d also includes the same proportion of
195.32 land as the qualifying low-income rental housing units are to the total units in the building.
195.33 For all properties qualifying as class 4d, the market value determined by the assessor must
195.34 be based on the normal approach to value using normal unrestricted rents.

195.35 (f) The first tier of market value of class 4d property has a class rate of 0.75 percent.
195.36 The remaining value of class 4d property has a class rate of 0.25 percent. For the purposes

196.1 of this paragraph, the "first tier of market value of class 4d property" means the market
196.2 value of each housing unit up to the first tier limit. For the purposes of this paragraph, all
196.3 class 4d property value must be assigned to individual housing units. The first tier limit is
196.4 \$100,000 for assessment year 2014. For subsequent years, the limit is adjusted each year
196.5 by the average statewide change in estimated market value of property classified as class 4a
196.6 and 4d under this section for the previous assessment year, excluding valuation change due
196.7 to new construction, rounded to the nearest \$1,000, provided, however, that the limit may
196.8 never be less than \$100,000. Beginning with assessment year 2015, the commissioner of
196.9 revenue must certify the limit for each assessment year by November 1 of the previous year.

196.10 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2014.

196.11 Sec. 5. Minnesota Statutes 2013 Supplement, section 273.1325, subdivision 1, is
196.12 amended to read:

196.13 Subdivision 1. **Computation.** The Department of Revenue must annually conduct
196.14 an assessment/sales ratio study of the taxable property in each county, city, town, and
196.15 school district in accordance with the procedures in subdivisions 2 and 3. Based upon the
196.16 results of this assessment/sales ratio study, the Department of Revenue must determine
196.17 an equalized net tax capacity for the various classes of taxable property in each taxing
196.18 district, the aggregate of which is designated as the adjusted net tax capacity. The adjusted
196.19 net tax capacity must be reduced by the captured tax capacity of tax increment districts
196.20 under section 469.177, subdivision 2, fiscal disparities contribution tax capacities under
196.21 sections 276A.06 and 473F.08, and the tax capacity of transmission lines required to be
196.22 subtracted from the local tax base under section 273.425; and increased by fiscal disparities
196.23 distribution tax capacities under sections 276A.06 and 473F.08. The adjusted net tax
196.24 capacities shall be determined using the net tax capacity percentages in effect for the
196.25 assessment year following the assessment year of the study. The Department of Revenue
196.26 must make whatever estimates are necessary to account for changes in the classification
196.27 system. The Department of Revenue may incur the expense necessary to make the
196.28 determinations. The commissioner of revenue may reimburse any county or governmental
196.29 official for requested services performed in ascertaining the adjusted net tax capacity. On
196.30 or before March 15 annually, the Department of Revenue shall file with the chair of the
196.31 Tax Committee of the house of representatives and the chair of the Committee on Taxes
196.32 and Tax laws of the senate a report of adjusted net tax capacities for school districts.
196.33 On or before June ~~15~~ 30 annually, the Department of Revenue shall file its final report
196.34 on the adjusted net tax capacities for school districts established by the previous year's
196.35 assessments and the current year's net tax capacity percentages with the commissioner of

197.1 education and each county auditor for those school districts for which the auditor has the
197.2 responsibility for determination of local tax rates. A copy of the report so filed shall be
197.3 mailed to the clerk of each school district involved and to the county assessor or supervisor
197.4 of assessments of the county or counties in which each school district is located.

197.5 **EFFECTIVE DATE.** This section is effective January 1, 2014.

197.6 Sec. 6. Minnesota Statutes 2012, section 273.33, subdivision 2, is amended to read:

197.7 Subd. 2. **Listing and assessment by commissioner.** The personal property,
197.8 consisting of the pipeline system of mains, pipes, and equipment attached thereto, of
197.9 pipeline companies and others engaged in the operations or business of transporting natural
197.10 gas, gasoline, crude oil, or other petroleum products by pipelines, shall be listed with and
197.11 assessed by the commissioner of revenue and the values provided to the city or county
197.12 assessor by order. This subdivision shall not apply to the assessment of the products
197.13 transported through the pipelines nor to the lines of local commercial gas companies
197.14 engaged primarily in the business of distributing gas to consumers at retail nor to pipelines
197.15 used by the owner thereof to supply natural gas or other petroleum products exclusively
197.16 for such owner's own consumption and not for resale to others. If more than 85 percent
197.17 of the natural gas or other petroleum products actually transported over the pipeline is
197.18 used for the owner's own consumption and not for resale to others, then this subdivision
197.19 shall not apply; provided, however, that in that event, the pipeline shall be assessed in
197.20 proportion to the percentage of gas actually transported over such pipeline that is not used
197.21 for the owner's own consumption. On or before August 1, the commissioner shall certify
197.22 to the auditor of each county, the amount of such personal property assessment against
197.23 each company in each district in which such property is located. If the commissioner
197.24 determines that the amount of personal property assessment certified on or before August
197.25 1 is in error, the commissioner may issue a corrected certification on or before October 1.
197.26 The commissioner may correct errors that are merely clerical in nature until December 31.

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

197.28 Sec. 7. Minnesota Statutes 2012, section 273.37, subdivision 2, is amended to read:

197.29 Subd. 2. **Listing and assessment by commissioner.** Transmission lines of less
197.30 than 69 kv, transmission lines of 69 kv and above located in an unorganized township,
197.31 and distribution lines, and equipment attached thereto, having a fixed situs outside the
197.32 corporate limits of cities except distribution lines taxed as provided in sections 273.40
197.33 and 273.41, shall be listed with and assessed by the commissioner of revenue in the

198.1 county where situated and the values provided to the city or county assessor by order.
198.2 The commissioner shall assess such property at the percentage of market value fixed by
198.3 law; and, on or before August 1, shall certify to the auditor of each county in which
198.4 such property is located the amount of the assessment made against each company and
198.5 person owning such property. If the commissioner determines that the amount of the
198.6 assessment certified on or before August 1 is in error, the commissioner may issue a
198.7 corrected certification on or before October 1. The commissioner may correct errors that
198.8 are merely clerical in nature until December 31.

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

198.10 Sec. 8. Minnesota Statutes 2012, section 273.3711, is amended to read:

198.11 **273.3711 RECOMMENDED AND ORDERED VALUES.**

198.12 For purposes of sections 273.33, 273.35, 273.36, 273.37, 273.371, and 273.372,
198.13 all values not required to be listed and assessed by the commissioner of revenue are
198.14 recommended values. If the commissioner provides recommended values, the values must
198.15 be certified to the auditor of each county in which the property is located on or before
198.16 August 1. If the commissioner determines that the certified recommended value is in
198.17 error the commissioner may issue a corrected certification on or before October 1. The
198.18 commissioner may correct errors that are merely clerical in nature until December 31.

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

198.20 Sec. 9. Minnesota Statutes 2012, section 274.01, subdivision 1, is amended to read:

198.21 Subdivision 1. **Ordinary board; meetings, deadlines, grievances.** (a) The town
198.22 board of a town, or the council or other governing body of a city, is the board of appeal
198.23 and equalization except (1) in cities whose charters provide for a board of equalization or
198.24 (2) in any city or town that has transferred its local board of review power and duties to
198.25 the county board as provided in subdivision 3. The county assessor shall fix a day and
198.26 time when the board or the board of equalization shall meet in the assessment districts
198.27 of the county. Notwithstanding any law or city charter to the contrary, a city board of
198.28 equalization shall be referred to as a board of appeal and equalization. On or before
198.29 February 15 of each year the assessor shall give written notice of the time to the city or
198.30 town clerk. Notwithstanding the provisions of any charter to the contrary, the meetings
198.31 must be held between April 1 and May 31 each year. The clerk shall give published and
198.32 posted notice of the meeting at least ten days before the date of the meeting.

199.1 The board shall meet either at a central location within the county or at the office of
199.2 the clerk to review the assessment and classification of property in the town or city. No
199.3 changes in valuation or classification which are intended to correct errors in judgment by
199.4 the county assessor may be made by the county assessor after the board has adjourned
199.5 in those cities or towns that hold a local board of review; however, corrections of errors
199.6 that are merely clerical in nature or changes that extend homestead treatment to property
199.7 are permitted after adjournment until the tax extension date for that assessment year. The
199.8 changes must be fully documented and maintained in the assessor's office and must be
199.9 available for review by any person. A copy of the changes made during this period in
199.10 those cities or towns that hold a local board of review must be sent to the county board no
199.11 later than December 31 of the assessment year.

199.12 (b) The board shall determine whether the taxable property in the town or city has
199.13 been properly placed on the list and properly valued by the assessor. If real or personal
199.14 property has been omitted, the board shall place it on the list with its market value, and
199.15 correct the assessment so that each tract or lot of real property, and each article, parcel,
199.16 or class of personal property, is entered on the assessment list at its market value. No
199.17 assessment of the property of any person may be raised unless the person has been
199.18 duly notified of the intent of the board to do so. On application of any person feeling
199.19 aggrieved, the board shall review the assessment or classification, or both, and correct
199.20 it as appears just. The board may not make an individual market value adjustment or
199.21 classification change that would benefit the property if the owner or other person having
199.22 control over the property has refused the assessor access to inspect the property and the
199.23 interior of any buildings or structures as provided in section 273.20. A board member
199.24 shall not participate in any actions of the board which result in market value adjustments
199.25 or classification changes to property owned by the board member, the spouse, parent,
199.26 stepparent, child, stepchild, grandparent, grandchild, brother, sister, uncle, aunt, nephew,
199.27 or niece of a board member, or property in which a board member has a financial interest.
199.28 The relationship may be by blood or marriage.

199.29 (c) A local board may reduce assessments upon petition of the taxpayer but the total
199.30 reductions must not reduce the aggregate assessment made by the county assessor by more
199.31 than one percent. If the total reductions would lower the aggregate assessments made by
199.32 the county assessor by more than one percent, none of the adjustments may be made. The
199.33 assessor shall correct any clerical errors or double assessments discovered by the board
199.34 without regard to the one percent limitation.

199.35 (d) A local board does not have authority to grant an exemption or to order property
199.36 removed from the tax rolls.

200.1 (e) A majority of the members may act at the meeting, and adjourn from day to day
200.2 until they finish hearing the cases presented. The assessor shall attend, with the assessment
200.3 books and papers, and take part in the proceedings, but must not vote. The county assessor,
200.4 or an assistant delegated by the county assessor shall attend the meetings. The board shall
200.5 list separately, on a form appended to the assessment book, all omitted property added
200.6 to the list by the board and all items of property increased or decreased, with the market
200.7 value of each item of property, added or changed by the board, placed opposite the item.
200.8 The county assessor shall enter all changes made by the board in the assessment book.

200.9 (f) Except as provided in subdivision 3, if a person fails to appear in person, by
200.10 counsel, or by written communication before the board after being duly notified of the
200.11 board's intent to raise the assessment of the property, or if a person feeling aggrieved by an
200.12 assessment or classification fails to apply for a review of the assessment or classification,
200.13 the person may not appear before the county board of appeal and equalization for a review
200.14 of the assessment or classification. This paragraph does not apply if an assessment was
200.15 made after the local board meeting, as provided in section 273.01, or if the person can
200.16 establish not having received notice of market value at least five days before the local
200.17 board meeting.

200.18 (g) The local board must complete its work and adjourn within 20 days from the
200.19 time of convening stated in the notice of the clerk, unless a longer period is approved by
200.20 the commissioner of revenue. No action taken after that date is valid. All complaints
200.21 about an assessment or classification made after the meeting of the board must be heard
200.22 and determined by the county board of equalization. A nonresident may, at any time,
200.23 before the meeting of the board file written objections to an assessment or classification
200.24 with the county assessor. The objections must be presented to the board at its meeting by
200.25 the county assessor for its consideration.

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

200.27 Sec. 10. Minnesota Statutes 2012, section 274.014, subdivision 3, is amended to read:

200.28 Subd. 3. **Proof of compliance; transfer of duties.** (a) Any city or town that
200.29 conducts local boards of appeal and equalization meetings must provide proof to the
200.30 county assessor by ~~December 1, 2006, and each year thereafter,~~ February 1 that it is in
200.31 compliance with the requirements of subdivision 2. ~~Beginning in 2006,~~ This notice must
200.32 also verify that there was a quorum of voting members at each meeting of the board
200.33 of appeal and equalization in the ~~current~~ previous year. A city or town that does not
200.34 comply with these requirements is deemed to have transferred its board of appeal and

201.1 equalization powers to the county beginning with the ~~following~~ current year's assessment
201.2 and continuing unless the powers are reinstated under paragraph (c).

201.3 (b) The county shall notify the taxpayers when the board of appeal and equalization
201.4 for a city or town has been transferred to the county under this subdivision and, prior to
201.5 the meeting time of the county board of equalization, the county shall make available to
201.6 those taxpayers a procedure for a review of the assessments, including, but not limited to,
201.7 open book meetings. This alternate review process shall take place in April and May.

201.8 (c) A local board whose powers are transferred to the county under this subdivision
201.9 may be reinstated by resolution of the governing body of the city or town and upon proof
201.10 of compliance with the requirements of subdivision 2. The resolution and proofs must be
201.11 provided to the county assessor by ~~December 1~~ February 1 in order to be effective for
201.12 the following year's assessment.

201.13 (d) A local board whose powers are transferred to the county under this subdivision
201.14 may continue to employ a local assessor and is not deemed to have transferred its powers
201.15 to make assessments.

201.16 **EFFECTIVE DATE.** This section is effective beginning with local boards of appeal
201.17 and equalization meetings held after February 1, 2016.

201.18 Sec. 11. Minnesota Statutes 2013 Supplement, section 423A.02, subdivision 3, is
201.19 amended to read:

201.20 Subd. 3. **Reallocation of amortization state aid.** (a) Seventy percent of the
201.21 difference between \$5,720,000 and the current year amortization aid distributed under
201.22 subdivision 1 that is not distributed for any reason to a municipality must be distributed
201.23 by the commissioner of revenue according to this paragraph. The commissioner shall
201.24 distribute 50 percent of the amounts derived under this paragraph to the Teachers
201.25 Retirement Association, ten percent to the Duluth Teachers Retirement Fund Association,
201.26 and 40 percent to the St. Paul Teachers Retirement Fund Association to fund the unfunded
201.27 actuarial accrued liabilities of the respective funds. These payments must be made on July
201.28 15 each fiscal year. If the St. Paul Teachers Retirement Fund Association or the Duluth
201.29 Teachers Retirement Fund Association becomes fully funded, the association's eligibility
201.30 for its portion of this aid ceases. Amounts remaining in the undistributed balance account
201.31 at the end of the biennium if aid eligibility ceases cancel to the general fund.

201.32 (b) In order to receive amortization aid under paragraph (a), before June 30 annually
201.33 Independent School District No. 625, St. Paul, must make an additional contribution of
201.34 \$800,000 each year to the St. Paul Teachers Retirement Fund Association.

202.1 (c) Thirty percent of the difference between \$5,720,000 and the current year
202.2 amortization aid under subdivision 1a 1 that is not distributed for any reason to a
202.3 municipality must be distributed under section 69.021, subdivision 7, paragraph (d), as
202.4 additional funding to support a minimum fire state aid amount for volunteer firefighter
202.5 relief associations.

202.6 **EFFECTIVE DATE.** This section is effective retroactively from June 1, 2013.

202.7 Sec. 12. **REVISOR'S INSTRUCTION.**

202.8 The revisor of statutes shall change the terms "class rate" or "class rates" to
202.9 "classification rate" or "classification rates" or similar terms wherever they appear in
202.10 Minnesota Statutes when the terms are being used to refer to the calculation of net tax
202.11 capacity in the property tax system. The revisor can make changes to sentence structure
202.12 to preserve the meaning of the text. The revisor shall make other changes in section and
202.13 subdivision headnotes and in other terminology as necessary as a result of the enactment
202.14 of this section. The Department of Revenue shall assist in making these corrections.

202.15 **ARTICLE 11**

202.16 **DEPARTMENT OF REVENUE - TECHNICAL AND POLICY INCOME AND**
202.17 **FRANCHISE, SALES AND USE, AND MISCELLANEOUS TAX PROVISIONS**

202.18 Section 1. Minnesota Statutes 2012, section 270C.34, subdivision 2, is amended to read:

202.19 Subd. 2. **Procedure.** (a) A request for abatement of penalty under subdivision 1 or
202.20 section 289A.60, subdivision 4, or a request for abatement of interest or additional tax
202.21 charge, must be filed with the commissioner within 60 days of the date the notice was
202.22 mailed to the taxpayer's last known address, stating that a penalty has been imposed.

202.23 (b) If the commissioner issues an order denying a request for abatement of penalty,
202.24 interest, or additional tax charge, the taxpayer may file an administrative appeal as
202.25 provided in section 270C.35 or appeal to Tax Court as provided in section 271.06.

202.26 (c) If the commissioner does not issue an order on the abatement request within
202.27 60 days from the date the request is received, the taxpayer may appeal to Tax Court as
202.28 provided in section 271.06.

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

202.30 Sec. 2. Minnesota Statutes 2012, section 270C.56, subdivision 3, is amended to read:

202.31 Subd. 3. **Procedure for assessment; claims for refunds.** (a) The commissioner
202.32 may assess liability for the taxes described in subdivision 1 against a person liable

203.1 under this section. The assessment may be based upon information available to the
 203.2 commissioner. It must be made within the prescribed period of limitations for assessing
 203.3 the underlying tax, ~~or~~ within one year after the date of an order assessing underlying
 203.4 tax, or within one year after the date of a final administrative or judicial determination,
 203.5 whichever period expires later. An order assessing personal liability under this section is
 203.6 reviewable under section 270C.35 and is appealable to Tax Court.

203.7 (b) If the time for appealing the order has expired and a payment is made by or
 203.8 collected from the person assessed on the order in excess of the amount lawfully due
 203.9 from that person of any portion of the liability shown on the order, a claim for refund
 203.10 may be made by that person within 120 days after any payment of the liability if the
 203.11 payment is within 3-1/2 years after the date the order was issued. Claims for refund under
 203.12 this paragraph are limited to the amount paid during the 120-day period. Any amounts
 203.13 collected under paragraph (c) after a claim for refund is filed in order to satisfy the unpaid
 203.14 balance of the assessment that is the subject of the claim shall be returned if the claim is
 203.15 allowed. There is no claim for refund available under this paragraph if the assessment has
 203.16 previously been the subject of an administrative or Tax Court appeal, or a denied claim
 203.17 for refund. The taxpayer may contest denial of the refund as provided in the procedures
 203.18 governing claims for refunds under section 289A.50, subdivision 7.

203.19 (c) If a person has been assessed under this section for an amount for a given period
 203.20 and the time for appeal has expired, regardless of whether an action contesting denial of a
 203.21 claim for refund has been filed under paragraph (b), or there has been a final determination
 203.22 that the person is liable, collection action is not stayed pursuant to section 270C.33,
 203.23 subdivision 5, for that assessment or for subsequent assessments of additional amounts for
 203.24 the same person for the same period and tax type.

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

203.26 Sec. 3. Minnesota Statutes 2012, section 289A.18, subdivision 2, is amended to read:

203.27 Subd. 2. **Withholding returns, entertainer withholding returns, returns for**
 203.28 **withholding from payments to out-of-state contractors, and withholding returns**
 203.29 **from partnerships and S corporations.** (a) ~~Withholding returns for the first, second,~~
 203.30 ~~and third quarters~~ are due on or before the last day of the month following the close of
 203.31 the quarterly period. However, if the return shows timely deposits in full payment of
 203.32 the taxes due for that period, the returns ~~for the first, second, and third quarters~~ may be
 203.33 filed on or before the tenth day of the second calendar month following the period. ~~The~~
 203.34 ~~return for the fourth quarter must be filed on or before the 28th day of the second calendar~~
 203.35 ~~month following the period.~~ An employer, in preparing a quarterly return, may take credit

204.1 for deposits previously made for that quarter. Entertainer withholding tax returns are
204.2 due within 30 days after each performance. Returns for withholding from payments to
204.3 out-of-state contractors are due within 30 days after the payment to the contractor. Returns
204.4 for withholding by partnerships are due on or before the due date specified for filing
204.5 partnership returns. Returns for withholding by S corporations are due on or before the
204.6 due date specified for filing corporate franchise tax returns.

204.7 (b) A seasonal employer who provides notice in the form and manner prescribed
204.8 by the commissioner before the end of the calendar quarter is not required to file a
204.9 withholding tax return for periods of anticipated inactivity unless the employer pays wages
204.10 during the period from which tax is withheld. For purposes of this paragraph, a seasonal
204.11 employer is an employer that regularly, in the same one or more quarterly periods of each
204.12 calendar year, pays no wages to employees.

204.13 **EFFECTIVE DATE.** (a) The amendments in paragraph (a) are effective for returns
204.14 due after January 1, 2016.

204.15 (b) The amendment adding paragraph (b) is effective for wages paid after December
204.16 31, 2015.

204.17 Sec. 4. Minnesota Statutes 2013 Supplement, section 290.191, subdivision 5, is
204.18 amended to read:

204.19 Subd. 5. **Determination of sales factor.** For purposes of this section, the following
204.20 rules apply in determining the sales factor.

204.21 (a) The sales factor includes all sales, gross earnings, or receipts received in the
204.22 ordinary course of the business, except that the following types of income are not included
204.23 in the sales factor:

204.24 (1) interest;

204.25 (2) dividends;

204.26 (3) sales of capital assets as defined in section 1221 of the Internal Revenue Code;

204.27 (4) sales of property used in the trade or business, except sales of leased property of
204.28 a type which is regularly sold as well as leased; and

204.29 (5) sales of debt instruments as defined in section 1275(a)(1) of the Internal Revenue
204.30 Code or sales of stock.

204.31 (b) Sales of tangible personal property are made within this state if the property is
204.32 received by a purchaser at a point within this state, ~~and the taxpayer is taxable in this state,~~
204.33 regardless of the f.o.b. point, other conditions of the sale, or the ultimate destination
204.34 of the property.

205.1 (c) Tangible personal property delivered to a common or contract carrier or foreign
205.2 vessel for delivery to a purchaser in another state or nation is a sale in that state or nation,
205.3 regardless of f.o.b. point or other conditions of the sale.

205.4 (d) Notwithstanding paragraphs (b) and (c), when intoxicating liquor, wine,
205.5 fermented malt beverages, cigarettes, or tobacco products are sold to a purchaser who is
205.6 licensed by a state or political subdivision to resell this property only within the state of
205.7 ultimate destination, the sale is made in that state.

205.8 (e) Sales made by or through a corporation that is qualified as a domestic
205.9 international sales corporation under section 992 of the Internal Revenue Code are not
205.10 considered to have been made within this state.

205.11 (f) Sales, rents, royalties, and other income in connection with real property is
205.12 attributed to the state in which the property is located.

205.13 (g) Receipts from the lease or rental of tangible personal property, including finance
205.14 leases and true leases, must be attributed to this state if the property is located in this
205.15 state and to other states if the property is not located in this state. Receipts from the
205.16 lease or rental of moving property including, but not limited to, motor vehicles, rolling
205.17 stock, aircraft, vessels, or mobile equipment are included in the numerator of the receipts
205.18 factor to the extent that the property is used in this state. The extent of the use of moving
205.19 property is determined as follows:

205.20 (1) A motor vehicle is used wholly in the state in which it is registered.

205.21 (2) The extent that rolling stock is used in this state is determined by multiplying
205.22 the receipts from the lease or rental of the rolling stock by a fraction, the numerator of
205.23 which is the miles traveled within this state by the leased or rented rolling stock and the
205.24 denominator of which is the total miles traveled by the leased or rented rolling stock.

205.25 (3) The extent that an aircraft is used in this state is determined by multiplying the
205.26 receipts from the lease or rental of the aircraft by a fraction, the numerator of which is
205.27 the number of landings of the aircraft in this state and the denominator of which is the
205.28 total number of landings of the aircraft.

205.29 (4) The extent that a vessel, mobile equipment, or other mobile property is used in
205.30 the state is determined by multiplying the receipts from the lease or rental of the property
205.31 by a fraction, the numerator of which is the number of days during the taxable year the
205.32 property was in this state and the denominator of which is the total days in the taxable year.

205.33 (h) Royalties and other income received for the use of or for the privilege of using
205.34 intangible property, including patents, know-how, formulas, designs, processes, patterns,
205.35 copyrights, trade names, service names, franchises, licenses, contracts, customer lists, or
205.36 similar items, must be attributed to the state in which the property is used by the purchaser.

206.1 If the property is used in more than one state, the royalties or other income must be
206.2 apportioned to this state pro rata according to the portion of use in this state. If the portion
206.3 of use in this state cannot be determined, the royalties or other income must be excluded
206.4 from both the numerator and the denominator. Intangible property is used in this state if
206.5 the purchaser uses the intangible property or the rights therein in the regular course of its
206.6 business operations in this state, regardless of the location of the purchaser's customers.

206.7 (i) Sales of intangible property are made within the state in which the property is
206.8 used by the purchaser. If the property is used in more than one state, the sales must be
206.9 apportioned to this state pro rata according to the portion of use in this state. If the
206.10 portion of use in this state cannot be determined, the sale must be excluded from both the
206.11 numerator and the denominator of the sales factor. Intangible property is used in this
206.12 state if the purchaser used the intangible property in the regular course of its business
206.13 operations in this state.

206.14 (j) Receipts from the performance of services must be attributed to the state where
206.15 the services are received. For the purposes of this section, receipts from the performance
206.16 of services provided to a corporation, partnership, or trust may only be attributed to a state
206.17 where it has a fixed place of doing business. If the state where the services are received is
206.18 not readily determinable or is a state where the corporation, partnership, or trust receiving
206.19 the service does not have a fixed place of doing business, the services shall be deemed
206.20 to be received at the location of the office of the customer from which the services were
206.21 ordered in the regular course of the customer's trade or business. If the ordering office
206.22 cannot be determined, the services shall be deemed to be received at the office of the
206.23 customer to which the services are billed.

206.24 (k) For the purposes of this subdivision and subdivision 6, paragraph (l), receipts
206.25 from management, distribution, or administrative services performed by a corporation
206.26 or trust for a fund of a corporation or trust regulated under United States Code, title 15,
206.27 sections 80a-1 through 80a-64, must be attributed to the state where the shareholder of
206.28 the fund resides. Under this paragraph, receipts for services attributed to shareholders are
206.29 determined on the basis of the ratio of: (1) the average of the outstanding shares in the
206.30 fund owned by shareholders residing within Minnesota at the beginning and end of each
206.31 year; and (2) the average of the total number of outstanding shares in the fund at the
206.32 beginning and end of each year. Residence of the shareholder, in the case of an individual,
206.33 is determined by the mailing address furnished by the shareholder to the fund. Residence
206.34 of the shareholder, when the shares are held by an insurance company as a depositor for
206.35 the insurance company policyholders, is the mailing address of the policyholders. In
206.36 the case of an insurance company holding the shares as a depositor for the insurance

207.1 company policyholders, if the mailing address of the policyholders cannot be determined
207.2 by the taxpayer, the receipts must be excluded from both the numerator and denominator.
207.3 Residence of other shareholders is the mailing address of the shareholder.

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

207.5 Sec. 5. Minnesota Statutes 2012, section 296A.01, subdivision 16, is amended to read:

207.6 Subd. 16. **Dyed fuel.** "Dyed fuel" means ~~diesel~~ motor fuel to which indelible dye
207.7 has been added, either before or upon withdrawal at a terminal or refinery rack, and which
207.8 may be sold for exempt purposes. The dye may be either dye required to be added per the
207.9 EPA or dye that meets other specifications required by the Internal Revenue Service or
207.10 the commissioner.

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

207.12 Sec. 6. Minnesota Statutes 2013 Supplement, section 403.162, subdivision 5, is
207.13 amended to read:

207.14 Subd. 5. **Fees deposited.** (a) The commissioner of revenue shall, based on
207.15 the relative proportion of the prepaid wireless E911 fee and the prepaid wireless
207.16 telecommunications access Minnesota fee imposed per retail transaction, divide the fees
207.17 collected in corresponding proportions. Within 30 days of receipt of the collected fees,
207.18 the commissioner shall:

207.19 (1) deposit the proportion of the collected fees attributable to the prepaid wireless
207.20 E911 fee in the 911 emergency telecommunications service account in the special revenue
207.21 fund; and

207.22 (2) deposit the proportion of collected fees attributable to the prepaid wireless
207.23 telecommunications access Minnesota fee in the telecommunications access fund
207.24 established in section 237.52, subdivision 1.

207.25 (b) The ~~department~~ commissioner of revenue may deduct and ~~retain~~ deposit in a
207.26 special revenue account an amount, not to exceed two percent of collected fees;. Money
207.27 in the account is annually appropriated to the commissioner of revenue to reimburse its
207.28 direct costs of administering the collection and remittance of prepaid wireless E911 fees
207.29 and prepaid wireless telecommunications access Minnesota fees.

207.30 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2014.

207.31 Sec. 7. Laws 2013, chapter 143, article 8, section 3, the effective date, is amended to
207.32 read:

208.1 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
208.2 June 30, 2013, except for paragraph (p), which is effective the day following final
208.3 enactment.

208.4 **EFFECTIVE DATE.** This section is effective retroactively from the day following
208.5 final enactment of Laws 2013, chapter 143, article 8, section 3.

208.6 Sec. 8. **REPEALER.**

208.7 Minnesota Rules, parts 8130.8900, subpart 3; and 8130.9500, subparts 1, 1a, 2,
208.8 3, 4, and 5, are repealed.

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

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16D.02 DEFINITIONS.

Subd. 5. **Debt qualification plan.** "Debt qualification plan" means an agreement entered into between a referring agency and the commissioner that defines the terms and conditions by which the commissioner will provide collection services to the referring agency.

Subd. 8. **Enterprise.** "Enterprise" means the Minnesota collection enterprise, a separate unit established by the commissioner to carry out the provisions of this chapter.

16D.11 COLLECTION COSTS.

Subd. 2. **Computation.** At the time a debt is referred, the amount of collection costs is equal to 17 percent of the debt. If, after referral of a debt to a private collection agency, the debtor requests cancellation of collection costs under subdivision 3, the debt must be returned to the commissioner for resolution of the request.

270C.53 COLLECTION; TAXPAYER INABILITY TO PAY.

Notwithstanding any other provision of law, the commissioner may, based upon the inability of a taxpayer to pay a delinquent tax liability, abate the liability if the taxpayer agrees to perform uncompensated public service work for a state agency, a political subdivision or public corporation of this state, or a nonprofit educational, medical, or social service agency. The Department of Corrections shall administer the work program. No benefits under chapter 176 or 268 shall be available, but a claim authorized under section 3.739 may be made by the taxpayer. The state may not enter into any agreement that has the purpose of or results in the displacement of public employees by a delinquent taxpayer under this section. The state must certify to the appropriate bargaining agent or employees, as applicable, that the work performed by a delinquent taxpayer will not result in the displacement of currently employed workers or layoff from a substantially equivalent position, including partial displacement such as reduction in hours of nonovertime work, wages, or other employment benefits.

270C.991 PROPERTY TAX SYSTEM BENCHMARKS AND CRITICAL INDICATORS.

Subd. 4. **Property tax working group.** (a) A property tax working group is established as provided in this subdivision. The goals of the working group are:

- (1) to investigate ways to simplify the property tax system and make advisory recommendations on ways to make the system more understandable;
- (2) to reexamine the property tax calendar to determine what changes could be made to shorten the two-year cycle from assessment through property tax collection; and
- (3) to determine the cost versus the benefits of the various property tax components, including property classifications, credits, aids, exclusions, exemptions, and abatements, and to suggest ways to achieve some of the goals in simpler and more cost-efficient ways.

(b) The 12-member working group shall consist of the following members:

- (1) two state representatives, both appointed by the chair of the house of representatives Taxes Committee, one from the majority party and one from the largest minority party;
- (2) two senators appointed by the Subcommittee on Committees of the Senate Rules and Administration Committee, one from the majority party and one from the largest minority party;
- (3) one person appointed by the Association of Minnesota Counties;
- (4) one person appointed by the League of Minnesota Cities;
- (5) one person appointed by the Minnesota Association of Townships;
- (6) one person appointed by the Minnesota Chamber of Commerce;
- (7) one person appointed by the Minnesota Association of Assessing Officers;
- (8) two homeowners, one who is under 65 years of age, and one who is 65 years of age or older, both appointed by the commissioner of revenue; and
- (9) one person jointly appointed by the Minnesota Farm Bureau and the Minnesota Farmers Union.

The commissioner of revenue shall chair the initial meeting, and the working group shall elect a chair at that initial meeting. The working group will meet at the call of the chair. Members of the working group shall serve without compensation. The commissioner of revenue must provide administrative support to the working group. Chapter 13D does not apply to meetings of the working group. Meetings of the working group must be open to the public and the working

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group must provide notice of a meeting to potentially interested persons at least seven days before the meeting. A meeting of the working group occurs when a quorum is present.

(c) The working group shall make its advisory recommendations to the chairs of the house of representatives and senate Taxes Committees on or before February 1, 2013, at which time the working group shall be finished and this subdivision expires. The advisory recommendations should be reviewed by the Taxes Committees under subdivision 5.

272.02 EXEMPT PROPERTY.

Subdivision 1. **Exempt property described.** All property described in this section to the extent limited in this section shall be exempt from taxation.

Subd. 1a. **Limitations on exemptions.** The exemptions granted by subdivision 1 are subject to the limits contained in the other subdivisions of this section, section 272.025, and all other provisions of applicable law.

Subd. 43. **Personal property; biomass facility.** (a) Notwithstanding subdivision 9, clause (a), attached machinery and other personal property, excluding transmission and distribution lines, that is part of a system that generates biomass electric energy that satisfies the mandate, in whole or in part, established in section 216B.2424, or a system that generates electric energy using waste wood, is exempt if it meets the requirements of this subdivision.

(b) The governing bodies of the county, city or town, and school district must each approve, by resolution, the exemption of the personal property under this subdivision. Each of the governing bodies shall file a copy of the resolution with the county auditor. The county auditor shall publish the resolutions in newspapers of general circulation within the county. The voters of the county may request a referendum on the proposed exemption by filing a petition within 30 days after the resolutions are published. The petition must be signed by voters who reside in the county. The number of signatures must equal at least ten percent of the number of persons voting in the county in the last general election. If such a petition is timely filed, the resolutions are not effective until they have been submitted to the voters residing in the county at a general or special election and a majority of votes cast on the question of approving the resolution are in the affirmative. The commissioner of revenue shall prepare a suggested form of question to be presented at the referendum.

(c) The exemption under this subdivision is limited to a maximum of five years, beginning with the assessment year immediately following the year during which the personal property is put in operation.

Subd. 48. **Waste tire cogeneration facility; personal property.** Notwithstanding subdivision 9, clause (a), attached machinery and other personal property which is part of an electric generating facility that meets the requirements of this subdivision is exempt. At the time of construction, the facility must:

- (1) be designed to utilize waste tires as a primary fuel source; and
- (2) be a cogeneration electric generating facility of 15 to 25 megawatts of installed capacity.

Construction of the facility must be commenced after January 1, 2000, and before January 1, 2004. Property eligible for this exemption does not include electric transmission lines and interconnections or gas pipelines and interconnections appurtenant to the property or the facility.

Subd. 51. **Electric generation facility; personal property.** Notwithstanding subdivision 9, clause (a), attached machinery and other personal property which is part of a combined cycle natural gas turbine electric generation facility of between 43 and 46 megawatts of installed capacity and that meets the requirements of this subdivision is exempt. At the time of construction, the facility must:

- (1) utilize a combined cycle gas turbine generator fueled by natural gas;
- (2) be connected to an existing 115-kilovolt high-voltage electric transmission line that is within one mile of the facility;
- (3) be located on an underground natural gas storage aquifer;
- (4) be designed as an intermediate load facility; and
- (5) have received, by resolution, the approval from the governing body of the county for the exemption of personal property under this subdivision.

Construction of the facility must be commenced after January 1, 2002, and before January 1, 2004. Property eligible for this exemption does not include electric transmission lines and interconnections or gas pipelines and interconnections appurtenant to the property or the facility.

Subd. 53. **Electric generation facility; personal property.** Notwithstanding subdivision 9, clause (a), attached machinery and other personal property which is part of a 3.2 megawatt

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run-of-the-river hydroelectric generation facility and that meets the requirements of this subdivision is exempt. At the time of construction, the facility must:

- (1) utilize two turbine generators at a dam site existing on March 31, 1994;
- (2) be located on land within 1,500 feet of a 13.8 kilovolt distribution substation; and
- (3) be eligible to receive a renewable energy production incentive payment under section

216C.41.

Construction of the facility must be commenced before January 1, 2009. Property eligible for this exemption does not include electric transmission lines and interconnections or gas pipelines and interconnections appurtenant to the property or the facility.

Subd. 67. **Electric generation facility; personal property.** (a) Notwithstanding subdivision 9, clause (a), attached machinery and other personal property which is part of a combined-cycle combustion-turbine electric generation facility that exceeds 150 megawatts of installed capacity and that meets the requirements of this subdivision is exempt. At the time of construction, the facility must:

- (1) utilize natural gas as a primary fuel;
- (2) be owned by an electric generation and transmission cooperative;
- (3) be located within ten miles of parallel existing 24-inch and 30-inch natural gas pipelines and a 345-kilovolt high-voltage electric transmission line;
- (4) be designed to provide intermediate energy and ancillary services, and have received a certificate of need under section 216B.243, demonstrating demand for its capacity; and
- (5) have received by resolution, the approval from the governing body of the county and city in which the proposed facility is to be located for the exemption of personal property under this subdivision.

(b) Construction of the facility must be commenced after January 1, 2004, and before January 1, 2009. Property eligible for this exemption does not include electric transmission lines and interconnections or gas pipelines and interconnections appurtenant to the property or the facility.

(c) The exemption under this section will take effect only if the owner of the facility enters into agreements with the governing bodies of the county and the city in which the facility is located. The agreements may include a requirement that the facility must pay a host fee to compensate the county and city for hosting the facility.

Subd. 72. **Electric generation facility personal property.** (a) Notwithstanding subdivision 9, clause (a), attached machinery and other personal property which is part of either a simple-cycle, combustion-turbine electric generation facility, or a combined-cycle, combustion-turbine electric generation facility that does not exceed 325 megawatts of installed capacity and that meets the requirements of this subdivision is exempt. At the time of construction, the facility must:

- (1) utilize either a simple-cycle or a combined-cycle combustion-turbine generator fueled by natural gas;
- (2) be connected to an existing 115-kilovolt high-voltage electric transmission line that is within two miles of the facility;
- (3) be located on an underground natural gas storage aquifer;
- (4) be designed as either a peaking or intermediate load facility; and
- (5) have received, by resolution, the approval from the governing body of the county for the exemption of personal property under this subdivision.

(b) Construction of the facility must be commenced after January 1, 2006, and before January 1, 2008. Property eligible for this exemption does not include electric transmission lines and interconnections or gas pipelines and interconnections appurtenant to the property or the facility.

Subd. 82. **Biomass electric generation facility; personal property.** (a) Notwithstanding subdivision 9, clause (a), attached machinery and other personal property which is a part of an electric generation facility, including remote boilers that comprise part of the district heating system, generating up to 30 megawatts of installed capacity and that meets the requirements of this subdivision is exempt. At the time of construction, the facility must:

- (1) be designed to utilize a minimum 90 percent waste biomass as a fuel;
- (2) not be owned by a public utility as defined in section 216B.02, subdivision 4;
- (3) be located within a city of the first class and have its primary location at a former garbage transfer station; and
- (4) be designed to have capability to provide base-load energy and district heating.

(b) Construction of the facility must be commenced after January 1, 2004, and before January 1, 2008. Property eligible for this exemption does not include electric transmission

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

272.027 PERSONAL PROPERTY USED TO GENERATE ELECTRICITY FOR PRODUCTION AND RESALE.

Subd. 2. **Exemption for customer owned property transferred to a utility.** (a) Tools, implements, and machinery of an electric generating facility are exempt if all the following requirements are met:

(1) the electric generating facilities were operational and met the requirements for exemption of personal property under subdivision 1 on January 2, 1999; and

(2) the generating facility is sold to a Minnesota electric utility.

(b) Any tools, implements, and machinery installed to increase generation capacity are also exempt under this section provided that the existing tools, implements, and machinery are exempt under paragraph (a).

272.031 ABBREVIATIONS.

In all proceedings under chapters 270 to 284, ranges, townships, sections, or parts of a section, blocks, lots, or parcels of lots, and dollars and cents may be designated by initial letters, abbreviations, and figures; but "ditto marks" or the abbreviation "do" may be used only as to the name of the owner, addition, or subdivision.

273.015 TAX COMPUTED TO NEAREST EVEN-NUMBERED CENT.

Subdivision 1. **Tax computed to nearest even-numbered cent.** All tax page items computed by the county auditor for collection by the county treasurer, shall be adjusted individually and in their aggregate to the nearest even-numbered cent. Further, all items which are certified to the county auditor for collection by the county treasurer shall be first adjusted to the nearest even-numbered cent by the governmental subdivision which submits such certifications. For the purposes of this section whole odd-numbered cents shall be adjusted to the next higher even-numbered cent.

273.03 REAL ESTATE; ASSESSMENT; METHOD.

Subd. 3. **Applicability of other laws.** All laws or parts of laws, now or hereafter effective, not inconsistent with this section and sections 273.17, 275.28, and 276.01, as amended, shall continue in full force and effect.

273.075 INSTRUCTIONAL COURSES FOR ASSESSORS AND DEPUTIES.

Personnel employed as assessors or deputies of said assessor may be enrolled in courses approved by the commissioner of revenue and have the tuition for such course paid for from moneys appropriated by Laws 1971, chapter 931. Such payment shall be made to the University of Minnesota or any other college or institution conducting such an accredited course, provided that such payment may only be made if the application is made by or approved by the taxing district or districts for which the assessor or deputy is employed and the commissioner of revenue.

Two or more taxing districts may join together in enrolling assessors in such approved courses.

273.1103 NET DEBT, TERMINOLOGY OF LAWS OR CHARTERS.

Net debt incurred by any political subdivision or other public corporation for which any law or any charter provision provides a limit expressed as a percentage of the assessed value or the full and true value of taxable property (except any adjusted assessed value determined by the commissioner under section 273.1325) shall not exceed 33-1/3 percent of such limit until and unless such law or charter is amended to provide a different limit.

273.13 CLASSIFICATION OF PROPERTY.

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Subd. 21a. **Class rate.** In this section, wherever the "class rate" of a class of property is specified without qualification as to whether it is the property's "net class rate" or its "gross class rate," the "net class rate" and "gross class rate" of that property are the same as its "class rate."

273.1383 1997 FLOOD LOSS REPLACEMENT AID.

Subdivision 1. **Flood net tax capacity loss.** In assessment years 1998, 1999, and 2000, the county assessor of each county listed in section 273.124, subdivision 14, paragraph (d), clause (2), shall compute a hypothetical county net tax capacity based upon market values for the current assessment year and the class rates that were in effect for assessment year 1997. The amount, if any, by which the assessment year 1997 total taxable net tax capacity exceeds the hypothetical taxable net tax capacity shall be known as the county's "flood net tax capacity loss" for the current assessment year. The county assessor of each county whose flood net tax capacity loss for the current year exceeds five percent of its assessment year 1997 total taxable net tax capacity shall certify its flood net tax capacity loss to the commissioner of revenue by August 1 of the assessment year.

Subd. 2. **Flood loss aid.** Each year, each county with a flood net tax capacity loss equal to or greater than five percent of its assessment year 1997 total taxable net tax capacity shall be entitled to flood loss aid equal to the flood net tax capacity loss times the county government's average local tax rate for taxes payable in 1998.

Subd. 3. **Duties of commissioner.** The commissioner of revenue shall determine each qualifying county's aid amount. If the sum of the aid amounts for all qualifying counties exceeds the appropriation limit, the commissioner shall proportionately reduce each county's aid amount so that the sum of county aid amounts is equal to the appropriation limit. The commissioner shall notify each county of its flood loss aid amount by August 15 of the assessment year. The commissioner shall make payments to each county on or before July 20 of the taxes payable year corresponding to the assessment year.

Subd. 4. **Appropriation.** An amount necessary to fund the aid amounts under this section is annually appropriated from the general fund to the commissioner of revenue in fiscal years 2000, 2001, and 2002, for calendar years 1999, 2000, and 2001. The maximum amount of the appropriation is limited to \$1,700,000 for fiscal year 2000 and \$1,500,000 per year for fiscal years 2001 and 2002. In addition, the amount of the appropriation under Laws 1997, Second Special Session chapter 2, section 9, that the commissioner determines will not be spent for the programs under that section is available to pay the aid amounts under this section.

273.1386 2002 FLOOD LOSS; CITY REPLACEMENT AID.

Subdivision 1. **Flood net tax capacity loss.** The county assessor of each qualified county shall compute a hypothetical city taxable net tax capacity for each city in the county based upon market values for assessment year 2003 and the class rates that were in effect for assessment year 2002. The amount, if any, by which the assessment year 2002 total taxable net tax capacity of the city exceeds the hypothetical taxable net tax capacity of the city is the city's "flood net tax capacity loss." A county assessor of a qualified county that contains a city that has a flood net tax capacity loss that exceeds five percent of its assessment year 2002 total taxable net tax capacity shall certify the city's flood net tax capacity loss to the commissioner of revenue by August 1, 2003.

As used in this section, a "qualified county" is a county located within the area included in DR-1419.

Subd. 2. **Flood loss aid.** In 2004, each city with a flood net tax capacity loss equal to or greater than five percent of its assessment year 2002 total taxable net tax capacity shall be entitled to flood loss aid equal to the flood net tax capacity loss times the city's average local tax rate for taxes payable in 2003.

Subd. 3. **Duties of commissioner.** The commissioner of revenue shall determine each city's aid amount under this section. The commissioner shall notify each eligible city of its flood loss aid amount by August 15, 2003. The commissioner shall make payments to each city after July 1, and before July 20, 2004.

Subd. 4. **Optional city expenditure.** A city that receives aid under this section may choose to expend a portion of the aid received for repair of county roads located within the city.

Subd. 5. **Appropriation.** The amount necessary to pay the aid amounts under this section in fiscal year 2005, for calendar year 2004, is appropriated to the commissioner of revenue from the general fund.

Subd. 6. **Local government aid appropriation reduction.** The appropriation under section 477A.03, subdivision 2, paragraph (d), for fiscal year 2005 is reduced by the amount appropriated

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under subdivision 5. The appropriation under section 477A.03, subdivision 3, paragraph (d), for fiscal year 2006 must be based on the appropriation under that paragraph in the previous year before the reduction under this subdivision.

273.1398 DISPARITY REDUCTION AID AND CREDIT.

Subd. 4b. **Court expenditures; maintenance of effort.** (a) Until the costs of court administration as defined under section 480.183, subdivision 3, in a county have been transferred to the state, each county in a judicial district transferring court administration costs to state funding after July 1, 2001, shall budget for the funding of these costs an amount at least equal to the certified budget amount for calendar year 2001, increased by six percent for each year from 2001 to 2003 and by eight percent from 2004 to the year of the transfer. The county shall budget, fund, and authorize expenditures not less than the amount calculated under this paragraph.

(b) By July 15, 2001, the court shall certify to each county in the judicial district its cost of court administration as defined under section 480.183, subdivision 3, based on 2001 budgets. In making that determination, the court shall exclude the budget costs of the county for the following categories:

- (1) rent;
- (2) examiner of titles;
- (3) civil court appointed attorneys for civil matters;
- (4) hospitalization costs; and
- (5) cost of maintaining vital statistics.

The amount of funding provided by a county for courts that is increased by the maintenance of effort requirement may not be used by a county to pay the costs described in clauses (1) to (5).

273.80 DISTRESSED HOMESTEAD REINVESTMENT EXEMPTION.

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

(b) "Substantially condition deficient" means that repairs estimated to cost at least \$20,000 are necessary to restore a house to sound operating condition, according to prevailing costs of home improvements for the area.

(c) "Sound operating condition" means that a home meets minimal health and safety standards for residential occupancy under applicable housing or building codes.

(d) "Residential rehabilitation consultant" means a person who is employed by a housing services organization recognized by resolution of the city council of the city in which the property is located, and who has been trained in residential housing rehabilitation.

(e) "Census tract" means a tract defined for the 1990 federal census.

Subd. 2. **Eligibility.** An owner-occupied, detached, single-family dwelling is eligible for treatment under this section if it:

- (1) is located in a city of the first class;
- (2) is located in a census tract where the median value of owner-occupied homes is less than 80 percent of the median value of owner-occupied homes for the entire city, according to the 1998 assessment;
- (3) has an estimated market value less than 60 percent of the median value of owner-occupied homes for the entire city, according to the 1998 assessment; and
- (4) has been declared to be substantially condition deficient, by a residential rehabilitation consultant.

Subd. 3. **Qualification.** A home which meets the eligibility requirements of subdivision 2 before May 1, 2003, qualifies for the property tax exemption under subdivision 4 after a residential rehabilitation consultant certifies that the home is in sound operating condition, and that all permits necessary to make the repairs were obtained. An owner need not occupy the dwelling while the necessary repairs are being done, provided that the property is occupied prior to granting the exemption under subdivision 4. All or a part of the repairs necessary to restore the house to sound operating conditions may be done prior to the owner purchasing the property, if those repairs are done by or for a 501(c)(3) nonprofit organization.

Subd. 4. **Property tax exemption.** A home qualifying under subdivision 3 is exempt from all property taxes on the land and buildings for taxes payable for five consecutive years following its certification under subdivision 3, if the property is owned and occupied by the same person who owned it when the home was certified as substantially condition deficient or by the first purchaser from the 501(c)(3) nonprofit organization that repaired the property. To be effective beginning with taxes payable in the following year, the certification must be made by September 1.

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Subd. 5. **Assessment; record.** The assessor may require whatever information is necessary to determine eligibility for the tax exemption under this section. During the time that the property is exempt, the assessor shall continue to value the property and record its current value on the tax rolls.

275.77 TEMPORARY SUSPENSION OF NEW OR INCREASED MAINTENANCE OF EFFORT AND MATCHING FUND REQUIREMENTS.

Subdivision 1. **Definitions.** For purposes of this section, the following terms have the meanings given them:

(1) "maintenance of effort" means a requirement imposed on a political subdivision by state law to continue providing funding of a service or program at a given or increasing level based on its funding of the service and program in prior years;

(2) "matching fund requirement" means a requirement imposed on a political subdivision by state law to fund a portion of a program or service but does not mean required nonstate contributions to state capital funded projects or other nonstate contributions required in order to receive a grant or loan the political subdivision has requested or applied for; and

(3) "political subdivision" means a county, town, or statutory or home rule charter city.

Subd. 2. **Temporary suspension.** (a) Notwithstanding any other provision of law to the contrary, any new maintenance of effort or matching fund requirement enacted after January 1, 2009, that will require spending by a political subdivision shall not be effective until July 1, 2011.

(b) Notwithstanding any other provision of law to the contrary, any changes to existing maintenance of effort or matching fund requirement enacted after January 1, 2009, that will require new spending by a political subdivision shall not be effective until July 1, 2011.

(c) The suspension of changes to existing maintenance of effort and matching fund requirements under paragraph (b) does not apply if the spending is required by federal law and there would be a cost to the state budget without the change.

279.32 DELINQUENT TAXES; ENTRY OF JUDGMENT IN CERTAIN CASES.

Where lands bid in for the state for delinquent taxes between the passage of Laws 1933, chapter 366, and the passage of Laws 1935, chapter 278, have not been assigned to actual purchasers, the county board of the county in which such lands are located may, at any time prior to February 1, 1945, adopt a resolution instructing the county auditor to list such lands as delinquent for taxes for 1942 and to file and docket such list with the court administrator of the district court as though said taxes for 1942 were the first delinquent taxes against said lands and judgment shall be entered and proceedings taken with reference to such lands as though the delinquent taxes for the year 1942 constituted the first instance of real estate tax delinquency with respect thereto; provided, that nothing herein contained shall impair the right of the state to enforce any lien in its favor which has accrued by reason of the delinquency or nonpayment of taxes for any year prior to the year 1942.

281.173 FIVE-WEEK REDEMPTION PERIOD FOR CERTAIN ABANDONED PROPERTIES.

Subd. 8. **Effective date.** This section shall apply only to tax judgment sales occurring on and after April 13, 1996.

281.174 FIVE-WEEK REDEMPTION PERIOD FOR CERTAIN VACANT PROPERTIES.

Subd. 8. **Effective date.** This section shall apply only to tax judgment sales occurring on and after April 13, 1996.

281.328 STATE ASSIGNMENT CERTIFICATES; VALIDATING.

Subdivision 1. **Validation of certificates.** Any state assignment certificate duly issued prior to January 1, 1972, for which the time for redemption expired as certified by the county auditor of the county issuing the certificate, and the person to whom the certificate was issued, or the person's heirs and assigns, paid the taxes on the real property described in the certificate since the date thereof, is hereby validated and legalized as against the objection that such certificate was not recorded in the office of the county recorder or registrar of titles within seven years from the date

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of the certificate, as provided by this chapter. Any such state assignment certificate may, after April 6, 1979, be recorded in the office of the proper county recorder or registrar of titles.

Subd. 2. **Applicability.** Nothing herein contained shall affect any action now pending to determine the validity of any instrument validated by this section.

282.10 REIMBURSEMENT OF PURCHASE PRICE IN CERTAIN CASES.

When, prior to the passage of Laws 1939, chapter 328, the forfeiture to the state for taxes of any parcel of land heretofore sold pursuant to Laws 1935, chapter 386, has been invalidated in a proceeding in court, the purchaser from the state, or the purchaser's assigns, shall be reimbursed out of any money in the forfeited tax sale fund for the amount of the purchase price or the portion thereof actually paid, with interest at four percent. Application for such reimbursement shall be made to the county auditor of the county where such parcel is located and shall be accompanied by a certified copy of the judgment or decree invalidating such forfeiture and a quitclaim deed from the purchaser, or the purchaser's assignee, running to the state in trust for its interested taxing districts as grantee. The county auditor shall present the instruments herein referred to, to the county attorney and, after receiving an opinion, in writing, from the county attorney that the applicant is entitled to reimbursements under this section, shall draw an order upon the county treasurer in favor of the applicant for the sum to which the applicant is entitled, which shall be paid by the treasurer out of the moneys in the forfeited tax sale fund. If there are not sufficient moneys in the fund to pay the order, money to care for the deficiency shall be temporarily transferred from the general revenue fund of the county. After such refundment is made any taxes or assessments heretofore canceled shall be reinstated and the amount of taxes and assessments that would have been levied subsequent to the date of the supposed forfeiture shall be assessed and levied against the land as omitted taxes, and the lien of the state for any such taxes or assessments may be enforced as in other cases where taxes are delinquent.

282.23 SALE OF CERTAIN LANDS FORFEITED FOR TAXES IN 1926 AND 1927.

In every case where the owner of a tract of land forfeited to the state for taxes for 1926 or 1927 has transferred, or shall hereafter transfer, to the state or to any municipal subdivision thereof all right, title, and interest in such tract of land, the same shall be subject to sale in the usual manner provided by law for the sale of land acquired by the state for taxes.

287.20 DEFINITIONS; DEED TAX.

Subd. 4. **Documentary stamps.** "Documentary stamps" means all stamps issued by the county for use in payment of the taxes imposed by sections 287.21 to 287.37.

287.27 PRINTING AND SALE-METERS.

Subd. 2. **Tax meter machines.** The county board may authorize any person to utilize a tax meter machine upon the filing of a corporate surety bond, in a suitable amount to guarantee the payment of the tax, such amount to be determined by the county board.

The county board may provide rules for the use of such a machine, supervise its operation and provide for the payment of the tax on any deed or document so stamped.

289A.56 INTEREST ON OVERPAYMENTS.

Subd. 7. **Biotechnology and health sciences industry zone refunds.** Notwithstanding subdivision 3, for refunds payable under section 297A.68, subdivision 38, interest is computed from 90 days after the refund claim is filed with the commissioner.

290.01 DEFINITIONS.

Subd. 4b. **Mutual property and casualty insurance company.** "Mutual property and casualty insurance company" includes a property and casualty insurance company that was converted to a stock company after December 31, 1987, and before January 1, 1994, if the company was controlled on the date of conversion by a mutual life insurance company and so long as the company continues to be controlled by a mutual life insurance company.

Subd. 19e. **Depreciation modifications for corporations.** In the case of corporations, a modification shall be made for the accelerated cost recovery system. The allowable deduction for the accelerated cost recovery system is the same amount as provided in section 168 of the

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Internal Revenue Code with the following modifications. The modifications apply to taxable years beginning after December 31, 1986, and to property for which deductions under the Tax Reform Act of 1986, Public Law 99-514, are elected or apply. The modifications in paragraphs (a) and (c) do not apply to taxable years beginning after December 31, 2000.

(a) For property placed in service after December 31, 1980, and before January 1, 1987, 40 percent of the allowance pursuant to section 168 of the Internal Revenue Code of 1954, as amended through December 31, 1985, for 15-, 18-, or 19-year real property shall not be allowed and for all other property 20 percent shall not be allowed.

(b) For property placed in service after December 31, 1987, no modification shall be made.

(c) For property placed in service after July 31, 1986, and before January 1, 1987, for which the taxpayer elects the deduction pursuant to section 203 of the Tax Reform Act of 1986, Public Law 99-514, and for property placed in service after December 31, 1986, and before January 1, 1988, 15 percent of the allowance pursuant to section 168 of the Internal Revenue Code shall not be allowed.

(d) For property placed in service after December 31, 1980, and before January 1, 1987, for which the taxpayer elects to use the straight line method provided in section 168(b)(3), (f)(12), or (j)(1) or a method provided in section 168(e)(2) of the Internal Revenue Code, as amended through December 31, 1986, but excluding property for which the taxpayer elects the deduction pursuant to section 203 of the Tax Reform Act of 1986, Public Law 99-514, the modifications provided in paragraph (a) do not apply.

(e) For taxable years beginning before January 1, 2001, for property subject to the modifications contained in paragraphs (a) and (c) and Minnesota Statutes 1986, section 290.09, subdivision 7, clause (c), the following modification shall be made after the entire amount of the allowable deduction has been allowed for federal tax purposes for that property under the provisions of section 168 of the Internal Revenue Code. The remaining depreciable basis in those assets for Minnesota purposes, including the amount of any basis reduction to reflect the investment tax credit for federal purposes under sections 48(q) and 49(d) of the Internal Revenue Code, shall be a depreciation allowance computed using the straight line method over the following number of years:

- (1) three-year property, one year;
- (2) five-year and seven-year property, two years;
- (3) ten-year property, five years; and
- (4) all other property, seven years.

(f) For taxable years beginning after December 31, 2000, the amount of any remaining modification made under paragraph (a) or (c) or Minnesota Statutes 1986, section 290.09, subdivision 7, clause (c), not previously deducted under paragraph (e), including the amount of any basis reduction to reflect the federal investment tax credit for federal purposes under sections 48(q) and 49(d) of the Internal Revenue Code, is a depreciation allowance in the first taxable year after December 31, 2000.

(g) For taxable years beginning before January 1, 2001, and for property placed in service after December 31, 1987, the remaining depreciable basis for Minnesota purposes that is attributable to the basis reduction for federal purposes to reflect the investment tax credit under sections 48(q) and 49(d) of the Internal Revenue Code, shall be allowed as a deduction in the first taxable year after the entire amount of the allowable deduction for that property under the provisions of section 168 of the Internal Revenue Code, has been allowed, except that where the straight line method provided in section 168(b)(3) is used, the deduction provided in this clause shall be allowed in the last taxable year in which an allowance for depreciation is allowed for that property.

(h) For qualified timber property for which the taxpayer made an election under section 194 of the Internal Revenue Code, the remaining depreciable basis for Minnesota purposes is allowed as a deduction in the first taxable year after the entire allowable deduction has been allowed for federal tax purposes.

(i) The basis of property to which section 168 of the Internal Revenue Code applies is its basis as provided in this chapter including the modifications provided in this subdivision and in Minnesota Statutes 1986, section 290.09, subdivision 7, paragraph (c). The recapture tax provisions provided in sections 1245 and 1250 of the Internal Revenue Code apply but must be calculated using the basis provided in the preceding sentence.

(j) The basis of an asset acquired in an exchange of assets, including an involuntary conversion, is the same as its federal basis under the provisions of the Internal Revenue Code, except that the difference in basis due to the modifications in this subdivision and in Minnesota Statutes 1986, section 290.09, subdivision 7, paragraph (c), is a deduction as provided in paragraph (e).

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Subd. 20e. **Modification in computing taxable income of the estate of a decedent.**

Amounts allowable under section 2053 or 2054 of the Internal Revenue Code of 1954 in computing federal estate tax liability shall not be allowed as a deduction (or as an offset against the sales price of property in determining gain or loss) in computing the taxable income of the estate or any person unless an election is made for federal income tax purposes under section 642(g) of the Internal Revenue Code of 1954. The election made for federal tax purposes under section 642(g) of the Internal Revenue Code of 1954 is binding for Minnesota tax purposes.

290.06 RATES OF TAX; CREDITS.

Subd. 30. **Biotechnology and health science industry zone job credit.** A taxpayer that is a qualified business, as defined in section 469.330, subdivision 11, is allowed a credit as determined under section 469.338 against the franchise tax imposed under section 290.06, subdivision 1, or the alternative minimum tax imposed under section 290.0921.

Subd. 31. **Biotechnology and health science industry zone research and development credit.** A taxpayer that is a qualified business, as defined in section 469.330, subdivision 11, is allowed a credit as determined under section 469.339 against the franchise tax imposed under section 290.06, subdivision 1, or the alternative minimum tax imposed under section 290.0921.

290.0674 MINNESOTA EDUCATION CREDIT.

Subd. 3. **Reduction by alternative minimum tax liability.** The amount of the credit allowed must be reduced by the amount of the taxpayer's liability under section 290.091, determined before the credit allowed by this section is subtracted from regular tax liability.

290.191 APPORTIONMENT OF NET INCOME.

Subd. 4. **Apportionment formula for certain mail order businesses.** If the business of a corporation, partnership, or proprietorship consists exclusively of the selling of tangible personal property and services at retail, as defined in section 297A.61, subdivision 4, paragraph (a), in response to orders received by United States mail, telephone, facsimile, or other electronic media, and 99 percent of the taxpayer's property and payroll is within Minnesota, then the taxpayer may apportion net income to Minnesota based solely upon the percentage that the sales made within this state in connection with its trade or business during the tax period are of the total sales wherever made in connection with the trade or business during the tax period. Property and payroll factors are disregarded. In determining eligibility for this subdivision:

(1) the sale not in the ordinary course of business of tangible or intangible assets used in conducting business activities must be disregarded; and

(2) property and payroll at a distribution center outside of Minnesota are disregarded if the sole activity at the distribution center is the filling of orders, and no solicitation of orders occurs at the distribution center.

290.33 TAXABLE YEAR EXTENDING INTO CALENDAR YEARS AFFECTED BY DIFFERENT LAWS.

The tax imposed on a taxpayer for a period beginning in one calendar year, hereinafter called "first calendar year," and ending in the following calendar year, hereinafter called "second calendar year," when the law applicable to the first calendar year is different from the law applicable to the second calendar year, shall be the sum of (1) that proportion of a tax for the entire period, computed under the law applicable to the first calendar year, which the portion of such period falling within the first calendar year is of the entire period, and (2) that proportion of a tax for the entire period, computed under the law applicable to the second calendar year, which the portion of such period falling within the second calendar year is of the entire period.

295.52 TAXES IMPOSED.

Subd. 7. **Tax reduction.** Notwithstanding subdivisions 1, 1a, 2, 3, and 4, the tax imposed under this section equals for calendar years 1998 to 2003, 1.5 percent of the gross revenues received on or after January 1, 1998, and before January 1, 2004.

297A.666 AMNESTY FOR REGISTRATION.

Subdivision 1. **Amnesty provisions.** Subject to the limitations of subdivision 2:

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(1) this state shall provide amnesty for uncollected or unpaid sales or use tax to a seller who registers to pay or to collect and remit applicable sales or use tax on sales made to purchasers in this state in accordance with the terms of the streamlined sales and use tax agreement, provided that the seller was not so registered in this state in the 12-month period preceding the effective date of the state's participation in the agreement; and

(2) the amnesty shall preclude assessment for uncollected or unpaid sales or use tax together with penalty or interest for sales made during the period the seller was not registered in this state, provided registration occurs within 12 months of the effective date of the state's participation in the agreement.

Subd. 2. **Limitations.** (a) The amnesty is not available to a seller with respect to any matter or matters for which the seller received notice of the commencement of an audit and the audit is not yet finally resolved, including any related administrative and judicial processes.

(b) The amnesty is not available for sales or use taxes already paid or remitted to this state or to taxes collected by the seller.

(c) The amnesty is fully effective, absent the seller's fraud or intentional misrepresentation of a material fact, as long as the seller continues registration and continues payment or collection and remittance of applicable sales or use taxes for a period of at least 36 months. The statute of limitations provisions of chapter 289A applicable to asserting a sales or use tax liability must be tolled during this 36-month period.

(d) The amnesty is applicable only to sales or use taxes due from a seller in its capacity as a seller and not to sales or use taxes due from a seller in its capacity as a buyer.

297A.68 BUSINESS EXEMPTIONS.

Subd. 38. **Biotechnology and health sciences industry zone.** (a) Purchases of tangible personal property or taxable services by a qualified business, as defined in section 469.330, are exempt if the property or services are primarily used or consumed in a biotechnology and health sciences industry zone designated under section 469.334.

(b) Purchase and use of construction materials and supplies used or consumed in, and equipment incorporated into, the construction of improvements to real property in a biotechnology and health sciences industry zone are exempt if the improvements after completion of construction are to be used in the conduct of a qualified business, as defined in section 469.330. This exemption applies regardless of whether the purchases are made by the business or a contractor.

(c) The exemptions under this subdivision apply to a local sales and use tax regardless of whether the local sales tax is imposed on the sales taxable as defined under this chapter.

(d)(1) The tax on sales of goods or services exempted under this subdivision are imposed and collected as if the applicable rate under section 297A.62 applied. Upon application by the purchaser, on forms prescribed by the commissioner, a refund equal to the tax paid must be paid to the purchaser. The application must include sufficient information to permit the commissioner to verify the sales tax paid and the eligibility of the claimant to receive the credit. No more than two applications for refunds may be filed under this subdivision in a calendar year. The provisions of section 289A.40 apply to the refunds payable under this subdivision.

(2) The amount required to make the refunds is annually appropriated to the commissioner of revenue.

(3) The aggregate amount refunded to a qualified business must not exceed the amount allocated to the qualified business under section 469.335.

(e) This subdivision applies only to sales made during the duration of the designation of the zone.

297A.71 CONSTRUCTION EXEMPTIONS.

Subd. 4. **Lake Superior Center.** Building materials and supplies for construction of the Lake Superior Center are exempt.

Subd. 5. **Science Museum.** Building materials and supplies for construction of the Science Museum of Minnesota are exempt.

Subd. 7. **Alfalfa processing facility.** Building materials and supplies for constructing a facility that either develops market-value agricultural products made from alfalfa leaf material, or produces biomass energy fuel or electricity from alfalfa stems in accordance with the biomass mandate imposed under section 216B.2424 are exempt if the total capital investment made in the value-added agricultural products and biomass electric generation facilities is at least \$50,000,000.

Subd. 9. **Direct satellite broadcasting facility.** Building materials and supplies for constructing a new facility in Minnesota for providing Federal Communications Commission

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licensed direct satellite broadcasting services using direct broadcast satellites operating in the 12-GHz. band or fixed satellite regional or national program services, as defined in section 272.02, subdivision 16, are exempt if construction of the facility was commenced after June 30, 1993. All machinery, equipment, tools, accessories, appliances, contrivances, furniture, fixtures, and all technical equipment or tangible personal property of any other nature or description necessary to the construction and equipping of that facility in order to provide those services are also exempt.

Subd. 10. **Aircraft heavy maintenance facility.** Materials, equipment, and supplies used or consumed in constructing a heavy maintenance facility for aircraft that is to be owned by the state of Minnesota or one of its political subdivisions and leased by an airline company is exempt. Except for equipment owned or leased by a contractor, all machinery, equipment, and tools necessary to the construction and equipping of that facility in order to provide those services are also exempt.

Subd. 17. **Environmental learning center.** Construction materials and supplies are exempt if they are used or consumed in constructing or improving the Long Lake Conservation Center pursuant to the funding provided under Laws 1994, chapter 643, section 23, subdivision 28, as amended by Laws 1995, First Special Session chapter 2, article 1, section 48; Laws 1996, chapter 463, section 7, subdivision 26; and Laws 1997, chapter 246, section 24. The tax must be calculated and paid as if the rate in section 297A.62, subdivision 1, was in effect and a refund applied for in the manner prescribed in section 297A.75.

Subd. 18. **Soybean oilseed processing and refining facility.** Construction materials and supplies are exempt if:

- (1) the materials and supplies are used or consumed in constructing a facility for soybean oilseed processing and refining;
- (2) the total capital investment made in the facility is at least \$60,000,000; and
- (3) the facility is constructed by a Minnesota-based cooperative organized under chapter 308A.

Subd. 20. **Construction materials and supplies; beef processing facility.** Materials and supplies used or consumed in, and equipment incorporated into, the expansion, remodeling, or improvement of a facility used for cattle slaughtering are exempt if:

- (1) the cost of the project is expected to exceed \$15,000,000;
- (2) the expansion, remodeling, or improvement of the facility will be used to fabricate beef;
- (3) the number of jobs at the facility is expected to increase by at least 150 when the project is completed; and
- (4) the project is expected to be completed by December 31, 2001.

Subd. 32. **Walker Art Center.** Materials, equipment, and supplies used or consumed in construction of the Walker Art Center are exempt if more than \$70,000,000 is raised from private sources to pay for a portion of the costs of the project.

Subd. 41. **Construction materials; meat processing facility.** Materials and supplies used or consumed in, and equipment incorporated into, the construction or improvement of a meat processing facility are exempt. This facility must be constructed to replace a meat processing facility destroyed in a fire in April 2009, that employed more than 200 employees at the time of the destruction. The tax must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied and then refunded after June 30, 2011, in the manner provided in section 297A.75.

297F.08 CIGARETTE STAMPS.

Subd. 11. **Railroad or sleeping car company as a distributor.** The commissioner may authorize a railroad or sleeping car company licensed as a distributor to sell cigarettes on its cars without affixing stamps to the packages, provided that monthly reports and payments of the tax due subject to the discount in subdivision 7 must be made directly to the commissioner in the manner and under the terms provided for by the commissioner. Only one distributor's license need be obtained by each railroad or sleeping car company to permit it to sell cigarettes on any or all of its cars within the state.

297H.10 ADMINISTRATION; ENFORCEMENT; PENALTY.

Subd. 2. **Penalty.** If the form prescribed by the commissioner of revenue for remitting the tax is the sales tax return, a penalty is imposed on a person or political subdivision who fails to separately report the amount of tax due under this chapter. The specified penalties are ten percent for the first violation and 20 percent for the second and subsequent violations. The penalty applies

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only to that portion of the tax that should have been reported on the separate lines for the tax due under this chapter and that was included on other lines of the sales tax return.

469.174 DEFINITIONS.

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

- (1) parcels consisting of 70 percent of the area of the district are occupied by buildings or similar structures that are classified as class 3a property under section 273.13, subdivision 24; and
- (2) the planned redevelopment or development of the district, when completed, will increase the total square footage of buildings, classified as class 3a under section 273.13, subdivision 24, occupying the district by three times or more relative to the square footage of similar buildings occupying the district when the resolution was approved.

469.175 ESTABLISHING, CHANGING PLAN, ANNUAL ACCOUNTS.

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

469.176 LIMITATIONS.

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

- (1) administrative expenses up to the amount permitted under subdivision 3;
- (2) the cost of acquiring land located in the district or abutting the boundary of the district;
- (3) demolition and removal of buildings or other improvements and other site preparation costs for lands located in the district or abutting the boundary of the district; and
- (4) installation of public infrastructure or public improvements serving the district, but excluding the costs of streets, roads, highways, parking, or other public improvements primarily designed to serve private passenger motor vehicles.

469.1764 PRE-1982 DISTRICTS; POOLING RULES.

Subdivision 1. **Scope; application.** (a) This section applies to a tax increment financing district or area added to a district, if the request for certification of the district or the area added to the district was made after July 31, 1979, and before July 1, 1982.

(b) This section, section 469.1763, subdivision 6, and any special law applying to the district are the exclusive authority to spend tax increments on activities located outside of the geographic area of a tax increment financing district that is subject to this section.

(c) This section does not apply to increments from a district that is subject to the provisions of this section, if:

- (1) the district was decertified before the enactment of this section and all increments spent on activities located outside of the geographic area of the district were repaid and distributed as excess increments under section 469.176, subdivision 2; or
- (2) the use of increments on activities located outside of the geographic area of the district consists solely of payment of debt service on bonds under section 469.129, subdivision 2, before its repeal, and any bonds issued to refund bonds issued under that subdivision.

Subd. 2. **State auditor notification.** By August 1, 1999, the state auditor shall notify in writing each authority for which the auditor has records that the authority has a district subject to this section.

Subd. 3. **Ratification of past spending.** The following expenditures of increments on activities located outside of the geographic area of a district subject to this section are permitted:

- (1) expenditures made before the earlier of (i) notification by the state auditor or (ii) December 31, 1999; and
- (2) expenditures to pay preexisting outside district obligations.

Subd. 4. **Decertification required.** (a) The provisions of this subdivision apply to any tax increment financing district subject to this section, if increments from the district were used on activities located outside of the geographic area of the district.

(b) After December 31, 1999, any tax increments received by the authority from a district subject to this subdivision may be expended only to pay:

- (1) preexisting in-district obligations;
- (2) preexisting outside district obligations; and

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(3) administrative expenses.

After all preexisting obligations have been paid or defeased, the district must be decertified and any remaining increments distributed as excess increments under section 469.176, subdivision 2.

Subd. 5. **Definitions.** (a) "Notification by the state auditor" means the receipt by the authority or the municipality of the final written notification from the state auditor that its expenditures of increments from the district on activities located outside of the geographic area of the district were not in compliance with state law.

(b) "Preexisting outside district obligations" means:

(1) bonds secured by increments from a district subject to this section and used to finance activities outside the geographic area of the district, if the bonds were issued and the pledge of increment was made before the earlier of (i) notification by the state auditor, or (ii) April 1, 1999;

(2) bonds issued to refund bonds qualifying under clause (1), if the refunding bonds do not increase the total amount of tax increments required to pay the refunded bonds; and

(3) binding written agreements secured by the increments from the district subject to this section and used to finance activities outside the geographic area of the district, if the agreement was entered before the earlier of (i) notification by the state auditor or (ii) May 1, 1999.

(c) "Preexisting in-district obligations" means:

(1) bonds secured by increments from a district subject to this section and not used to finance activities outside of the geographic area of the district, if the bonds were issued and the pledge of increments was made before April 1, 1999;

(2) bonds issued to refund bonds qualifying under clause (1), if the refunding bonds do not increase the total amount of tax increments required to pay the refunded bonds; and

(3) binding written agreements secured by increments from a district subject to this section and not used to finance activities outside of the geographic area of the district, if the agreements were entered into and the pledge of increments was made before June 30, 1999.

469.177 COMPUTATION OF TAX INCREMENT.

Subd. 10. **Payment to school for referendum levy.** (a) The provisions of this subdivision apply to tax increment financing districts and projects for which certification was requested before May 1, 1988, that are located in a school district in which the voters have approved new local tax rates or an increase in local tax rates after the tax increment financing district was certified.

(b)(1) If there are no outstanding bonds on May 1, 1988, to which increment from the district is pledged, or if the referendum is approved after May 1, 1988, and there are no bonds outstanding at the time the referendum is approved, that were issued before May 1, 1988, the authority must annually pay to the school district an amount of increment equal to the increment that is attributable to the increase in the local tax rate under the referendum.

(2) If clause (1) does not apply, upon approval by a majority vote of the governing body of the municipality and the school board, the authority must pay to the school district an amount of increment equal to the increment that is attributable to the increase in the local tax rate under the referendum.

(c) The amounts of these increments may be expended and must be treated by the school district in the same manner as provided for the revenues derived from the referendum levy approved by the voters. The provisions of this subdivision apply to projects for which certification was requested before, on, and after August 1, 1979.

469.330 DEFINITIONS.

Subdivision 1. **Scope.** For purposes of sections 469.330 to 469.341, the following terms have the meanings given.

Subd. 2. **Applicant.** "Applicant" means a local government unit or units applying for designation of an area as a biotechnology and health sciences industry zone or a joint powers board, established under section 471.59, acting on behalf of two or more local government units.

Subd. 3. **Biotechnology and health sciences industry facility.** "Biotechnology and health sciences industry facility" means one or more facilities or operations involved in:

(1) researching, developing, and/or manufacturing a biotechnology product or service or a biotechnology-related health sciences product or service;

(2) researching, developing, and/or manufacturing a biotechnology medical device product or service or a biotechnology-related medical device product or service; or

(3) promoting, supplying, or servicing a facility or operation involved in clause (1) or (2), if the business derives more than 50 percent of its gross receipts from those activities.

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Subd. 4. **Commissioner.** "Commissioner" means the commissioner of employment and economic development.

Subd. 5. **Development plan.** "Development plan" means a plan meeting the requirements of section 469.331.

Subd. 6. **Biotechnology and health sciences industry zone or zone.** "Biotechnology and health sciences industry zone" or "zone" means a zone designated by the commissioner under section 469.334.

Subd. 7. **Biotechnology and health sciences industry zone percentage or zone percentage.** "Biotechnology and health sciences industry zone percentage" or "zone percentage" means the following fraction reduced to a percentage:

(1) the numerator of the fraction is:

(i) the ratio of the taxpayer's property factor under section 290.191 located in the zone for the taxable year over the property factor numerator determined under section 290.191, plus

(ii) the ratio of the taxpayer's biotechnology and health sciences industry zone payroll factor under subdivision 8 over the payroll factor numerator determined under section 290.191; and

(2) the denominator of the fraction is two.

When calculating the zone percentage for a business that is part of a unitary business as defined under section 290.17, subdivision 4, the denominator of the payroll and property factors is the Minnesota payroll and property of the unitary business as reported on the combined report under section 290.17, subdivision 4, paragraph (j).

Subd. 8. **Biotechnology and health sciences industry zone payroll factor.** "Biotechnology and health sciences industry zone payroll factor" or "biotechnology and health sciences industry zone payroll" is that portion of the payroll factor under section 290.191 that represents:

(1) wages or salaries paid to an individual for services performed for a qualified business in a biotechnology and health sciences industry zone; or

(2) wages or salaries paid to individuals working from offices of a qualified business within a biotechnology and health sciences industry zone if their employment requires them to work outside the zone and the work is incidental to the work performed by the individual within the zone.

Subd. 9. **Local government unit.** "Local government unit" means a statutory or home rule charter city, county, town, or school district.

Subd. 10. **Person.** "Person" includes an individual, corporation, partnership, limited liability company, association, or any other entity.

Subd. 11. **Qualified business.** (a) "Qualified business" means a person carrying on a trade or business at a biotechnology and health sciences industry facility located within a biotechnology and health sciences industry zone. A person is a qualified business only on those parcels of land for which it has entered into a business subsidy agreement, as required under section 469.333, with the appropriate local government unit in which the parcels are located.

(b) A person that relocates a biotechnology and health sciences industry facility from outside a biotechnology and health sciences industry zone into a zone is not a qualified business, unless the business:

(1)(i) increases full-time employment in the first full year of operation within the biotechnology and health sciences industry zone by at least 20 percent measured relative to the operations that were relocated and maintains the required level of employment for each year the zone designation applies; or

(ii) makes a capital investment in the property located within a zone equivalent to ten percent of the gross revenues of operation that were relocated in the immediately preceding taxable year; and

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

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

(ii) provides for repayment of all tax benefits enumerated under section 469.336 to the business under the procedures in section 469.340, if the requirements of clause (1) are not met; and

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

Subd. 12. **Relocates.** (a) "Relocates" means that the trade or business:

(1) ceases one or more operations or functions at another location in Minnesota and begins performing substantially the same operations or functions at a location in a biotechnology and health sciences industry zone; or

(2) reduces employment at another location in Minnesota during a period starting one year before and ending one year after it begins operations in a biotechnology and health sciences industry zone and its employees in the biotechnology and health sciences industry

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zone are engaged in the same line of business as the employees at the location where it reduced employment.

(b) "Relocate" does not include an expansion by a business that establishes a new facility that does not replace or supplant an existing operation or employment, in whole or in part.

469.331 DEVELOPMENT PLAN.

(a) An applicant for designation of a biotechnology and health sciences industry zone must adopt a written development plan for the zone before submitting the application to the commissioner.

(b) The development plan must contain, at least, the following:

(1) a map of the proposed zone that indicates the geographic boundaries of the zone, the total area, and present use and conditions generally of the land and structures within those boundaries;

(2) evidence of community support and commitment from local government, local workforce investment boards, school districts, and other education institutions, business groups, and the public;

(3) a description of the methods proposed to increase economic opportunity and expansion, facilitate infrastructure improvement, reduce the local regulatory burden, and identify job-training opportunities;

(4) current social, economic, and demographic characteristics of the proposed zone and anticipated improvements in education, health, human services, and employment if the zone is created;

(5) a description of anticipated activity in the zone and each subzone, including, but not limited to, industrial use and industrial site reuse;

(6) a description of the tax exemptions under section 469.336 to be provided to each qualifying business based on a development agreement between the applicant and each qualified business. The development agreement must also state any obligations the qualified business must fulfill in order to be eligible for tax benefits; and

(7) any other information required by the commissioner.

469.332 ZONE LIMITS.

Subdivision 1. **Maximum size.** A biotechnology and health sciences industry zone may not exceed 5,000 acres.

Subd. 2. **Subzones.** The area of a biotechnology and health sciences industry zone may consist of one or more noncontiguous areas or subzones.

Subd. 3. **Duration limit.** The maximum duration of a zone is 12 years. The applicant may request a shorter duration. The commissioner may specify a shorter duration, regardless of the requested duration.

469.333 APPLICATION FOR DESIGNATION.

Subdivision 1. **Who may apply.** One or more local government units, or a joint powers board under section 471.59, acting on behalf of two or more units, may apply for designation of an area as a biotechnology and health sciences industry zone. All or part of the area proposed for designation as a zone must be located within the boundaries of each of the governmental units. A local government unit may not submit or have submitted on its behalf more than one application for designation of a biotechnology and health sciences industry zone.

Subd. 2. **Application content.** The application must include:

(1) a development plan meeting the requirements of section 469.331;

(2) the proposed duration of the zone, not to exceed 12 years;

(3) a resolution or ordinance adopted by each of the cities or towns and the counties in which the zone is located, agreeing to provide all of the local sales and use tax exemptions provided under section 469.336;

(4) an agreement by the applicant to treat incentives provided under the zone designation as business subsidies under sections 116J.993 to 116J.995 and to comply with the requirements of that law; and

(5) supporting evidence to allow the commissioner to evaluate the application under the criteria in section 469.334.

469.334 DESIGNATION OF ZONE.

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Subdivision 1. **Commissioner to designate.** (a) The commissioner, in consultation with the commissioner of revenue and the director of the Office of Strategic and Long-Range Planning, may designate biotechnology and health sciences industry zones. Priority must be given to applicants with a development plan that links a higher education/research institution with a biotechnology and health sciences industry facility.

(b) The commissioner may consult with the applicant prior to the designation of the zone. The commissioner may 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 biotechnology and health sciences industry zone program. The commissioner shall notify the applicant of the modifications and provide a statement of the reasons for the modifications.

Subd. 2. **Need indicators.** (a) In evaluating applications to determine the need for designation of a biotechnology and health sciences industry zone, the commissioner shall consider the following factors as indicators of need:

(1) the extent to which land in proximity to a significant scientific research institution could be developed as a higher and better use for biotechnology and health sciences industry facilities;

(2) the amount of property in or near the zone that is deteriorated or underutilized; and

(3) the extent to which property in the area would remain underdeveloped or nonperforming due to physical characteristics.

(b) The commissioner may require applicants to provide data to demonstrate how the area meets one or more of the indicators of need.

Subd. 3. **Success indicators.** In determining the likelihood of success of a proposed zone, the commissioner shall consider:

(1) applicants that show a viable link between a higher education/research institution, the biotechnology and/or medical devices business sectors, and one or more units of local government with a development plan;

(2) the extent to which the area has substantial real property with adequate infrastructure and energy to support new or expanded development;

(3) the strength and viability of the proposed development goals, objectives, and strategies in the development plan;

(4) whether the development plan is creative and innovative in comparison to other applications;

(5) local public and private commitment to development of a biotechnology and health sciences industry facility or facilities in the proposed zone and the potential cooperation of surrounding communities;

(6) existing resources available to the proposed zone;

(7) how the designation of the zone would relate to other economic and community development projects and to regional initiatives or programs;

(8) how the regulatory burden will be eased for biotechnology and health sciences industry facilities located in the proposed zone;

(9) proposals to establish and link job creation and job training in the biotechnology and health sciences industry with research/educational institutions; and

(10) the extent to which the development is directed at encouraging, and that designation of the zone is likely to result in, the creation of high-paying jobs.

Subd. 4. **Designation schedule.** (a) The schedule in paragraphs (b) to (e) applies to the designation of the first biotechnology and health sciences industry zone.

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

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

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

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

(f) Additional zones may be designated in later years, only after the commissioner of employment and economic development has established criteria for expanding the number of zones. The criteria must limit designating a new zone to a community that has adequate resources and infrastructure to support bioindustry, including postsecondary institutions, strong health care systems, and existing bioscience companies. It must also require that a new zone be located on a transportation corridor.

469.335 APPLICATION FOR TAX BENEFITS.

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(a) To claim a tax credit or exemption against a state tax under section 469.336, a business must apply to the commissioner for a tax credit certificate. As a condition of its application, the business must agree to furnish information to the commissioner that is sufficient to verify the eligibility for any credits or exemptions claimed. The total amount of the state tax credits and exemptions allowed for the specified period may not exceed the amount of the tax credit certificates provided by the commissioner to the business. The commissioner must verify to the commissioner of revenue the amount of tax exemptions or credits for which each business is eligible.

(b) A tax credit certificate issued under this section may specify the particular tax exemptions or credits against a state tax that the qualified business is eligible to claim under section 469.336, and the amount of each exemption or credit allowed.

(c) The commissioner may issue \$1,000,000 of tax credits or exemptions in fiscal year 2004. Any tax credits or exemptions not awarded in fiscal year 2004 may be awarded in fiscal year 2005.

(d) A qualified business must use the tax credits or tax exemptions granted under this section by the later of the end of the state fiscal year or the taxpayer's tax year in which the credits or exemptions are granted.

469.336 TAX INCENTIVES AVAILABLE IN ZONES.

Qualified businesses that operate in a biotechnology and health sciences industry zone, individuals who invest in a qualified business that operates in a biotechnology and health sciences industry zone, and property of a qualified business located in a biotechnology and health sciences industry zone qualify for:

- (1) exemption from corporate franchise taxes as provided under section 469.337;
- (2) exemption from the state sales and use tax and any local sales and use taxes on qualifying purchases as provided in section 297A.68, subdivision 38;
- (3) research and development credits as provided under section 469.339;
- (4) jobs credits as provided under section 469.338.

469.337 CORPORATE FRANCHISE TAX EXEMPTION.

(a) A qualified business is exempt from taxation under section 290.02, the alternative minimum tax under section 290.0921, and the minimum fee under section 290.0922, on the portion of its income attributable to operations of a qualified business within the biotechnology and health sciences industry zone. This exemption is determined as follows:

- (1) for purposes of the tax imposed under section 290.02, by multiplying its taxable net income by its zone percentage and subtracting the result in determining taxable income;
- (2) for purposes of the alternative minimum tax under section 290.0921, by multiplying its alternative minimum taxable income by its zone percentage and reducing alternative minimum taxable income by this amount; and
- (3) for purposes of the minimum fee under section 290.0922, by excluding zone property and payroll from the computations of the fee. The qualified business is exempt from the minimum fee if all of its property is located in the zone and all of its payroll is zone payroll.

(b) No subtraction is allowed under this section in excess of 20 percent of the sum of the corporation's biotechnology and health sciences industry zone payroll and the adjusted basis of the property at the time that the property is first used in the biotechnology and health sciences industry zone by the corporation.

(c) No reduction in tax is allowed in excess of the amount allocated under section 469.335.

469.338 JOBS CREDIT.

Subdivision 1. **Credit allowed.** A qualified business is allowed a credit against the taxes imposed under chapter 290.

The credit equals seven percent of the:

- (1) lesser of:
 - (i) zone payroll for the taxable year, less the zone payroll for the base year; or
 - (ii) total Minnesota payroll for the taxable year, less total Minnesota payroll for the base year; minus
- (2) \$30,000 multiplied by the number of full-time equivalent employee positions that the qualified business employs in the biotechnology and health sciences industry zone for the taxable year, minus the number of full-time equivalent employees the business employed in the zone in the base year, but not less than zero.

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

(b) "Base year" means the taxable year beginning during the calendar year in which the commissioner designated the zone.

(c) "Full-time equivalent employee position" means the equivalent of annualized expected hours of work equal to 2,080 hours.

(d) "Minnesota payroll" means the wages or salaries attributed to Minnesota under section 290.191, subdivision 12, for the qualified business or the unitary business of which the qualified business is a part, whichever is greater.

(e) "Zone payroll" means wages or salaries used to determine the zone payroll factor for the qualified business.

Subd. 3. **Inflation adjustment.** For taxable years beginning after December 31, 2004, the dollar amount in subdivision 1, clause (2), is annually adjusted for inflation. The commissioner of revenue shall adjust the amount by the percentage determined under section 290.06, subdivision 2d, for the taxable year.

Subd. 4. **Refundable.** If the amount of the credit calculated under this section and allocated to the qualified business under section 469.335 exceeds the liability for tax under chapter 290, the commissioner of revenue shall refund the excess to the qualified business.

469.339 CREDIT FOR MORE RESEARCH IN ZONE.

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

(1) five percent of the first \$2,000,000 of the excess (if any) of (i) the qualified research expenses for the taxable year, over (ii) the base amount; and

(2) 2.5 percent of all such excess expenses over \$2,000,000.

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

(b) "Qualified research expenses" means qualified research expenses and basic research payments as defined in section 41(b) and (e) of the Internal Revenue Code.

(c) "Qualified research" means activities in the fields of biotechnology or health sciences that are "qualified research" as defined in section 41(d) of the Internal Revenue Code, except that the term does not include qualified research conducted outside the biotechnology and health sciences industry zone.

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

(e) "Liability for tax" for purposes of this section means the tax imposed under this chapter for the taxable year reduced by the sum of the nonrefundable credits allowed under this chapter.

Subd. 3. **Refundable credit.** If the credit determined under this section and allocated to the taxpayer under section 469.335 for the taxable year exceeds the taxpayer's liability for tax for the year, the commissioner shall refund the difference to the taxpayer.

Subd. 4. **Partnerships.** For partnerships, the credit is allocated in the same manner provided by section 41(f)(2) 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. **Interaction; regular research credit.** Any amount used to calculate a credit under this section may not be used to generate a credit under section 290.068.

469.340 REPAYMENT OF TAX BENEFITS.

Subdivision 1. **Repayment obligation.** A business must repay the amount of the tax reduction listed in section 469.336 and any refunds under sections 469.338 and 469.339 in excess of tax liability, received during the two years immediately before it ceased to operate in the zone, if the business:

(1) received tax reductions authorized by section 469.336; and

(2)(i) did not meet the goals specified in an agreement entered into with the applicant that states any obligation the qualified business must fulfill in order to be eligible for tax benefits. The commissioner of employment and economic development may extend for up to one year

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the period for meeting any goals provided in an agreement. The applicant may extend the period for meeting other goals by documenting in writing the reason for the extension and attaching a copy of the document to its next annual report to the commissioner of employment and economic development; or

(ii) ceased to operate its facility located within the biotechnology and health sciences industry zone or otherwise ceases to be or is not a qualified business.

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

(b) "Business" means any person who received tax benefits enumerated in section 469.336.

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

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

Subd. 4. **Repayment procedures.** (a) For the repayment of taxes imposed under chapter 290 or 297A or local taxes collected pursuant to section 297A.99, a business must file an amended return with the commissioner of revenue and pay any taxes required to be repaid within 30 days after ceasing to do business in the zone. The amount required to be repaid is determined by calculating the tax for the period or periods for which repayment is required without regard to the exemptions and credits allowed under section 469.336.

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

(c) The provisions of chapters 270C and 289A relating to the commissioner's authority to audit, assess, and collect the tax and to hear appeals are applicable to the repayment required under paragraph (a). The commissioner may impose civil penalties as provided in chapter 289A, and the additional tax and penalties are subject to interest at the rate provided in section 270C.40. The additional tax shall bear interest from 30 days after ceasing to do business in the biotechnology and health sciences industry zone until the date the tax is paid. Any penalty imposed pursuant to this section shall bear interest from the date provided in section 270C.40, subdivision 3, to the date of payment of the penalty.

(d) If a property tax is not repaid under paragraph (b), the county treasurer shall add the amount required to be repaid to the property taxes assessed against the property for payment in the year following the year in which the treasurer discovers that the business ceased to operate in the biotechnology and health sciences industry zone.

(e) For determining the tax required to be repaid, a tax reduction is deemed to have been received on the date that the tax would have been due if the taxpayer had not been entitled to the exemption, or on the date a refund was issued for a refundable credit.

(f) The commissioner may assess the repayment of taxes under paragraph (c) any time within two years after the business ceases to operate in the biotechnology and health sciences industry zone, or within any period of limitations for the assessment of tax under section 289A.38, whichever period is later.

Subd. 5. **Waiver authority.** The commissioner may waive all or part of a repayment, if the commissioner, in consultation with the commissioner of employment and economic development and appropriate officials from the local government units in which the business is located, determines that requiring repayment of the tax is not in the best interest of the state or the local government units and the business ceased operating as a result of circumstances beyond its control including, but not limited to:

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

469.341 ZONE PERFORMANCE; REMEDIES.

Subdivision 1. **Reporting requirement.** An applicant receiving designation of a biotechnology and health sciences industry zone under section 469.334 must annually report to the commissioner on its progress in meeting the zone performance goals under the development

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plan for the zone and the applicant's compliance with the business subsidy law under sections 116J.993 to 116J.995.

Subd. 2. **Procedures.** For reports required by subdivision 1, the commissioner may prescribe:

- (1) the required time or times by which the reports must be filed;
- (2) the form of the report; and
- (3) the information required to be included in the report.

Subd. 3. **Remedies.** If the commissioner determines, based on a report filed under subdivision 1 or other available information, that a zone or subzone is failing to meet its performance goals, the commissioner may take any actions the commissioner determines appropriate, including modification of the boundaries of the zone or a subzone or termination of the zone or a subzone. Before taking any action, the commissioner shall consult with the applicant and the affected local government units, including notifying them of the proposed actions to be taken. The commissioner shall publish any order modifying a zone in the State Register and on the Internet. The applicant may appeal the commissioner's order under the contested case procedures of chapter 14.

Subd. 4. **Existing businesses.** (a) An action to remove area from a zone or to terminate a zone under this section does not apply to:

- (1) the property tax on improvements constructed before the first January 2 following publication of the commissioner's order;
 - (2) sales tax on purchases made before the first day of the next calendar month beginning at least 30 days after publication of the commissioner's order; and
 - (3) individual income tax or corporate franchise tax attributable to a facility that was in operation before the publication of the commissioner's order.
- (b) The tax exemptions specified in paragraph (a) terminate on the date on which the zone expires under the original designation.

477A.0124 COUNTY PROGRAM AID.

Subdivision 1. **Calendar year 2004.** In 2004, each county shall receive program aid in an amount equal to the sum of:

- (1) the amount of county attached machinery aid computed for the county for payment in 2003 under section 273.138 prior to any reduction under laws enacted in 2003;
- (2) the amount of county homestead and agricultural credit aid computed for the county for payment in 2003 under section 273.1398, subdivision 2, prior to any reduction under laws enacted in 2003, minus the amount certified under section 273.1398, subdivision 4a, paragraph (b), for counties in Judicial Districts One, Three, Six, and Ten, and by 25 percent of the amount certified under section 273.1398, subdivision 4a, paragraph (b), for counties located in Judicial Districts Two and Four;
- (3) the amount of county manufactured home homestead and agricultural credit aid computed for the county for payment in 2003 under section 273.166 prior to any reduction under laws enacted in 2003;
- (4) the amount of county criminal justice aid computed for the county for payment in 2003 under section 477A.0121 prior to any reduction under laws enacted in 2003; and
- (5) the amount of county family preservation aid computed for the county for payment in 2003 under section 477A.0122 prior to any reduction under laws enacted in 2003.

Subd. 6. **Aid payments in 2011 and 2012.** Notwithstanding total aids calculated or certified for 2011 under subdivisions 3, 4, and 5, for 2011 and 2012, each county shall receive an aid distribution under this section equal to the lesser of (1) the total amount of aid it received under this section in 2010 after the reductions under sections 477A.0133 and 477A.0134, or (2) the total amount the county is certified to receive in 2011 under subdivisions 3 to 5.

505.173 CORRECTION OF PLATS.

Subdivision 1. **Certain defects.** In all cases where the plats, or what purports to be plats, of any portion of the lands contained within any additions to or subdivisions of any town or city, situated in any county having less than 15 full and fractional congressional townships, having less than 15,000 inhabitants according to the 1940 federal census, and having an assessed value of more than \$7,500,000 and less than \$8,500,000, exclusive of money and credits which have been executed and filed in an office of any county recorder previous to January 1, 1915, (1) fail to identify or correctly describe the land to be so platted or to show correctly upon their face the tract of land intended or purported to be platted thereby, or (2) are defective by reason

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of the plat and the description of the land purported to be so platted thereby being inconsistent or incorrect, or (3) there exists a defect in the execution of said plats on the part of the grantors thereof, the governing board or council of the municipality containing land so platted or purported to be so platted may authorize, within two years from April 21, 1951, referring by the record book and page of such plat or plats in the office of the county recorder to the plat or plats to be corrected, the making of one or more plats which shall correctly show on the face thereof and by description of the land intended to be platted, which plat or plats may vary from the original plats in description as to lots and blocks to suit the best purpose and secure the best results. Such plat or plats, in a declaration thereon, shall recite such resolution and shall identify each separate tract of land described therein with such tract of land in the purported plat or plats intended to be corrected thereby, and shall be certified by the proper officers of the municipality as to authorization and by an engineer or surveyor as to correctness, and the signatures of such persons shall be acknowledged in like manner as a deed.

Subd. 2. **Corrected plat to be prima facie evidence.** Such plat or plats when so certified and acknowledged may be filed in the office of the county recorder and the declaration therein may be recorded at length in a "Book of Plat Certificates"; and when so filed and recorded such plat or plats and declaration together with the record thereof shall be prima facie evidence in all matters shown or stated therein as to the lands covered thereby.

Subd. 3. **Application to certain cities.** This section shall not apply to a city whose charter provides for official supervision of plats by municipal officers, commission or board.

Laws 1993, chapter 375, article 9, section 47

Sec. 47. **CITY OF GARRISON; SALES TAX.**

Subdivision 1. **Sales tax authorized.** Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of Garrison may, by ordinance, impose an additional sales tax of up to one percent on sales transactions taxable pursuant to Minnesota Statutes, chapter 297A, that occur within the city.

Subd. 2. **Use of revenues.** Revenues received from taxes authorized under subdivision 1 must be dedicated by the city to pay the cost of collecting the tax and to pay all or part of the expenses of the construction of a sewer system in the city, including payment of principal and interest on loans received by the city to construct the sewer system.

Subd. 3. **Enforcement; collection; and administration of taxes.** (a) The city may provide for collection and enforcement of the tax by ordinance or the city may enter into an agreement with the commissioner of revenue, providing for collection of the tax.

(b) If the city enters an agreement with the commissioner of revenue for collection of the tax, the sales tax imposed under this section must be reported and paid to the commissioner of revenue with the state sales taxes, and be subject to the same penalties, interest, and enforcement provisions. The proceeds of the tax, less refunds and a proportionate share of the cost of collection, shall be remitted at least quarterly to the city. The commissioner shall deduct from the proceeds remitted an amount that equals the indirect statewide cost as well as the direct and indirect department costs necessary to administer, audit, and collect the tax.

Subd. 4. **Expiration of taxing authority.** The authority granted by this section to the city of Garrison to impose a sales tax expires when the principal and interest on any bonds or obligations issued to finance the construction of the sewer system have been paid, or at an earlier time as the city shall, by resolution, determine. Any funds remaining after completion of the improvements and retirement or redemption of the bonds may be placed in the general fund of the city.

Subd. 5. **Referendum.** The city may impose the tax under this section only after approval by the voters in a referendum held at a special or general election in the city.

Subd. 6. **Local approval; effective date.** This section is effective the day after final enactment, upon compliance with Minnesota Statutes, section 645.021, subdivision 3, by the city of Garrison.

8002.0200 MINNESOTA GROSS INCOME FOR INDIVIDUALS WHO ARE PART-YEAR RESIDENTS OR NONRESIDENTS OF MINNESOTA (FEDERAL ADJUSTED GROSS INCOME).

Subp. 8. **Net operating loss carried back or forward.** The amount of a net operating loss that may be carried back or carried forward shall be the same dollar amount allowed in the determination of federal adjusted gross income. Adjustments must be made in the net operating loss for income and losses which are not assignable to Minnesota and for any changes in the computation of federal adjusted gross income which have not been adopted by the Minnesota Legislature in a law updating the reference to the Internal Revenue Code. A taxpayer may make an adjustment to federal adjusted gross income for the modifications that affect shareholders of a small business corporation which has made an election for federal purposes but not for Minnesota purposes as provided in Minnesota Statutes, section 290.01, subdivision 20c.

The net operating loss carryback or carryover applied as a deduction in the taxable year to which the net operating loss is carried back or carried over shall be equal to the net operating loss carryback or carryover applied in the taxable year in arriving at federal adjusted gross income subject to the following modifications:

A. Increase the amount of carryback or carryover applied in the taxable year by the amount of losses and expenses not assignable to Minnesota incurred in the taxable year.

B. Decrease the amount of carryback or carryover applied in the taxable year by the amount of income not assignable to Minnesota earned in the taxable year and the amount of federal jobs credit or WIN credit earned in the taxable year.

C. A taxpayer who is not a resident of Minnesota during any part of the taxable year and who has no income assignable to Minnesota during the taxable year shall apply no net operating loss carryback or carryover in the taxable year.

The net operating loss carryback or carryover to the next consecutive taxable year shall be the net operating loss carryback or carryover as calculated in this subpart less the amount applied in the taxable year(s) as above. No additional net operating loss carryback or carryover shall be allowed if the entire amount has been used to offset Minnesota income in a year earlier than was possible on the federal return. A net operating loss carryback or carryover that was allowed to offset federal income in a year earlier than was possible on the Minnesota return shall still be allowed to offset Minnesota income.

8007.0200 CHANGE IN ACCOUNTING METHODS.

The taxpayer must secure permission from the commissioner to change the taxpayer's method of accounting or in reporting income and deductions. Such application must be filed within 90 days after the beginning of the taxable year to be covered by the return. A statement must be attached to the application setting forth in detail the variation in treatment of classes of items on the old and new basis. A change in the method of accounting or basis of reporting income and deductions means any change in the treatment of items of income and deductions such as change from cash receipts and disbursements basis to the accrual basis or vice versa; a change in the method of inventory valuations; or a change permitted by the commissioner involving any other specialized method of accounting for income and deductions.

8100.0800 PHASE-IN.

Subpart 1. **Phase-in of valuation changes.** Any change in valuation is phased in over three years. For assessment years 2007, 2008, and 2009, each utility property must be valued both under the valuation process of current Minnesota Rules, chapter 8100, ("current rules") and under the valuation process of Minnesota Rules 2005, chapter 8100, as amended through March 2, 2000, ("old rules"). The difference, either positive or negative, between the value derived under the current rules and the value derived under old rules is incrementally added to the value derived under the old rules as follows:

For assessment year 2007, 20 percent of the difference is added to the value derived under the old rules; this amount is the assessed value for 2007.

For assessment year 2008, 50 percent of the difference is added to the value derived under the old rules; this amount is the assessed value for 2008.

For assessment year 2009, and all subsequent assessment years, the full value derived under the current rules is the assessed value.

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Subp. 2. **Examples of phase-in valuations.** The following example illustrates a valuation when the value derived using the old rules exceeds the value derived using the current rules:

1.	Value for Assessment Year 2007	
	Value under current rules	\$ 10,750,000
	Value under old rules	\$ 12,000,000
	Difference between old and current value	\$ 1,250,000
	20% of difference	\$ 250,000
	Assessed Value	\$ 11,750,000
2.	Value for Assessment year 2008	
	Value under current rules	\$ 10,900,000
	Value under old rules	\$ 12,750,000
	Difference between old and current values	\$ 1,850,000
	50% of difference	\$ 925,000
	Assessed Value	\$ 11,825,000
3.	Value for Assessment Year 2009	
	Value under current rules	\$ 11,750,000
	Assessed Value	\$ 11,750,000

The following example illustrates a valuation when the value derived using the old rules is less than the value derived using the current rules:

1.	Value for Assessment Year 2007	
	Value under current rules	\$ 15,000,000
	Value under old rules	\$ 13,500,000
	Difference between old and current values	\$ 1,500,000
	20% of difference	\$ 300,000
	Assessed Value	\$ 13,800,000
2.	Value for Assessment Year 2008	
	Value under current rules	\$ 15,250,000
	Value under old rules	\$ 14,250,000
	Difference between old and current values	\$ 1,000,000
	50% of difference	\$ 500,000
	Assessed Value	\$ 14,750,000
3.	Value for Assessment Year 2009	
	Value under current rules	\$ 16,600,000
	Assessed Value	\$ 16,600,000

8130.7500 RETURNS AND RECORDS.

Subp. 7. **Records; microfilm.** Microfilm reproductions of general books of account, such as cash books, journals, voucher registers, ledgers, etc., are not acceptable in lieu of original records. However, microfilm reproductions of supporting records of details, such as sales invoices, purchase invoices, credit memoranda, etc., may be maintained providing the following conditions are met:

- A. appropriate facilities are provided for preservation of the films for periods required;
- B. microfilm rolls are indexed, cross-referenced, labeled to show beginning and ending numbers or beginning and ending alphabetical listing of documents included, and are systematically filed;
- C. the taxpayer agrees to provide transcriptions of any information contained on microfilm which may be required for purposes of verification of tax liability; and

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D. proper facilities are provided for the ready inspection and location of the particular records including modern projectors for viewing and copying the records.

A posting reference must be on each invoice. Credit memoranda must carry a reference to the documents evidencing the original transaction. Documents necessary to support claimed exemptions from tax liability, such as bills of lading and purchase orders, must be maintained in an order by which they readily can be related to the transactions for which exemption is sought.

8130.8900 FLORISTS AND NURSERIES.

Subp. 3. **Telegraphic orders.** When florists or nurseries conduct transactions through a florist telegraphic delivery association, or otherwise by telephone, telegraph, or other means of communication with other florists or nurseries, the following rules apply in the application of the tax:

A. Where an order for flowers, wreaths, or other tangible personal property is taken from a customer by a Minnesota florist or nursery and transmitted to another florist or nursery located within or outside of Minnesota for delivery, the florist or nursery which initially takes the order from the customer is required to collect the tax.

B. Minnesota florists or nurseries who receive orders from other florists or nurseries, whether located within or outside this state, for delivery of flowers, wreaths, or other tangible personal property to locations either within or outside of Minnesota, are not required to collect the tax.

C. The sales tax does not apply to telegraph or telephone charges if such charges are separately stated from the price of the flowers or other tangible personal property ordered by the customer.

However, the tax does apply to relay or handling charges paid to the florist or nursery which sends an order whether these charges are separately stated or not.

The sales tax does not apply to transportation charges to the extent they are separately stated and the transportation occurs after the retail sale.

8130.9500 AIRCRAFT REGISTRATION.

Subpart 1. **In general.** Minnesota Statutes, section 297A.255, requires persons who wish to license or register an aircraft in Minnesota to furnish proof to the Minnesota Department of Transportation, Office of Aeronautics, that the Minnesota sales or use tax has been paid, or that the purchase or acquisition of the aircraft was not subject to the Minnesota sales or use tax. The seller of the aircraft may furnish proof that the Minnesota sales or use tax has been paid as the agent of the purchaser of the aircraft. This law imposes a use tax on an occasional or isolated sale of an aircraft or an interest in an aircraft by persons not in the business of selling aircraft.

The necessary forms (form UT-1 and form ST-24) for reporting and paying the use tax or for claiming exemption are available upon request from the Minnesota Department of Revenue or the Minnesota Department of Transportation, Office of Aeronautics.

This statute does not affect the exemption provided by Minnesota Statutes, section 297A.25, subdivision 14, for purchases of airflight equipment by airline companies taxed under Minnesota Statutes, sections 270.071 to 270.079.

When the sales tax has not been paid to the dealer as set forth in subpart 2, item A, the Department of Revenue will forward a completed certificate of tax payment or exemption, form ST-24, to the Department of Transportation, Office of Aeronautics.

8130.9500 AIRCRAFT REGISTRATION.

Subp. 1a. **Commercial use, defined.** "Commercial use" means any operation of an aircraft for consideration or hire, any services performed incidental to the operation of any aircraft for which a fee is charged or consideration received, the servicing, maintaining, and repairing of aircraft, or the charter of aircraft, the operation of flight or ground schools, the operation of aircraft for the application or distribution of chemicals or other substances, aerial photography and surveys, air shows or expositions, and the operation of aircraft for fishing. Commercial use is any use by a dealer other than the sale or lease of an aircraft or personal use of an aircraft.

8130.9500 AIRCRAFT REGISTRATION.

Subp. 2. **Registration of aircraft by purchasers.** When the sales tax is paid or not paid:

A. Minnesota sales tax paid to dealer. When a purchaser pays the Minnesota sales tax for the purchase of an aircraft or an interest in an aircraft to a Minnesota aircraft dealer who holds

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a Minnesota sales and use tax permit, the dealer shall furnish the purchaser with a statement showing that the sales tax has been paid. The aircraft dealer must report and pay the sales tax to the Minnesota Department of Revenue. If a dealer licensed by the Office of Aeronautics states to the Office of Aeronautics that sales tax was collected, it is not necessary for the purchaser of the aircraft to obtain a certificate of tax payment or exemption, form ST-24, from the Minnesota Department of Revenue. The purchaser or the purchaser's agent, for example the licensed dealer, should present the statement, which the purchaser or purchaser's agent received from the aircraft dealer, directly to the Department of Transportation, Office of Aeronautics, in order to license or register the aircraft.

B. No Minnesota sales tax paid to seller. When the purchaser does not pay a Minnesota sales tax to the seller on the purchase of an aircraft or an interest in an aircraft, the purchaser must obtain a certificate of tax payment or exemption, form ST-24, from the Minnesota Department of Revenue. If a use tax is due, the purchaser must complete a consumer's use tax return, form UT-1, and file it along with the purchaser's tax payment when applying for the certificate form ST-24. If the purchaser claims exemption from the tax, the purchaser must furnish proof showing that the purchaser is entitled to the exemption when applying for the certificate. Illustrative exemptions include purchases by organizations that are organized and operated exclusively for charitable, religious, or educational purposes; purchases of aircraft outside Minnesota by a nonresident and later brought into Minnesota for use; and aircraft purchased for resale or lease.

8130.9500 AIRCRAFT REGISTRATION.

Subp. 3. **Registration of aircraft by dealers who are licensed in accordance with Minnesota Statutes, section 360.63.** When a licensed dealer purchases an aircraft for resale, no certificate of tax payment or exemption is required. When a licensed dealer puts an aircraft to commercial use, the dealer is required to pay a use tax on the dealer's purchase price of the aircraft unless the dealer makes application to the commissioner of revenue for an aircraft commercial use permit, on form ST-22, and pays a \$20 fee (see Minnesota Statutes, section 360.654). By obtaining an aircraft commercial use permit from the commissioner, a licensed dealer may purchase an aircraft for resale and put it to commercial use for up to one year without paying a sales or use tax on the dealer's purchase. While the aircraft commercial use permit is in effect, use tax is imposed on the fair market value of the commercial use. When the dealer sells the aircraft, the dealer is required to collect a sales tax. If the dealer keeps the aircraft for more than one year after purchase or makes personal use of the aircraft, a use tax is also due on the purchase price. If the sole use by the dealer of the aircraft that is exempt from use tax is leasing the aircraft while holding it for sale, sales tax is due on the taxable rent and lease payments.

8130.9500 AIRCRAFT REGISTRATION.

Subp. 4. **Registration by dealers who are not licensed in accordance with Minnesota Statutes, section 360.63.** A dealer who is not licensed in accordance with Minnesota Statutes, section 360.63, is required to file form ST-24, which indicates the aircraft was purchased for resale or lease by the holder of a Minnesota sales and use tax permit. The dealer is further required to provide evidence that the dealer conducts business regularly selling or leasing aircraft. However, if the dealer purchases an aircraft or puts the aircraft to personal or commercial use, the dealer is required to file form ST-24 and form UT-1 and to pay the use tax on the purchase price.

8130.9500 AIRCRAFT REGISTRATION.

Subp. 5. **Registration of aircraft by lessor or lessee.** When a lessor registers an aircraft in the lessor's name, the lessor must furnish his or her sales and use tax account number when applying for the certificate of tax payment or exemption, form ST-24, and claim exemption for resale. Leases are defined as resales. The lessor must collect and remit sales tax on lease payments the lessor receives. The lessor must report all lease payments received as gross sales and collect and remit tax on all sales, net of exempt sales. An example of an exempt sale is the lease of an aircraft to a fixed base operator who rents the aircraft to others at retail.

When a lessee registers an aircraft in the lessee's name, and the lessor does not hold a Minnesota sales and use tax permit, the lessor is required to obtain a permit. If the lessee is leasing the same aircraft to others, the lessee must also obtain a permit, file returns, and pay the sales and use tax in the same manner as all other Minnesota permit holders.