

1.1 A bill for an act

1.2 relating to financing of state and local government; making changes to individual
1.3 income, property, sales and use, excise, estate, mineral, tobacco, alcohol, special,
1.4 local, and other taxes and tax-related provisions; modifying local government
1.5 aids; modifying exclusions, exemptions, and levy deadlines; modifying sales,
1.6 use, and excise tax exemptions; changing sales, use, and excise tax remittances;
1.7 modifying certain local sales and use taxes; modifying income tax credits
1.8 and subtractions; clarifying estate tax provisions; providing for certain local
1.9 development projects; changing license revocation procedures; modifying
1.10 installment payments; removing obsolete, redundant, and unnecessary laws and
1.11 administrative rules administered by the Department of Revenue; making various
1.12 policy and technical changes; requiring reports; modifying special service
1.13 districts; repealing purpose statements and certain reporting requirements;
1.14 increasing certain abatement authority; reallocating certain bond payments;
1.15 requiring fund transfer; modifying tax increment finance rules; appropriating
1.16 money; amending Minnesota Statutes 2012, sections 16D.02, subdivisions 3,
1.17 6; 16D.04, subdivisions 3, 4; 16D.07; 16D.11, subdivisions 1, 3, 7; 84A.20,
1.18 subdivision 2; 84A.31, subdivision 2; 115B.49, subdivision 4; 116J.8737,
1.19 subdivision 5, as amended; 163.06, subdivision 1; 270.11, subdivision 1; 270.12,
1.20 subdivisions 2, 4; 270.87; 270A.03, subdivision 2; 270B.14, subdivision 3;
1.21 270C.085; 270C.34, subdivision 2; 270C.52, subdivision 2; 270C.56, subdivision
1.22 3; 270C.72, subdivisions 1, 3; 272.01, subdivisions 1, 3; 272.02, subdivisions 10,
1.23 93; 272.0211, subdivisions 1, 2, by adding a subdivision; 272.025, subdivision
1.24 1; 272.027, subdivision 1; 272.029, subdivisions 4a, 6; 272.03, subdivision
1.25 1; 273.01; 273.061, subdivision 6; 273.10; 273.11, subdivision 13; 273.112,
1.26 subdivision 6a; 273.13, subdivision 22; 273.18; 273.33, subdivision 2; 273.37,
1.27 subdivision 2; 273.3711; 274.01, subdivisions 1, 2; 274.014, subdivision 3;
1.28 275.065, subdivision 1; 275.08, subdivisions 1a, 1d; 275.74, subdivision 2;
1.29 275.75; 279.03, subdivisions 1, 1a, 2; 279.16; 279.23; 279.25; 280.001; 280.03;
1.30 280.07; 280.11; 281.03; 281.327; 282.01, subdivision 6; 282.04, subdivision
1.31 4; 282.261, subdivisions 2, 4, 5; 282.322; 287.30; 289A.02, subdivision 7,
1.32 as amended; 289A.18, subdivision 2; 289A.25, subdivision 1; 289A.60,
1.33 subdivision 15; 290.01, subdivisions 5, 7, 19f, 29; 290.015, subdivision 1;
1.34 290.0677, subdivisions 1, 1a; 290.07, subdivisions 1, 2; 290.081; 290.0922,
1.35 subdivision 3; 290.095, subdivision 3; 290.9728, subdivision 2; 296A.01,
1.36 subdivision 16; 297A.67, subdivision 13a, by adding subdivisions; 297A.68,
1.37 by adding a subdivision; 297A.70, subdivision 10, by adding a subdivision;
1.38 297A.94; 297B.09; 297F.03, subdivision 2; 297F.09, subdivision 10; 297G.09,
1.39 subdivision 9; 297I.05, subdivision 14; 298.28, subdivision 7a, as added; 298.75,

2.1 subdivision 2; 383E.21, subdivisions 1, 2; 412.131; 469.176, subdivisions 1b,
 2.2 3; 469.1763, subdivision 3; 473.665, subdivision 5; 477A.0124, subdivisions 3,
 2.3 5, by adding a subdivision; 477A.014, subdivision 1; 611.27, subdivisions 13,
 2.4 15; Minnesota Statutes 2013 Supplement, sections 116J.8738, subdivisions 2, 3,
 2.5 4; 116V.03; 136A.129, subdivisions 1, 3, 5; 144F.01, subdivision 4; 270B.01,
 2.6 subdivision 8; 270B.03, subdivision 1; 273.13, subdivision 25; 273.1325,
 2.7 subdivisions 1, 2; 275.70, subdivision 5; 279.37, subdivision 2; 281.17; 289A.20,
 2.8 subdivision 4; 290.01, subdivisions 19, as amended, 19b, as amended, 19d,
 2.9 31, as amended; 290.091, subdivision 2, as amended; 290.0921, subdivision
 2.10 3; 290.191, subdivision 5; 290A.03, subdivision 15, as amended; 291.005,
 2.11 subdivision 1, as amended; 297A.61, subdivision 3, as amended; 297A.68,
 2.12 subdivisions 42, 44; 297A.70, subdivisions 2, 13, 14; 297A.75, subdivisions 1,
 2.13 2, 3; 297B.01, subdivision 16; 297F.05, subdivision 1; 298.018, subdivision
 2.14 1; 360.531, subdivision 2; 403.162, subdivision 5; 423A.02, subdivision 3;
 2.15 423A.022, subdivision 3; 428A.02, subdivision 1; 469.1763, subdivision 2;
 2.16 477A.0124, subdivision 2; 477A.013, subdivision 8; 477A.03, subdivision
 2.17 2b; 477A.12, subdivisions 1, 2; 477A.14, subdivision 1; Laws 1980, chapter
 2.18 511, section 1, subdivision 2, as amended; Laws 1999, chapter 243, article 14,
 2.19 section 5, subdivision 1; Laws 2005, First Special Session chapter 3, article 5,
 2.20 section 38, subdivision 4; Laws 2006, chapter 257, section 2, as amended; Laws
 2.21 2008, chapter 366, article 10, section 15; Laws 2013, chapter 143, article 8,
 2.22 sections 3; 22; 23; 27; 37; article 9, section 23; article 11, section 10; Laws 2014,
 2.23 chapter 150, article 3, section 4; proposing coding for new law in Minnesota
 2.24 Statutes, chapters 168A; 290; repealing Minnesota Statutes 2012, sections
 2.25 3.192; 16D.02, subdivisions 5, 8; 16D.11, subdivision 2; 270C.131; 270C.53;
 2.26 270C.991, subdivision 4; 272.02, subdivisions 1, 1a, 48, 51, 53, 67, 72, 82;
 2.27 272.027, subdivision 2; 272.031; 273.015, subdivision 1; 273.03, subdivision
 2.28 3; 273.075; 273.1383; 273.1386; 273.80; 275.77; 279.32; 281.173, subdivision
 2.29 8; 281.174, subdivision 8; 281.328; 282.10; 282.23; 287.20, subdivision 4;
 2.30 287.27, subdivision 2; 289A.56, subdivision 7; 290.01, subdivisions 4b, 19e,
 2.31 20e; 290.06, subdivisions 30, 31; 290.0674, subdivision 3; 290.33; 295.52,
 2.32 subdivision 7; 297A.68, subdivision 38; 297A.71, subdivisions 4, 5, 7, 10,
 2.33 17, 18, 20, 32; 297F.08, subdivision 11; 297H.10, subdivision 2; 469.174,
 2.34 subdivision 10c; 469.175, subdivision 2b; 469.176, subdivision 1i; 469.1764;
 2.35 469.177, subdivision 10; 469.330; 469.331; 469.332; 469.333; 469.334; 469.335;
 2.36 469.336; 469.337; 469.338; 469.339; 469.340, subdivisions 1, 2, 3, 5; 469.341;
 2.37 477A.0124, subdivisions 1, 6; 505.173; Minnesota Statutes 2013 Supplement,
 2.38 section 469.340, subdivision 4; Laws 1961, chapter 372, sections 1; 2; Laws
 2.39 1963, chapter 118, sections 1, as amended; 2, as amended; 3; 4, as amended; 5;
 2.40 6, as amended; 7; 8; 9; 10; Laws 1996, chapter 471, article 8, sections 19; 20;
 2.41 21; 22; Minnesota Rules, parts 8002.0200, subpart 8; 8007.0200; 8100.0800;
 2.42 8130.7500, subpart 7; 8130.8900, subpart 3; 8130.9500, subparts 1, 1a, 2, 3, 4, 5.

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

2.44 ARTICLE 1

2.45 PROPERTY TAX

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

2.48 Subd. 4. **Property tax levy authority.** The district's board may levy a tax on the
 2.49 taxable real and personal property in the district. The ad valorem tax levy may not exceed
 2.50 0.048 percent of the estimated market value of the district or ~~\$400,000~~ \$550,000, whichever

3.1 is less. The proceeds of the levy must be used as provided in subdivision 5. The board shall
3.2 certify the levy at the times as provided under section 275.07. The board shall provide the
3.3 county with whatever information is necessary to identify the property that is located within
3.4 the district. If the boundaries include a part of a parcel, the entire parcel shall be included
3.5 in the district. The county auditors must spread, collect, and distribute the proceeds of the
3.6 tax at the same time and in the same manner as provided by law for all other property taxes.

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

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

3.10 Subd. 10. **Personal property used for pollution control.** Personal property used
3.11 primarily for the abatement and control of air, water, or land pollution is exempt to the
3.12 extent that it is so used, and real property is exempt if it is used primarily for abatement
3.13 and control of air, water, or land pollution as part of an agricultural operation, as a part
3.14 of a centralized treatment and recovery facility operating under a permit issued by the
3.15 Minnesota Pollution Control Agency pursuant to chapters 115 and 116 and Minnesota
3.16 Rules, parts 7001.0500 to 7001.0730, and 7045.0020 to 7045.1260, as a wastewater
3.17 treatment facility and for the treatment, recovery, and stabilization of metals, oils,
3.18 chemicals, water, sludges, or inorganic materials from hazardous industrial wastes, or as
3.19 part of an electric generation system. For purposes of this subdivision, personal property
3.20 includes ponderous machinery and equipment used in a business or production activity
3.21 that at common law is considered real property.

3.22 Any taxpayer requesting exemption of all or a portion of any real property or any
3.23 equipment or device, or part thereof, operated primarily for the control or abatement of air,
3.24 water, or land pollution shall file an application with the commissioner of revenue. If the
3.25 property is an electric power generation facility located in a city, then the commissioner
3.26 shall notify the county assessor, city finance officer, and superintendent of the school
3.27 district of the jurisdictions that host the facility that the application has been received. The
3.28 Minnesota Pollution Control Agency shall upon request of the commissioner furnish
3.29 information and advice to the commissioner.

3.30 The information and advice furnished by the Minnesota Pollution Control Agency
3.31 must include statements as to whether the equipment, device, or real property meets
3.32 a standard, rule, criteria, guideline, policy, or order of the Minnesota Pollution Control
3.33 Agency, and whether the equipment, device, or real property is installed or operated
3.34 in accordance with it. On determining that property qualifies for exemption, the
3.35 commissioner shall issue an order exempting the property from taxation. If the property is

4.1 an electric power generation facility located in a city, then the commissioner shall provide
4.2 notification of the order to the county assessor, city finance officer, and superintendent
4.3 of the school district of the jurisdictions that host the facility. The equipment, device, or
4.4 real property shall continue to be exempt from taxation as long as the order issued by the
4.5 commissioner remains in effect.

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

4.7 Sec. 3. Minnesota Statutes 2012, section 272.02, subdivision 93, is amended to read:

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

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

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

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

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

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

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

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

4.29 Sec. 4. Minnesota Statutes 2012, section 272.0211, subdivision 1, is amended to read:

4.30 Subdivision 1. **Efficiency determination and certification.** An owner or operator
4.31 of a new or existing electric power generation facility, excluding wind energy conversion
4.32 systems, may apply to the commissioner of revenue for a market value exclusion on the
4.33 property as provided for in this section. This exclusion shall apply only to the market

5.1 value of the equipment of the facility, and shall not apply to the structures and the land
5.2 upon which the facility is located. The commissioner of revenue shall prescribe the forms
5.3 and procedures for this application. Upon receiving the application, the commissioner of
5.4 revenue shall: (1) request the commissioner of commerce to make a determination of the
5.5 efficiency of the applicant's electric power generation facility; and (2) if the facility is in
5.6 a city, notify the county assessor, city finance officer, and superintendent of the school
5.7 district of the jurisdictions that host the facility that an application for an exclusion is being
5.8 processed. The commissioner of commerce shall calculate efficiency as the ratio of useful
5.9 energy outputs to energy inputs, expressed as a percentage, based on the performance of
5.10 the facility's equipment during normal full load operation. The commissioner must include
5.11 in this formula the energy used in any on-site preparation of materials necessary to convert
5.12 the materials into the fuel used to generate electricity, such as a process to gasify petroleum
5.13 coke. The commissioner shall use the Higher Heating Value (HHV) for all substances in
5.14 the commissioner's efficiency calculations, except for wood for fuel in a biomass-eligible
5.15 project under section 216B.2424; for these instances, the commissioner shall adjust the
5.16 heating value to allow for energy consumed for evaporation of the moisture in the wood.
5.17 The applicant shall provide the commissioner of commerce with whatever information the
5.18 commissioner deems necessary to make the determination. Within 30 days of the receipt
5.19 of the necessary information, the commissioner of commerce shall certify the findings of
5.20 the efficiency determination to the commissioner of revenue and to the applicant. The
5.21 commissioner of commerce shall determine the efficiency of the facility and certify the
5.22 findings of that determination to the commissioner of revenue every two years thereafter
5.23 from the date of the original certification.

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

5.25 Sec. 5. Minnesota Statutes 2012, section 272.0211, subdivision 2, is amended to read:

5.26 Subd. 2. **Sliding scale exclusion.** Based upon the efficiency determination provided
5.27 by the commissioner of commerce as described in subdivision 1, the commissioner of
5.28 revenue shall subtract eight percent of the taxable market value of the qualifying property
5.29 for each percentage point that the efficiency of the specific facility, as determined by the
5.30 commissioner of commerce, is above 40 percent. The reduction in taxable market value
5.31 shall be reflected in the taxable market value of the facility beginning with the assessment
5.32 year immediately following the determination. If the facility is located in a city, the
5.33 commissioner shall notify the county assessor, city finance officer, and superintendent of
5.34 the school district of the jurisdictions that host the facility of the reduction in taxable
5.35 market value. For a facility that is assessed by the county in which the facility is located,

6.1 the commissioner of revenue shall certify to the assessor of that county the percentage
6.2 of the taxable market value of the facility to be excluded.

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

6.4 Sec. 6. Minnesota Statutes 2012, section 272.0211, is amended by adding a subdivision
6.5 to read:

6.6 Subd. 5. **Limitation.** This section applies only to an electric power generation
6.7 facility that was eligible for the exclusion under this section for taxes payable in 2014.

6.8 **EFFECTIVE DATE.** This section is effective for taxes payable in 2014 and
6.9 thereafter.

6.10 Sec. 7. Minnesota Statutes 2012, section 272.03, subdivision 1, is amended to read:

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

6.16 (b) A building or structure shall include the building or structure itself, together with
6.17 all improvements or fixtures annexed to the building or structure, which are integrated
6.18 with and of permanent benefit to the building or structure, regardless of the present use
6.19 of the building, and which cannot be removed without substantial damage to itself or to
6.20 the building or structure.

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

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

6.31 (iii) The exclusion provided in clause (i) does not apply to the exterior shell of a
6.32 structure which constitutes walls, ceilings, roofs, or floors if the shell of the structure has
6.33 structural, insulation, or temperature control functions or provides protection from the

7.1 elements, unless the structure is primarily used in the production of biofuels, wine, beer,
7.2 distilled beverages, or dairy products. Such an exterior shell is included in the definition
7.3 of real property even if it also has special functions distinct from that of a building, or if
7.4 such an exterior shell is primarily used for the storage of ingredients or materials used in
7.5 the production of biofuels, wine, beer, distilled beverages, or dairy products, or the storage
7.6 of finished biofuels, wine, beer, distilled beverages, or dairy products.

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

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

7.12 Sec. 8. Minnesota Statutes 2012, section 275.065, subdivision 1, is amended to read:

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

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

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

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

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

7.33 ~~(e)~~ (d) If the board of estimate and taxation or any similar board that establishes
7.34 maximum tax levies for taxing jurisdictions within a first class city certifies the maximum
7.35 property tax levies for funds under its jurisdiction by charter to the county auditor by

8.1 ~~September 15~~ the date specified in paragraph (a), the city shall be deemed to have certified
8.2 its levies for those taxing jurisdictions.

8.3 ~~(d) (e)~~ For purposes of this section, ~~"taxing authority" includes all home rule and~~
8.4 ~~statutory cities, towns, counties, school districts, and~~ "special taxing district" means a
8.5 ~~special taxing districts~~ district as defined in section 275.066. Intermediate school districts
8.6 that levy a tax under chapter 124 or 136D, joint powers boards established under sections
8.7 123A.44 to 123A.446, and Common School Districts No. 323, Franconia, and No. 815,
8.8 Prinsburg, are also special taxing districts for purposes of this section.

8.9 ~~(e) (f)~~ At the meeting at which ~~the~~ a taxing authority, other than a town, adopts its
8.10 proposed tax levy under ~~paragraph (a) or (b)~~ this subdivision, the taxing authority shall
8.11 announce the time and place of its subsequent regularly scheduled meetings at which
8.12 the budget and levy will be discussed and at which the public will be allowed to speak.
8.13 The time and place of those meetings must be included in the proceedings or summary
8.14 of proceedings published in the official newspaper of the taxing authority under section
8.15 123B.09, 375.12, or 412.191.

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

8.17 Sec. 9. Minnesota Statutes 2012, section 279.03, subdivision 2, is amended to read:

8.18 Subd. 2. **Composite judgment.** ~~Amounts included in composite judgments~~
8.19 ~~authorized by section 279.37, subdivision 1, and confessed on or after July 1, 1982, are~~
8.20 ~~subject to interest at the rate determined pursuant to section 549.09. Amounts confessed~~
8.21 ~~under this authority after December 31, 1990, (a) Except as provided in paragraph (b),~~
8.22 amounts included in composite judgments authorized by section 279.37, subdivision 1,
8.23 are subject to interest at the rate calculated under subdivision 1a. During each calendar
8.24 year, interest shall accrue on the unpaid balance of the composite judgment from the time
8.25 it is confessed until it is paid. The rate of interest is subject to change each year in the
8.26 same manner that section 549.09 or subdivision 1a, whichever is applicable, for rate
8.27 changes. Interest on the unpaid contract balance on judgments confessed before July 1,
8.28 1982, is payable at the rate applicable to the judgment at the time that it was confessed
8.29 The interest rate established at the time the judgment is confessed shall remain for the
8.30 duration of that judgment.

8.31 (b) A confession of judgment covering any part of a parcel classified as 1a or 1b, and
8.32 used as the primary homestead of the owner, is subject to interest at the rate provided in
8.33 section 279.37, subdivision 2, paragraph (b).

8.34 **EFFECTIVE DATE.** This section is effective January 1, 2015.

9.1 Sec. 10. Minnesota Statutes 2013 Supplement, section 279.37, subdivision 2, is
9.2 amended to read:

9.3 Subd. 2. **Installment payments.** (a) The owner of any such parcel, or any person to
9.4 whom the right to pay taxes has been given by statute, mortgage, or other agreement, may
9.5 make and file with the county auditor of the county in which the parcel is located a written
9.6 offer to pay the current taxes each year before they become delinquent, or to contest the
9.7 taxes under Minnesota Statutes 1941, sections 278.01 to 278.13, and agree to confess
9.8 judgment for the amount provided, as determined by the county auditor. By filing the
9.9 offer, the owner waives all irregularities in connection with the tax proceedings affecting
9.10 the parcel and any defense or objection which the owner may have to the proceedings, and
9.11 also waives the requirements of any notice of default in the payment of any installment or
9.12 interest to become due pursuant to the composite judgment to be so entered. Unless the
9.13 property is subject to subdivision 1a, with the offer, the owner shall (i) tender one-tenth of
9.14 the amount of the delinquent taxes, costs, penalty, and interest, and (ii) tender all current
9.15 year taxes and penalty due at the time the confession of judgment is entered. In the offer,
9.16 the owner shall agree to pay the balance in nine equal installments, with interest as provided
9.17 in section 279.03, payable annually on installments remaining unpaid from time to time, on
9.18 or before December 31 of each year following the year in which judgment was confessed.

9.19 (b) If any part of the parcel consists of real estate classified as 1a or 1b and used
9.20 as the primary homestead by the owner of the property, the interest rate on offers made
9.21 under paragraph (a) shall be set annually by the commissioner of revenue at the greater of
9.22 five percent or two percent above the prime rate charged by banks during the six-month
9.23 period ending on September 30 of that year, rounded to the nearest full percent, provided
9.24 that the rate shall not exceed the maximum annum rate specified under section 279.03,
9.25 subdivision 1a. The rate of interest becomes effective on January 1 of the immediately
9.26 succeeding year. The determination of the commissioner pursuant to this subdivision shall
9.27 not be considered a "rule" and shall not be subject to the Administrative Procedure Act
9.28 contained in chapter 14. In the event of default occurring in the payments to be made
9.29 under any confessed judgment entered pursuant to this paragraph, the taxes and penalties
9.30 due shall be subject to the interest rate specified in section 279.03.

9.31 For purposes of this subdivision:

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

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

10.4 (c) The interest rate established at the time the judgment is confessed shall remain
10.5 for the duration of that judgment. By October 15 of each year, the commissioner of
10.6 revenue must determine the rate of interest as provided under paragraph (b) and, by
10.7 November 1 of each year, must certify the rate to the county auditor.

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

10.10 (e) Repurchase agreements or contracts for repurchase for properties being
10.11 repurchased under section 282.261 are not eligible to receive the interest rate provided in
10.12 paragraph (b).

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

10.14 "To the court administrator of the district court of county, I,,
10.15 am the owner of the following described parcel of real estate located in
10.16 county, Minnesota:

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

10.30 Dated,"

10.31 **EFFECTIVE DATE.** This section is effective for confessions of judgment entered
10.32 into on or after January 1, 2015.

10.33 Sec. 11. Minnesota Statutes 2012, section 383E.21, subdivision 1, is amended to read:

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

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

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

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

11.18 **EFFECTIVE DATE.** This section is effective beginning for taxes payable in 2013
11.19 and expires under section 383E.21, subdivision 3.

11.20 Sec. 12. Minnesota Statutes 2012, section 383E.21, subdivision 2, is amended to read:

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

11.29 **EFFECTIVE DATE.** This section is effective beginning for taxes payable in 2013
11.30 and expires under section 383E.21, subdivision 3.

11.31 Sec. 13. Minnesota Statutes 2013 Supplement, section 428A.02, subdivision 1, is
11.32 amended to read:

12.1 Subdivision 1. **Ordinance.** (a) The governing body of a city may adopt an ordinance
12.2 establishing a special service district. Only property that is wholly or partially classified
12.3 as class 3 under section 273.13 ~~and used for commercial, industrial, or public utility~~
12.4 ~~purposes, or is vacant land zoned or designated on a land use plan for commercial or~~
12.5 ~~industrial use~~ and located in the special service district, may be subject to the charges
12.6 imposed by the city on the special service district. Other ~~types of property~~ properties may
12.7 be included within the boundaries of the special service district but are not subject to the
12.8 levies or charges imposed by the city on the special service district.

12.9 (b) ~~If 50 percent or more of the estimated market value of a parcel of property~~
12.10 ~~is classified under section 273.13 as commercial, industrial, or vacant land zoned or~~
12.11 ~~designated on a land use plan for commercial or industrial use, or public utility for the~~
12.12 ~~current assessment year~~ a property is subject to a service charge, then the entire taxable
12.13 ~~market value of the property, including any portion not classified as class 3, is may be~~
12.14 ~~subject to a~~ the service charge based on net tax capacity for purposes of sections 428A.01
12.15 ~~to 428A.10.~~

12.16 (c) The ordinance shall describe with particularity the area within the city to be
12.17 included in the district and the special services to be furnished in the district. The
12.18 ordinance may not be adopted until after a public hearing has been held on the question.
12.19 Notice of the hearing shall include the time and place of hearing, a map showing the
12.20 boundaries of the proposed district, and a statement that all persons owning property in the
12.21 proposed district that would be subject to a service charge will be given opportunity to be
12.22 heard at the hearing. Within 30 days after adoption of the ordinance under this subdivision,
12.23 the governing body shall send a copy of the ordinance to the commissioner of revenue.

12.24 **EFFECTIVE DATE.** This section is effective the day following final enactment,
12.25 and applies to service district charges for 2014 and thereafter.

12.26 Sec. 14. Minnesota Statutes 2013 Supplement, section 477A.0124, subdivision 2,
12.27 is amended to read:

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

12.30 (b) "County program aid" means the sum of "county need aid," "county tax base
12.31 equalization aid," and "county transition aid."

12.32 (c) "Age-adjusted population" means a county's population multiplied by the county
12.33 age index.

13.1 (d) "County age index" means the percentage of the population over age 65 within
13.2 the county divided by the percentage of the population over age 65 within the state, except
13.3 that the age index for any county may not be greater than 1.8 nor less than 0.8.

13.4 (e) "Population over age 65" means the population over age 65 established as of
13.5 July 15 in an aid calculation year by the most recent federal census, by a special census
13.6 conducted under contract with the United States Bureau of the Census, by a population
13.7 estimate made by the Metropolitan Council, or by a population estimate of the state
13.8 demographer made pursuant to section 4A.02, whichever is the most recent as to the stated
13.9 date of the count or estimate for the preceding calendar year and which has been certified
13.10 to the commissioner of revenue on or before July 15 of the aid calculation year. A revision
13.11 to an estimate or count is effective for these purposes only if certified to the commissioner
13.12 on or before July 15 of the aid calculation year. Clerical errors in the certification or use of
13.13 estimates and counts established as of July 15 in the aid calculation year are subject to
13.14 correction within the time periods allowed under section 477A.014.

13.15 (f) "Part I crimes" means the three-year average annual number of Part I crimes
13.16 reported for each county by the Department of Public Safety for the most recent years
13.17 available. By July 1 of each year, the commissioner of public safety shall certify to the
13.18 commissioner of revenue the number of Part I crimes reported for each county for the
13.19 three most recent calendar years available.

13.20 (g) "Households receiving food stamps" means the average monthly number of
13.21 households receiving food stamps for the three most recent years for which data is
13.22 available. By July 1 of each year, the commissioner of human services must certify to the
13.23 commissioner of revenue the average monthly number of households in the state and in
13.24 each county that receive food stamps, for the three most recent calendar years available.

13.25 (h) "Watercraft trailer launch" means any public water access site designed for
13.26 launching watercraft.

13.27 (i) "Watercraft trailer parking space" means a parking space designated for a boat
13.28 trailer at any public water access site designed for launching watercraft.

13.29 ~~(h)~~ (j) "County net tax capacity" means the county's adjusted net tax capacity under
13.30 section 273.1325.

13.31 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
13.32 2014 and thereafter.

13.33 Sec. 15. Minnesota Statutes 2012, section 477A.0124, subdivision 3, is amended to
13.34 read:

14.1 Subd. 3. **County need aid.** ~~For 2005 and subsequent years, (a)~~ The money
14.2 appropriated to county need aid each calendar year under section 477A.03, subdivision
14.3 2b, paragraph (a), shall be allocated as follows: 40 percent based on each county's share
14.4 of age-adjusted population, 40 percent based on each county's share of the state total of
14.5 households receiving food stamps, and 20 percent based on each county's share of the
14.6 state total of Part I crimes.

14.7 (b) The money appropriated to the county need aid each calendar year under section
14.8 477A.03, subdivision 2b, paragraph (c), shall be allocated as follows: 50 percent based on
14.9 each county's share of watercraft trailer launches and 50 percent based on each county's
14.10 share of watercraft trailer parking spaces.

14.11 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
14.12 2014 and thereafter.

14.13 Sec. 16. Minnesota Statutes 2012, section 477A.0124, is amended by adding a
14.14 subdivision to read:

14.15 Subd. 3a. **Use of proceeds.** A county that receives a distribution under subdivision
14.16 3, paragraph (b), must use the proceeds solely to prevent the introduction of or limit
14.17 the spread of aquatic invasive species at all access sites within the county. The county
14.18 must establish, by resolution or through adoption of a plan, guidelines for the use of
14.19 the proceeds. The guidelines set by the county board may include, but are not limited
14.20 to, providing for site-level management, countywide awareness, and other procedures
14.21 that the county finds necessary to achieve compliance. The county may appropriate the
14.22 proceeds directly, or may use any portion of the proceeds to provide funding for a joint
14.23 powers board or cooperative agreement with another political subdivision, a soil and water
14.24 conservation district in the county, a watershed district in the county, or a lake association
14.25 located in the county. Any money appropriated by the county to a different entity or
14.26 political subdivision must be used as required under this section.

14.27 For purposes of this section, "aquatic invasive species" means nonnative aquatic
14.28 organisms that invade water beyond their natural and historic range.

14.29 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
14.30 2014 and thereafter.

14.31 Sec. 17. Minnesota Statutes 2013 Supplement, section 477A.013, subdivision 8,
14.32 is amended to read:

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

15.4 (b) For aids payable in 2015 and thereafter, the formula aid for a city is equal to the
15.5 sum of (1) its formula aid in the previous year and (2) the product of (i) the difference
15.6 between its unmet need and its ~~certified~~ formula aid in the previous year ~~under subdivision~~
15.7 9, and (ii) the aid gap percentage.

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

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

15.13 (e) The applicable aid gap percentage must be calculated by the Department of
15.14 Revenue so that the total of the aid under subdivision 9 equals the total amount available
15.15 for aid under section 477A.03. Data used in calculating aids to cities under sections
15.16 477A.011 to 477A.013 shall be the most recently available data as of January 1 in the
15.17 year in which the aid is calculated.

15.18 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
15.19 2015 and thereafter.

15.20 Sec. 18. Minnesota Statutes 2013 Supplement, section 477A.03, subdivision 2b,
15.21 is amended to read:

15.22 Subd. 2b. **Counties.** (a) For aids payable in ~~2014~~ 2015 and thereafter, the total
15.23 aid payable under section 477A.0124, subdivision 3, is \$100,795,000. Each calendar
15.24 year, \$500,000 of this appropriation shall be retained by the commissioner of revenue to
15.25 make reimbursements to the commissioner of management and budget for payments
15.26 made under section 611.27. The reimbursements shall be to defray the additional costs
15.27 associated with court-ordered counsel under section 611.27. Any retained amounts not
15.28 used for reimbursement in a year shall be included in the next distribution of county
15.29 need aid that is certified to the county auditors for the purpose of property tax reduction
15.30 for the next taxes payable year.

15.31 (b) For aids payable in ~~2014~~ 2015 and thereafter, the total aid under section
15.32 477A.0124, subdivision 4, is \$104,909,575. The commissioner of revenue shall transfer
15.33 to the commissioner of management and budget \$207,000 annually for the cost of
15.34 preparation of local impact notes as required by section 3.987, and other local government
15.35 activities. The commissioner of revenue shall transfer to the commissioner of education

16.1 \$7,000 annually for the cost of preparation of local impact notes for school districts
16.2 as required by section 3.987. The commissioner of revenue shall deduct the amounts
16.3 transferred under this paragraph from the appropriation under this paragraph. The amounts
16.4 transferred are appropriated to the commissioner of management and budget and the
16.5 commissioner of education respectively.

16.6 (c) For aids payable in 2015 and thereafter, the total aid payable under section
16.7 477A.0124, subdivision 3, paragraph (b), is \$10,000,000. Notwithstanding section
16.8 477A.015, the first installment of aid payable in 2015 under this paragraph shall be made
16.9 on March 15, 2015, and the second installment shall be made on July 20, 2015.

16.10 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
16.11 2015 and thereafter.

16.12 Sec. 19. Minnesota Statutes 2013 Supplement, section 477A.12, subdivision 1, is
16.13 amended to read:

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

16.19 (1) \$5.133 multiplied by the total number of acres of acquired natural resources land
16.20 or, at the county's option three-fourths of one percent of the appraised value of all acquired
16.21 natural resources land in the county, whichever is greater;

16.22 (2) \$5.133, multiplied by the total number of acres of transportation wetland or, at
16.23 the county's option, three-fourths of one percent of the appraised value of all transportation
16.24 wetland in the county, whichever is greater;

16.25 (3) \$5.133, multiplied by the total number of acres of wildlife management land, or,
16.26 at the county's option, three-fourths of one percent of the appraised value of all wildlife
16.27 management land in the county, whichever is greater;

16.28 (4) 50 percent of the dollar amount as determined under clause (1), multiplied by
16.29 the number of acres of military refuge land in the county;

16.30 (5) \$1.50, multiplied by the number of acres of county-administered other natural
16.31 resources land in the county;

16.32 (6) \$5.133, multiplied by the total number of acres of land utilization project land
16.33 in the county;

16.34 (7) \$1.50, multiplied by the number of acres of commissioner-administered other
16.35 natural resources land in the county; and

17.1 (8) without regard to acreage, and notwithstanding the rules adopted under section
17.2 84A.55, \$300,000 for local assessments under section 84A.55, subdivision 9, that shall be
17.3 divided and distributed to the counties containing state-owned lands within a conservation
17.4 area in proportion to each county's percentage of the total annual ditch assessments.

17.5 **EFFECTIVE DATE.** The amendments to clause (3) are effective for payments
17.6 made in calendar year 2015 and later. The amendments to clause (8) are effective for
17.7 assessments payable in calendar year 2014 and later.

17.8 Sec. 20. Minnesota Statutes 2013 Supplement, section 477A.12, subdivision 2, is
17.9 amended to read:

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

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

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

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

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

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

17.28 (c) Each auditor of a county that contains state-owned lands within a conservation
17.29 area shall determine and certify to the commissioner of natural resources by May 31 of
17.30 the payment year, the county's ditch assessments for state-owned lands subject to section
17.31 84A.55, subdivision 9. A joint certification for two or more counties may be submitted to
17.32 the commissioner of natural resources through the Consolidated Conservation Counties
17.33 Joint Powers Board. The commissioner of natural resources shall certify the ditch
17.34 assessments to the commissioner of revenue by June 15 of the payment year.

18.1 (d) The commissioner of revenue shall determine the distributions provided for in this
18.2 section using: (1) the number of acres and appraised values certified by the commissioner
18.3 of natural resources and the commissioner of transportation by March 1 of the payment
18.4 year; and (2) ditch assessments under paragraph (c), by June 30 of the payment year.

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

18.7 Sec. 21. Minnesota Statutes 2013 Supplement, section 477A.14, subdivision 1, is
18.8 amended to read:

18.9 Subdivision 1. **General distribution.** Except as provided in subdivisions 2 and 3,
18.10 40 percent of the total payment to the county shall be deposited in the county general
18.11 revenue fund to be used to provide property tax levy reduction. The remainder shall be
18.12 distributed by the county in the following priority:

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

18.19 ~~(b) from the funds remaining;~~ (2) within 30 days of receipt of the payment to
18.20 the county, the county treasurer shall pay ~~each organized township ten percent of the~~
18.21 ~~amount received~~ a township with land that qualifies for payment under section 477A.12,
18.22 subdivision 1, clauses (1), (2), and (5) to (7), ten percent of the payment the county
18.23 received for such land within that township. Payments for natural resources lands not
18.24 located in an organized township shall be deposited in the county general revenue fund.
18.25 Payments to counties and townships pursuant to this paragraph shall be used to provide
18.26 property tax levy reduction, except that of the payments for natural resources lands not
18.27 located in an organized township, the county may allocate the amount determined to be
18.28 necessary for maintenance of roads in unorganized townships. ~~Provided that, if the total~~
18.29 ~~payment to the county pursuant to section 477A.12 is not sufficient to fully fund the~~
18.30 ~~distribution provided for in this clause, the amount available shall be distributed to each~~
18.31 ~~township and the county general revenue fund on a pro rata basis; and~~

18.32 ~~(c)~~ (3) any remaining funds shall be deposited in the county general revenue fund.
18.33 Provided that, if the distribution to the county general revenue fund exceeds \$35,000, the
18.34 excess shall be used to provide property tax levy reduction.

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

19.2 Sec. 22. Laws 1999, chapter 243, article 14, section 5, subdivision 1, is amended to read:

19.3 Subdivision 1. **Board plan and program.** The board shall adopt a comprehensive
19.4 plan for the collection, treatment, and disposal of sewage in the district for a designated
19.5 period the board deems proper and reasonable. The board shall prepare and adopt
19.6 subsequent comprehensive plans for the collection, treatment, and disposal of sewage
19.7 in the district for each succeeding designated period as the board deems proper and
19.8 reasonable. All comprehensive plans of the district shall be subject to the planning
19.9 and zoning authority of Scott county and in conformance with all planning and zoning
19.10 ordinances of Scott county. The first plan, as modified by the board, and any subsequent
19.11 plan shall take into account the preservation and best and most economic use of water and
19.12 other natural resources in the area; the preservation, use, and potential for use of lands
19.13 adjoining waters of the state to be used for the disposal of sewage; and the impact the
19.14 disposal system will have on present and future land use in the area affected. In no case
19.15 shall the comprehensive plan provide for more than ~~325~~ 364 connections to the disposal
19.16 system. All connections must be charged a full assessment. Connections made after the
19.17 initial assessment period ends must be charged an amount equal to the initial assessment
19.18 plus an adjustment for inflation and plus any other charges determined to be reasonable
19.19 and necessary by the board. Deferred assessments may be permitted, as provided for in
19.20 Minnesota Statutes, chapter 429. The plans shall include the general location of needed
19.21 interceptors and treatment works, a description of the area that is to be served by the
19.22 various interceptors and treatment works, a long-range capital improvements program, and
19.23 any other details as the board deems appropriate. In developing the plans, the board shall
19.24 consult with persons designated for the purpose by governing bodies of any governmental
19.25 unit within the district to represent the entities and shall consider the data, resources, and
19.26 input offered to the board by the entities and any planning agency acting on behalf of one
19.27 or more of the entities. Each plan, when adopted, must be followed in the district and may
19.28 be revised as often as the board deems necessary.

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

19.32 Sec. 23. **CITY OF JACKSON; LIMITATION ON ABATEMENTS.**

19.33 Notwithstanding the provisions of Minnesota Statutes, section 469.1813, subdivision
19.34 8, the total amount of property taxes abated by the city of Jackson in any year may not

20.1 exceed the greater of (1) ten percent of the city's net tax capacity for the taxes payable year
20.2 to which the abatement applies; or (2) \$240,000.

20.3 **EFFECTIVE DATE.** This section is effective for taxes payable in 2015 through
20.4 taxes payable in 2019.

20.5 Sec. 24. **FUND TRANSFER FROM IRON RANGE RESOURCES AND**
20.6 **REHABILITATION BOARD.**

20.7 The Iron Range Resources and Rehabilitation Board must transfer: (1) \$60,000 to
20.8 the commissioner of management and budget for deposit into the general fund on July 1,
20.9 2014; and (2) \$30,000 to the commissioner of management and budget for deposit into
20.10 the general fund on July 1, 2016.

20.11 Sec. 25. **HELENA TOWNSHIP, SCOTT COUNTY; REMOVAL OF**
20.12 **SUBORDINATE SERVICE DISTRICT.**

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

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

20.27 **EFFECTIVE DATE.** This section is effective the day after the governing body of
20.28 Helena Township and its chief clerical officer timely complete their compliance with
20.29 Minnesota Statutes, section 645.021, subdivisions 2 and 3.

20.30 Sec. 26. **IRON RANGE FISCAL DISPARITIES STUDY.**

20.31 The commissioner of revenue, in consultation with the administrative auditor, as
20.32 defined in Minnesota Statutes, section 276A.01, subdivision 2, shall conduct a study of

21.1 the tax relief area revenue distribution program contained in Minnesota Statutes, chapter
21.2 276A, commonly known as the Iron Range fiscal disparities program. By January 15,
21.3 2015, the commissioner of revenue shall submit a report to the chairs and ranking minority
21.4 members of the house of representatives and senate tax committees consisting of the
21.5 findings of the study and recommendations. The study must analyze:

- 21.6 (1) the ability to use a municipality's contribution based on its commercial,
21.7 industrial, and utility values from the current year rather than the previous year; and
21.8 (2) recommended changes to the program to decrease the volatility of the program's
21.9 distribution.

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

21.11 **Sec. 27. PRIVATE SALE OF LAND; DISTRICT ONE HOSPITAL BOARD.**

21.12 (a) Notwithstanding Laws 1963, chapter 118, section 5, or any other law to the
21.13 contrary, the District One Hospital District may, without advertising for bids, sell,
21.14 convey, and transfer management, control, and operation of the hospital, any of the
21.15 hospital's personal property, and any of the real property described in paragraph (b).
21.16 Notwithstanding any law to the contrary, the District One Hospital District may include
21.17 some or all tangible and intangible personal property associated with the hospital as part
21.18 of the negotiated sale price.

21.19 (b) The land referred to in paragraph (a), is located in Rice County and consists of
21.20 the parcels of property known as the District One Hospital and adjacent property. Legal
21.21 descriptions for the properties are as follows:

21.22 (1) LOT SIX (6), NORTH SEABURY ADDITION, FARIBAULT, RICE COUNTY,
21.23 MINNESOTA;

21.24 (2) ALL OF BLOCK 4, AUDITOR'S PLAT NO. 1 OF THE SW1/4 OF SECTION
21.25 32, TOWNSHIP 110 NORTH, RANGE 20 WEST OF THE 5TH P.M., FARIBAULT,
21.26 RICE COUNTY, MINNESOTA, EXCEPTING THEREFROM THAT PART OF SAID
21.27 BLOCK 4 DESCRIBED AS FOLLOWS: BEGINNING AT A POINT IN THE NORTH
21.28 LINE OF SAID BLOCK 4, A DISTANCE OF 179.00 FEET WESTERLY FROM THE
21.29 NORTHEAST CORNER OF SAID BLOCK 4, THENCE SOUTHERLY, PARALLEL
21.30 WITH THE EAST LINE OF SAID BLOCK 4, A DISTANCE OF 225.00 FEET; THENCE
21.31 WESTERLY, PARALLEL WITH SAID NORTH LINE OF BLOCK 4, A DISTANCE OF
21.32 154.00 FEET; THENCE NORTHERLY, PARALLEL WITH SAID EAST LINE, 75.00
21.33 FEET; THENCE WESTERLY, PARALLEL WITH SAID NORTH LINE, 36.00 FEET;
21.34 THENCE NORTHERLY, PARALLEL WITH SAID EAST LINE, 150.00 FEET TO A

22.1 POINT IN SAID NORTH LINE; THENCE EASTERLY ALONG SAID NORTH LINE,
22.2 190.00 FEET TO SAID POINT OF BEGINNING;

22.3 (3) LOT THREE (3), NORTH SEABURY ADDITION, FARIBAULT, RICE
22.4 COUNTY, MINNESOTA;

22.5 (4) LOT 5, NORTH SEABURY ADDITION, FARIBAULT, MINNESOTA,
22.6 ACCORDING TO THE PLAT THEREOF ON FILE AND OF RECORD IN THE
22.7 REGISTER OF DEEDS FOR RICE COUNTY, MINNESOTA;

22.8 (5) LOT 7, 8, 9, 10, AND THE EAST 82.4 FEET OF LOT 11, ALL IN NORTH
22.9 SEABURY ADDITION, FARIBAULT, RICE COUNTY, MINNESOTA, AND THE
22.10 EAST 82.4 FEET OF ALL OF LOTS 7 AND 8, BLOCK 1, FARIBAULT'S ADDITION
22.11 TO FARIBAULT, WHICH LIES NORTH AND WEST OF A LINE DRAWN FROM
22.12 THE SOUTHWEST CORNER OF SAID BLOCK 1, NORTHEASTERLY TO THE
22.13 NORTHEAST CORNER OF SAID LOT 7, OF BLOCK 1;

22.14 (6) LOTS 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, THE SOUTH 10
22.15 FEET OF LOT 18, THE WEST FIVE FEET OF LOT 32 AND LOT 23, EXCEPT
22.16 THE EAST 141.22 FEET, ALL IN BLOCK 6, AUDITOR'S PLAT NO. 1, SW1/4 OF
22.17 SECTION 32, TOWNSHIP 110 NORTH, RANGE 20 WEST OF THE 5TH PRINCIPAL
22.18 MERIDIAN, FARIBAULT, RICE COUNTY, MINNESOTA;

22.19 (7) UNIT 2, CONDOMINIUM NUMBER 8, JOHNSTON HALL CONDOMINIUM,
22.20 FARIBAULT, RICE COUNTY, MINNESOTA;

22.21 (8) UNIT 1, CONDOMINIUM NUMBER 8, JOHNSTON HALL CONDOMINIUM,
22.22 FARIBAULT, RICE COUNTY, MINNESOTA; AND

22.23 (9) COMMON ELEMENTS, CONDOMINIUM NUMBER 8, JOHNSTON HALL
22.24 CONDOMINIUM, FARIBAULT, RICE COUNTY, MINNESOTA.

22.25 (c) Upon determination by the District One Hospital Board that all sale requirements
22.26 have been met, and sufficient funds exist to pay all outstanding principal and interest on
22.27 any bonds issued prior to and in conjunction with the sale, each statutory or home rule
22.28 charter city and town located within the hospital district must file a petition with the
22.29 hospital board for dissolution under Minnesota Statutes, section 447.38.

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

22.31 **Sec. 28. TRANSITION PROVISION.**

22.32 The owner of any property lying within the boundaries of a special service district in
22.33 existence as of June 1, 2014, that becomes potentially liable for a service charge due to
22.34 the changes in eligibility requirements may file a written objection with the city clerk as
22.35 provided under Minnesota Statutes, section 428A.02, subdivision 4. The objection must

23.1 be filed by August 1, 2014. The governing body of the city must make a determination on
23.2 the objection within 30 days of its filing.

23.3 **EFFECTIVE DATE.** This section is effective the day following final enactment,
23.4 and applies to service district charges for 2014 and thereafter.

23.5 Sec. 29. **WORKING GROUP; RECOMMENDATIONS.**

23.6 The commissioner of revenue shall convene a temporary working group that includes
23.7 representatives from the Department of Natural Resources, the Department of Revenue,
23.8 the State Board of Investment, the Association of Minnesota Counties, and the Minnesota
23.9 Association of Townships to develop recommendations on methods, including the use of a
23.10 trust fund, and sources of funding, other than the general fund, for compensating local
23.11 units of government for lost property tax revenues due to acquisitions of land funded by
23.12 the outdoor heritage fund. The commissioner of revenue must submit a report with the
23.13 working group's recommendations to the chairs and ranking minority members of the
23.14 house of representatives and senate committees and divisions with jurisdiction over taxes,
23.15 environment and natural resources, and the outdoor heritage fund by January 15, 2015.

23.16 Sec. 30. **2014 SUPPLEMENTAL PAYMENT FOR AQUATIC INVASIVE**
23.17 **SPECIES PREVENTION AID; APPROPRIATION.**

23.18 (a) For aids payable in 2014 only, the total aid payable under Minnesota Statutes,
23.19 section 477A.0124, subdivision 3, paragraph (b), is \$5,000,000.

23.20 (b) Payment to the counties of the amounts determined under Minnesota Statutes,
23.21 section 477A.0124, subdivision 3, paragraph (b), must be made by the commissioner
23.22 of revenue from the general fund at the time provided in Minnesota Statutes, section
23.23 477A.015 for the first installment of local government aid.

23.24 (c) \$5,000,000 is appropriated from the general fund to the commissioner of revenue
23.25 in fiscal year 2015 to make the aid payments under this section.

23.26 **EFFECTIVE DATE.** This section is effective for aids payable in 2014 only.

23.27 Sec. 31. **APPROPRIATION.**

23.28 The sum of \$60,000 in fiscal year 2015 is appropriated from the general fund
23.29 to the commissioner of revenue to pay for the study required under section 26. This is
23.30 a onetime appropriation.

24.1 Sec. 32. **STUDY OF NORTH DAKOTA OIL PRODUCTION; IMPACT ON**
24.2 **MINNESOTA.**

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

24.8 (b) The study and analysis must address:

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

24.10 (2) direct and indirect costs and benefits;

24.11 (3) positive and negative effects; and

24.12 (4) economic challenges and opportunities for economic growth or diversification.

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

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

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

24.22 (1) the economy and demography of Minnesota;

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

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

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

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

24.30 Sec. 33. **STUDY OF ENERGY PRODUCING SYSTEMS.**

24.31 (a) \$150,000 in fiscal year 2015 is appropriated from the general fund to the
24.32 commissioner of revenue to conduct a study and analysis of the property taxation of
24.33 all energy producing systems in the state of Minnesota, including both traditional and
24.34 renewable energy sources.

24.35 (b) The study and analysis must address:

25.1 (1) the various methods by which the personal and real property of energy producing
25.2 systems are taxed;

25.3 (2) the availability of any exclusions, exemptions, or payment-in-lieu of taxation
25.4 arrangements that apply to the systems; and

25.5 (3) recommendations on the taxation of solar energy producing systems, including
25.6 both real and personal property.

25.7 (c) The commissioner shall report the findings of the study to the committees of the
25.8 house of representatives and senate having jurisdiction over taxes by February 1, 2015.

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

25.10 Sec. 34. **REPEALER.**

25.11 Laws 1961, chapter 372, sections 1; and 2; Laws 1963, chapter 118, sections 1, as
25.12 amended by Laws 1996, chapter 471, article 8, section 19; 2, as amended by Laws 1996,
25.13 chapter 471, article 8, section 20; 3; 4, as amended by Laws 1996, chapter 471, article 8,
25.14 section 21; 5; 6, as amended by Laws 1996, chapter 471, article 8, section 22; 7; 8; 9; and
25.15 10; and Laws 1996, chapter 471, article 8, sections 19; 20; 21; and 22, are repealed.

25.16 **EFFECTIVE DATE.** This section is effective upon the statutory and home rule
25.17 charter cities located within the hospital district filing a petition with the hospital board
25.18 for dissolution under Minnesota Statutes, section 447.38.

25.19 **ARTICLE 2**

25.20 **SALES, USE, AND EXCISE TAXES**

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

25.23 Subd. 2. **Qualified business.** (a) A business is a qualified business if it satisfies the
25.24 requirement of this paragraph and is not disqualified under the provisions of paragraph

25.25 (b). To qualify, the business must:

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

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

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

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

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

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

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

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

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

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

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

26.15 Subd. 3. **Certification of qualified business.** (a) A business may apply to the
26.16 commissioner for certification as a qualified business under this section. The commissioner
26.17 shall specify the form of the application, the manner and times for applying, and the
26.18 information required to be included in the application. The commissioner may impose an
26.19 application fee in an amount sufficient to defray the commissioner's cost of processing
26.20 certifications. A business must file a copy of its application with the chief clerical officer
26.21 of the city at the same time it applies to the commissioner. For an agricultural processing
26.22 facility located outside the boundaries of a city, the business must file a copy of the
26.23 application with the county auditor.

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

26.25 (1) satisfies the requirements of subdivision 2;

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

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

26.31 The commissioner must act on an application within ~~60~~ 90 days after its filing.
26.32 Failure by the commissioner to take action within the ~~60-day~~ 90-day period is deemed
26.33 approval of the application.

26.34 (c) ~~The following minimum expansion requirements apply, based on the number of~~
26.35 ~~employees of the business at locations in greater Minnesota:~~

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

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

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

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

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

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

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

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

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

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

28.3 Subd. 4. **Sales and use tax.** (a) The taxes imposed by chapter 297A are due and
28.4 payable to the commissioner monthly on or before the 20th day of the month following the
28.5 month in which the taxable event occurred, or following another reporting period as the
28.6 commissioner prescribes or as allowed under section 289A.18, subdivision 4, paragraph
28.7 (f) or (g), except that use taxes due on an annual use tax return as provided under section
28.8 289A.11, subdivision 1, are payable by April 15 following the close of the calendar year.

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

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

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

28.15 (c) A vendor having a liability of:

28.16 (1) \$10,000 or more, but less than ~~\$120,000~~ \$250,000 during a fiscal year ending
28.17 June 30, 2013, and fiscal years thereafter, must remit by electronic means all liabilities
28.18 on returns due for periods beginning in all subsequent calendar years on or before the
28.19 20th day of the month following the month in which the taxable event occurred, or on
28.20 or before the 20th day of the month following the month in which the sale is reported
28.21 under section 289A.18, subdivision 4; or

28.22 (2) ~~\$120,000~~ \$250,000 or more, during a fiscal year ending June 30, ~~2009~~ 2013,
28.23 and fiscal years thereafter, must remit by electronic means all liabilities in the manner
28.24 provided in paragraph (a) on returns due for periods beginning in the subsequent calendar
28.25 year, except for ~~90~~ 81.4 percent of the estimated June liability, which is due two business
28.26 days before June 30. The remaining amount of the June liability is due on August 20.

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

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

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

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

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

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

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

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

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

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

29.25 Subd. 33. **Bullion coin.** Bullion coin as defined in section 80G.01, subdivision
29.26 2, are exempt.

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

29.29 Sec. 8. Minnesota Statutes 2012, section 297A.67, is amended by adding a subdivision
29.30 to read:

29.31 Subd. 34. **Presentations accessed as digital audio and audiovisual works.**
29.32 The charge for a live or prerecorded presentation, such as a lecture, seminar,

30.1 workshop, or course, where participants access the presentation as a digital audio
30.2 work or digital audiovisual work, and are connected to the presentation via the
30.3 Internet, telecommunications equipment or other device that transfers the presentation
30.4 electronically, is exempt if:

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

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

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

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

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

30.17 Sec. 9. Minnesota Statutes 2012, section 297A.68, is amended by adding a subdivision
30.18 to read:

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

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

30.27 Sec. 10. Minnesota Statutes 2013 Supplement, section 297A.68, subdivision 42,
30.28 is amended to read:

30.29 **Subd. 42. Qualified data centers.** (a) Purchases of enterprise information
30.30 technology equipment and computer software for use in a qualified data center, or a
30.31 qualified refurbished data center, are exempt, except that computer software maintenance
30.32 agreements are exempt for purchases made after June 30, 2013. The tax on purchases
30.33 exempt under this paragraph must be imposed and collected as if the rate under section

31.1 297A.62, subdivision 1, applied, and then refunded after June 30, 2013, in the manner
31.2 provided in section 297A.75. This exemption includes enterprise information technology
31.3 equipment and computer software purchased to replace or upgrade enterprise information
31.4 technology equipment and computer software in a qualified data center, or a qualified
31.5 refurbished data center.

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

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

31.10 (1) that is comprised of one or more buildings that consist in the aggregate of
31.11 at least 25,000 square feet, and that are located on a single parcel or on contiguous
31.12 parcels, where the total cost of construction or refurbishment, investment in enterprise
31.13 information technology equipment, and computer software is at least \$30,000,000 within a
31.14 48-month period. The 48-month period begins no sooner than July 1, 2012, except that
31.15 costs for computer software maintenance agreements purchased before July 1, 2013, are
31.16 not included in determining if the \$30,000,000 threshold has been met;

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

31.20 (i) installation of enterprise information technology equipment; environmental
31.21 control, computer software, and energy efficiency improvements; and

31.22 (ii) building improvements; and

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

31.25 (i) uninterruptible power supplies, generator backup power, or both;

31.26 (ii) sophisticated fire suppression and prevention systems; and

31.27 (iii) enhanced security. A facility will be considered to have enhanced security if it
31.28 has restricted access to the facility to selected personnel; permanent security guards; video
31.29 camera surveillance; an electronic system requiring pass codes, keycards, or biometric
31.30 scans, such as hand scans and retinal or fingerprint recognition; or similar security features.

31.31 In determining whether the facility has the required square footage, the square footage
31.32 of the following spaces shall be included if the spaces support the operation of enterprise
31.33 information technology equipment: office space, meeting space, and mechanical and
31.34 other support facilities. For purposes of this subdivision, "computer software" includes,
31.35 but is not limited to, software utilized or loaded at ~~the~~ a qualified data center or qualified
31.36 refurbished data center, including maintenance, licensing, and software customization.

32.1 (d) For purposes of this subdivision, a "qualified refurbished data center" means an
32.2 existing facility that qualifies as a data center under paragraph (c), clauses (2) and (3), but
32.3 that is comprised of one or more buildings that consist in the aggregate of at least 25,000
32.4 square feet, and that are located on a single parcel or contiguous parcels, where the total
32.5 cost of construction or refurbishment, investment in enterprise information technology
32.6 equipment, and computer software is at least \$50,000,000 within a 24-month period.

32.7 (e) For purposes of this subdivision, "enterprise information technology equipment"
32.8 means computers and equipment supporting computing, networking, or data storage,
32.9 including servers and routers. It includes, but is not limited to: cooling systems,
32.10 cooling towers, and other temperature control infrastructure; power infrastructure for
32.11 transformation, distribution, or management of electricity used for the maintenance and
32.12 operation of a qualified data center or qualified refurbished data center, including but
32.13 not limited to exterior dedicated business-owned substations, backup power generation
32.14 systems, battery systems, and related infrastructure; and racking systems, cabling, and
32.15 trays, which are necessary for ~~the~~ a maintenance and operation of the qualified data center
32.16 or qualified refurbished data center.

32.17 (f) A qualified data center or qualified refurbished data center may claim the
32.18 exemptions in this subdivision for purchases made either within 20 years of the date of
32.19 its first purchase qualifying for the exemption under paragraph (a), or by June 30, 2042,
32.20 whichever is earlier.

32.21 (g) The purpose of this exemption is to create jobs in the construction and data
32.22 center industries.

32.23 (h) This subdivision is effective for sales and purchases made ~~after June 30, 2012,~~
32.24 ~~and~~ before July 1, 2042.

32.25 (i)(1) The commissioner of employment and economic development must certify
32.26 to the commissioner of revenue, in a format approved by the commissioner of revenue,
32.27 when a qualified data center has met the requirements under paragraph (c) or a qualified
32.28 refurbished data center has met the requirements under paragraph (d). The certification
32.29 must provide the following information regarding each qualified data center or qualified
32.30 refurbished data center:

32.31 (i) the total square footage amount;

32.32 (ii) the total amount of construction or refurbishment costs and the total amount of
32.33 qualifying investments in enterprise information technology equipment and computer
32.34 software; and

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

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

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

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

33.15 Sec. 11. Minnesota Statutes 2013 Supplement, section 297A.68, subdivision 44,
33.16 is amended to read:

33.17 Subd. 44. **Greater Minnesota business expansions.** (a) Purchases and use of
33.18 tangible personal property or taxable services by a qualified business, as defined in section
33.19 116J.8738, are exempt if:

33.20 (1) the business subsidy agreement provides that the exemption under this
33.21 subdivision applies;

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

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

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

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

33.33 (d) The tax on purchases imposed under this subdivision must be imposed and
33.34 collected as if the rate under section 297A.62 applied, and then refunded in the manner
33.35 provided in section 297A.75. The total amount refunded for a facility over the certification

34.1 period is limited to the amount listed in the business subsidy agreement. No more than
34.2 \$7,000,000 may be refunded in a fiscal year for all purchases under this subdivision.
34.3 Refunds must be allocated on a first-come, first-served basis. If more than \$7,000,000 of
34.4 eligible claims are made in a fiscal year, claims by qualified businesses carry over to the
34.5 next fiscal year, and the commissioner must first allocate refunds to qualified businesses
34.6 eligible for a refund in the preceding fiscal year. Any portion of the balance of funds
34.7 allocated for refunds under this paragraph does not cancel and shall be carried forward to
34.8 and available for refunds in subsequent fiscal years.

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

34.10 Sec. 12. Minnesota Statutes 2013 Supplement, section 297A.70, subdivision 2, is
34.11 amended to read:

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

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

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

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

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

34.25 ~~(5)~~ (4) other states or political subdivisions of other states, if the sale would be
34.26 exempt from taxation if it occurred in that state; and

34.27 ~~(6)~~ (5) public libraries, public library systems, multicounty, multitype library systems
34.28 as defined in section 134.001, county law libraries under chapter 134A, state agency
34.29 libraries, the state library under section 480.09, and the Legislative Reference Library.

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

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

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

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

35.6 (4) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause
35.7 (2), and prepared food, candy, soft drinks, and alcoholic beverages as defined in section
35.8 297A.67, subdivision 2, except for lodging, prepared food, candy, soft drinks, and alcoholic
35.9 beverages purchased directly by the United States or its agencies or instrumentalities; or

35.10 (5) goods or services purchased by a local government as inputs to goods and
35.11 services that are generally provided by a private business and the purchases would be
35.12 taxable if made by a private business engaged in the same activity.

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

35.16 (d) As used in this subdivision, "local governments" means cities, counties, and
35.17 townships; special districts as defined under section 6.465; any instrumentality of a
35.18 city, county, or township as defined in section 471.59; and any joint powers board or
35.19 organization created under section 471.59.

35.20 (e) As used in this subdivision, "goods or services generally provided by a private
35.21 business" include, but are not limited to, goods or services provided by liquor stores, gas
35.22 and electric utilities, golf courses, marinas, health and fitness centers, campgrounds, cafes,
35.23 ~~and laundromats, solid waste management services, housing facility improvements and~~
35.24 maintenance, fitness and special interest classes, recreational and athletic facilities, banquet
35.25 and private party facilities, aquatic facilities, and cemeteries. "Goods or services generally
35.26 provided by a private business" do not include ~~housing services;~~ sewer and water
35.27 services, wastewater treatment, ambulance and other public safety services, correctional
35.28 services, ~~chore or homemaking services provided to elderly or disabled individuals, or~~
35.29 computing services, ball fields, road and street maintenance or, lighting, or any goods or
35.30 services provided by local government only to local governments, and housing, chore, or
35.31 homemaking services provided to the poor, elderly, or disabled individuals.

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

35.34 Sec. 13. Minnesota Statutes 2013 Supplement, section 297A.70, subdivision 13,
35.35 is amended to read:

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

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

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

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

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

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

36.16 (1) the exemption under paragraph (a), clauses (1) and (2), applies only if to the first
36.17 \$20,000 of the gross annual receipts of the organization from fund-raising do not exceed
36.18 \$10,000; and

36.19 (2) the exemption under paragraph (a), clause (1), does not apply if the sales are
36.20 derived from admission charges or from activities for which the money must be deposited
36.21 with the school district treasurer under section 123B.49, subdivision 2, or be recorded in
36.22 the same manner as other revenues or expenditures of the school district under section
36.23 123B.49, subdivision 4.

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

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

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

37.1 Sec. 14. Minnesota Statutes 2013 Supplement, section 297A.70, subdivision 14,
37.2 is amended to read:

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

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

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

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

37.12 (1) it does not apply to admission charges for events involving bingo or other
37.13 gambling activities or to charges for use of amusement devices involving bingo or other
37.14 gambling activities;

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

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

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

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

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

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

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

37.33 (d) For purposes of this subdivision, "fund-raising events" means activities of
37.34 limited duration, not regularly carried out in the normal course of business, that attract
37.35 patrons for community, social, and entertainment purposes, such as auctions, bake sales,
37.36 ice cream socials, block parties, carnivals, competitions, concerts, concession stands,

38.1 craft sales, bazaars, dinners, dances, door-to-door sales of merchandise, fairs, fashion
38.2 shows, festivals, galas, special event workshops, sporting activities such as marathons and
38.3 tournaments, and similar events. Fund-raising events do not include the operation of a
38.4 regular place of business in which services are provided or sales are made during regular
38.5 hours such as bookstores, thrift stores, gift shops, restaurants, ongoing Internet sales,
38.6 regularly scheduled classes, or other activities carried out in the normal course of business.

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

38.8 Sec. 15. Minnesota Statutes 2012, section 297A.70, is amended by adding a
38.9 subdivision to read:

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

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

38.17 Sec. 16. Minnesota Statutes 2013 Supplement, section 297F.05, subdivision 1, is
38.18 amended to read:

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

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

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

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

38.28 Sec. 17. Minnesota Statutes 2012, section 297F.09, subdivision 10, is amended to read:

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

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

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

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

- 39.9 (1) ~~90~~ 81.4 percent of the actual June liability; or
- 39.10 (2) ~~90~~ 81.4 percent of the preceding ~~May's~~ May liability.

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

39.12 Sec. 18. Minnesota Statutes 2012, section 297G.09, subdivision 9, is amended to read:

39.13 Subd. 9. **Accelerated tax payment; penalty.** A person liable for tax under this
 39.14 chapter having a liability of ~~\$120,000~~ \$250,000 or more during a fiscal year ending June
 39.15 30, shall remit the June liability for the next year in the following manner:

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

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

- 39.24 (1) ~~90~~ 81.4 percent of the actual June liability; or
- 39.25 (2) ~~90~~ 81.4 percent of the preceding May liability.

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

39.27 Sec. 19. Minnesota Statutes 2013 Supplement, section 360.531, subdivision 2, is
 39.28 amended to read:

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

39.30 Base Price	Tax
39.31 Under \$499,999	
39.32 <u>Not over \$500,000</u>	\$100
39.33 over \$500,000 to \$999,999	
39.34 <u>but not over \$1,000,000</u>	\$200

40.1	over \$1,000,000 to \$2,499,999	
40.2	<u>but not over \$2,500,000</u>	\$2,000
40.3	over \$2,500,000 to \$4,999,999	
40.4	<u>but not over \$5,000,000</u>	\$4,000
40.5	over \$5,000,000 to \$7,499,999	
40.6	<u>but not over \$7,500,000</u>	\$7,500
40.7	over \$7,500,000 to \$9,999,999	
40.8	<u>but not over \$10,000,000</u>	\$10,000
40.9	over \$10,000,000 to \$12,499,999	
40.10	<u>but not over \$12,500,000</u>	\$12,500
40.11	over \$12,500,000 to \$14,999,999	
40.12	<u>but not over \$15,000,000</u>	\$15,000
40.13	over \$15,000,000 to \$17,499,999	
40.14	<u>but not over \$17,500,000</u>	\$17,500
40.15	over \$17,500,000 to \$19,999,999	
40.16	<u>but not over \$20,000,000</u>	\$20,000
40.17	over \$20,000,000 to \$22,499,999	
40.18	<u>but not over \$22,500,000</u>	\$22,500
40.19	over \$22,500,000 to \$24,999,999	
40.20	<u>but not over \$25,000,000</u>	\$25,000
40.21	over \$25,000,000 to \$27,499,999	
40.22	<u>but not over \$27,500,000</u>	\$27,500
40.23	over \$27,500,000 to \$29,999,999	
40.24	<u>but not over \$30,000,000</u>	\$30,000
40.25	over \$30,000,000 to \$39,999,999	
40.26	<u>but not over \$40,000,000</u>	\$50,000
40.27	<u>over \$40,000,000 and over</u>	\$75,000

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

40.30 Sec. 20. Laws 1980, chapter 511, section 1, subdivision 2, as amended by Laws 1991,
40.31 chapter 291, article 8, section 22, Laws 1998, chapter 389, article 8, section 25, Laws
40.32 2003, First Special Session chapter 21, article 8, section 11, and Laws 2008, chapter
40.33 154, article 5, section 2, is amended to read:

40.34 Subd. 2. (a) Notwithstanding Minnesota Statutes, section 477A.016, or any
40.35 other law, ordinance, or city charter provision to the contrary, the city of Duluth may,
40.36 by ordinance, impose an additional sales tax of up to ~~two and one-quarter~~ one and
40.37 three-quarter percent on sales transactions which are described in Minnesota Statutes 2000,
40.38 section 297A.01, subdivision 3, clause (c). ~~When the city council determines that the taxes~~
40.39 imposed under this subdivision and under Laws 1998, chapter 389, article 8, section 26, at a
40.40 rate of one-half of one percent have produced revenue sufficient to pay (1) the debt service
40.41 on bonds in a principal amount of \$8,000,000 issued for capital improvements to the
40.42 Duluth Entertainment and Convention Center, and (2) debt service on outstanding bonds

41.1 ~~originally issued in the principal amount of \$4,970,000 to finance capital improvements to~~
41.2 ~~the Great Lakes Aquarium since the imposition of the taxes at the rate of one and one-half~~
41.3 ~~percent, the rate of the tax under this subdivision is reduced by one-half of one percent.~~

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

41.11 (b) In addition to the tax in paragraph (a) and notwithstanding Minnesota Statutes,
41.12 section 477A.016, or any other law, ordinance, or city charter provision to the contrary,
41.13 the city of Duluth may, by ordinance, impose an additional sales tax of up to one-half of
41.14 one percent on sales transactions which are described in Minnesota Statutes 2000, section
41.15 297A.01, subdivision 3, clause (c). This tax expires when the city council determines that
41.16 the tax imposed under this paragraph has produced revenues sufficient to pay the debt
41.17 service on bonds in a principal amount of no more than \$18,000,000, plus issuance and
41.18 discount costs, to finance capital improvements to public facilities to support tourism and
41.19 recreational activities in that portion of the city west of 34th Avenue West.

41.20 **EFFECTIVE DATE.** This section is effective the day after the governing body of
41.21 the city of Duluth and its chief clerical officer comply with Minnesota Statutes, section
41.22 645.021, subdivisions 2 and 3.

41.23 Sec. 21. Laws 2005, First Special Session chapter 3, article 5, section 38, subdivision
41.24 4, is amended to read:

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

41.30 **EFFECTIVE DATE.** This section is effective the day after compliance by the
41.31 governing body of the city of Albert Lea and its chief clerical officer with Minnesota
41.32 Statutes, section 645.021, subdivisions 2 and 3.

42.1 Sec. 22. Laws 2006, chapter 257, section 2, the effective date, as amended by Laws
42.2 2011, First Special Session chapter 7, article 3, section 17, is amended to read:

42.3 **EFFECTIVE DATE.** This section is effective for sales and purchases after June 30,
42.4 2006, ~~and before July 1, 2015.~~

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

42.6 Sec. 23. Laws 2013, chapter 143, article 8, section 22, the effective date, is amended to
42.7 read:

42.8 **EFFECTIVE DATE.** This section is effective ~~for sales and purchases made after~~
42.9 ~~June 30, 2013~~ retroactively for sales and purchases made after April 1, 2009. Purchasers
42.10 may apply for a refund of tax paid for qualifying purchases under this subdivision made
42.11 after April 1, 2009, and before July 1, 2013, in the manner provided in Minnesota Statutes,
42.12 section 297A.75. Notwithstanding limitations on claims for refunds under Minnesota
42.13 Statutes, section 289A.40, claims may be filed with the commissioner until June 30, 2015.

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

42.15 Sec. 24. Laws 2013, chapter 143, article 8, section 23, the effective date, is amended to
42.16 read:

42.17 **EFFECTIVE DATE.** This section is effective ~~for sales and purchases made after~~
42.18 ~~June 30, 2013~~ retroactively for sales and purchases made after April 1, 2009. Purchasers
42.19 may apply for a refund of tax paid for qualifying purchases under this subdivision made
42.20 after April 1, 2009, and before July 1, 2013, in the manner provided in Minnesota Statutes,
42.21 section 297A.75. Notwithstanding limitations on claims for refunds under Minnesota
42.22 Statutes, section 289A.40, claims may be filed with the commissioner until June 30, 2015.

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

42.24 Sec. 25. Laws 2013, chapter 143, article 8, section 27, the effective date, is amended to
42.25 read:

42.26 **EFFECTIVE DATE.** For the purpose of qualifying under paragraphs (c) and (d),
42.27 this section is effective retroactively for sales and purchases made after June 30, 2013
42.28 2012. For the purpose of determining eligibility for the exemptions provided in this
42.29 section, this section is effective for sales and purchases of computer software maintenance
42.30 agreements made after June 30, 2013, and for sales and purchases for either a "qualified

43.1 refurbished data center" or a "qualified data center" made after June 30, 2013, except that
43.2 if the data center qualifies as a "qualified data center" as defined in Laws 2011, First
43.3 Special Session chapter 7, article 3, section 7, then the exemptions provided in this section,
43.4 other than for computer software maintenance agreements, continue to be effective for
43.5 sales and purchases made after June 30, 2012.

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

43.7 Sec. 26. Laws 2013, chapter 143, article 8, section 37, the effective date, is amended to
43.8 read:

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

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

43.14 Sec. 27. **CITY OF PROCTOR; LOCAL TAXES AUTHORIZED.**

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

43.22 **Subd. 2. Use of proceeds from authorized taxes.** The proceeds of the taxes
43.23 imposed under subdivisions 1 and 2 must be used by the city to fund: (1) construction and
43.24 improvement of walking and bicycle trails; (2) a multiuse civic center facility and parking
43.25 improvements; and (3) improvements related to the redevelopment and realignment of a
43.26 road through the fairgrounds property ceded to the city of Proctor by the city of Duluth.

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

44.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of
44.2 the city of Proctor and its chief clerical officer comply with Minnesota Statutes, section
44.3 645.021, subdivisions 2 and 3.

44.4 Sec. 28. **VALIDATION OF PRIOR ACT; AUTHORIZATION.**

44.5 Notwithstanding the time limits in Minnesota Statutes, section 645.021, the city of
44.6 Albert Lea may approve Laws 2005, First Special Session chapter 3, article 5, section 38,
44.7 as amended by Laws 2006, chapter 259, article 3, section 6, and file its approval with the
44.8 secretary of state by June 15, 2014. If approved as authorized under this section, actions
44.9 undertaken by the city pursuant to the approval of the voters on November 8, 2005, and
44.10 otherwise in accordance with Laws 2005, First Special Session chapter 3, article 5, section
44.11 38, as amended by Laws 2006, chapter 259, article 3, section 6, are validated.

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

44.13 Sec. 29. **SALES TO INSTRUMENTALITIES OF THE STATES.**

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

44.17 (1) prepared food, soft drinks, and candy, as defined in Minnesota Statutes, section
44.18 297A.61, subdivisions 31 to 33; and

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

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

44.23 **ARTICLE 3**

44.24 **INCOME AND ESTATE TAXES**

44.25 Section 1. Minnesota Statutes 2012, section 116J.8737, subdivision 5, as amended by
44.26 Laws 2014, chapter 150, article 1, section 3, is amended to read:

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

44.31 \$15,000,000 in credits to qualified investors or qualified funds for taxable years
44.32 beginning after December 31, 2013, and before January 1, 2017; and

45.1 (2) for taxable years beginning after December 31, 2014, and before January 1,
45.2 2017, \$7,500,000 must be allocated to credits for qualifying investments in qualified
45.3 greater Minnesota businesses and minority- or women-owned qualified small businesses
45.4 in Minnesota. Any portion of a taxable year's credits that is reserved for qualifying
45.5 investments in greater Minnesota businesses and minority- or women-owned qualified
45.6 small businesses in Minnesota that is not allocated by September 30 of the taxable year is
45.7 available for allocation to other credit applications beginning on October 1. Any portion
45.8 of a taxable year's credits that is not allocated by the commissioner does not cancel and
45.9 may be carried forward to subsequent taxable years until all credits have been allocated.

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

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

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

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

45.23 A member of the family of an individual disqualified by this paragraph is not eligible for a
45.24 credit under this section. For a married couple filing a joint return, the limitations in this
45.25 paragraph apply collectively to the investor and spouse. For purposes of determining the
45.26 ownership interest of an investor under this paragraph, the rules under section 267(c) and
45.27 267(e) of the Internal Revenue Code apply.

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

45.32 (e) Qualified investors and qualified funds must apply to the commissioner for tax
45.33 credits. Tax credits must be allocated to qualified investors or qualified funds in the order
45.34 that the tax credit request applications are filed with the department. The commissioner
45.35 must approve or reject tax credit request applications within 15 days of receiving the
45.36 application. ~~The commissioner must allocate credits to approved applications if credits~~

46.1 ~~remain available.~~ The investment specified in the application must be made within 60 days
46.2 of the allocation of the credits. If the investment is not made within 60 days, the credit
46.3 allocation is canceled and available for reallocation. A qualified investor or qualified fund
46.4 that fails to invest as specified in the application, within 60 days of allocation of the
46.5 credits, must notify the commissioner of the failure to invest within five business days of
46.6 the expiration of the 60-day investment period. ~~Credit applications that were approved but~~
46.7 ~~that did not receive an allocation of credits at the time of approval because the aggregate~~
46.8 ~~limit of credits for the year was exhausted remain eligible for allocation of credits if~~
46.9 ~~additional credits become available due to cancellations under this paragraph or due to~~
46.10 ~~termination of the time period for credits reserved for investment in qualified greater~~
46.11 ~~Minnesota businesses and minority- and women-owned small businesses under paragraph~~
46.12 ~~(a). Approved credit applications that do not receive credit allocations in the tax year must~~
46.13 ~~be resubmitted to be eligible for credit allocations in the following tax year.~~

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

46.26 (g) A qualified investor or qualified fund, or a qualified small business acting on their
46.27 behalf, must notify the commissioner when an investment for which credits were allocated
46.28 has been made, and the taxable year in which the investment was made. A qualified fund
46.29 must also provide the commissioner with a statement indicating the amount invested by
46.30 each investor in the qualified fund based on each investor's share of the assets of the
46.31 qualified fund at the time of the qualified investment. After receiving notification that the
46.32 investment was made, the commissioner must issue credit certificates for the taxable year
46.33 in which the investment was made to the qualified investor or, for an investment made by
46.34 a qualified fund, to each qualified investor who is an investor in the fund. The certificate
46.35 must state that the credit is subject to revocation if the qualified investor or qualified
46.36 fund does not hold the investment in the qualified small business for at least three years,

47.1 consisting of the calendar year in which the investment was made and the two following
47.2 years. The three-year holding period does not apply if:

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

47.5 (2) 80 percent or more of the assets of the qualified small business is sold before
47.6 the end of the three-year period;

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

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

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

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

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

47.14 Sec. 2. Minnesota Statutes 2013 Supplement, section 136A.129, subdivision 1, is
47.15 amended to read:

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

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

47.20 (c) "Eligible institution" means a Minnesota public postsecondary institution or
47.21 a Minnesota private, nonprofit, baccalaureate, or graduate degree-granting college or
47.22 university.

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

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

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

47.30 Sec. 3. Minnesota Statutes 2013 Supplement, section 136A.129, subdivision 3, is
47.31 amended to read:

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

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

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

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

48.9 ~~(3)~~ (2) provide academic credit for the successful completion of the internship or
48.10 ensure that it fulfills requirements necessary to complete a vocational technical education
48.11 program.

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

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

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

48.17 (3) does not replace an existing employee;

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

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

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

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

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

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

48.29 (1) the number of interns hired;

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

48.31 (3) the compensation paid to interns.

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

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

49.1 Sec. 4. Minnesota Statutes 2013 Supplement, section 136A.129, subdivision 5, is
49.2 amended to read:

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

- 49.6 (1) the number and dollar amount of credits allowed;
- 49.7 (2) the number of interns employed under the program; and
- 49.8 (3) the cost of administering the program.

49.9 (b) By February 1, ~~2016~~ 2017, the office and the Department of Revenue shall
49.10 report to the legislature with an analysis of the effectiveness of the program in stimulating
49.11 businesses to hire interns and in assisting participating interns in finding permanent
49.12 career positions. This report must include the number of students who participated in the
49.13 program who were subsequently employed full-time by the employer.

49.14 Sec. 5. Minnesota Statutes 2013 Supplement, section 270B.01, subdivision 8, is
49.15 amended to read:

49.16 Subd. 8. **Minnesota tax laws.** For purposes of this chapter only, unless expressly
49.17 stated otherwise, "Minnesota tax laws" means:

- 49.18 (1) the taxes, refunds, and fees administered by or paid to the commissioner under
49.19 chapters 115B, 289A (except taxes imposed under sections 298.01, 298.015, and 298.24),
49.20 290, 290A, 291, ~~292~~, 295, 297A, 297B, 297H, and 403, or any similar Indian tribal tax
49.21 administered by the commissioner pursuant to any tax agreement between the state and
49.22 the Indian tribal government, and includes any laws for the assessment, collection, and
49.23 enforcement of those taxes, refunds, and fees; and
- 49.24 (2) section 273.1315.

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

49.26 Sec. 6. Minnesota Statutes 2013 Supplement, section 270B.03, subdivision 1, is
49.27 amended to read:

49.28 Subdivision 1. **Who may inspect.** Returns and return information must, on request,
49.29 be made open to inspection by or disclosure to the data subject. The request must be made
49.30 in writing or in accordance with written procedures of the chief disclosure officer of the
49.31 department that have been approved by the commissioner to establish the identification
49.32 of the person making the request as the data subject. For purposes of this chapter, the
49.33 following are the data subject:

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

50.1 (2) in the case of an income tax return filed jointly, either of the individuals with
50.2 respect to whom the return is filed;

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

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

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

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

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

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

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

50.16 (6) if liability has been assessed to a transferee under section 270C.58, subdivision
50.17 1, the transferee is the data subject with regard to the returns and return information
50.18 relating to the assessed liability;

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

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

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

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

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

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

50.28 Sec. 7. Minnesota Statutes 2012, section 289A.02, subdivision 7, as amended by Laws
50.29 2014, chapter 150, article 1, section 7, is amended to read:

50.30 Subd. 7. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal
50.31 Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~December~~
50.32 ~~20, 2013~~ March 26, 2014.

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

51.1 Sec. 8. Minnesota Statutes 2012, section 290.01, subdivision 7, is amended to read:

51.2 Subd. 7. **Resident.** (a) The term "resident" means any individual domiciled
51.3 in Minnesota, except that an individual is not a "resident" for the period of time that
51.4 the individual is a "qualified individual" as defined in section 911(d)(1) of the Internal
51.5 Revenue Code, if the qualified individual notifies the county within three months of
51.6 moving out of the country that homestead status be revoked for the Minnesota residence
51.7 of the qualified individual, and the property is not classified as a homestead while the
51.8 individual remains a qualified individual.

51.9 (b) "Resident" also means any individual domiciled outside the state who maintains
51.10 a place of abode in the state and spends in the aggregate more than one-half of the tax
51.11 year in Minnesota, unless:

51.12 (1) the individual or the spouse of the individual is in the armed forces of the United
51.13 States; or

51.14 (2) the individual is covered under the reciprocity provisions in section 290.081.

51.15 For purposes of this subdivision, presence within the state for any part of a calendar
51.16 day constitutes a day spent in the state. Individuals shall keep adequate records to
51.17 substantiate the days spent outside the state.

51.18 The term "abode" means a dwelling maintained by an individual, whether or not
51.19 owned by the individual and whether or not occupied by the individual, and includes a
51.20 dwelling place owned or leased by the individual's spouse.

51.21 (c) In determining if an individual is domiciled in Minnesota, neither the
51.22 commissioner nor any court shall consider:

51.23 (1) charitable contributions made by an the individual within or without the state in
51.24 determining if the individual is domiciled in Minnesota; or

51.25 (2) the location of the individual's attorneys, certified public accountants, or financial
51.26 advisors within or without the state.

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

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

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

52.1 In the case of a regulated investment company or a fund thereof, as defined in section
52.2 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment
52.3 company taxable income as defined in section 852(b)(2) of the Internal Revenue Code,
52.4 except that:

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

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

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

52.14 The net income of a real estate investment trust as defined and limited by section
52.15 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust
52.16 taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

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

52.20 The Internal Revenue Code of 1986, as amended through ~~December 20, 2013~~ March
52.21 26, 2014, shall be in effect for taxable years beginning after December 31, 1996.

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

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

52.28 Sec. 10. Minnesota Statutes 2013 Supplement, section 290.01, subdivision 19b, as
52.29 amended by Laws 2014, chapter 150, article 1, section 11, is amended to read:

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

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

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

53.4 (3) the amount paid to others, less the amount used to claim the credit allowed under
53.5 section 290.0674, not to exceed \$1,625 for each qualifying child in grades kindergarten
53.6 to 6 and \$2,500 for each qualifying child in grades 7 to 12, for tuition, textbooks, and
53.7 transportation of each qualifying child in attending an elementary or secondary school
53.8 situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a
53.9 resident of this state may legally fulfill the state's compulsory attendance laws, which
53.10 is not operated for profit, and which adheres to the provisions of the Civil Rights Act
53.11 of 1964 and chapter 363A. For the purposes of this clause, "tuition" includes fees or
53.12 tuition as defined in section 290.0674, subdivision 1, clause (1). As used in this clause,
53.13 "textbooks" includes books and other instructional materials and equipment purchased
53.14 or leased for use in elementary and secondary schools in teaching only those subjects
53.15 legally and commonly taught in public elementary and secondary schools in this state.
53.16 Equipment expenses qualifying for deduction includes expenses as defined and limited in
53.17 section 290.0674, subdivision 1, clause (3). "Textbooks" does not include instructional
53.18 books and materials used in the teaching of religious tenets, doctrines, or worship, the
53.19 purpose of which is to instill such tenets, doctrines, or worship, nor does it include books
53.20 or materials for, or transportation to, extracurricular activities including sporting events,
53.21 musical or dramatic events, speech activities, driver's education, or similar programs. No
53.22 deduction is permitted for any expense the taxpayer incurred in using the taxpayer's or
53.23 the qualifying child's vehicle to provide such transportation for a qualifying child. For
53.24 purposes of the subtraction provided by this clause, "qualifying child" has the meaning
53.25 given in section 32(c)(3) of the Internal Revenue Code;

53.26 (4) income as provided under section 290.0802;

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

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

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

54.1 of subnational foreign taxes for the taxable year, but not to exceed the total subnational
54.2 foreign taxes reported in claiming the foreign tax credit. For purposes of this clause,
54.3 "federal foreign tax credit" means the credit allowed under section 27 of the Internal
54.4 Revenue Code, and "carryover of subnational foreign taxes" equals the carryover allowed
54.5 under section 904(c) of the Internal Revenue Code minus national level foreign taxes to
54.6 the extent they exceed the federal foreign tax credit;

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

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

54.16 (10) to the extent included in federal taxable income, the amount of compensation
54.17 paid to members of the Minnesota National Guard or other reserve components of the
54.18 United States military for active service, excluding compensation for services performed
54.19 under the Active Guard Reserve (AGR) program. For purposes of this clause, "active
54.20 service" means (i) state active service as defined in section 190.05, subdivision 5a, clause
54.21 (1); or (ii) federally funded state active service as defined in section 190.05, subdivision
54.22 5b, but "active service" excludes service performed in accordance with section 190.08,
54.23 subdivision 3;

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

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

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

55.4 (13) in each of the five tax years immediately following the tax year in which an
55.5 addition is required under subdivision 19a, clause (8), or 19c, clause (13), in the case of a
55.6 shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the
55.7 addition made by the taxpayer under subdivision 19a, clause (8), or 19c, clause (13), in the
55.8 case of a shareholder of a corporation that is an S corporation, minus the positive value of
55.9 any net operating loss under section 172 of the Internal Revenue Code generated for the
55.10 tax year of the addition. If the net operating loss exceeds the addition for the tax year, a
55.11 subtraction is not allowed under this clause;

55.12 (14) to the extent included in the federal taxable income of a nonresident of
55.13 Minnesota, compensation paid to a service member as defined in United States Code, title
55.14 10, section 101(a)(5), for military service as defined in the Servicemembers Civil Relief
55.15 Act, Public Law 108-189, section 101(2);

55.16 (15) to the extent included in federal taxable income, the amount of national service
55.17 educational awards received from the National Service Trust under United States Code,
55.18 title 42, sections 12601 to 12604, for service in an approved Americorps National Service
55.19 program;

55.20 (16) to the extent included in federal taxable income, discharge of indebtedness
55.21 income resulting from reacquisition of business indebtedness included in federal taxable
55.22 income under section 108(i) of the Internal Revenue Code. This subtraction applies only
55.23 to the extent that the income was included in net income in a prior year as a result of the
55.24 addition under section 290.01, subdivision 19a, clause (13);

55.25 (17) the amount of the net operating loss allowed under section 290.095, subdivision
55.26 11, paragraph (c);

55.27 (18) the amount of expenses not allowed for federal income tax purposes due
55.28 to claiming the railroad track maintenance credit under section 45G(a) of the Internal
55.29 Revenue Code;

55.30 (19) the amount of the limitation on itemized deductions under section 68(b) of
55.31 the Internal Revenue Code; ~~and~~

55.32 (20) the amount of the phaseout of personal exemptions under section 151(d) of the
55.33 Internal Revenue Code;

55.34 (21) to extent included in federal taxable income, the amount of qualified
55.35 transportation fringe benefits described in section 132(f)(1)(A) and (B) of the Internal
55.36 Revenue Code. The subtraction is limited to the lesser of the amount of qualified

56.1 transportation fringe benefits received in excess of the limitations under section
56.2 132(f)(2)(A) of the Internal Revenue Code for the year or the difference between the
56.3 maximum qualified parking benefits excludable under section 132(f)(2)(B) of the Internal
56.4 Revenue Code minus the amount of transit benefits excludable under section 132(f)(2)(A)
56.5 of the Internal Revenue Code; and

56.6 (22) for taxable years beginning after December 31, 2013, and before January 1,
56.7 2015, to the extent included in federal taxable income, discharge of qualified principal
56.8 residence indebtedness, as provided in subparagraph (E) of section 108(a)(1) of the
56.9 Internal Revenue Code, without regard to whether subparagraph (E) of section 108(a)(1)
56.10 of the Internal Revenue Code is in effect for the taxable year.

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

56.13 Sec. 11. Minnesota Statutes 2013 Supplement, section 290.01, subdivision 31, as
56.14 amended by Laws 2014, chapter 150, article 1, section 13, is amended to read:

56.15 Subd. 31. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal
56.16 Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~December~~
56.17 ~~20, 2013~~ March 26, 2014. Internal Revenue Code also includes any uncodified provision
56.18 in federal law that relates to provisions of the Internal Revenue Code that are incorporated
56.19 into Minnesota law. When used in this chapter, the reference to "subtitle A, chapter 1,
56.20 subchapter N, part 1, of the Internal Revenue Code" is to the Internal Revenue Code as
56.21 amended through March 18, 2010.

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

56.25 Sec. 12. Minnesota Statutes 2012, section 290.0677, subdivision 1, is amended to read:

56.26 Subdivision 1. **Credit allowed; current military service.** (a) An individual is
56.27 allowed a credit against the tax due under this chapter equal to \$59 for each month or
56.28 portion thereof that the individual was in active military service in a designated area after
56.29 September 11, 2001, and before January 1, 2009, while a Minnesota domiciliary.

56.30 (b) An individual is allowed a credit against the tax due under this chapter equal to
56.31 \$120 for each month or portion thereof that the individual was in active military service in
56.32 a designated area after December 31, 2008, while a Minnesota domiciliary.

57.1 (c) An individual is allowed a credit against the tax due under this chapter equal to
57.2 \$200 for each month or portion thereof that the individual was in active military service in
57.3 a designated area after December 31, 2013, while a Minnesota domiciliary.

57.4 ~~(e)~~ (d) For active service performed after September 11, 2001, and before December
57.5 31, 2006, the individual may claim the credit in the taxable year beginning after December
57.6 31, 2005, and before January 1, 2007.

57.7 ~~(d)~~ (e) For active service performed after December 31, 2006, the individual may
57.8 claim the credit for the taxable year in which the active service was performed.

57.9 ~~(e)~~ (f) If an individual entitled to the credit died prior to January 1, 2006, the
57.10 individual's estate or heirs at law, if the individual's probate estate has closed or the estate
57.11 was not probated, may claim the credit.

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

57.14 Sec. 13. Minnesota Statutes 2012, section 290.0677, subdivision 1a, is amended to read:

57.15 Subd. 1a. **Credit allowed; past military service.** (a) A qualified individual is
57.16 allowed a credit against the tax imposed under this chapter for past military service. The
57.17 credit equals ~~\$750~~ \$1,500. The credit allowed under this subdivision is reduced by ten
57.18 percent of adjusted gross income in excess of \$30,000, but in no case is the credit less
57.19 than zero.

57.20 (b) For a nonresident or a part-year resident, the credit under this subdivision
57.21 must be allocated based on the percentage calculated under section 290.06, subdivision
57.22 2c, paragraph (e).

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

57.25 Sec. 14. **[290.0682] VOLUNTEER FIRST RESPONDER CREDIT.**

57.26 Subdivision 1. **Credit allowed; volunteer first responders.** (a) A qualified
57.27 individual is allowed a credit against the tax due under this chapter equal to \$450.

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

57.31 Subd. 2. **Definitions.** For purposes of this section, "qualified individual" means an
57.32 individual who, for at least six months of the year in which the credit is claimed, is:

57.33 (1) a volunteer firefighter as defined in section 424A.001, subdivision 10;

58.1 (2) a volunteer ambulance attendant as defined in section 144E.001, subdivision 15; or
58.2 (3) an emergency medical responder as defined in section 144E.001, subdivision 6,
58.3 who provides emergency medical services as a volunteer.

58.4 Subd. 3. **Credit to be refundable** If the amount of total credits that the claimant is
58.5 eligible to receive under this section exceeds the claimant's tax liability under chapter 290,
58.6 the commissioner shall refund the excess to the claimant.

58.7 Subd. 4. **Limitations.** An individual is not eligible for the credit under this section
58.8 unless the individual has served as a volunteer firefighter, volunteer ambulance attendant,
58.9 or volunteer emergency medical provider for more than one calendar year.

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

58.12 Sec. 15. Minnesota Statutes 2012, section 290.081, is amended to read:

58.13 **290.081 INCOME OF NONRESIDENTS, RECIPROCITY.**

58.14 (a) The compensation received for the performance of personal or professional
58.15 services within this state by an individual whose residence, place of abode, and place
58.16 customarily returned to at least once a month is in another state, shall be excluded from
58.17 gross income to the extent such compensation is subject to an income tax imposed by the
58.18 state of residence; provided that such state allows a similar exclusion of compensation
58.19 received by residents of Minnesota for services performed therein.

58.20 (b) When it is deemed to be in the best interests of the people of this state, the
58.21 commissioner may determine that the provisions of paragraph (a) shall not apply. As long
58.22 as the provisions of paragraph (a) apply between Minnesota and Wisconsin, the provisions
58.23 of paragraph (a) shall apply to any individual who is domiciled in Wisconsin.

58.24 (c) For the purposes of paragraph (a), whenever the Wisconsin tax on Minnesota
58.25 residents which would have been paid Wisconsin without paragraph (a) exceeds the
58.26 Minnesota tax on Wisconsin residents which would have been paid Minnesota without
58.27 paragraph (a), or vice versa, then the state with the net revenue loss resulting from
58.28 paragraph (a) ~~must be compensated by~~ shall receive from the other state ~~as provided in the~~
58.29 ~~agreement under paragraph (d)~~ the amount of such loss. This provision shall be effective
58.30 for all years beginning after December 31, 1972. The data used for computing the loss
58.31 to either state shall be determined on or before September 30 of the year following the
58.32 close of the previous calendar year.

59.1 (d)(1) Interest is payable on all amounts calculated under paragraph (c) relating
59.2 to taxable years beginning after December 31, 2000. Interest accrues from July 1 of
59.3 the taxable year.

59.4 (2) The commissioner of revenue is authorized to enter into agreements with
59.5 the state of Wisconsin specifying ~~the compensation required under paragraph (b)~~, the
59.6 reciprocity payment due ~~date~~ dates, conditions constituting delinquency, interest rates, and
59.7 a method for computing interest due. ~~Calculation of compensation under the agreement~~
59.8 ~~must specify if the revenue loss is determined before or after the allowance of each state's~~
59.9 ~~credit for taxes paid to the other state.~~

59.10 (3) For agreements entered into before October 1, 2014, the annual compensation
59.11 required under paragraph (c) must equal at least the net revenue loss minus \$1,000,000
59.12 per fiscal year.

59.13 (4) For agreements entered into after September 30, 2014, the annual compensation
59.14 required under paragraph (c) must equal the net revenue loss per fiscal year.

59.15 (5) For the purposes of clauses (3) and (4), "net revenue loss" means the difference
59.16 between the amount of Minnesota income taxes Minnesota forgoes by not taxing
59.17 Wisconsin residents on income subject to reciprocity and the credit Minnesota would
59.18 have been required to give under section 290.06, subdivision 22, to Minnesota residents
59.19 working in Wisconsin had there not been reciprocity.

59.20 (e) If an agreement cannot be reached as to the amount of the loss, the commissioner
59.21 of revenue and the taxing official of the state of Wisconsin shall each appoint a member
59.22 of a board of arbitration and these members shall appoint the third member of the board.
59.23 The board shall select one of its members as chair. Such board may administer oaths, take
59.24 testimony, subpoena witnesses, and require their attendance, require the production of
59.25 books, papers and documents, and hold hearings at such places as are deemed necessary.
59.26 The board shall then make a determination as to the amount to be paid the other state
59.27 which determination shall be final and conclusive.

59.28 (f) The commissioner may furnish copies of returns, reports, or other information to
59.29 the taxing official of the state of Wisconsin, a member of the board of arbitration, or a
59.30 consultant under joint contract with the states of Minnesota and Wisconsin for the purpose
59.31 of making a determination as to the amount to be paid the other state under the provisions
59.32 of this section. Prior to the release of any information under the provisions of this section,
59.33 the person to whom the information is to be released shall sign an agreement which
59.34 provides that the person will protect the confidentiality of the returns and information
59.35 revealed thereby to the extent that it is protected under the laws of the state of Minnesota.

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

60.1 Sec. 16. Minnesota Statutes 2013 Supplement, section 290.091, subdivision 2, as
60.2 amended by Laws 2014, chapter 150, article 1, section 21, is amended to read:

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

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

60.7 (1) the taxpayer's federal alternative minimum taxable income as defined in section
60.8 55(b)(2) of the Internal Revenue Code;

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

60.11 (i) the charitable contribution deduction under section 170 of the Internal Revenue
60.12 Code;

60.13 (ii) the medical expense deduction;

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

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

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

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

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

60.27 (6) the amount of addition required by section 290.01, subdivision 19a, clauses (7)
60.28 to (9), and (11) to (14);

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

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

60.31 (2) an overpayment of state income tax as provided by section 290.01, subdivision
60.32 19b, clause (2), to the extent included in federal alternative minimum taxable income;

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

61.1 (4) amounts subtracted from federal taxable income as provided by section 290.01,
61.2 subdivision 19b, clauses (6), (8) to (14), ~~and (16), (21), and (22)~~; and

61.3 (5) the amount of the net operating loss allowed under section 290.095, subdivision
61.4 11, paragraph (c).

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

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

61.9 (c) "Net minimum tax" means the minimum tax imposed by this section.

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

61.13 (e) "Tentative minimum tax" equals 6.75 percent of alternative minimum taxable
61.14 income after subtracting the exemption amount determined under subdivision 3.

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

61.17 Sec. 17. Minnesota Statutes 2013 Supplement, section 290A.03, subdivision 15, as
61.18 amended by Laws 2014, chapter 150, article 1, section 22, is amended to read:

61.19 Subd. 15. **Internal Revenue Code.** "Internal Revenue Code" means the Internal
61.20 Revenue Code of 1986, as amended through ~~December 20, 2013~~ March 26, 2014.

61.21 **EFFECTIVE DATE.** This section is effective retroactively for property tax refunds
61.22 based on property taxes payable after December 31, 2013, and rent paid after December
61.23 31, 2012.

61.24 Sec. 18. Minnesota Statutes 2013 Supplement, section 291.005, subdivision 1, as
61.25 amended by Laws 2014, chapter 150, article 3, section 3, is amended to read:

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

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

61.30 (2) "Federal gross estate" means the gross estate of a decedent as required to be valued
61.31 and otherwise determined for federal estate tax purposes under the Internal Revenue Code.

61.32 (3) "Internal Revenue Code" means the United States Internal Revenue Code of
61.33 1986, as amended through March ~~1~~ 26, 2014.

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

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

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

62.15 (7) "Resident decedent" means an individual whose domicile at the time of death
62.16 was in Minnesota. The provisions of section 290.01, subdivision 7, paragraph (c), apply to
62.17 determinations of domicile under this chapter.

62.18 (8) "Situs of property" means, with respect to:

62.19 (i) real property, the state or country in which it is located;

62.20 (ii) tangible personal property, the state or country in which it was normally kept
62.21 or located at the time of the decedent's death or for a gift of tangible personal property
62.22 within three years of death, the state or country in which it was normally kept or located
62.23 when the gift was executed; ~~and~~

62.24 (iii) a qualified work of art, as defined in section 2503(g)(2) of the Internal Revenue
62.25 Code, owned by a nonresident decedent and that is normally kept or located in this state
62.26 because it is on loan to an organization, qualifying as exempt from taxation under section
62.27 501(c)(3) of the Internal Revenue Code, that is located in Minnesota, the situs of the art is
62.28 deemed to be outside of Minnesota, notwithstanding the provisions of item (ii); and

62.29 (iv) intangible personal property, the state or country in which the decedent was
62.30 domiciled at death or for a gift of intangible personal property within three years of death,
62.31 the state or country in which the decedent was domiciled when the gift was executed.

62.32 For a nonresident decedent with an ownership interest in a pass-through entity with
62.33 assets that include real or tangible personal property, situs of the real or tangible personal
62.34 property, including qualified works of art, is determined as if the pass-through entity does
62.35 not exist and the real or tangible personal property is personally owned by the decedent.
62.36 If the pass-through entity is owned by a person or persons in addition to the decedent,

63.1 ownership of the property is attributed to the decedent in proportion to the decedent's
63.2 capital ownership share of the pass-through entity.

63.3 (9) "Pass-through entity" includes the following:

63.4 (i) an entity electing S corporation status under section 1362 of the Internal Revenue
63.5 Code;

63.6 (ii) an entity taxed as a partnership under subchapter K of the Internal Revenue Code;

63.7 (iii) a single-member limited liability company or similar entity, regardless of
63.8 whether it is taxed as an association or is disregarded for federal income tax purposes
63.9 under Code of Federal Regulations, title 26, section 301.7701-3; or

63.10 (iv) a trust to the extent the property is includible in the decedent's federal gross
63.11 estate; but excludes

63.12 (v) an entity whose ownership interest securities are traded on an exchange regulated
63.13 by the Securities and Exchange Commission as a national securities exchange under
63.14 section 6 of the Securities Exchange Act, United States Code, title 15, section 78f.

63.15 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents
63.16 dying after December 31, 2013, except the changes in clause (7) are effective the day
63.17 following final enactment.

63.18 Sec. 19. Laws 2014, chapter 150, article 3, section 4, the effective date, is amended to
63.19 read:

63.20 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents
63.21 dying after December 31, 2013, and for taxable gifts made after June 30, 2013.

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

63.23 Sec. 20. **DEFINITION OF TAXABLE GIFT FOR DECEDENTS DYING**
63.24 **BEFORE JANUARY 1, 2014.**

63.25 For estates of decedents dying before January 1, 2014, "taxable gift" as used by
63.26 Minnesota Statutes, section 291.005, subdivision 1, paragraph (4), means a transfer by gift
63.27 which is included in taxable gifts for federal gift tax purposes under the following sections
63.28 of the Internal Revenue Code: section 529; section 530; section 2501(a)(4); section 2503;
63.29 sections 2511 to 2514; and sections 2516 to 2519; less the deductions allowed in sections
63.30 2522 to 2524 of the Internal Revenue Code, and after excluding taxable gifts of any
63.31 property that has its situs outside Minnesota and including taxable gifts of any property
63.32 tax that has its situs in Minnesota and were not disclosed to federal taxing authorities.

64.1 **EFFECTIVE DATE.** This section is effective retroactively for taxable gifts made
64.2 after June 30, 2013.

64.3 Sec. 21. **TEMPORARY EDUCATION CREDITS.**

64.4 Subdivision 1. **Students with disabilities tutoring credit.** (a) A taxpayer is allowed
64.5 a credit, up to \$2,000, against the tax imposed by Minnesota Statutes, chapter 290. The
64.6 credit amount equals 75 percent of the amount of eligible expenses paid by a taxpayer
64.7 who is a parent or guardian of a qualifying child for whom a Minnesota individualized
64.8 education program is in effect pursuant to Minnesota Statutes, section 125A.08. The
64.9 taxpayer claiming the credit under this subdivision must be a member of the child's
64.10 individual education program team.

64.11 (b) For the purposes of this subdivision, the following definitions apply:

64.12 (1) "eligible expenses" means actual expenses, less the amount of expenses used to
64.13 claim the credit under Minnesota Statutes, section 290.0674, subdivision 1, paid by the
64.14 taxpayer for tutoring, instruction, or treatment by an instructor and not compensated by
64.15 insurance, pretax account, or otherwise, to meet the cognitive, academic, communicative,
64.16 social and emotional, motor ability, vocational, sensory, physical, or behavioral and
64.17 functional needs of a student for purposes of improvement in meeting the academic
64.18 standards required under Minnesota Statutes, section 120B.22;

64.19 (2) "instructor" means a person qualifying under Minnesota Statutes, section
64.20 120A.22, subdivision 10, clauses (1) to (5), who is not a lineal ancestor or sibling of
64.21 the qualifying child; and

64.22 (3) "qualifying child" has the meaning given in section 32(c)(3) of the Internal
64.23 Revenue Code.

64.24 (c) A taxpayer claiming the credit under this subdivision must provide documentation
64.25 of eligibility for the credit in a form and manner prescribed by the commissioner of revenue.

64.26 Subd. 2. **Reading credit.** (a) A taxpayer is allowed a credit, up to \$2,000, against
64.27 the tax imposed by Minnesota Statutes, chapter 290. The credit amount equals 75 percent
64.28 of the amount of eligible expenses paid by a taxpayer who is a parent or guardian of
64.29 a qualifying child:

64.30 (1) who has been evaluated for determination of a specific learning disability under
64.31 Minnesota Rules, part 3525.1341, and was not found to meet the criteria under Minnesota
64.32 Rules, part 3525.1341, subpart 2, to have a specific learning disability; and

64.33 (2) for whom the evaluation indicated a determination of a deficiency in basic
64.34 reading skills, reading comprehension, or reading fluency that impair a child to meet
64.35 expected age or grade-level standards.

65.1 (b) For purposes of this subdivision, the following definitions apply:

65.2 (1) "eligible expenses" means actual expenses, less the amount of expenses used to
65.3 claim the credit under Minnesota Statutes, section 290.0674, subdivision 1, paid by the
65.4 taxpayer for tutoring, instruction, or treatment by an instructor and not compensated by
65.5 insurance, pretax account, or otherwise, for purposes of meeting the academic standards
65.6 required under Minnesota Statutes, section 120B.22;

65.7 (2) "instructor" means a person qualifying under Minnesota Statutes, section
65.8 120A.22, subdivision 10, clauses (1) to (5), who is not a lineal ancestor or sibling of
65.9 the qualifying child;

65.10 (3) "treatment" means instruction that:

65.11 (i) teaches language decoding skills in a systematic manner;

65.12 (ii) uses recognized diagnostic assessments to determine what intervention would be
65.13 most appropriate for individual students; and

65.14 (iii) employs a research-based method; and

65.15 (4) "qualifying child" has the meaning given in section 32(c)(3) of the Internal
65.16 Revenue Code.

65.17 (c) A taxpayer claiming the credit under this subdivision must provide documentation
65.18 of eligibility for the credit in a form and manner prescribed by the commissioner.

65.19 Subd. 3. **Assignment of refunds.** The provisions of Minnesota Statutes, section
65.20 290.0679, except for subdivision 1, paragraphs (c) to (f), apply to the assignment of
65.21 refunds authorized under this section. For purposes of assignment of refund under this
65.22 section, a "qualifying taxpayer" means a taxpayer qualified to receive a credit under this
65.23 section. In no case shall any condition for assignment require disclosure of the specific
65.24 findings of an evaluation for a specific learning disability.

65.25 Subd. 4. **Credit to be refundable.** If the amount of total credits that the claimant is
65.26 eligible to receive under this section exceeds the claimant's tax liability under Minnesota
65.27 Statutes, chapter 290, the commissioner shall refund the excess to the claimant.

65.28 Subd. 5. **Appropriation.** An amount sufficient to pay the refunds authorized under
65.29 this section is appropriated to the commissioner from the general fund.

65.30 Subd. 6. **Report.** By October 1, 2015, the commissioner must provide a report to
65.31 the chairs and ranking minority members of the committees of the house of representatives
65.32 and senate with jurisdiction over taxes on:

65.33 (1) the number of taxpayers claiming the credits under this section and the average
65.34 amount of credits claimed; and

65.35 (2) the administration of the credits, including recommendations for ensuring
65.36 compliance.

66.1 **EFFECTIVE DATE.** This section is effective the day following final enactment for
66.2 tax year 2014 only.

66.3 **ARTICLE 4**

66.4 **MINERALS**

66.5 Section 1. Minnesota Statutes 2013 Supplement, section 298.018, subdivision 1,
66.6 is amended to read:

66.7 Subdivision 1. **Within taconite assistance area.** The proceeds of the tax paid under
66.8 sections 298.015 and 298.016 on ores, metals, or minerals mined or extracted within the
66.9 taconite assistance area defined in section 273.1341, shall be allocated as follows:

66.10 (1) five percent to the city or town within which the minerals or energy resources
66.11 are mined or extracted, or within which the concentrate was produced. If the mining
66.12 and concentration, or different steps in either process, are carried on in more than one
66.13 taxing district, the commissioner shall apportion equitably the proceeds among the
66.14 cities and towns by attributing 50 percent of the proceeds of the tax to the operation of
66.15 mining or extraction, and the remainder to the concentrating plant and to the processes of
66.16 concentration, and with respect to each thereof giving due consideration to the relative
66.17 extent of the respective operations performed in each taxing district;

66.18 (2) ten percent to the taconite municipal aid account to be distributed as provided
66.19 in section 298.282;

66.20 (3) ten percent to the school district within which the minerals or energy resources
66.21 are mined or extracted, or within which the concentrate was produced. If the mining
66.22 and concentration, or different steps in either process, are carried on in more than one
66.23 school district, distribution among the school districts must be based on the apportionment
66.24 formula prescribed in clause (1);

66.25 (4) 20 percent to a group of school districts comprised of those school districts
66.26 wherein the mineral or energy resource was mined or extracted or in which there is a
66.27 qualifying municipality as defined by section 273.134, paragraph (b), in direct proportion
66.28 to school district indexes as follows: for each school district, its pupil units determined
66.29 under section 126C.05 for the prior school year shall be multiplied by the ratio of the
66.30 average adjusted net tax capacity per pupil unit for school districts receiving aid under
66.31 this clause as calculated pursuant to chapters 122A, 126C, and 127A for the school year
66.32 ending prior to distribution to the adjusted net tax capacity per pupil unit of the district.
66.33 Each district shall receive that portion of the distribution which its index bears to the sum
66.34 of the indices for all school districts that receive the distributions;

67.1 (5) 20 percent to the county within which the minerals or energy resources are
67.2 mined or extracted, or within which the concentrate was produced. If the mining and
67.3 concentration, or different steps in either process, are carried on in more than one county,
67.4 distribution among the counties must be based on the apportionment formula prescribed in
67.5 clause (1), provided that any county receiving distributions under this clause shall pay one
67.6 percent of its proceeds to the Range Association of Municipalities and Schools;

67.7 (6) 20 percent to St. Louis County acting as the counties' fiscal agent to be
67.8 distributed as provided in sections 273.134 to 273.136;

67.9 (7) five percent to the Iron Range Resources and Rehabilitation Board for the
67.10 purposes of section 298.22;

67.11 (8) ~~five~~ three percent to the Douglas J. Johnson economic protection trust fund; and

67.12 (9) ~~five~~ seven percent to the taconite environmental protection fund.

67.13 The proceeds of the tax shall be distributed on July 15 each year.

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

67.15 Sec. 2. Minnesota Statutes 2013, section 298.28, subdivision 7a, as added by Laws
67.16 2014, chapter 150, article 6, section 13, is amended to read:

67.17 Subd. 7a. **Iron Range school consolidation and cooperatively operated school**
67.18 **account.** The following amounts must be allocated to the Iron Range Resources and
67.19 Rehabilitation Board to be deposited in the Iron Range school consolidation and
67.20 cooperatively operated school account that is hereby created:

67.21 (1) ten cents per taxable ton of the tax imposed under section 298.24;

67.22 (2) the amount as determined under section 298.17, paragraph (b), clause (3); ~~and~~

67.23 (3) for distributions in 2015 through 2017, an amount equal to two-thirds of the
67.24 increased tax proceeds attributable to the increase in the implicit price deflator as provided
67.25 in section 298.24, subdivision 1; and

67.26 (4) any other amount as provided by law.

67.27 Expenditures from this account shall be made only to provide disbursements to
67.28 assist school districts with the payment of bonds that were issued for qualified school
67.29 projects, or for any other school disbursement as approved by the Iron Range Resources
67.30 and Rehabilitation Board. For purposes of this section, "qualified school projects" means
67.31 school projects within the taconite assistance area as defined in section 273.1341, that were
67.32 (1) approved, by referendum, after ~~December 7, 2009~~ April 3, 2006; and (2) approved by
67.33 the commissioner of education pursuant to section 123B.71.

67.34 No expenditure under this section shall be made unless approved by seven members
67.35 of the Iron Range Resources and Rehabilitation Board.

68.1 **EFFECTIVE DATE.** This section is effective for production year 2014 and
68.2 thereafter.

68.3 Sec. 3. Minnesota Statutes 2012, section 298.75, subdivision 2, is amended to read:

68.4 Subd. 2. **Tax imposed.** (a) Except as provided in paragraph (e), a county that
68.5 imposes the aggregate production tax shall impose upon every operator a production tax
68.6 of 21.5 cents per cubic yard or 15 cents per ton of aggregate material excavated in the
68.7 county except that the county board may decide not to impose this tax if it determines
68.8 that in the previous year operators removed less than 20,000 tons or 14,000 cubic yards of
68.9 aggregate material from that county. The tax shall not be imposed on aggregate material
68.10 excavated in the county until the aggregate material is transported from the extraction site
68.11 or sold, whichever occurs first. When aggregate material is stored in a stockpile within the
68.12 state of Minnesota and a public highway, road or street is not used for transporting the
68.13 aggregate material, the tax shall not be imposed until either when the aggregate material
68.14 is sold, or when it is transported from the stockpile site, or when it is used from the
68.15 stockpile, whichever occurs first.

68.16 (b) Except as provided in paragraph (e), a county that imposes the aggregate
68.17 production tax under paragraph (a) shall impose upon every importer a production tax
68.18 of 21.5 cents per cubic yard or 15 cents per ton of aggregate material imported into the
68.19 county. The tax shall be imposed when the aggregate material is imported from the
68.20 extraction site or sold. When imported aggregate material is stored in a stockpile within
68.21 the state of Minnesota and a public highway, road, or street is not used for transporting
68.22 the aggregate material, the tax shall be imposed either when the aggregate material is
68.23 sold, when it is transported from the stockpile site, or when it is used from the stockpile,
68.24 whichever occurs first. The tax shall be imposed on an importer when the aggregate
68.25 material is imported into the county that imposes the tax.

68.26 (c) If the aggregate material is transported directly from the extraction site to a
68.27 waterway, railway, or another mode of transportation other than a highway, road or street,
68.28 the tax imposed by this section shall be apportioned equally between the county where the
68.29 aggregate material is extracted and the county to which the aggregate material is originally
68.30 transported. If that destination is not located in Minnesota, then the county where the
68.31 aggregate material was extracted shall receive all of the proceeds of the tax.

68.32 (d) A county, city, or town that receives revenue under this section is prohibited
68.33 from imposing any additional host community fees on aggregate production within that
68.34 county, city, or town.

69.1 (e) A county that borders two other states and that is not contiguous to a county
69.2 that imposes a tax under this section may impose the taxes under paragraphs (a) and (b)
69.3 at the rate of ten cents per cubic yard or seven cents per ton. This paragraph expires
69.4 December 31, ~~2014~~ 2019.

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

69.6 Sec. 4. Laws 2008, chapter 366, article 10, section 15, is amended to read:

69.7 Sec. 15. **2008 DISTRIBUTIONS ONLY.**

69.8 For distribution in 2008 only, a special fund is established to receive 11.4 cents per ton
69.9 that otherwise would be allocated under Minnesota Statutes, section 298.28, subdivision 6.
69.10 If sufficient funds are not available under Minnesota Statutes, section 298.28, subdivision
69.11 6, to make the payments required under this section and under Minnesota Statutes, section
69.12 298.28, subdivision 6, the remaining amount needed to total 11.4 cents per ton may be
69.13 taken from funds available under Minnesota Statutes, section 298.28, subdivision 9. If
69.14 2008 H.F. No. 1812 is enacted and includes a provision that distributes funds that would
69.15 otherwise be allocated under Minnesota Statutes, section 298.28, subdivision 6, in a
69.16 manner different from the distribution required in this section, the distribution in this
69.17 section supersedes the distribution set in 2008 H.F. No. 1812 notwithstanding Minnesota
69.18 Statutes, section 645.26. The following amounts are allocated to St. Louis County acting
69.19 as the fiscal agent for the recipients for the following specified purposes:

69.20 (1) two cents per ton must be paid to the Hibbing Economic Development Authority
69.21 to retire bonds and for economic development purposes;

69.22 (2) one cent per ton must be divided among and paid in equal shares to each of the
69.23 board of St. Louis County School District No. 2142, the board of Ely School District No.
69.24 696, the board of Mountain Iron-Buhl School District No. 712, and the board of Virginia
69.25 School District No. 706 for each to study the potential for and impact of consolidation
69.26 and streamlining the operations of their school districts;

69.27 (3) 0.25 cent per ton must be paid to the city of Grand Rapids, for industrial park work;

69.28 (4) 0.65 cent per ton must be paid to the city of Aitkin, for ~~sewer and water for~~
69.29 housing economic development projects;

69.30 (5) 0.5 cent per ton must be paid to the city of Crosby, for well and water tower
69.31 infrastructure;

69.32 (6) 0.5 cent per ton must be paid to the city of Two Harbors, for well and water
69.33 tower infrastructure;

70.1 (7) 1.5 cents per ton must be paid to the city of Silver Bay to pay for health and
70.2 safety and maintenance improvements at a former elementary school building that is
70.3 currently owned by the city, to be used for economic development purposes;

70.4 (8) 1.5 cents per ton must be paid to St. Louis County to extend water and sewer
70.5 lines from the city of Chisholm to the St. Louis County fairgrounds;

70.6 (9) 1.5 cents per ton must be paid to the White Community Hospital for debt
70.7 restructuring;

70.8 (10) 0.5 cent per ton must be paid to the city of Keewatin for street, sewer, and
70.9 water improvements;

70.10 (11) 0.5 cent per ton must be paid to the city of Calumet for street, sewer, and water
70.11 improvements; and

70.12 (12) one cent per ton must be paid to Breitung township for sewer and water
70.13 extensions associated with the development of a state park, provided that if a new state
70.14 park is not established in Breitung township by July 1, 2009, the money provided in
70.15 this clause must be transferred to the northeast Minnesota economic development fund
70.16 established in Minnesota Statutes, section 298.2213.

70.17 **EFFECTIVE DATE.** This section is effective the day following final enactment.
70.18 Upon enactment, the city of Aitkin must release all funds under this section to St. Louis
70.19 County acting as fiscal agent by July 1, 2014.

70.20 Sec. 5. Laws 2013, chapter 143, article 11, section 10, is amended to read:

70.21 Sec. 10. **2013 DISTRIBUTION ONLY.**

70.22 For the 2013 distribution, a special fund is established to receive 38.7 cents per ton of
70.23 any excess of the balance remaining after distribution of amounts required under Minnesota
70.24 Statutes, section 298.28, subdivision 6. The following amounts are allocated to St. Louis
70.25 County acting as the fiscal agent for the recipients for the following specific purposes:

70.26 (1) 5.1 cents per ton to the city of Hibbing for improvements to the city's water
70.27 supply system;

70.28 (2) 4.3 cents per ton to the city of Mountain Iron for the cost of moving utilities
70.29 required as a result of actions undertaken by United States Steel Corporation;

70.30 (3) 2.5 cents per ton to the city of Biwabik for improvements to the city's water supply
70.31 system, payable upon agreement with ArcelorMittal to satisfy water permit conditions;

70.32 (4) 2 cents per ton to the city of Tower for the Tower Marina;

70.33 (5) 2.4 cents per ton to the city of Grand Rapids for an eco-friendly heat transfer
70.34 system to replace aging effluent lines and for parking lot repaving;

- 71.1 (6) 2.4 cents per ton to the city of Two Harbors for wastewater treatment plant
 71.2 improvements;
- 71.3 (7) 0.9 cents per ton to the city of Ely for the sanitary sewer replacement project;
- 71.4 (8) 0.6 cents per ton to the town of Crystal Bay for debt service of the Claire Nelson
 71.5 Intermodal Transportation Center;
- 71.6 (9) 0.5 cents per ton to the Greenway Joint Recreation Board for the Coleraine
 71.7 hockey arena renovations;
- 71.8 (10) 1.2 cents per ton for the West Range Regional Fire Hall and Training Center
 71.9 to merge the existing fire services of Coleraine, Bovey, Taconite Marble, Calumet, and
 71.10 Greenway Township;
- 71.11 (11) 2.5 cents per ton to the city of Hibbing for the Memorial Building;
- 71.12 (12) 0.7 cents per ton to the city of Chisholm for public works infrastructure;
- 71.13 (13) 1.8 cents per ton to the Crane Lake Water and Sanitary District for sanitary
 71.14 sewer extension;
- 71.15 (14) 2.5 cents per ton for the city of Buhl for the roof on the Mesabi Academy;
- 71.16 (15) 1.2 cents per ton to the city of Gilbert for the New Jersey/Ohio Avenue project;
- 71.17 (16) ~~1.5~~ 2.0 cents per ton to the city of Cook for street improvements, business park
 71.18 infrastructure, and a maintenance garage;
- 71.19 ~~(17) 0.5 cents per ton to the city of Cook for a water line project;~~
- 71.20 ~~(18)~~ (17) 1.8 cents per ton to the city of Eveleth to be used for Jones Street
 71.21 reconstruction and the city auditorium;
- 71.22 ~~(19)~~ (18) 0.5 cents per ton for the city of Keewatin for an electrical substation and
 71.23 water line replacements;
- 71.24 ~~(20)~~ (19) 3.3 cents per ton for the city of Virginia for Fourth Street North
 71.25 infrastructure and Franklin Park improvement; and
- 71.26 ~~(21)~~ (20) 0.5 cents per ton to the city of Grand Rapids for an economic development
 71.27 project.

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

71.29 **Sec. 6. REALLOCATION OF BOND PAYMENTS.**

71.30 In each year subsequent to the year in which the following appropriations terminate
 71.31 under their terms, an amount equal to the amount payable in 2013 based upon 2012
 71.32 production of the terminating appropriation is appropriated from the same sources listed
 71.33 in this section to the Iron Range school consolidation and cooperatively operated school
 71.34 account under Laws 2014, chapter 150, article 6, section 13:

72.1 (1) Laws 1996, chapter 412, article 5, section 21, subdivision 3, appropriation for
72.2 bonds of Independent School District No. 166, Cook County;

72.3 (2) Laws 1996, chapter 412, article 5, section 20, subdivision 2, appropriation for
72.4 bonds of Independent School District No. 696, Ely;

72.5 (3) Laws 1996, chapter 412, article 5, section 20, subdivision 2, appropriation for
72.6 bonds of Independent School District No. 706, Virginia;

72.7 (4) Laws 1996, chapter 412, article 5, section 20, subdivision 2, appropriation for
72.8 bonds of Independent School District No. 2154, Eveleth-Gilbert;

72.9 (5) Laws 1998, chapter 398, article 4, section 17, subdivision 2, appropriation for
72.10 bonds of Independent School District No. 712, Mountain Iron-Buhl;

72.11 (6) Laws 2000, chapter 489, article 5, section 24, subdivision 1, appropriation for
72.12 bonds of Independent School District No. 695, Chisholm;

72.13 (7) Laws 2000, chapter 489, article 5, section 25, subdivision 1, appropriation for
72.14 bonds of Independent School District No. 316, Greenway-Coleraine;

72.15 (8) Laws 2000, chapter 489, article 5, section 26, subdivision 1, appropriation for
72.16 bonds of Independent School District No. 381, Lake Superior; and

72.17 (9) Laws 2008, chapter 154, article 8, section 18, appropriation for bonds of
72.18 Independent School District No. 2711, Mesabi East.

72.19 **EFFECTIVE DATE.** This section is effective beginning with the distribution
72.20 in 2015.

72.21 **ARTICLE 5**

72.22 **LOCAL DEVELOPMENT**

72.23 Section 1. Minnesota Statutes 2012, section 469.1763, subdivision 3, is amended to read:

72.24 Subd. 3. **Five-year rule.** (a) Revenues derived from tax increments are considered
72.25 to have been expended on an activity within the district under subdivision 2 only if one
72.26 of the following occurs:

72.27 (1) before or within five years after certification of the district, the revenues are
72.28 actually paid to a third party with respect to the activity;

72.29 (2) bonds, the proceeds of which must be used to finance the activity, are issued and
72.30 sold to a third party before or within five years after certification, the revenues are spent
72.31 to repay the bonds, and the proceeds of the bonds either are, on the date of issuance,
72.32 reasonably expected to be spent before the end of the later of (i) the five-year period, or
72.33 (ii) a reasonable temporary period within the meaning of the use of that term under section

73.1 148(c)(1) of the Internal Revenue Code, or are deposited in a reasonably required reserve
73.2 or replacement fund;

73.3 (3) binding contracts with a third party are entered into for performance of the
73.4 activity before or within five years after certification of the district and the revenues are
73.5 spent under the contractual obligation;

73.6 (4) costs with respect to the activity are paid before or within five years after
73.7 certification of the district and the revenues are spent to reimburse a party for payment
73.8 of the costs, including interest on unreimbursed costs; or

73.9 (5) expenditures are made for housing purposes as permitted by subdivision 2,
73.10 paragraphs (b) and (d), or for public infrastructure purposes within a zone as permitted
73.11 by subdivision 2, paragraph (e).

73.12 (b) For purposes of this subdivision, bonds include subsequent refunding bonds if
73.13 the original refunded bonds meet the requirements of paragraph (a), clause (2).

73.14 (c) For a redevelopment district or a renewal and renovation district certified after
73.15 June 30, 2003, and before April 20, 2009, the five-year periods described in paragraph (a)
73.16 are extended to ten years after certification of the district. For a redevelopment district
73.17 certified after April 20, 2009, and before June 30, 2013, the five-year periods described in
73.18 paragraph (a) are extended to eight years after certification of the district. This extension is
73.19 provided primarily to accommodate delays in development activities due to unanticipated
73.20 economic circumstances.

73.21 **EFFECTIVE DATE.** This section is effective for districts for which the request for
73.22 certification was made after April 20, 2009.

73.23 Sec. 2. Laws 2013, chapter 143, article 9, section 23, is amended to read:

73.24 Sec. 23. **CITY OF BLOOMINGTON; OLD CEDAR AVENUE BRIDGE.**

73.25 (a) Notwithstanding any law to the contrary, the city of Bloomington shall transfer
73.26 from the tax increment financing accounts for its Tax Increment Financing District No.
73.27 1-C and Tax Increment Financing District No. 1-G an amount equal to the tax increment
73.28 for each district that is computed under the provisions of Minnesota Statutes, section
73.29 473F.08, subdivision 3c, for taxes payable in 2014 to an account or fund established for
73.30 the repair, restoration, or replacement of the Old Cedar Avenue bridge for use by bicycle
73.31 commuters and recreational users. The city is authorized to and must use the transferred
73.32 funds to complete the repair, renovation, or replacement of the bridge. Upon completion
73.33 of the repair, renovation, or replacement of the bridge, the city may use any remaining
73.34 funds in the account for costs of improving bicycle and pedestrian trails that access the
73.35 bridge and that use is deemed to be a permitted use of the increments.

74.1 (b) No signs, plaques, or markers acknowledging or crediting donations for,
74.2 sponsorships of, or naming rights may be posted on or in the vicinity of the Old Cedar
74.3 Avenue bridge.

74.4 **EFFECTIVE DATE.** This section is effective without local approval under
74.5 Minnesota Statutes, section 645.023, subdivision 1, paragraph (a).

74.6 Sec. 3. **CITY OF BAXTER; TAX INCREMENT FINANCING DISTRICT;**
74.7 **PROJECT REQUIREMENT.**

74.8 **Subdivision 1. Addition of parcels to district.** Notwithstanding Minnesota
74.9 Statutes, sections 469.174, subdivision 12; 469.176, subdivision 4c; or any other law to
74.10 the contrary, the governing body of the city of Baxter may elect to expand the boundaries
74.11 of Isle Drive Tax Increment Financing District to include the real property described as tax
74.12 parcel number 034120010010009 in the city of Baxter, Crow Wing County, Minnesota.

74.13 **Subd. 2. Original tax capacity of district.** Upon addition of the property described
74.14 in subdivision 1 to the Isle Drive Tax Increment Financing District, the Crow Wing
74.15 County auditor shall increase the original tax capacity of Isle Drive Tax Increment
74.16 Financing District by the amount required by Minnesota Statutes, section 469.177, except
74.17 as provided in subdivision 3.

74.18 **Subd. 3. Prior planned improvements.** Minnesota Statutes, section 469.177,
74.19 subdivision 4, does not apply to the property described in subdivision 1 added to the Isle
74.20 Drive Tax Increment Financing District.

74.21 **Subd. 4. Use of increments.** Tax increments and other revenues derived from any
74.22 portion of Isle Drive Tax Increment Financing District, as expanded under this section,
74.23 may be used to reimburse or otherwise pay for allowable expenditures under the plan
74.24 budget for Isle Drive Tax Increment Financing District, as amended in accordance with
74.25 Minnesota Statutes, section 469.175, subdivision 4.

74.26 **Subd. 5. Approval and effect of modification.** If the governing body of the
74.27 city elects to exercise the authority provided in subdivision 1 to modify the district, the
74.28 following conditions apply:

74.29 (1) the city must comply with Minnesota Statutes, section 469.175, subdivision 4; and

74.30 (2) beginning with the subsequent calendar year, except as otherwise provided
74.31 in this section, the district is subject to the provisions of Minnesota Statutes, sections
74.32 469.174 to 469.1794, as if the request for certification of the entire district was made on
74.33 December 30, 2011, the date the original request for certification for the Isle Drive Tax
74.34 Increment Financing District was made.

75.1 **EFFECTIVE DATE.** This section is effective upon approval by the governing body
75.2 of the city of Baxter and upon compliance by the city with Minnesota Statutes, section
75.3 645.021, subdivisions 2 and 3.

75.4 **Sec. 4. CITY OF EAGAN; TAX INCREMENT FINANCING.**

75.5 Notwithstanding the provisions of Minnesota Statutes, section 469.176, subdivision
75.6 1b, or any other law to the contrary, the city of Eagan may collect tax increment from the
75.7 Cedar Grove Tax Increment Financing District through December 31, 2039.

75.8 **EFFECTIVE DATE.** This section is effective upon compliance by the governing
75.9 bodies of the city of Eagan, Dakota County, and Independent School District No. 191 with
75.10 the requirements of Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021,
75.11 subdivision 3.

75.12 **Sec. 5. CITY OF EDINA; TAX INCREMENT FINANCING.**

75.13 Subdivision 1. **Authority to create districts.** (a) The governing body of the city of
75.14 Edina or its development authority may establish one or more tax increment financing
75.15 housing districts in the Southeast Edina Redevelopment Project Area, as the boundaries
75.16 exist on March 31, 2014.

75.17 (b) The authority to request certification of districts under this authority expires
75.18 on June 30, 2017.

75.19 Subd. 2. **Rules governing districts.** (a) Housing districts established under this
75.20 section are subject to the provisions of Minnesota Statutes, sections 469.174 to 469.1794,
75.21 except as otherwise provided in this subdivision.

75.22 (b) Notwithstanding the provisions of Minnesota Statutes, section 469.176,
75.23 subdivision 1b, no increment must be paid to the authority after 20 years after receipt by
75.24 the authority of the first increment from a district established under this section.

75.25 (c) Notwithstanding the provisions of Minnesota Statutes, section 469.1761,
75.26 subdivision 3, for a residential rental project the city may elect to substitute "20 percent"
75.27 for "40 percent" in the 40-60 test under section 142(d)(1)(B) of the Internal Revenue Code
75.28 in determining the applicable income limits.

75.29 Subd. 3. **Pooling authority.** The city may elect, in the tax increment financing
75.30 plan for the district, to increase by up to 15 percentage points the permitted amount of
75.31 expenditures for activities located outside the geographic area of the district.

76.1 **EFFECTIVE DATE.** This section is effective upon compliance by the governing
76.2 body of the city of Edina with the requirements of Minnesota Statutes, section 645.021,
76.3 subdivisions 2 and 3.

76.4 Sec. 6. **CITY OF MAPLE GROVE; TAX INCREMENT FINANCING DISTRICT.**

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

76.7 (b) "City" means the city of Maple Grove.

76.8 (c) "Project area" means the area in the city commencing at a point 130 feet East and
76.9 120 feet North of the southwest corner of the Southeast Quarter of Section 23, Township
76.10 119, Range 22, Hennepin County, said point being on the easterly right-of-way line of
76.11 Hemlock Lane; thence northerly along said easterly right-of-way line of Hemlock Lane
76.12 a distance of 900 feet; thence easterly to the east line of Section 23, 1,030 feet North
76.13 from the southeast corner thereof; thence South 74 degrees East 1,285 feet; thence East
76.14 a distance of 1,000 feet; thence North 59 degrees West a distance of 650 feet; thence
76.15 northerly to a point on the northerly right-of-way line of 81st Avenue North, 650 feet
76.16 westerly measured at right angles, from the east line of the Northwest Quarter of Section
76.17 24; thence North 13 degrees West a distance of 795 feet; thence West to the west line of
76.18 the Southeast Quarter of the Northwest Quarter of Section 24; thence North 55 degrees
76.19 West to the south line of the Northwest Quarter of the Northwest Quarter of Section 24;
76.20 thence West along said south line to the east right-of-way line of Zachary Lane; thence
76.21 North along the east right-of-way line of Zachary Lane to the southwest corner of Lot 1,
76.22 Block 1, Metropolitan Industrial Park 5th Addition; thence East along the south line of
76.23 said Lot 1 to the northeast corner of Outlot A, Metropolitan Industrial Park 5th Addition;
76.24 thence South along the east line of said Outlot A and its southerly extension to the south
76.25 right-of-way line of County State-Aid Highway (CSAH) 109; thence easterly along the
76.26 south right-of-way line of CSAH 109 to the east line of the Northwest Quarter of the
76.27 Northeast Quarter of Section 24; thence South along said east line to the north line of the
76.28 South Half of the Northeast Quarter of Section 24; thence East along said north line to
76.29 the westerly right-of-way line of Jefferson Highway North; thence southerly along the
76.30 westerly right-of-way line of Jefferson Highway to the centerline of CSAH 130; thence
76.31 continuing South along the west right-of-way line of Pilgrim Lane North to the westerly
76.32 extension of the north line of Outlot A, Park North Fourth Addition; thence easterly
76.33 along the north line of Outlot A, Park North Fourth Addition to the northeast corner
76.34 of said Outlot A; thence southerly along the east line of said Outlot A to the southeast
76.35 corner of said Outlot A; thence easterly along the south line of Lot 1, Block 1, Park

77.1 North Fourth Addition to the westerly right-of-way line of State Highway 169; thence
77.2 southerly, southwesterly, westerly, and northwesterly along the westerly right-of-way
77.3 line of State Highway 169 and the northerly right-of-way line of Interstate 694 to its
77.4 intersection with the southerly extension of the easterly right-of-way line of Zachary Lane
77.5 North; thence northerly along the easterly right-of-way line of Zachary Lane North and
77.6 its northerly extension to the north right-of-way line of CSAH 130; thence westerly,
77.7 southerly, northerly, southwesterly, and northwesterly to the point of beginning and there
77.8 terminating, provided that the project area includes the rights-of-way for all present and
77.9 future highway interchanges abutting the area described in this paragraph.

77.10 (d) "Soil deficiency district" means a type of tax increment financing district
77.11 consisting of a portion of the project area in which the city finds by resolution that the
77.12 following conditions exist:

77.13 (1) unusual terrain or soil deficiencies that occurred over 80 percent of the acreage in
77.14 the district require substantial filling, grading, or other physical preparation for use; and

77.15 (2) the estimated cost of the physical preparation under clause (1), but excluding
77.16 costs directly related to roads as defined in Minnesota Statutes, section 160.01, and
77.17 local improvements as described in Minnesota Statutes, sections 429.021, subdivision 1,
77.18 clauses (1) to (7), (11), and (12), and 430.01, exceeds the fair market value of the land
77.19 before completion of the preparation.

77.20 Subd. 2. **Special rules.** (a) If the city elects, upon the adoption of the tax increment
77.21 financing plan for a district, the rules under this section apply to a redevelopment
77.22 district, renewal and renovation district, soil condition district, or soil deficiency district
77.23 established by the city or a development authority of the city in the project area.

77.24 (b) Prior to or upon the adoption of the first tax increment plan subject to the special
77.25 rules under this subdivision, the city must find by resolution that parcels consisting
77.26 of at least 80 percent of the acreage of the project area, excluding street and railroad
77.27 rights-of-way, are characterized by one or more of the following conditions:

77.28 (1) peat or other soils with geotechnical deficiencies that impair development of
77.29 commercial buildings or infrastructure;

77.30 (2) soils or terrain that requires substantial filling in order to permit the development
77.31 of commercial buildings or infrastructure;

77.32 (3) landfills, dumps, or similar deposits of municipal or private waste;

77.33 (4) quarries or similar resource extraction sites;

77.34 (5) floodway; and

77.35 (6) substandard buildings, within the meaning of Minnesota Statutes, section
77.36 469.174, subdivision 10.

78.1 (c) For the purposes of paragraph (b), clauses (1) to (5), a parcel is characterized by
78.2 the relevant condition if at least 70 percent of the area of the parcel contains the relevant
78.3 condition. For the purposes of paragraph (b), clause (6), a parcel is characterized by
78.4 substandard buildings if substandard buildings occupy at least 30 percent of the area
78.5 of the parcel.

78.6 (d) The five-year rule under Minnesota Statutes, section 469.1763, subdivision
78.7 3, is extended to ten years for any district, and Minnesota Statutes, section 469.1763,
78.8 subdivision 4, does not apply to any district.

78.9 (e) Notwithstanding any provision to the contrary in Minnesota Statutes, section
78.10 469.1763, subdivision 2, paragraph (a), not more than 80 percent of the total revenue
78.11 derived from tax increments paid by properties in any district, measured over the life of
78.12 the district, may be expended on activities outside the district but within the project area.

78.13 (f) For a soil deficiency district:

78.14 (1) increments may be collected through 20 years after the receipt by the authority of
78.15 the first increment from the district; and

78.16 (2) except as otherwise provided in this subdivision, increments may be used only to:

78.17 (i) acquire parcels on which the improvements described in item (ii) will occur;

78.18 (ii) pay for the cost of correcting the unusual terrain or soil deficiencies and the
78.19 additional cost of installing public improvements directly caused by the deficiencies; and

78.20 (iii) pay for the administrative expenses of the authority allocable to the district.

78.21 (g) Increments spent for any infrastructure costs, whether inside a district or outside
78.22 a district but within the project area, are deemed to satisfy the requirements of paragraph
78.23 (f) and Minnesota Statutes, section 469.176, subdivisions 4b and 4j.

78.24 (h) The authority to approve tax increment financing plans to establish tax increment
78.25 financing districts under this section expires December 31, 2022.

78.26 **EFFECTIVE DATE.** This section is effective upon compliance with Minnesota
78.27 Statutes, section 645.021, subdivision 3.

78.28 **Sec. 7. CITY OF MOUND; TAX INCREMENT FINANCING.**

78.29 The requirements of Minnesota Statutes, section 469.1763, subdivision 3, that
78.30 activities must be undertaken within a five-year period from the date of certification of
78.31 a tax increment financing district, are considered to be met for the Mound Harbor Tax
78.32 Increment Financing District administered by the Housing and Redevelopment Authority
78.33 in and for the city of Mound if the activities are undertaken within 13 years from the
78.34 date of certification of the district.

79.1 **EFFECTIVE DATE.** The section is effective upon compliance by the governing
79.2 body of the city of Mound with the requirements of Minnesota Statutes, section 645.021,
79.3 subdivisions 2 and 3.

79.4 Sec. 8. **CITY OF NORTH ST. PAUL; TAX INCREMENT FINANCING;**
79.5 **PARCELS DEEMED OCCUPIED.**

79.6 (a) If the city of North St. Paul authorizes the creation of a redevelopment tax
79.7 increment financing district under Minnesota Statutes, section 469.174, subdivision 10,
79.8 parcel number 122922330059 is deemed to meet the requirements of Minnesota Statutes,
79.9 section 469.174, subdivision 10, paragraph (d), notwithstanding any contrary provisions
79.10 of that paragraph, if the following conditions are met:

79.11 (1) buildings located on the parcel were demolished after the city of North St. Paul
79.12 adopted a resolution under Minnesota Statutes, section 469.174, subdivision 10, paragraph
79.13 (d), clause (3);

79.14 (2) the buildings were removed either by the city of North St. Paul or by the owner
79.15 of the property by entering into a development agreement; and

79.16 (3) the request for certification of the parcel as part of a district is filed with the
79.17 county auditor by December 31, 2017.

79.18 (b) The city of North St. Paul may elect to use the current value for purposes of
79.19 calculating original net tax capacity for the parcels deemed occupied under paragraph (a),
79.20 notwithstanding the provisions of Minnesota Statutes, sections 469.174, subdivision 10,
79.21 paragraph (d), and 469.177, subdivision 1, paragraph (f).

79.22 **EFFECTIVE DATE.** This section is effective upon compliance by the governing
79.23 body of the city of North St. Paul with the requirements of Minnesota Statutes, section
79.24 645.021, subdivisions 2 and 3.

79.25 Sec. 9. **CITY OF SAVAGE; TAX INCREMENT FINANCING DISTRICT.**

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

79.28 (b) "City" means the city of Savage.

79.29 (c) "Project area" means parcel numbers 26-931-023-0, 26-931-022-0, 26-931-039-0,
79.30 26-931-041-0, 26-931-018-1, 26-931-043-0, 26-931-020-0, 26-931-021-0, 26-931-035-0,
79.31 26-931-040-0, 26-931-036-0, 26-931-037-0, 26-931-038-0, 26-931-0310.

79.32 (d) "Soil deficiency district" means a type of tax increment financing district
79.33 consisting of a portion of the project area in which the city finds by resolution that the
79.34 following conditions exist:

80.1 (1) unusual terrain or soil deficiencies that occurred over 80 percent of the acreage in
80.2 the district require substantial filling, grading, or other physical preparation for use; and

80.3 (2) the estimated cost of the physical preparation under clause (1), but excluding
80.4 costs directly related to roads as defined in Minnesota Statutes, section 160.01, and
80.5 local improvements as described in Minnesota Statutes, sections 429.021, subdivision 1,
80.6 clauses (1) to (7), (11), and (12), and 430.01, exceeds the fair market value of the land
80.7 before completion of the preparation.

80.8 Subd. 2. **Special rules.** (a) If the city elects, upon the adoption of the tax increment
80.9 financing plan for a district, the rules under this section apply to a redevelopment
80.10 district, renewal and renovation district, soil condition district, or soil deficiency district
80.11 established by the city or a development authority of the city in the project area.

80.12 (b) Prior to or upon the adoption of the first tax increment plan subject to the special
80.13 rules under this subdivision, the city must find by resolution that parcels consisting
80.14 of at least 80 percent of the acreage of the project area, excluding street and railroad
80.15 rights-of-way, are characterized by one or more of the following conditions:

80.16 (1) peat or other soils with geotechnical deficiencies that impair development of
80.17 commercial buildings or infrastructure;

80.18 (2) soils or terrain that requires substantial filling in order to permit the development
80.19 of commercial buildings or infrastructure;

80.20 (3) landfills, dumps, or similar deposits of municipal or private waste;

80.21 (4) quarries or similar resource extraction sites;

80.22 (5) floodway; and

80.23 (6) substandard buildings, within the meaning of Minnesota Statutes, section
80.24 469.174, subdivision 10.

80.25 (c) For the purposes of paragraph (b), clauses (1) to (5), a parcel is characterized by
80.26 the relevant condition if at least 70 percent of the area of the parcel contains the relevant
80.27 condition. For the purposes of paragraph (b), clause (6), a parcel is characterized by
80.28 substandard buildings if substandard buildings occupy at least 30 percent of the area
80.29 of the parcel.

80.30 (d) The five-year rule under Minnesota Statutes, section 469.1763, subdivision
80.31 3, is extended to ten years for any district, and Minnesota Statutes, section 469.1763,
80.32 subdivision 4, does not apply to any district.

80.33 (e) Notwithstanding any provision to the contrary in Minnesota Statutes, section
80.34 469.1763, subdivision 2, paragraph (a), not more than 80 percent of the total revenue
80.35 derived from tax increments paid by properties in any district, measured over the life of
80.36 the district, may be expended on activities outside the district but within the project area.

81.1 (f) For a soil deficiency district:

81.2 (1) increments may be collected through 20 years after the receipt by the authority of
81.3 the first increment from the district; and

81.4 (2) except as otherwise provided in this subdivision, increments may be used only to:

81.5 (i) acquire parcels on which the improvements described in item (ii) will occur;

81.6 (ii) pay for the cost of correcting the unusual terrain or soil deficiencies and the
81.7 additional cost of installing public improvements directly caused by the deficiencies; and

81.8 (iii) pay for the administrative expenses of the authority allocable to the district.

81.9 (g) Increments spent for any infrastructure costs, whether inside a district or outside
81.10 a district but within the project area, are deemed to satisfy the requirements of paragraph
81.11 (f) and Minnesota Statutes, section 469.176, subdivisions 4b and 4j.

81.12 (h) The authority to approve tax increment financing plans to establish tax increment
81.13 financing districts under this section expires December 31, 2022.

81.14 **EFFECTIVE DATE.** This section is effective upon compliance with Minnesota
81.15 Statutes, section 645.021, subdivision 3.

81.16 Sec. 10. **WORKFORCE HOUSING TAX INCREMENT FINANCING PILOT**
81.17 **PROJECT.**

81.18 Subdivision 1. **Authority to create districts.** (a) The governing body of a city
81.19 located in either Roseau or Pennington County and has a population exceeding 1,500
81.20 may establish no more than two tax increment financing housing districts subject to the
81.21 rules as provided in this section.

81.22 (b) The authority to establish or approve the tax increment financing plans and
81.23 request certification for districts under this section expires on June 30, 2019.

81.24 Subd. 2. **Rules governing districts.** (a) Housing districts established under this
81.25 section are subject to the provisions of Minnesota Statutes, sections 469.174 to 469.1794,
81.26 except as otherwise provided in this subdivision.

81.27 (b) Notwithstanding the provisions of Minnesota Statutes, section 469.1761,
81.28 subdivision 2, for a residential rental project, the city may elect to substitute "80 percent"
81.29 for both "40 percent" and "60 percent" in the 40-60 test under section 142(d)(1)(B) of the
81.30 Internal Revenue Code in determining the applicable income limits.

81.31 (c) Within five years from the date of certification of a tax increment financing
81.32 district under this section, the governing body of the city must submit a report detailing
81.33 the funding mechanisms, in addition to the use of the tax increment, that are being used
81.34 to fund the projects as outlined in the tax increment financing plan. The report must be

82.1 submitted to the committees of the house of representatives and senate having jurisdiction
82.2 over taxes and economic development.

82.3 **EFFECTIVE DATE.** This section is effective for districts for which the request for
82.4 certification is made after June 30, 2014.

82.5 **ARTICLE 6**

82.6 **MISCELLANEOUS**

82.7 Section 1. Minnesota Statutes 2013 Supplement, section 116V.03, is amended to read:

82.8 **116V.03 APPROPRIATION.**

82.9 \$1,000,000 in fiscal year 2014 and each year thereafter is appropriated from the
82.10 general fund to ~~the commissioner of revenue for transfer to the agricultural project~~
82.11 ~~utilization account in the special revenue fund for the Agricultural Utilization Research~~
82.12 ~~Institute established under section 116V.01.~~

82.13 **Sec. 2. [168A.125] TRANSFER-ON-DEATH OF TITLE TO MOTOR VEHICLE.**

82.14 Subdivision 1. **Titled as transfer-on-death.** A motor vehicle may be titled in
82.15 transfer-on-death or TOD form by a natural person by including in the certificate of title a
82.16 designation of a beneficiary or beneficiaries who are natural persons to whom the motor
82.17 vehicle must be transferred on death of the owner or the last survivor of joint owners with
82.18 rights of survivorship, subject to the rights of all secured parties.

82.19 Subd. 2. **Designation of beneficiary.** A motor vehicle is registered in
82.20 transfer-on-death form by designating on the certificate of title the name of the owner
82.21 and the names of joint owners with identification of rights of survivorship, followed by
82.22 the words "transfer-on-death to (name of beneficiary or beneficiaries)." The designation
82.23 "TOD" may be used instead of "transfer-on-death." A title in transfer-on-death form is
82.24 not required to be supported by consideration, and the certificate of title in which the
82.25 designation is made is not required to be delivered to the beneficiary or beneficiaries in
82.26 order for the designation to be effective.

82.27 Subd. 3. **Interest of beneficiary.** The transfer-on-death beneficiary or beneficiaries
82.28 shall have no interest in the motor vehicle until the death of the owner or the last survivor
82.29 of the joint owners with right of survivorship. A beneficiary designation may be changed at
82.30 any time by the owner or by all joint owners with rights of survivorship, without the consent
82.31 of the beneficiary or beneficiaries, by filing an application for a new certificate of title.

82.32 Subd. 4. **Vesting of ownership in beneficiary.** Ownership of a motor vehicle
82.33 titled in transfer-on-death form shall vest in the designated beneficiary or beneficiaries

83.1 on the death of the owner or the last of the joint owners with right of survivorship,
83.2 subject to the rights of all secured parties, including any claim or lien by the state or
83.3 county agency authorized by section 246.53, 256B.15, 256D.16, 261.04, or 270C.63.
83.4 The transfer-on-death beneficiary or beneficiaries who survive the owner may apply for
83.5 a new certificate of title to the motor vehicle upon submitting proof of the death of the
83.6 owner of the motor vehicle. If no transfer-on-death beneficiary or beneficiaries survive
83.7 the owner of a motor vehicle, the motor vehicle must be included in the probate estate of
83.8 the deceased owner. A transfer of a motor vehicle to a transfer-on-death beneficiary or
83.9 beneficiaries is not a testamentary transfer.

83.10 Subd. 5. **Rights of creditors.** This section does not limit the rights of any secured
83.11 party or creditor of the owner of a motor vehicle against a transfer-on-death beneficiary
83.12 or beneficiaries, including any claim or lien by the state or county agency authorized by
83.13 section 246.53, 256B.15, 256D.16, 261.04, or 270C.63, if other assets of the deceased
83.14 owner's estate are insufficient to pay the amount of any such claim.

83.15 Sec. 3. Minnesota Statutes 2012, section 270C.72, subdivision 1, is amended to read:

83.16 Subdivision 1. **Tax clearance required.** (a) The state or a political subdivision of
83.17 the state may not issue, transfer, or renew, and must revoke, a license for the conduct of
83.18 a profession, occupation, trade, or business, if the commissioner notifies the licensing
83.19 authority that the applicant owes the state delinquent taxes payable to the commissioner,
83.20 penalties, or interest. The commissioner may not notify the licensing authority unless the
83.21 applicant taxpayer owes \$500 or more in delinquent taxes, penalties, or interest, or has
83.22 not filed returns. If the applicant taxpayer does not owe delinquent taxes, penalties, or
83.23 interest, but has not filed returns, the commissioner may not notify the licensing authority
83.24 unless the taxpayer has been given 90 days' written notice to file the returns or show
83.25 that the returns are not required to be filed.

83.26 (b) Within ten days after receipt of the notification from the commissioner under
83.27 paragraph (a), the licensing authority must notify the license holder by certified mail of
83.28 the potential revocation of the license for the applicable reason under paragraph (a).
83.29 The notice must include a copy of the commissioner's notice to the licensing agency
83.30 and information, in the form specified by the commissioner, on the licensee's option for
83.31 receiving a tax clearance from the commissioner. The licensing authority must revoke the
83.32 license 30 days after receiving the notice from the commissioner, unless it receives a tax
83.33 clearance from the commissioner as provided in paragraph (c).

83.34 (c) A licensing authority that has received a notice from the commissioner may
83.35 issue, transfer, renew, or not revoke the applicant's license only if ~~(a)~~ (1) the commissioner

84.1 issues a tax clearance certificate and ~~(b)~~ (2) the commissioner or the applicant forwards a
84.2 copy of the clearance to the authority. The commissioner may issue a clearance certificate
84.3 only if the applicant does not owe the state any uncontested delinquent taxes, penalties, or
84.4 interest and has filed all required returns.

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

84.6 Sec. 4. Minnesota Statutes 2012, section 270C.72, subdivision 3, is amended to read:

84.7 Subd. 3. **Notice and hearing.** ~~(a) The commissioner, on notifying a licensing~~
84.8 ~~authority pursuant to subdivision 1 not to issue, transfer, or renew a license, must send a~~
84.9 ~~copy of the notice to the applicant. If the applicant requests, in writing, within 30 days~~
84.10 ~~of the date of the notice a hearing, a contested case hearing must be held. The hearing~~
84.11 ~~must be held within 45 days of the date the commissioner refers the case to the Office of~~
84.12 ~~Administrative Hearings. Notwithstanding any law to the contrary, the applicant must be~~
84.13 ~~served with 20 days' notice in writing specifying the time and place of the hearing and the~~
84.14 ~~allegations against the applicant. The notice may be served personally or by mail.~~

84.15 ~~(b)~~ (a) Prior to notifying a licensing authority pursuant to subdivision 1 to revoke a
84.16 license, the commissioner must send a notice to the applicant of the commissioner's intent
84.17 to require revocation of the license and of the applicant's right to a hearing ~~under paragraph~~
84.18 (a). If the applicant requests a hearing in writing within 30 days of the date of the notice, a
84.19 contested case hearing must be held. The hearing must be held within 45 days of the date
84.20 the commissioner refers the case to the Office of Administrative Hearings. Notwithstanding
84.21 any law to the contrary, the applicant must be served with 20 days notice in writing
84.22 specifying the time and place of the hearing and the allegations against the applicant. The
84.23 notice may be served personally or by mail. A license is subject to revocation when 30
84.24 days have passed following the date of the notice in this paragraph without the applicant
84.25 requesting a hearing, or, if a hearing is timely requested, upon final determination of the
84.26 hearing under section 14.62, subdivision 1. A license shall be revoked by the licensing
84.27 authority within 30 days after receiving notice from the commissioner to revoke.

84.28 (b) The commissioner may notify a licensing authority under subdivision 1 only
84.29 after the requirements of paragraph (a) have been satisfied.

84.30 (c) A hearing under this subdivision is in lieu of any other hearing or proceeding
84.31 provided by law arising from any action taken under subdivision 1.

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

85.1 Sec. 5. Minnesota Statutes 2013 Supplement, section 297B.01, subdivision 16, is
85.2 amended to read:

85.3 Subd. 16. **Sale, sells, selling, purchase, purchased, or acquired.** (a) "Sale,"
85.4 "sells," "selling," "purchase," "purchased," or "acquired" means any transfer of title of any
85.5 motor vehicle, whether absolutely or conditionally, for a consideration in money or by
85.6 exchange or barter for any purpose other than resale in the regular course of business.

85.7 (b) Any motor vehicle utilized by the owner only by leasing such vehicle to others
85.8 or by holding it in an effort to so lease it, and which is put to no other use by the owner
85.9 other than resale after such lease or effort to lease, shall be considered property purchased
85.10 for resale.

85.11 (c) The terms also shall include any transfer of title or ownership of a motor vehicle
85.12 by other means, for or without consideration, except that these terms shall not include:

85.13 (1) the acquisition of a motor vehicle by inheritance from or by bequest of, or
85.14 transfer-on-death of title by, a decedent who owned it;

85.15 (2) the transfer of a motor vehicle which was previously licensed in the names of
85.16 two or more joint tenants and subsequently transferred without monetary consideration to
85.17 one or more of the joint tenants;

85.18 (3) the transfer of a motor vehicle by way of gift from a limited used vehicle dealer
85.19 licensed under section 168.27, subdivision 4a, to an individual, when the transfer is with
85.20 no monetary or other consideration or expectation of consideration and the parties to the
85.21 transfer submit an affidavit to that effect at the time the title transfer is recorded;

85.22 (4) the transfer of a motor vehicle by gift between:

85.23 (i) spouses;

85.24 (ii) parents and a child; or

85.25 (iii) grandparents and a grandchild;

85.26 (5) the voluntary or involuntary transfer of a motor vehicle between a husband and
85.27 wife in a divorce proceeding; or

85.28 (6) the transfer of a motor vehicle by way of a gift to an organization that is exempt
85.29 from federal income taxation under section 501(c)(3) of the Internal Revenue Code when
85.30 the motor vehicle will be used exclusively for religious, charitable, or educational purposes.

85.31 ARTICLE 7

85.32 UNSESSION

85.33 Section 1. Minnesota Statutes 2012, section 16D.02, subdivision 3, is amended to read:

85.34 Subd. 3. **Debt.** "Debt" means an amount owed to the state directly, or through a
85.35 state agency, on account of a fee, duty, lease, direct loan, loan insured or guaranteed by

86.1 the state, rent, service, sale of real or personal property, overpayment, fine, assessment,
 86.2 penalty, restitution, damages, interest, tax, bail bond, forfeiture, reimbursement, liability
 86.3 owed, an assignment to the state including assignments under section 256.741, the Social
 86.4 Security Act, or other state or federal law, recovery of costs incurred by the state, or any
 86.5 other source of indebtedness to the state. Debt also includes amounts owed to individuals
 86.6 as a result of civil, criminal, or administrative action brought by the state or a state agency
 86.7 pursuant to its statutory authority or for which the state or state agency acts in a fiduciary
 86.8 capacity in providing collection services in accordance with the regulations adopted under
 86.9 the Social Security Act at Code of Federal Regulations, title 45, section 302.33. When
 86.10 the commissioner provides collection services ~~pursuant to a debt qualification plan to a~~
 86.11 referring agency, debt also includes an amount owed to the courts, local government
 86.12 units, Minnesota state colleges and universities governed by the Board of Trustees of the
 86.13 Minnesota State Colleges and Universities, or University of Minnesota.

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

86.15 Sec. 2. Minnesota Statutes 2012, section 16D.02, subdivision 6, is amended to read:

86.16 Subd. 6. **Referring agency.** "Referring agency" means a state agency, local
 86.17 government unit, Minnesota state colleges and universities governed by the Board of
 86.18 Trustees of the Minnesota State Colleges and Universities, University of Minnesota, or a
 86.19 court, that has entered into ~~a debt qualification plan~~ an agreement with the commissioner
 86.20 to refer debts to the commissioner for collection.

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

86.22 Sec. 3. Minnesota Statutes 2012, section 16D.04, subdivision 3, is amended to read:

86.23 Subd. 3. **Services.** The commissioner shall provide collection services for a state
 86.24 agency, and may provide for collection services for ~~a court, in accordance with the terms and~~
 86.25 ~~conditions of a signed debt qualification plan~~ referring agencies other than state agencies.

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

86.27 Sec. 4. Minnesota Statutes 2012, section 16D.04, subdivision 4, is amended to read:

86.28 Subd. 4. **Authority to contract.** ~~The commissioners~~ commissioner of revenue ~~and~~
 86.29 ~~management and budget~~ may contract with credit bureaus, private collection agencies, and
 86.30 other entities as necessary for the collection of debts. A private collection agency acting
 86.31 under a contract with the commissioner of revenue ~~or management and budget~~ is subject
 86.32 to sections 332.31 to 332.45, except that the private collection agency may indicate that it

87.1 is acting under a contract with the state. The commissioner may not delegate the powers
87.2 provided under section 16D.08 to any nongovernmental entity.

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

87.4 Sec. 5. Minnesota Statutes 2012, section 16D.07, is amended to read:

87.5 **16D.07 NOTICE TO DEBTOR.**

87.6 The referring agency shall send notice to the debtor by United States mail or
87.7 personal delivery at the debtor's last known address at least 20 days before the debt is
87.8 referred to the commissioner. The notice must state the nature and amount of the debt,
87.9 identify to whom the debt is owed, and inform the debtor of the remedies available under
87.10 this chapter. The referring agency shall advise the debtor of collection costs imposed
87.11 under section 16D.11 and of the debtor's right to cancellation of collection costs under
87.12 section 16D.11, subdivision 3.

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

87.14 Sec. 6. Minnesota Statutes 2012, section 16D.11, subdivision 1, is amended to read:

87.15 Subdivision 1. **Imposition.** As determined by the commissioner of ~~management and~~
87.16 ~~budget revenue~~, collection costs shall be added to the debts referred to the commissioner
87.17 or private collection agency for collection. Collection costs are collectible by the
87.18 commissioner or private agency from the debtor at the same time and in the same
87.19 manner as the referred debt. ~~The referring agency shall advise the debtor of collection~~
87.20 ~~costs under this section and the debtor's right to cancellation of collection costs under~~
87.21 ~~subdivision 3 at the time the agency sends notice to the debtor under section 16D.07.~~

87.22 If the commissioner or private agency collects an amount less than the total due, the
87.23 payment is applied proportionally to collection costs and the underlying debt unless
87.24 the commissioner of management and budget has waived this requirement for certain
87.25 categories of debt pursuant to the department's internal guidelines. Collection costs
87.26 collected by the commissioner under this subdivision or retained under subdivision 6 shall
87.27 be deposited in the general fund as nondedicated receipts. ~~Collection costs collected by~~
87.28 ~~private agencies are appropriated to the referring agency to pay the collection fees charged~~
87.29 ~~by the private agency.~~ Collections of collection costs in excess of collection agency fees
87.30 must be deposited in the general fund as nondedicated receipts.

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

88.1 Sec. 7. Minnesota Statutes 2012, section 16D.11, subdivision 3, is amended to read:

88.2 Subd. 3. **Cancellation.** Collection costs imposed under subdivision 1 shall be
88.3 canceled and subtracted from the amount due if:

88.4 (1) the debtor's household income as defined in section 290A.03, subdivision 5,
88.5 excluding the exemption subtractions in subdivision 3, paragraph (3) of that section, for
88.6 the 12 months preceding the date of referral is less than twice the annual federal poverty
88.7 guideline under United States Code, title 42, section 9902, subsection (2);

88.8 (2) within 60 days after the first contact with the debtor by the ~~enterprise~~
88.9 commissioner or collection agency, the debtor establishes reasonable cause for the failure
88.10 to pay the debt prior to referral of the debt to the ~~enterprise~~ commissioner;

88.11 (3) a good faith dispute as to the legitimacy or the amount of the debt is made,
88.12 and payment is remitted or a payment agreement is entered into within 30 days after
88.13 resolution of the dispute;

88.14 (4) good faith litigation occurs and the debtor's position is substantially justified, and
88.15 if the debtor does not totally prevail, the debt is paid or a payment agreement is entered
88.16 into within 30 days after the judgment becomes final and nonappealable; or

88.17 (5) collection costs have been added by the referring agency and are included in
88.18 the amount of the referred debt.

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

88.20 Sec. 8. Minnesota Statutes 2012, section 16D.11, subdivision 7, is amended to read:

88.21 Subd. 7. **Adjustment of rate.** By June 1 of each year, the commissioner shall
88.22 determine the rate of collection costs for debts referred to the ~~enterprise~~ commissioner
88.23 during the next fiscal year. The rate is a percentage of the debts in an amount that most
88.24 nearly equals the costs of the ~~enterprise~~ commissioner necessary to process and collect
88.25 referred debts under this chapter. In no event shall the rate of the collection costs exceed
88.26 25 percent of the debt. Determination of the rate of collection costs under this section is
88.27 not subject to the fee setting requirements of section 16A.1283.

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

88.29 Sec. 9. Minnesota Statutes 2012, section 84A.20, subdivision 2, is amended to read:

88.30 Subd. 2. **County proposal to state.** ~~Under certain conditions,~~ The board of county
88.31 commissioners of any county may by resolution propose to the state that one or more
88.32 areas in the county be taken over by the state for afforestation, reforestation, flood control
88.33 projects, or other state purposes. The projects are to be managed, controlled, and used for

89.1 the purposes in subdivision 1 on lands to be acquired by the state within the projects, as set
89.2 forth in sections 84A.20 to 84A.30. The county board may propose this if ~~(1) the county~~
89.3 ~~contains lands suitable for the purposes in subdivision 1, (2) on January 1, 1931, the taxes~~
89.4 ~~on more than 35 percent of the taxable land in the county are delinquent, (3) on January 1,~~
89.5 ~~1931, the county's bonded ditch indebtedness, including accrued interest, equals or exceeds~~
89.6 ~~nine percent of the assessed valuation of the county, exclusive of money and credits.~~

89.7 The area taken over must include lands that have been assessed for all or part of
89.8 the cost of the establishment and construction of public drainage ditches under state law,
89.9 and on which the assessments or installments are delinquent. A certified copy of the
89.10 county board's resolution must be filed with the department and considered and acted
89.11 upon by the department. If approved by the department, it must then be submitted to,
89.12 considered, and acted upon by the executive council. If approved by the Executive
89.13 Council, the proposition must be formally accepted by the governor. Acceptance must be
89.14 communicated in writing to and filed with the county auditor.

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

89.16 Sec. 10. Minnesota Statutes 2012, section 84A.31, subdivision 2, is amended to read:

89.17 Subd. 2. **County proposal to state.** ~~Under certain conditions,~~ The board of county
89.18 commissioners of any county may by resolution propose that the state take over part of the
89.19 tax-delinquent lands in the county. ~~The board may propose this if:~~

89.20 ~~(1) the county contains land suitable for the purposes in subdivision 1;~~

89.21 ~~(2) on January 1, 1933, the taxes on more than 25 percent of the acreage of the lands~~
89.22 ~~in a town in the county are delinquent, as shown by its tax books;~~

89.23 ~~(3) on January 1, 1933, the taxes or ditch assessments on more than 50 percent of the~~
89.24 ~~acreage of the lands to be taken over are delinquent, as shown by the county's tax books; and~~

89.25 ~~(4) on January 1, 1933, the bonded ditch indebtedness of the county equals or~~
89.26 ~~exceeds 15 percent of the assessed value of the county for 1932 as fixed by the Minnesota~~
89.27 ~~Tax Commission, exclusive of money and credits.~~

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

89.29 Sec. 11. Minnesota Statutes 2012, section 115B.49, subdivision 4, is amended to read:

89.30 Subd. 4. **Registration; fees.** (a) The owner or operator of a dry cleaning facility
89.31 shall register on or before October 1 of each year with the commissioner of revenue in
89.32 a manner prescribed by the commissioner of revenue and pay a registration fee for the
89.33 facility. The amount of the fee is:

- 90.1 (1) \$500, for facilities with a full-time equivalence of fewer than five;
90.2 (2) \$1,000, for facilities with a full-time equivalence of five to ten; and
90.3 (3) \$1,500, for facilities with a full-time equivalence of more than ten.

90.4 The registration fee must be paid on or before October 18 or the owner or operator
90.5 of a dry cleaning facility may elect to pay the fee in equal installments. Installment
90.6 payments must be paid on or before October 18, on or before January 18, on or before
90.7 April 18, and on or before June 18. All payments made after October 18 bear interest
90.8 at the rate specified in section 270C.40.

90.9 (b) A person who sells dry cleaning solvents for use by dry cleaning facilities in
90.10 the state shall collect and remit to the commissioner of revenue in a the same manner
90.11 prescribed by the commissioner of revenue, ~~on or before the 20th day of the month~~
90.12 ~~following the month in which the sales of dry cleaning solvents are made~~ for the taxes
90.13 imposed under chapter 297A, a fee of:

- 90.14 (1) \$3.50 for each gallon of perchloroethylene sold for use by dry cleaning facilities
90.15 in the state;
90.16 (2) 70 cents for each gallon of hydrocarbon-based dry cleaning solvent sold for use
90.17 by dry cleaning facilities in the state; and
90.18 (3) 35 cents for each gallon of other nonaqueous solvents sold for use by dry
90.19 cleaning facilities in the state.

90.20 (c) The audit, assessment, appeal, collection, enforcement, and administrative
90.21 provisions of chapters 270C and 289A apply to the fee imposed by this subdivision. To
90.22 enforce this subdivision, the commissioner of revenue may grant extensions to file returns
90.23 and pay fees, impose penalties and interest on the annual registration fee under paragraph
90.24 (a) and the monthly fee under paragraph (b), and abate penalties and interest in the manner
90.25 provided in chapters 270C and 289A. The penalties and interest imposed on taxes under
90.26 chapter 297A apply to the fees imposed under this subdivision. Disclosure of data collected
90.27 by the commissioner of revenue under this subdivision is governed by chapter 270B.

90.28 **EFFECTIVE DATE.** This section is effective for fees due after June 30, 2014.

90.29 Sec. 12. Minnesota Statutes 2012, section 163.06, subdivision 1, is amended to read:

90.30 Subdivision 1. **Levy.** The county board of any county in which there are unorganized
90.31 townships may levy a tax for road and bridge purposes upon all the real and personal
90.32 property in such unorganized townships, ~~exclusive of money and credits taxed under the~~
90.33 ~~provisions of chapter 285.~~

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

91.1 Sec. 13. Minnesota Statutes 2012, section 270.11, subdivision 1, is amended to read:

91.2 Subdivision 1. **To act as State Board of Equalization.** The commissioner of
91.3 revenue shall have and exercise all the rights, powers and authority by law vested in the
91.4 State Board of Equalization, ~~which board of equalization is hereby continued,~~ with full
91.5 power and authority to review, modify, and revise all of the acts and proceedings of the
91.6 commissioner in so far as they relate to the equalization and valuation of property assessed
91.7 for taxation, as prescribed by section 270.12.

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

91.9 Sec. 14. Minnesota Statutes 2012, section 270.12, subdivision 2, is amended to read:

91.10 Subd. 2. **Meeting dates; duties.** The board shall meet annually between April 15
91.11 and June 30 at the office of the commissioner of revenue and examine and compare the
91.12 returns of the assessment of the property in the several counties, and equalize the same so
91.13 that all the taxable property in the state shall be assessed at its market value, subject to
91.14 the following rules:

91.15 (1) The board shall add to or deduct from the aggregate valuation of the real property
91.16 of every county, which the board believes to be valued below or above its market value in
91.17 money, such percent as will bring the same to its market value ~~in money~~;

91.18 ~~(2) The board shall deduct from the aggregate valuation of the real property of every~~
91.19 ~~county, which the board believes to be valued above its market value in money, such~~
91.20 ~~percent as will reduce the same to its market value in money;~~

91.21 ~~(3)~~ (2) If the board believes the valuation for a part of a class determined by a range
91.22 of market value under clause ~~(8)~~ (6) or otherwise, a class, or classes of the real property of
91.23 any town or district in any county, or the valuation for a part of a class, a class, or classes
91.24 of the real property of any county not in towns or cities, should be raised or reduced,
91.25 without raising or reducing the other real property of such county, or without raising or
91.26 reducing it in the same ratio, the board may add to, or take from, the valuation of a part of
91.27 a class, a class, or classes in any one or more of such towns or cities, or of the property not
91.28 in towns or cities, such percent as the board believes will raise or reduce the same to its
91.29 market value ~~in money~~;

91.30 ~~(4)~~ (3) The board shall add to or take from the aggregate valuation of any part of a
91.31 class, a class, or classes of personal property of any county, town, or city, which the
91.32 board believes to be valued below or above the market value thereof, such percent as will
91.33 raise the same to its market value ~~in money~~;

91.34 ~~(5) The board shall take from the aggregate valuation of any part of a class, a class,~~
91.35 ~~or classes of personal property in any county, town or city, which the board believes to~~

92.1 ~~be valued above the market value thereof, such percent as will reduce the same to its~~
92.2 ~~market value in money;~~

92.3 ~~(6)~~ (4) The board shall not reduce the aggregate valuation of all the property of the
92.4 state, as returned by the several county auditors, more than one percent on the whole
92.5 valuation thereof;

92.6 ~~(7)~~ (5) When it would be of assistance in equalizing values the board may require any
92.7 county auditor to furnish statements showing assessments of real and personal property
92.8 of any individuals, firms, or corporations within the county. The board shall consider
92.9 and equalize such assessments and may increase the assessment of individuals, firms, or
92.10 corporations above the amount returned by the county board of equalization when it shall
92.11 appear to be undervalued, first giving notice to such persons of the intention of the board
92.12 so to do, which notice shall fix a time and place of hearing. The board shall not decrease
92.13 any such assessment below the valuation placed by the county board of equalization;

92.14 ~~(8)~~ (6) In equalizing values pursuant to this section, the board shall utilize a 12-month
92.15 assessment/sales ratio study conducted by the Department of Revenue containing only
92.16 sales that are filed in the county auditor's office under section 272.115, by November 1 of
92.17 the previous year and that occurred between October 1 of the year immediately preceding
92.18 the previous year and September 30 of the previous year.

92.19 The assessment/sales ratio study may separate the values of residential property
92.20 into market value categories. The board may adjust the market value categories and the
92.21 number of categories as necessary to create an adequate sample size for each market value
92.22 category. The board may determine the adequate sample size. To the extent practicable,
92.23 the methodology used in preparing the assessment/sales ratio study must be consistent
92.24 with the most recent Standard on Assessment Sales Ratio Studies published by the
92.25 Assessment Standards Committee of the International Association of Assessing Officers.
92.26 The board may determine the geographic area used in preparing the study to accurately
92.27 equalize values. A sales ratio study separating residential property into market value
92.28 categories may not be used as the basis for a petition under chapter 278.

92.29 The sales prices used in the study must be discounted for terms of financing. The
92.30 board shall use the median ratio as the statistical measure of the level of assessment for
92.31 any particular category of property; and

92.32 ~~(9)~~ (7) The board shall receive from each county the estimated market values on the
92.33 assessment date falling within the study period for all parcels by ~~magnetic tape or other~~ a
92.34 medium as prescribed by the commissioner of revenue.

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

93.1 Sec. 15. Minnesota Statutes 2012, section 270.12, subdivision 4, is amended to read:

93.2 Subd. 4. **Public utility property.** For purposes of equalization only, public utility
93.3 personal property shall be treated as a separate class of property ~~notwithstanding the fact~~
93.4 ~~that its class rate is the same as commercial-industrial property.~~

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

93.6 Sec. 16. Minnesota Statutes 2012, section 270A.03, subdivision 2, is amended to read:

93.7 Subd. 2. **Claimant agency.** "Claimant agency" means any state agency, as defined
93.8 by section 14.02, subdivision 2, the regents of the University of Minnesota, any district
93.9 court of the state, any county, any statutory or home rule charter city, including a city that
93.10 is presenting a claim for a municipal hospital or a public library or a municipal ambulance
93.11 service, a hospital district, a private nonprofit hospital that leases its building from the
93.12 county or city in which it is located, any ambulance service licensed under chapter 144E,
93.13 any public agency responsible for child support enforcement, any public agency responsible
93.14 for the collection of court-ordered restitution, and any public agency established by
93.15 general or special law that is responsible for the administration of a low-income housing
93.16 program, ~~and the Minnesota collection enterprise as defined in section 16D.02, subdivision~~
93.17 ~~8, for the purpose of collecting the costs imposed under section 16D.11.~~

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

93.19 Sec. 17. Minnesota Statutes 2012, section 270B.14, subdivision 3, is amended to read:

93.20 Subd. 3. **Administration of enterprise, and job opportunity, ~~and biotechnology~~**
93.21 **~~and health sciences industry zone programs.~~** The commissioner may disclose return
93.22 information relating to the taxes imposed by chapters 290 and 297A to the Department of
93.23 Employment and Economic Development or a municipality with a border city enterprise
93.24 zone as defined under section 469.166, but only as necessary to administer the funding
93.25 limitations under section 469.169, or to the Department of Employment and Economic
93.26 Development and appropriate officials from the local government units in which a
93.27 qualified business is located but only as necessary to enforce the job opportunity building
93.28 zone benefits under section 469.315, ~~or biotechnology and health sciences industry zone~~
93.29 ~~benefits under section 469.336.~~

93.30 **EFFECTIVE DATE.** This section is effective January 1, 2016.

94.1 Sec. 18. Minnesota Statutes 2012, section 270C.085, is amended to read:

94.2 **270C.085 NOTIFICATION REQUIREMENTS; SALES AND USE TAXES.**

94.3 The commissioner of revenue shall establish a means of electronically notifying
94.4 persons holding a sales tax permit under section 297A.84 of any statutory change in
94.5 chapter 297A and any issuance or change in any administrative rule, revenue notice, or
94.6 sales tax fact sheet or other written information provided by the department explaining the
94.7 interpretation or administration of the tax imposed under that chapter. The notification
94.8 must indicate the basic subject of the statute, rule, fact sheet, or other material and provide
94.9 an electronic link to the material. Any person holding a sales tax permit that provides
94.10 an electronic address to the department must receive these notifications unless they
94.11 specifically request electronically, or in writing, to be removed from the notification list.
94.12 This requirement does not replace traditional means of notifying the general public or
94.13 persons without access to electronic communications of changes in the sales tax law. The
94.14 ~~electronic notification must begin no later than December 31, 2009.~~

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

94.16 Sec. 19. Minnesota Statutes 2012, section 270C.52, subdivision 2, is amended to read:

94.17 Subd. 2. **Payment agreements.** (a) When any portion of any tax payable to the
94.18 commissioner together with interest and penalty thereon, if any, has not been paid, the
94.19 commissioner may extend the time for payment for a further period. When the authority
94.20 of this section is invoked, the extension shall be evidenced by written agreement signed by
94.21 the taxpayer and the commissioner, stating the amount of the tax with penalty and interest,
94.22 if any, and providing for the payment of the amount in installments.

94.23 (b) The agreement may contain a confession of judgment for the amount and for any
94.24 unpaid portion thereof. If the agreement contains a confession of judgment, the confession
94.25 of judgment must provide that the commissioner may enter judgment against the taxpayer
94.26 in the district court of the county of residence as shown upon the taxpayer's tax return for
94.27 the unpaid portion of the amount specified in the extension agreement.

94.28 (c) The agreement shall provide that it can be terminated, after notice by the
94.29 commissioner, if information provided by the taxpayer prior to the agreement was
94.30 inaccurate or incomplete, collection of the tax covered by the agreement is in jeopardy,
94.31 there is a subsequent change in the taxpayer's financial condition, the taxpayer has failed
94.32 to make a payment due under the agreement, or the taxpayer has failed to pay any other
94.33 tax or file a tax return coming due after the agreement.

95.1 (d) The notice must be given at least 14 calendar days prior to termination, and shall
95.2 advise the taxpayer of the right to request a reconsideration from the commissioner of
95.3 whether termination is reasonable and appropriate under the circumstances. A request for
95.4 reconsideration does not stay collection action beyond the 14-day notice period. If the
95.5 commissioner has reason to believe that collection of the tax covered by the agreement
95.6 is in jeopardy, the commissioner may proceed under section 270C.36 and terminate the
95.7 agreement without regard to the 14-day period.

95.8 (e) The commissioner may accept other collateral the commissioner considers
95.9 appropriate to secure satisfaction of the tax liability. The principal sum specified in the
95.10 agreement shall bear interest at the rate specified in section 270C.40 on all unpaid portions
95.11 thereof until the same has been fully paid or the unpaid portion thereof has been entered as
95.12 a judgment. The judgment shall bear interest at the rate specified in section 270C.40.

95.13 (f) If it appears to the commissioner that the tax reported by the taxpayer is in excess
95.14 of the amount actually owing by the taxpayer, the extension agreement or the judgment
95.15 entered pursuant thereto shall be corrected. If after making the extension agreement
95.16 or entering judgment with respect thereto, the commissioner determines that the tax as
95.17 reported by the taxpayer is less than the amount actually due, the commissioner shall
95.18 assess a further tax in accordance with the provisions of law applicable to the tax.

95.19 (g) The authority granted to the commissioner by this section is in addition to any
95.20 other authority granted to the commissioner by law to extend the time of payment or the
95.21 time for filing a return and shall not be construed in limitation thereof.

95.22 (h) The commissioner shall charge a fee for entering into payment agreements ~~that~~
95.23 ~~reflects the commissioner's costs for entering into payment agreements.~~ The fee is set at
95.24 \$50 and is charged for entering into a payment agreement, for entering into a new payment
95.25 agreement after the taxpayer has defaulted on a prior agreement, and for entering into a
95.26 new payment agreement as a result of renegotiation of the terms of an existing agreement.
95.27 The fee is paid to the commissioner before the payment agreement becomes effective and
95.28 does not reduce the amount of the liability.

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

95.30 Sec. 20. Minnesota Statutes 2012, section 272.01, subdivision 1, is amended to read:

95.31 Subdivision 1. **Generally taxable.** All real and personal property in this state, ~~and~~
95.32 ~~all personal property of persons residing therein, including the property of corporations,~~
95.33 ~~banks, banking companies, and bankers,~~ is taxable, except Indian lands and such other
95.34 property as is by law exempt from taxation.

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

96.2 Sec. 21. Minnesota Statutes 2012, section 272.01, subdivision 3, is amended to read:

96.3 Subd. 3. **Exceptions.** The provisions of subdivision 2 shall not apply to:

96.4 (a) Federal property for which payments are made in lieu of taxes in amounts
96.5 equivalent to taxes which might otherwise be lawfully assessed;

96.6 (b) Real estate exempt from ad valorem taxes and taxes in lieu thereof which is
96.7 leased, loaned, or otherwise made available to telephone companies or electric, light
96.8 and power companies upon which personal property consisting of transmission and
96.9 distribution lines is situated and assessed pursuant to sections 273.37, 273.38, 273.40
96.10 and 273.41, or upon which are situated the communication lines of express, railway, or
96.11 telephone ~~or telegraph~~ companies, or pipelines used for the transmission and distribution
96.12 of petroleum products, or the equipment items of a cable communications company
96.13 subject to sections 238.35 to 238.42;

96.14 (c) Property presently owned by any educational institution chartered by the
96.15 territorial legislature;

96.16 (d) Indian lands;

96.17 (e) Property of any corporation organized as a tribal corporation under the Indian
96.18 Reorganization Act of June 18, 1934, (Statutes at Large, volume 48, page 984);

96.19 (f) Real property owned by the state and leased pursuant to section 161.23 or
96.20 161.431, and acts amendatory thereto;

96.21 (g) Real property owned by a seaway port authority on June 1, 1967, upon which
96.22 there has been constructed docks, warehouses, tank farms, administrative and maintenance
96.23 buildings, railroad and ship terminal facilities and other maritime and transportation
96.24 facilities or those directly related thereto, together with facilities for the handling of
96.25 passengers and baggage and for the handling of freight and bulk liquids, and personal
96.26 property owned by a seaway port authority used or usable in connection therewith, when
96.27 said property is leased to a private individual, association or corporation, but only when
96.28 such lease provides that the said facilities are available to the public for the loading and
96.29 unloading of passengers and their baggage and the handling, storage, care, shipment,
96.30 and delivery of merchandise, freight and baggage and other maritime and transportation
96.31 activities and functions directly related thereto, but not including property used for grain
96.32 elevator facilities; it being the declared policy of this state that such property when
96.33 so leased is public property used exclusively for a public purpose, notwithstanding the
96.34 one-year limitation in the provisions of section 273.19;

97.1 (h) Notwithstanding the provisions of clause (g), when the annual rental received by
97.2 a seaway port authority in any calendar year for such leased property exceeds an amount
97.3 reasonably required for administrative expense of the authority per year, plus promotional
97.4 expense for the authority not to exceed the sum of \$100,000 per year, to be expended
97.5 when and in the manner decided upon by the commissioners, plus an amount sufficient to
97.6 pay all installments of principal and interest due, or to become due, during such calendar
97.7 year and the next succeeding year on any revenue bonds issued by the authority, plus
97.8 25 percent of the gross annual rental to be retained by the authority for improvement,
97.9 development, or other contingencies, the authority shall make a payment in lieu of real
97.10 and personal property taxes of a reasonable portion of the remaining annual rental to the
97.11 county treasurer of the county in which such seaway port authority is principally located.
97.12 Any such payments to the county treasurer shall be disbursed by the treasurer on the same
97.13 basis as real estate taxes are divided among the various governmental units, but if such
97.14 port authority shall have received funds from the state of Minnesota and funds from any
97.15 city and county pursuant to Laws 1957, chapters 648, 831, and 849 and acts amendatory
97.16 thereof, then such disbursement by the county treasurer shall be on the same basis as real
97.17 estate taxes are divided among the various governmental units, except that the portion of
97.18 such payments which would otherwise go to other taxing units shall be divided equally
97.19 among the state of Minnesota and said county and city.

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

97.21 Sec. 22. Minnesota Statutes 2012, section 272.025, subdivision 1, is amended to read:

97.22 Subdivision 1. **Statement of exemption.** (a) Except in the case of property owned
97.23 by the state of Minnesota or any political subdivision thereof, and property exempt from
97.24 taxation under section 272.02, subdivisions 9, 10, 13, 15, 18, 20, and 22 to 25, and at the
97.25 times provided in subdivision 3, a taxpayer claiming an exemption from taxation on
97.26 property described in section 272.02, subdivisions 1 to 33, must file a statement of
97.27 exemption with the assessor of the assessment district in which the property is located.

97.28 (b) A taxpayer claiming an exemption from taxation on property described in section
97.29 272.02, subdivision 10, must file a statement of exemption with the commissioner of
97.30 revenue, on or before February 15 of each year for which the taxpayer claims an exemption.

97.31 (c) In case of sickness, absence or other disability or for good cause, the assessor
97.32 or the commissioner may extend the time for filing the statement of exemption for a
97.33 period not to exceed 60 days.

97.34 (d) The commissioner of revenue shall prescribe the form and contents of the
97.35 statement of exemption.

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

98.2 Sec. 23. Minnesota Statutes 2012, section 272.027, subdivision 1, is amended to read:

98.3 Subdivision 1. **Electricity generated to produce goods and services.** Personal
98.4 property used to generate electric power is exempt from property taxation if the electric
98.5 power is used to manufacture or produce goods, products, or services, other than electric
98.6 power, by the owner of the electric generation plant. ~~Except as provided in subdivisions 2~~
98.7 ~~and 3;~~ The exemption does not apply to property used to produce electric power for sale
98.8 to others and does not apply to real property. In determining the value subject to tax,
98.9 a proportionate share of the value of the generating facilities, equal to the proportion
98.10 that the power sold to others bears to the total generation of the plant, is subject to the
98.11 general property tax in the same manner as other property. Power generated in such a
98.12 plant and exchanged for an equivalent amount of power that is used for the manufacture or
98.13 production of goods, products, or services other than electric power by the owner of the
98.14 generating plant is considered to be used by the owner of the plant.

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

98.16 Sec. 24. Minnesota Statutes 2012, section 272.029, subdivision 6, is amended to read:

98.17 Subd. 6. **Distribution of revenues.** Revenues from the taxes imposed under
98.18 subdivision 5 must be part of the settlement between the county treasurer and the county
98.19 auditor under section 276.09. The revenue must be distributed by the county auditor or the
98.20 county treasurer to local taxing jurisdictions in which the wind energy conversion system
98.21 is located as follows: ~~beginning with distributions in 2010, 80 percent to counties; and 20~~
98.22 ~~percent to cities and townships; and for distributions occurring in 2006 to 2009, 80 percent~~
98.23 ~~to counties; 14 percent to cities and townships; and six percent to school districts.~~

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

98.25 Sec. 25. Minnesota Statutes 2012, section 273.061, subdivision 6, is amended to read:

98.26 Subd. 6. **Salaries; expenses.** The salaries of the county assessor and assistants and
98.27 clerical help, shall be fixed by the board of county commissioners and shall be payable in
98.28 ~~monthly installments~~ out of the general revenue fund of the county. ~~In counties with a~~
98.29 ~~population of less than 50,000 inhabitants, according to the then last preceding federal~~
98.30 ~~census, the board of county commissioners shall not fix the salary of the county assessor at~~
98.31 ~~an amount below the following schedule:~~

98.32 ~~In counties with a population of less than 6,500, \$5,900;~~

- 99.1 ~~In counties with a population of 6,500 but less than 12,000, \$6,200;~~
 99.2 ~~In counties with a population of 12,000 but less than 16,000, \$6,500;~~
 99.3 ~~In counties with a population of 16,000 but less than 21,000, \$6,700;~~
 99.4 ~~In counties with a population of 21,000 but less than 30,000, \$6,900;~~
 99.5 ~~In counties with a population of 30,000 but less than 39,500, \$7,100;~~
 99.6 ~~In counties with a population of 39,500 but less than 50,000, \$7,300;~~
 99.7 ~~In counties with a population of 50,000 or more, \$8,300.~~

99.8 In addition to their salaries, the county assessor and assistants shall be allowed their
 99.9 expenses for reasonable and necessary travel in the performance of their duties, including
 99.10 necessary travel, lodging and meal expense incurred by them while attending meetings of
 99.11 instructions or official hearings called by the commissioner of revenue. These expenses
 99.12 shall be payable out of the general revenue fund of the county, and shall be allowed on the
 99.13 same basis as such expenses are allowed to other county officers.

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

99.15 Sec. 26. Minnesota Statutes 2012, section 273.10, is amended to read:

99.16 **273.10 SCHOOL DISTRICTS.**

99.17 When assessing personal property the county assessor shall designate the number of
 99.18 the school district in which each person assessed is liable for tax, ~~by writing the number~~
 99.19 ~~of the district opposite each assessment in a column provided for that purpose in the~~
 99.20 ~~assessment book.~~ When the personal property of any person is assessable in several
 99.21 school districts, the amount in each shall be assessed separately, and the name of the
 99.22 owner placed opposite each amount.

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

99.24 Sec. 27. Minnesota Statutes 2012, section 273.11, subdivision 13, is amended to read:

99.25 Subd. 13. **Valuation of income-producing property.** ~~Beginning with the 1995~~
 99.26 ~~assessment,~~ Only accredited assessors or senior accredited assessors or other licensed
 99.27 assessors who have successfully completed at least two income-producing property
 99.28 appraisal courses may value income-producing property for ad valorem tax purposes.
 99.29 "Income-producing property" as used in this subdivision means the taxable property in
 99.30 class 3a and 3b in section 273.13, subdivision 24; class 4a and 4c, except for seasonal
 99.31 recreational property not used for commercial purposes; and class 5 in section 273.13,
 99.32 subdivision 31. "Income-producing property" includes any property in class 4e in section
 99.33 273.13, subdivision 25, that would be income-producing property under the definition in

100.1 this subdivision if it were not substandard. "Income-producing property appraisal course"
100.2 as used in this subdivision means a course of study of approximately 30 instructional
100.3 hours, with a final comprehensive test. An assessor must successfully complete the final
100.4 examination for each of the two required courses. The course must be approved by the
100.5 board of assessors.

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

100.7 Sec. 28. Minnesota Statutes 2012, section 273.112, subdivision 6a, is amended to read:

100.8 Subd. 6a. **Guidelines issued by commissioner.** The commissioner of revenue shall
100.9 develop and issue guidelines for qualification by private golf clubs under this section
100.10 covering the access to and use of the golf course by members and other adults so as to be
100.11 consistent with the purposes and terms of this section. ~~The guidelines shall be mailed to~~
100.12 ~~the county attorney and assessor of each county not later than 60 days following May 26,~~
100.13 ~~1989. Within 15 days of receipt of the guidelines from the commissioner, the assessor~~
100.14 ~~shall mail a copy of the guidelines to each golf club in the county.~~

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

100.16 Sec. 29. Minnesota Statutes 2013 Supplement, section 273.1325, subdivision 2,
100.17 is amended to read:

100.18 Subd. 2. **Methodology.** In making its annual assessment/sales ratio studies, the
100.19 Department of Revenue must use a methodology consistent with the most recent Standard
100.20 on Assessment Ratio Studies published by the assessment standards committee of the
100.21 International Association of Assessing Officers. The commissioner of revenue shall
100.22 supplement this general methodology with specific procedures necessary for execution of
100.23 the study in accordance with other Minnesota laws impacting the assessment/sales ratio
100.24 study. The commissioner shall document these specific procedures in writing and shall
100.25 publish the procedures in the State Register, but these procedures will not be considered
100.26 "rules" pursuant to the Minnesota Administrative Procedure Act. When property is sold and
100.27 the purchaser changes its use in a manner that would result in a change of classification of
100.28 the property, the assessment sales ratio study under this subdivision must take into account
100.29 that changed classification as soon as practicable. A change in status from homestead to
100.30 nonhomestead or from nonhomestead to homestead is not a change under this subdivision.
100.31 For purposes of this section, sections 270.12, subdivision 2, clause ~~(8)~~ (6), and 278.05,
100.32 subdivision 4, the commissioner of revenue shall exclude from the assessment/sales ratio
100.33 study the sale of any nonagricultural property which does not contain an improvement,

101.1 if (1) the statutory basis on which the property's taxable value as most recently assessed
101.2 is less than market value as defined in section 273.11, or (2) the property has undergone
101.3 significant physical change or a change of use since the most recent assessment.

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

101.5 Sec. 30. Minnesota Statutes 2012, section 273.18, is amended to read:

101.6 **273.18 LISTING, VALUATION, AND ASSESSMENT OF EXEMPT**
101.7 **PROPERTY BY COUNTY AUDITORS.**

101.8 (a) In every sixth year after the year ~~1926~~ 2010, the county auditor shall enter, ~~in~~
101.9 ~~a separate place in the real estate assessment books,~~ the description of each tract of real
101.10 property exempt by law from taxation, with the name of the owner, ~~if known,~~ and the
101.11 assessor shall value and assess the same in the same manner that other real property is
101.12 valued and assessed, and shall designate in each case the purpose for which the property is
101.13 used.

101.14 (b) For purposes of the apportionment of fire state aid under section 69.021,
101.15 subdivision 7, the county auditor shall include on the abstract of assessment of exempt real
101.16 property filed under this section, the total number of acres of all natural resources lands for
101.17 which in lieu payments are made under sections 477A.11 to 477A.14. The assessor shall
101.18 estimate its market value, provided that if the assessor is not able to estimate the market
101.19 value of the land on a per parcel basis, the assessor shall furnish the commissioner of
101.20 revenue with an estimate of the average value per acre of this land within the county.

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

101.22 Sec. 31. Minnesota Statutes 2012, section 274.01, subdivision 1, is amended to read:

101.23 Subdivision 1. **Ordinary board; meetings, deadlines, grievances.** (a) The town
101.24 board of a town, or the council or other governing body of a city, is the board of appeal
101.25 and equalization except (1) in cities whose charters provide for a board of equalization or
101.26 (2) in any city or town that has transferred its local board of review power and duties to
101.27 the county board as provided in subdivision 3. The county assessor shall fix a day and
101.28 time when the board or the board of equalization shall meet in the assessment districts
101.29 of the county. Notwithstanding any law or city charter to the contrary, a city board of
101.30 equalization shall be referred to as a board of appeal and equalization. On or before
101.31 February 15 of each year the assessor shall give written notice of the time to the city or
101.32 town clerk. Notwithstanding the provisions of any charter to the contrary, the meetings

102.1 must be held between April 1 and May 31 each year. The clerk shall give published and
102.2 posted notice of the meeting at least ten days before the date of the meeting.

102.3 The board shall meet at the office of the clerk to review the assessment and
102.4 classification of property in the town or city. No changes in valuation or classification
102.5 which are intended to correct errors in judgment by the county assessor may be made by
102.6 the county assessor after the board has adjourned in those cities or towns that hold a
102.7 local board of review; however, corrections of errors that are merely clerical in nature or
102.8 changes that extend homestead treatment to property are permitted after adjournment until
102.9 the tax extension date for that assessment year. The changes must be fully documented and
102.10 maintained in the assessor's office and must be available for review by any person. A copy
102.11 of the changes made during this period in those cities or towns that hold a local board of
102.12 review must be sent to the county board no later than December 31 of the assessment year.

102.13 (b) The board shall determine whether the taxable property in the town or city has
102.14 been properly placed on the list and properly valued by the assessor. If real or personal
102.15 property has been omitted, the board shall place it on the list with its market value, and
102.16 correct the assessment so that each tract or lot of real property, and each article, parcel,
102.17 or class of personal property, is entered on the assessment list at its market value. No
102.18 assessment of the property of any person may be raised unless the person has been
102.19 duly notified of the intent of the board to do so. On application of any person feeling
102.20 aggrieved, the board shall review the assessment or classification, or both, and correct
102.21 it as appears just. The board may not make an individual market value adjustment or
102.22 classification change that would benefit the property if the owner or other person having
102.23 control over the property has refused the assessor access to inspect the property and the
102.24 interior of any buildings or structures as provided in section 273.20. A board member
102.25 shall not participate in any actions of the board which result in market value adjustments
102.26 or classification changes to property owned by the board member, the spouse, parent,
102.27 stepparent, child, stepchild, grandparent, grandchild, brother, sister, uncle, aunt, nephew,
102.28 or niece of a board member, or property in which a board member has a financial interest.
102.29 The relationship may be by blood or marriage.

102.30 (c) A local board may reduce assessments upon petition of the taxpayer but the total
102.31 reductions must not reduce the aggregate assessment made by the county assessor by more
102.32 than one percent. If the total reductions would lower the aggregate assessments made by
102.33 the county assessor by more than one percent, none of the adjustments may be made. The
102.34 assessor shall correct any clerical errors or double assessments discovered by the board
102.35 without regard to the one percent limitation.

103.1 (d) A local board does not have authority to grant an exemption or to order property
103.2 removed from the tax rolls.

103.3 (e) A majority of the members may act at the meeting, and adjourn from day to day
103.4 until they finish hearing the cases presented. The assessor shall attend, ~~with the assessment~~
103.5 ~~books and papers~~, and take part in the proceedings, but must not vote. The county assessor,
103.6 or an assistant delegated by the county assessor shall attend the meetings. The board shall
103.7 list separately, ~~on a form appended to the assessment book~~, all omitted property added
103.8 to the list by the board and all items of property increased or decreased, with the market
103.9 value of each item of property, added or changed by the board, ~~placed opposite the item~~.
103.10 The county assessor shall enter all changes made by the board ~~in the assessment book~~.

103.11 (f) Except as provided in subdivision 3, if a person fails to appear in person, by
103.12 counsel, or by written communication before the board after being duly notified of the
103.13 board's intent to raise the assessment of the property, or if a person feeling aggrieved by an
103.14 assessment or classification fails to apply for a review of the assessment or classification,
103.15 the person may not appear before the county board of appeal and equalization for a review
103.16 ~~of the assessment or classification~~. This paragraph does not apply if an assessment was
103.17 made after the local board meeting, as provided in section 273.01, or if the person can
103.18 establish not having received notice of market value at least five days before the local
103.19 board meeting.

103.20 (g) The local board must complete its work and adjourn within 20 days from the
103.21 time of convening stated in the notice of the clerk, unless a longer period is approved by
103.22 the commissioner of revenue. No action taken after that date is valid. All complaints
103.23 about an assessment or classification made after the meeting of the board must be heard
103.24 and determined by the county board of equalization. A nonresident may, at any time,
103.25 before the meeting of the board file written objections to an assessment or classification
103.26 with the county assessor. The objections must be presented to the board at its meeting by
103.27 the county assessor for its consideration.

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

103.29 Sec. 32. Minnesota Statutes 2012, section 274.01, subdivision 2, is amended to read:

103.30 Subd. 2. **Special board; duties delegated.** The governing body of a city, ~~including~~
103.31 ~~a city whose charter provides for a board of equalization~~, may appoint a special board of
103.32 review. The city may delegate to the special board of review all of the powers and duties
103.33 in subdivision 1. The special board of review shall serve at the direction and discretion
103.34 of the appointing body, subject to the restrictions imposed by law. The appointing body
103.35 shall determine the number of members of the board, the compensation and expenses to be

104.1 paid, and the term of office of each member. At least one member of the special board
104.2 of review must be an appraiser, realtor, or other person familiar with property valuations
104.3 in the assessment district.

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

104.5 Sec. 33. Minnesota Statutes 2012, section 275.08, subdivision 1a, is amended to read:

104.6 Subd. 1a. **Computation of tax capacity.** ~~For taxes payable in 1989, the county~~
104.7 ~~auditor shall compute the gross tax capacity for each parcel according to the class rates~~
104.8 ~~specified in section 273.13. The gross tax capacity will be the appropriate class rate~~
104.9 ~~multiplied by the parcel's market value. For taxes payable in 1990 and subsequent years,~~
104.10 The county auditor shall compute the net tax capacity for each parcel according to the
104.11 class rates specified in section 273.13. The net tax capacity will be the appropriate class
104.12 rate multiplied by the parcel's market value.

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

104.14 Sec. 34. Minnesota Statutes 2012, section 275.08, subdivision 1d, is amended to read:

104.15 Subd. 1d. **Additional adjustment.** If, after computing each local government's
104.16 adjusted local tax rate within a unique taxing jurisdiction pursuant to subdivision 1c, the
104.17 auditor finds that the total adjusted local tax rate of all local governments combined is
104.18 ~~less than 90 percent of gross tax capacity for taxes payable in 1989 and 90 percent of net~~
104.19 ~~tax capacity for taxes payable in 1990 and thereafter,~~ the auditor shall increase each local
104.20 government's adjusted local tax rate proportionately so the total adjusted local tax rate of
104.21 all local governments combined equals 90 percent. The total amount of the increase in
104.22 tax resulting from the increased local tax rates must not exceed the amount of disparity
104.23 aid allocated to the unique taxing district under section 273.1398. The auditor shall
104.24 certify to the Department of Revenue the difference between the disparity aid originally
104.25 allocated under section 273.1398, subdivision 3, and the amount necessary to reduce
104.26 the total adjusted local tax rate of all local governments combined to 90 percent. Each
104.27 local government's disparity reduction aid payment under section 273.1398, subdivision
104.28 6, must be reduced accordingly.

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

104.30 Sec. 35. Minnesota Statutes 2013 Supplement, section 275.70, subdivision 5, is
104.31 amended to read:

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

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

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

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

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

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

105.13 (iv) certificates of indebtedness used to fund an insufficiency in tax receipts or an
105.14 insufficiency in other revenue sources, provided that nothing in this subdivision limits the
105.15 special levy authorized under section 475.755;

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

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

105.21 (5) property taxes approved by voters which are levied against the referendum
105.22 market value as provided under section 275.61;

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

105.27 (7) to pay the expenses reasonably and necessarily incurred in preparing for or
105.28 repairing the effects of natural disaster including the occurrence or threat of widespread
105.29 or severe damage, injury, or loss of life or property resulting from natural causes, in
105.30 accordance with standards formulated by the Emergency Services Division of the state
105.31 Department of Public Safety, as allowed by the commissioner of revenue under section
105.32 275.74, subdivision 2;

105.33 (8) pay amounts required to correct an error in the levy certified to the county
105.34 auditor by a city or county in a levy year, but only to the extent that when added to the
105.35 preceding year's levy it is not in excess of an applicable statutory, special law or charter

106.1 limitation, or the limitation imposed on the governmental subdivision by sections 275.70
106.2 to 275.74 in the preceding levy year;

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

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

106.6 (11) to pay the operating or maintenance costs of a county jail as authorized in section
106.7 641.01 or 641.262, or of a correctional facility as defined in section 241.021, subdivision 1,
106.8 paragraph (f), to the extent that the county can demonstrate to the commissioner of revenue
106.9 that the amount has been included in the county budget as a direct result of a rule, minimum
106.10 requirement, minimum standard, or directive of the Department of Corrections, or to pay
106.11 the operating or maintenance costs of a regional jail as authorized in section 641.262. For
106.12 purposes of this clause, a district court order is not a rule, minimum requirement, minimum
106.13 standard, or directive of the Department of Corrections. If the county utilizes this special
106.14 levy, except to pay operating or maintenance costs of a new regional jail facility under
106.15 sections 641.262 to 641.264 which will not replace an existing jail facility, any amount
106.16 levied by the county in the previous levy year for the purposes specified under this clause
106.17 and included in the county's previous year's levy limitation computed under section
106.18 275.71, shall be deducted from the levy limit base under section 275.71, subdivision 2,
106.19 when determining the county's current year levy limitation. The county shall provide the
106.20 necessary information to the commissioner of revenue for making this determination;

106.21 (12) to pay for operation of a lake improvement district, as authorized under section
106.22 103B.555. If the county utilizes this special levy, any amount levied by the county in the
106.23 previous levy year for the purposes specified under this clause and included in the county's
106.24 previous year's levy limitation computed under section 275.71 shall be deducted from
106.25 the levy limit base under section 275.71, subdivision 2, when determining the county's
106.26 current year levy limitation. The county shall provide the necessary information to the
106.27 commissioner of revenue for making this determination;

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

106.32 ~~(14) to pay for court administration costs as required under section 273.1398,~~
106.33 ~~subdivision 4b, less the (i) county's share of transferred fines and fees collected by the~~
106.34 ~~district courts in the county for calendar year 2001 and (ii) the aid amount certified to be~~
106.35 ~~paid to the county in 2004 under section 273.1398, subdivision 4c; however, for taxes~~
106.36 ~~levied to pay for these costs in the year in which the court financing is transferred to the~~

107.1 ~~state, the amount under this clause is limited to the amount of aid the county is certified to~~
107.2 ~~receive under section 273.1398, subdivision 4a;~~

107.3 ~~(15)~~ (14) to fund a firefighters relief association as required under Laws 2013,
107.4 chapter 111, article 5, sections 31 to 42, to the extent that the required amount exceeds the
107.5 amount levied for this purpose in 2001;

107.6 ~~(16)~~ (15) for purposes of a storm sewer improvement district under section 444.20;

107.7 ~~(17)~~ (16) to pay for the maintenance and support of a city or county society for
107.8 the prevention of cruelty to animals under section 343.11, but not to exceed in any year
107.9 \$4,800 or the sum of \$1 per capita based on the county's or city's population as of the most
107.10 recent federal census, whichever is greater. If the city or county uses this special levy, any
107.11 amount levied by the city or county in the previous levy year for the purposes specified
107.12 in this clause and included in the city's or county's previous year's levy limit computed
107.13 under section 275.71, must be deducted from the levy limit base under section 275.71,
107.14 subdivision 2, in determining the city's or county's current year levy limit;

107.15 ~~(18)~~ (17) for counties, to pay for the increase in their share of health and human
107.16 service costs caused by reductions in federal health and human services grants effective
107.17 after September 30, 2007;

107.18 ~~(19)~~ (18) for a city, for the costs reasonably and necessarily incurred for securing,
107.19 maintaining, or demolishing foreclosed or abandoned residential properties, as allowed by
107.20 the commissioner of revenue under section 275.74, subdivision 2. A city must have either
107.21 (i) a foreclosure rate of at least 1.4 percent in 2007, or (ii) a foreclosure rate in 2007 in
107.22 the city or in a zip code area of the city that is at least 50 percent higher than the average
107.23 foreclosure rate in the metropolitan area, as defined in section 473.121, subdivision 2,
107.24 to use this special levy. For purposes of this paragraph, "foreclosure rate" means the
107.25 number of foreclosures, as indicated by sheriff sales records, divided by the number of
107.26 households in the city in 2007;

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

107.30 ~~(21)~~ (19) to pay costs attributable to wages and benefits for sheriff, police, and fire
107.31 personnel. If a local governmental unit did not use this special levy in the previous year its
107.32 levy limit base under section 275.71 shall be reduced by the amount equal to the amount it
107.33 levied for the purposes specified in this clause in the previous year;

107.34 ~~(22)~~ (20) an amount equal to any reductions in the certified aids or credit
107.35 reimbursements payable under sections 477A.011 to 477A.014, and section 273.1384,
107.36 due to unallotment under section 16A.152 or reductions under another provision of law.

108.1 The amount of the levy allowed under this clause for each year is limited to the amount
108.2 unallotted or reduced from the aids and credit reimbursements certified for payment in the
108.3 year following the calendar year in which the tax levy is certified unless the unallotment
108.4 or reduction amount is not known by September 1 of the levy certification year, and
108.5 the local government has not adjusted its levy under section 275.065, subdivision 6, or
108.6 275.07, subdivision 6, in which case that unallotment or reduction amount may be levied
108.7 in the following year;

108.8 ~~(23)~~ (21) to pay for the difference between one-half of the costs of confining sex
108.9 offenders undergoing the civil commitment process and any state payments for this
108.10 purpose pursuant to section 253D.12;

108.11 ~~(24)~~ (22) for a county to pay the costs of the first year of maintaining and operating
108.12 a new facility or new expansion, either of which contains courts, corrections, dispatch,
108.13 criminal investigation labs, or other public safety facilities and for which all or a portion
108.14 of the funding for the site acquisition, building design, site preparation, construction, and
108.15 related equipment was issued or authorized prior to the imposition of levy limits ~~in 2008~~.
108.16 The levy limit base shall then be increased by an amount equal to the new facility's first
108.17 full year's operating costs as described in this clause; and

108.18 ~~(25)~~ (23) for the estimated amount of reduction to market value credit reimbursements
108.19 under section 273.1384 for credits payable in the year in which the levy is payable.

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

108.21 Sec. 36. Minnesota Statutes 2012, section 275.74, subdivision 2, is amended to read:

108.22 Subd. 2. **Authorization for special levies.** (a) A local governmental unit may
108.23 request authorization to levy for unreimbursed costs for natural disasters under section
108.24 275.70, subdivision 5, clause (7). The local governmental unit shall submit a request to
108.25 levy under section 275.70, subdivision 5, clause (7), to the commissioner of revenue by
108.26 September 30 of the levy year and the request must include information documenting the
108.27 estimated unreimbursed costs. The commissioner of revenue may grant levy authority,
108.28 up to the amount requested based on the documentation submitted. All decisions of the
108.29 commissioner are final.

108.30 (b) A city may request authorization to levy for reasonable and necessary costs for
108.31 securing, maintaining, or demolishing foreclosed or abandoned residential properties under
108.32 section 275.70, subdivision 5, clause ~~(19)~~ (18). The local governmental unit shall submit a
108.33 request to levy under section 275.70, subdivision 5, clause ~~(19)~~ (18), to the commissioner
108.34 of revenue by September 30 of the levy year and the request must include information
108.35 documenting the estimated costs. For taxes payable in 2009, the amount may include

109.1 unanticipated costs incurred above the amount budgeted for these purposes in 2008. Costs
109.2 of securing foreclosed or abandoned residential properties include payment for police and
109.3 fire department services. The commissioner of revenue may grant levy authority, up to the
109.4 lesser of (1) the amount requested based on the documentation submitted, or (2) \$3,000
109.5 multiplied by the number of foreclosed residential properties, as defined by sheriff sales
109.6 records, in calendar year 2007. All decisions of the commissioner are final.

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

109.8 Sec. 37. Minnesota Statutes 2012, section 275.75, is amended to read:

109.9 **275.75 CHARTER EXEMPTION FOR AID LOSS.**

109.10 Notwithstanding any other provision of a municipal charter that limits ad valorem
109.11 taxes to a lesser amount, or that would require voter approval for any increase, the
109.12 governing body of a municipality may by resolution increase its levy in any year by an
109.13 amount equal to its special levies under section 275.70, subdivision 5, clauses ~~(22)~~ and
109.14 ~~(25)~~ (20) and (23).

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

109.16 Sec. 38. Minnesota Statutes 2012, section 279.03, subdivision 1, is amended to read:

109.17 Subdivision 1. **Rate Interest calculation.** ~~The rate of interest on delinquent~~
109.18 ~~property taxes levied in 1979 and prior years is fixed at six percent per year until January~~
109.19 ~~1, 1983. Thereafter interest is payable at the rate determined pursuant to section 549.09.~~
109.20 ~~The rate of interest on delinquent property taxes levied in 1980 and subsequent years is~~
109.21 ~~the rate determined pursuant to section 549.09. All provisions of law except section~~
109.22 ~~549.09 providing for the calculation of interest at any different rate on delinquent taxes in~~
109.23 ~~any notice or proceeding in connection with the payment, collection, sale, or assignment~~
109.24 ~~of delinquent taxes, or redemption from such sale or assignment are hereby amended~~
109.25 ~~to correspond herewith. Section 549.09 shall continue in force applies with respect to~~
109.26 ~~judgments arising out of petitions for review filed pursuant to chapter 278 irrespective of~~
109.27 ~~the levy year.~~

109.28 ~~For property taxes levied in 1980 and prior years, interest is to be calculated at~~
109.29 ~~simple interest from the second Monday in May following the year in which the taxes~~
109.30 ~~become due until the time that the taxes and penalties are paid, computed on the amount~~
109.31 ~~of unpaid taxes, penalties and costs. For property taxes levied in 1981 and subsequent~~
109.32 ~~years, interest shall commence on the first day of January following the year in which the~~

110.1 taxes become due, but the county treasurer need not calculate interest on unpaid taxes and
110.2 penalties on the tax list returned to the county auditor pursuant to section 279.01.

110.3 If interest is payable for a portion of a year, the interest is calculated only for the
110.4 months that the taxes or penalties remain unpaid, and for this purpose a portion of a month
110.5 is deemed to be a whole month.

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

110.7 Sec. 39. Minnesota Statutes 2012, section 279.03, subdivision 1a, is amended to read:

110.8 Subd. 1a. **Rate after December 31, 1990.** (a) Except as provided in paragraph (b),
110.9 interest on delinquent property taxes, penalties, and costs unpaid on or after January 1;
110.10 ~~1991, shall be~~ is payable at the per annum rate determined in section 270C.40, subdivision
110.11 5. If the rate so determined is less than ten percent, the rate of interest ~~shall be~~ is ten
110.12 percent. The maximum per annum rate ~~shall be~~ is 14 percent if the rate specified under
110.13 section 270C.40, subdivision 5, exceeds 14 percent. The rate ~~shall be~~ is subject to change
110.14 on January 1 of each year.

110.15 (b) If a person is the owner of one or more parcels of property on which taxes are
110.16 delinquent, and the delinquent taxes are more than 25 percent of the prior year's school
110.17 district levy, interest on the delinquent property taxes, penalties, and costs unpaid ~~after~~
110.18 ~~January 1, 1992, shall be~~ is payable at twice the rate determined under paragraph (a) for
110.19 the year.

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

110.21 Sec. 40. Minnesota Statutes 2012, section 279.16, is amended to read:

110.22 **279.16 JUDGMENT WHEN NO ANSWER; FORM; ENTRY.**

110.23 Upon the expiration of 20 days from the later of the filing of the affidavit of
110.24 publication or the filing of the affidavit of mailing pursuant to section 279.131, the
110.25 court administrator shall enter judgment against each and every such parcel as to which
110.26 no answer has been filed, which judgment shall include all such parcels, and shall be
110.27 substantially in the following form:

110.28 State of Minnesota) District Court,
110.29) ss.
110.30 County of) Judicial District.

110.31 In the matter of the proceedings to enforce payment of the taxes on real estate
110.32 remaining delinquent on the first Monday in January,, for the county of,
110.33 state of Minnesota.

111.1 A list of taxes on real property, delinquent on the first Monday in January,, for
 111.2 said county of, having been duly filed in the office of the court administrator of
 111.3 this court, and the notice and list required by law having been duly published and mailed
 111.4 as required by law, and more than 20 days having elapsed since the last publication of the
 111.5 notice and list, and no answer having been filed by any person, company, or corporation
 111.6 to the taxes upon any of the parcels of land hereinafter described, it is hereby adjudged
 111.7 that each parcel of land hereinafter described is liable for taxes, penalties, and costs to the
 111.8 amount set opposite the same, as follows:

111.9	Description.	Parcel Number.	Amount.
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111.10 The amount of taxes, penalties, and cost to which, as hereinbefore stated, each of
 111.11 such parcels of land is liable, is hereby declared a lien upon such parcel of land as against
 111.12 the estate, right, title, interest, claim, or lien, of whatever nature, in law or equity, of every
 111.13 person, company, or corporation; and it is adjudged that, unless the amount to which
 111.14 each of such parcels is liable be paid, each of such parcels be sold, as provided by law,
 111.15 to satisfy the amount to which it is liable.

111.16 Dated this day of,

111.17

111.18 Court Administrator of the District Court,

111.19 County of

111.20 The judgment shall be entered by the court administrator in a book to be kept by
 111.21 the court administrator, to be called the real estate tax judgment book, and signed by the
 111.22 court administrator. ~~The judgment shall be written out on the left-hand pages of the book,~~
 111.23 ~~leaving the right-hand pages blank for the entries in this chapter hereinafter provided; and~~
 111.24 The same presumption in favor of the regularity and validity of the judgment shall be
 111.25 deemed to exist as in respect to judgments in civil actions in such court, except where taxes
 111.26 have been paid before the entry of judgment, or where the land is exempt from taxation, in
 111.27 which cases the judgment shall be prima facie evidence only of its regularity and validity.

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

111.29 Sec. 41. Minnesota Statutes 2012, section 279.23, is amended to read:

111.30 **279.23 COPY OF JUDGMENT TO COUNTY AUDITOR.**

111.31 When any real estate tax judgment is entered, the court administrator shall ~~forthwith~~
 111.32 deliver to the county auditor, ~~in a book to be provided by the auditor,~~ a certified copy of
 111.33 such judgment, ~~which shall be written on the left-hand pages of the book, leaving the~~
 111.34 ~~right-hand pages blank.~~

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

112.2 Sec. 42. Minnesota Statutes 2012, section 279.25, is amended to read:

112.3 **279.25 PAYMENT BEFORE JUDGMENT.**

112.4 Before sale any person may pay the amount adjudged against any parcel of land.
112.5 If payment is made before entry of judgment, and the delinquent list has been filed with
112.6 the court administrator, the county auditor shall immediately certify such payment to the
112.7 court administrator, who shall note the same on such delinquent list; and all proceedings
112.8 pending against such parcel shall thereupon be discontinued. If payment is made after
112.9 judgment is entered and before sale, the auditor shall certify such payment to the clerk,
112.10 who, upon production of such certificate and the payment of a fee of ten cents, shall enter
112.11 ~~on the right-hand page of the real estate tax judgment book, and opposite the description~~
112.12 ~~of such parcel,~~ satisfaction of the judgment against the same. The auditor shall make
112.13 proper records of all payments made under this section.

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

112.15 Sec. 43. Minnesota Statutes 2013 Supplement, section 279.37, subdivision 2, is
112.16 amended to read:

112.17 Subd. 2. **Installment payments.** The owner of any such parcel, or any person to
112.18 whom the right to pay taxes has been given by statute, mortgage, or other agreement, may
112.19 make and file with the county auditor of the county in which the parcel is located a written
112.20 offer to pay the current taxes each year before they become delinquent, or to contest the
112.21 taxes under ~~Minnesota Statutes 1941, sections 278.01 to 278.13~~ chapter 278, and agree
112.22 to confess judgment for the amount provided, as determined by the county auditor. By
112.23 filing the offer, the owner waives all irregularities in connection with the tax proceedings
112.24 affecting the parcel and any defense or objection which the owner may have to the
112.25 proceedings, and also waives the requirements of any notice of default in the payment of
112.26 any installment or interest to become due pursuant to the composite judgment to be so
112.27 entered. Unless the property is subject to subdivision 1a, with the offer, the owner shall (i)
112.28 tender one-tenth of the amount of the delinquent taxes, costs, penalty, and interest, and
112.29 (ii) tender all current year taxes and penalty due at the time the confession of judgment is
112.30 entered. In the offer, the owner shall agree to pay the balance in nine equal installments,
112.31 with interest as provided in section 279.03, payable annually on installments remaining
112.32 unpaid from time to time, on or before December 31 of each year following the year in
112.33 which judgment was confessed. The offer must be substantially as follows:

113.1 "To the court administrator of the district court of county, I,,
 113.2 am the owner of the following described parcel of real estate located in
 113.3 county, Minnesota:

113.4 Upon that real estate there are delinquent taxes for the year, and
 113.5 prior years, as follows: (here insert year of delinquency and the total amount of delinquent
 113.6 taxes, costs, interest, and penalty). By signing this document I offer to confess judgment in
 113.7 the sum of \$..... and waive all irregularities in the tax proceedings affecting these taxes and
 113.8 any defense or objection which I may have to them, and direct judgment to be entered for
 113.9 the amount stated above, minus the sum of \$....., to be paid with this document, which
 113.10 is one-tenth or one-fifth of the amount of the taxes, costs, penalty, and interest stated above.
 113.11 I agree to pay the balance of the judgment in nine or four equal, annual installments, with
 113.12 interest as provided in section 279.03, payable annually, on the installments remaining
 113.13 unpaid. I agree to pay the installments and interest on or before December 31 of each year
 113.14 following the year in which this judgment is confessed and current taxes each year before
 113.15 they become delinquent, or within 30 days after the entry of final judgment in proceedings
 113.16 to contest the taxes under ~~Minnesota Statutes, sections 278.01 to 278.13~~ chapter 278.

113.17 Dated,"

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

113.19 Sec. 44. Minnesota Statutes 2012, section 280.001, is amended to read:

113.20 **280.001 PUBLIC SALES, AUDITOR'S CERTIFICATES ABOLISHED.**

113.21 ~~Effective the second Monday in May 1974, and each year thereafter,~~ No parcel of
 113.22 land against which judgment has been entered and remains unsatisfied for the taxes of
 113.23 the preceding year or years may be sold at public vendue as provided in sections 280.01
 113.24 and 280.02 by the county auditor but shall be treated in the same manner and regarded in
 113.25 all respects as land bid in for the state by the auditor in the manner provided in section
 113.26 280.02. No notice of sale required by section 280.01 shall be published or posted ~~in 1974~~
 113.27 ~~and in years thereafter,~~ and no auditor's certificate authorized by section 280.03 shall be
 113.28 issued ~~on the second Monday in May 1974, or thereafter.~~

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

113.30 Sec. 45. Minnesota Statutes 2012, section 280.03, is amended to read:

113.31 **280.03 CERTIFICATE OF SALE.**

114.1 The county auditor shall execute to the purchaser of each parcel a certificate which
 114.2 may be substantially in the following form:

114.3 "I,, auditor of the county of, state of Minnesota, do hereby certify that
 114.4 at the sale of lands pursuant to the real estate tax judgment entered in the district court
 114.5 in the county of, on the day of,, in proceedings to enforce the
 114.6 payment of taxes delinquent on real estate for the years, for the county of,
 114.7 which sale was held at, in said county of, on the day of,,
 114.8 the following described parcel of land, situate in said county of, state of Minnesota:
 114.9 (insert description), was offered for sale to the bidder who should offer to pay the amount
 114.10 for which the same was to be sold, at the lowest annual rate of interest on such amount;
 114.11 and at said sale I did sell the said parcel of land to for the sum of dollars,
 114.12 with interest at percent per annum on such amount, that being the sum for which the
 114.13 same was to be sold, and such rate of interest being the lowest rate percent per annum bid
 114.14 on such sum; and, the sum having been paid, I do therefore, in consideration thereof, and
 114.15 pursuant to the statute in such case made and provided, convey the said parcel of land, in
 114.16 fee simple, subject to easements and restrictions of record at the date of the tax judgment
 114.17 sale, including, but without limitation, permits for telephone, ~~telegraph~~ and electric
 114.18 power lines either by underground cable or conduit or otherwise, sewer and water lines,
 114.19 highways, railroads, and pipe lines for gas, liquids, or solids in suspension, to said,
 114.20 and the heirs and assigns of, forever, subject to redemption as provided by law.

114.21 Witness my hand and official seal this day of,

114.22
 114.23 County Auditor."

114.24 If the land shall not be redeemed as provided in chapter 281, such certificate shall
 114.25 pass to the purchaser an estate therein, in fee simple, without any other act or deed
 114.26 whatever subject to easements and restrictions of record at the date of the tax judgment
 114.27 sale, including, but without limitation, permits for telephone, ~~telegraph~~, and electric
 114.28 power lines either by underground cable or conduit or otherwise, sewer and water lines,
 114.29 highways, railroads, and pipe lines for gas, liquids, or solids in suspension. Such certificate
 114.30 may be recorded, after the time for redemption shall have expired, as other deeds of real
 114.31 estate, and with like effect. If any purchaser at such sale shall purchase more than one
 114.32 parcel, the auditor shall issue to the purchaser a certificate for each parcel so purchased.

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

114.34 Sec. 46. Minnesota Statutes 2012, section 280.07, is amended to read:

114.35 **280.07 ENTRIES IN JUDGMENT BOOKS AFTER SALE.**

115.1 Immediately after such sale the county auditor shall ~~set out in the copy judgment~~
 115.2 ~~book record~~ that all parcels were bid in for the state. The county auditor shall thereupon
 115.3 ~~deliver such book to~~ notify the court administrator, ~~who shall forthwith enter on the~~
 115.4 ~~right-hand page of the real estate tax judgment book, opposite the description of each~~
 115.5 ~~parcel sold, the words "bid in for the state," and thereupon redeliver the copy judgment~~
 115.6 ~~book to the auditor.~~ Upon redemption the auditor shall ~~make a note thereon in the copy~~
 115.7 ~~judgment book, opposite the parcel redeemed.~~

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

115.9 Sec. 47. Minnesota Statutes 2012, section 280.11, is amended to read:

115.10 **280.11 LANDS BID IN FOR STATE.**

115.11 At any time after any parcel of land has been bid in for the state, the same not having
 115.12 been redeemed, the county auditor shall assign and convey the same, and all the right of
 115.13 the state therein acquired at such sale, to any person who shall pay the amount for which
 115.14 the same was bid in, with interest at the rate of 12 percent per annum, and the amount of
 115.15 all subsequent delinquent taxes, penalties, costs, and interest at such rate upon the same
 115.16 from the time when such taxes became delinquent. The county auditor shall execute to
 115.17 such person a certificate for such parcel, which may be substantially in the following form:

115.18 "I,, auditor of the county of, state of Minnesota, do hereby certify that
 115.19 at the sale of lands pursuant to the real estate tax judgment entered in the district court
 115.20 in the county of, on the day of,, in proceedings to enforce the
 115.21 payment of taxes delinquent upon real estate for the years for the county of,
 115.22 which sale was held at, in said county of, on the day of,,
 115.23 the following described parcel of land, situate in said county of, state of Minnesota:
 115.24 (insert description), was duly offered for sale; and, no one bidding upon such offer an
 115.25 amount equal to that for which the parcel was subject to be sold, the same was then bid in
 115.26 for the state at such amount, being the sum of dollars; and the same still remaining
 115.27 unredeemed, and on this day having paid into the treasury of the county the amount
 115.28 for which the same was so bid in, and all subsequent delinquent taxes, penalties, costs,
 115.29 and interest, amounting in all to dollars, therefore, in consideration thereof, and
 115.30 pursuant to the statute in such case made and provided, I do hereby assign and convey this
 115.31 parcel of land, in fee simple, subject to easements and restrictions of record at the date of
 115.32 the tax judgment sale, including but without limitation, permits for telephone, ~~telegraph,~~
 115.33 and electric power lines either by underground cable or conduit or otherwise, sewer and
 115.34 water lines, highways, railroads, and pipe lines for gas, liquids, or solids in suspension,

116.1 with all the right, title and interest of the state acquired therein at such sale to, and
 116.2 the heirs and assigns of, forever, subject to redemption as provided by law.

116.3 Witness my hand and official seal this day of,

116.4
 116.5 County Auditor."

116.6 If the land shall not be redeemed, as provided in chapter 281, such certificate shall
 116.7 pass to the purchaser or assignee an estate therein, in fee simple, without any other act
 116.8 or deed whatever subject to easements and restrictions of record at the date of the tax
 116.9 judgment sale, including, but without limitation, permits for telephone, telegraph and
 116.10 electric power lines either by underground cable or conduit or otherwise, sewer and water
 116.11 lines, highways, railroads, and pipe lines for gas, liquids, or solids in suspension. Such
 116.12 certificate or conveyance may be recorded, after the time for redemption shall have
 116.13 expired, as other deeds of real estate, and with like effect. No assignment of the right of
 116.14 the state shall be given pursuant to this section after January 1, 1972.

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

116.16 Sec. 48. Minnesota Statutes 2012, section 281.03, is amended to read:

116.17 **281.03 AUDITOR'S CERTIFICATE.**

116.18 The county auditor shall certify to the amount due on such redemption, and, on
 116.19 payment of the same to the county treasurer, shall make duplicate receipts for the certified
 116.20 amount, describing the property redeemed, one of which shall be filed with the auditor.
 116.21 Such receipts shall be governed by the provisions of this chapter regulating the payment
 116.22 of current taxes and such payment shall have the effect to annul the sale. If the amount
 116.23 certified by the auditor and received in payment for redemption be less than that required
 116.24 by law, it shall not invalidate the redemption. On redemption being made, the auditor shall
 116.25 enter upon the copy of the tax judgment book, opposite the description of record the
 116.26 parcel as redeemed, the word, "redeemed.";

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

116.28 Sec. 49. Minnesota Statutes 2013 Supplement, section 281.17, is amended to read:

116.29 **281.17 PERIOD FOR REDEMPTION.**

116.30 Except for properties for which the period of redemption has been limited under
 116.31 sections 281.173 and 281.174, the following periods for redemption apply.

116.32 The period of redemption for all lands sold to the state at a tax judgment sale shall
 116.33 be three years from the date of sale to the state of Minnesota.

117.1 The period of redemption for homesteaded lands as defined in section 273.13,
117.2 subdivision 22, located in a targeted neighborhood as defined in Laws 1987, chapter 386,
117.3 article 6, section 4, and sold to the state at a tax judgment sale is three years from the date
117.4 of sale. The period of redemption for all lands located in a targeted neighborhood as
117.5 defined in Laws 1987, chapter 386, article 6, section 4, except ~~(1)~~ homesteaded lands as
117.6 defined in section 273.13, subdivision 22, ~~and (2) for periods of redemption beginning~~
117.7 ~~after June 30, 1991, but before July 1, 1996, lands located in the Loring Park targeted~~
117.8 ~~neighborhood on which a notice of lis pendens has been served, and sold to the state at a~~
117.9 ~~tax judgment sale~~ is one year from the date of sale.

117.10 The period of redemption for all real property constituting a mixed municipal solid
117.11 waste disposal facility that is a qualified facility under section 115B.39, subdivision 1, is
117.12 one year from the date of the sale to the state of Minnesota.

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

117.14 Sec. 50. Minnesota Statutes 2012, section 281.327, is amended to read:

117.15 **281.327 CANCELLATION OF CERTIFICATE UPON JUDICIAL ORDER.**

117.16 Upon the petition of any person interested in the land covered by a real estate tax
117.17 sale certificate, state assignment certificate, or forfeited tax sale certificate and, upon the
117.18 giving of such notice to the holder of such certificate as may be ordered, the district court,
117.19 in the proceedings resulting in the judgment upon which a real estate tax judgment sale
117.20 certificate, state assignment certificate, or forfeited tax sale certificate is based, may order
117.21 the cancellation of a real estate tax judgment sale certificate, state assignment certificate,
117.22 or forfeited tax sale certificate upon which notice of expiration of time of redemption
117.23 has been issued when the certificate or a deed issued thereon has not been recorded in
117.24 the office of the county recorder or filed in that of the registrar of titles, if the land is
117.25 registered, within seven years after the date of the issuance of such certificate; the county
117.26 auditor, on the filing of the order, shall ~~make an entry in the proper copy real estate tax~~
117.27 ~~judgment book, opposite the description of the land, "canceled by order of court"~~ record
117.28 the land as canceled by order of court; and the rights of the holder under the certificate
117.29 shall thereupon be terminated of record in the office of the county auditor.

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

117.31 Sec. 51. Minnesota Statutes 2012, section 282.01, subdivision 6, is amended to read:

117.32 Subd. 6. **Duties of commissioner after sale.** When any sale has been made by the
117.33 county auditor under sections 282.01 to 282.13, the auditor shall immediately certify to

118.1 the commissioner of revenue such information relating to such sale, on such forms as the
118.2 commissioner of revenue may prescribe as will enable the commissioner of revenue to
118.3 prepare an appropriate deed if the sale is for cash, or keep necessary records if the sale
118.4 is on terms; and not later than October 31 of each year the county auditor shall submit
118.5 to the commissioner of revenue a statement of all instances wherein any payment of
118.6 principal, interest, or current taxes on lands held under certificate, due or to be paid during
118.7 the preceding calendar years, are still outstanding at the time such certificate is made.
118.8 When such statement shows that a purchaser or the purchaser's assignee is in default, the
118.9 commissioner of revenue may instruct the county board of the county in which the land is
118.10 located to cancel said certificate of sale in the manner provided by subdivision 5, provided
118.11 that upon recommendation of the county board, and where the circumstances are such
118.12 that the commissioner of revenue after investigation is satisfied that the purchaser has
118.13 made every effort reasonable to make payment of both the annual installment and said
118.14 taxes, and that there has been no willful neglect on the part of the purchaser in meeting
118.15 these obligations, then the commissioner of revenue may extend the time for the payment
118.16 for such period as the commissioner may deem warranted, not to exceed one year. On
118.17 payment in full of the purchase price, appropriate conveyance in fee, in such form as may
118.18 be prescribed by the attorney general, shall be issued by the commissioner of revenue,
118.19 which conveyance must be recorded by the county and shall have the force and effect of
118.20 a patent from the state subject to easements and restrictions of record at the date of the
118.21 tax judgment sale, including, but without limitation, permits for telephone, ~~telegraph~~, and
118.22 electric power lines either by underground cable or conduit or otherwise, sewer and water
118.23 lines, highways, railroads, and pipe lines for gas, liquids, or solids in suspension.

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

118.25 Sec. 52. Minnesota Statutes 2012, section 282.04, subdivision 4, is amended to read:

118.26 Subd. 4. **Easements.** The county auditor, when and for such price and on such
118.27 terms and for such period as the county board prescribes, may grant easements or permits
118.28 on unsold tax-forfeited land for telephone, ~~telegraph~~, and electric power lines either by
118.29 underground cable or conduit or otherwise, sewer and water lines, highways, recreational
118.30 trails, railroads, and pipe lines for gas, liquids, or solids in suspension. Any such easement
118.31 or permit may be canceled by resolution of the county board after reasonable notice for
118.32 any substantial breach of its terms or if at any time its continuance will conflict with
118.33 public use of the land, or any part thereof, on which it is granted. Land affected by any
118.34 such easement or permit may be sold or leased for mineral or other legal purpose, but sale
118.35 or lease shall be subject to the easement or permit, and all rights granted by the easement

119.1 or permit shall be excepted from the conveyance or lease of the land and be reserved,
119.2 and may be canceled by the county board in the same manner and for the same reasons
119.3 as it could have been canceled before sale and in that case the rights granted thereby
119.4 shall vest in the state in trust as the land on which it was granted was held before sale or
119.5 lease. Any easement or permit granted before passage of Laws 1951, Chapter 203, may
119.6 be governed thereby if the holder thereof and county board so agree. Reasonable notice
119.7 as used in this subdivision, means a 90-day written notice addressed to the record owner
119.8 of the easement at the last known address, and upon cancellation the county board may
119.9 grant extensions of time to vacate the premises affected.

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

119.11 Sec. 53. Minnesota Statutes 2012, section 282.261, subdivision 2, is amended to read:

119.12 Subd. 2. **Interest rate.** The unpaid balance on any repurchase contract approved
119.13 by the county board ~~on or after July 1, 1982,~~ is subject to interest at the rate determined
119.14 pursuant to section ~~549.09.~~ Repurchase contracts approved after December 31, 1990, are
119.15 subject to interest at the rate determined in section 279.03, subdivision 1a. The interest
119.16 rate is subject to change each year on the unpaid balance in the manner provided for rate
119.17 changes in section ~~549.09 or 279.03,~~ subdivision 1a, ~~whichever is applicable.~~ Interest on
119.18 the unpaid contract balance on repurchases approved before July 1, 1982, is payable at the
119.19 rate applicable to the repurchase contract at the time that it was approved.

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

119.21 Sec. 54. Minnesota Statutes 2012, section 282.261, subdivision 4, is amended to read:

119.22 Subd. 4. **Service fee.** The county auditor may collect a service fee to cover
119.23 administrative costs as set by the county board for each repurchase application received
119.24 after July 1, 1985. The fee must be paid at the time of application and must be credited to
119.25 the county general revenue fund.

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

119.27 Sec. 55. Minnesota Statutes 2012, section 282.261, subdivision 5, is amended to read:

119.28 Subd. 5. **County may impose conditions of repurchase.** The county auditor, after
119.29 receiving county board approval, may impose conditions on repurchase of tax-forfeited
119.30 lands limiting the use of the parcel subject to the repurchase, including, but not limited to,
119.31 environmental remediation action plan restrictions or covenants, or easements for lines or
119.32 equipment for telephone, telegraph, electric power, or telecommunications.

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

120.2 Sec. 56. Minnesota Statutes 2012, section 282.322, is amended to read:

120.3 **282.322 FORFEITED LANDS LIST.**

120.4 The county board of any county may ~~at any time after the passage of Laws 1945,~~
120.5 ~~chapter 296,~~ file a list of forfeited lands with the county auditor, if the board is of the
120.6 opinion that such lands may be acquired by the state or any municipal subdivision thereof
120.7 for public purposes. Upon the filing of such list the county auditor shall withhold said
120.8 lands from repurchase. If no proceeding shall be started to acquire such lands by the
120.9 state or some municipal subdivision thereof within one year after the filing of such list
120.10 the county board shall withdraw said list and thereafter the owner shall have one year in
120.11 which to repurchase ~~as otherwise provided in Laws 1945, chapter 296.~~

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

120.13 Sec. 57. Minnesota Statutes 2012, section 287.30, is amended to read:

120.14 **287.30 COUNTY TREASURER; DUTIES.**

120.15 ~~The care of documentary stamps entrusted to county treasurers and the duties imposed~~
120.16 upon county treasurers by this chapter are within the duties of such office and are within
120.17 the coverage of any official bond delivered to the state, conditioned that any such officer
120.18 shall faithfully execute the duties of office. The county board may by resolution require
120.19 the county auditor to perform any duty imposed on the county treasurer under this chapter.

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

120.21 Sec. 58. Minnesota Statutes 2012, section 289A.25, subdivision 1, is amended to read:

120.22 Subdivision 1. **Requirements to pay.** An individual, trust, S corporation, or
120.23 partnership must, when prescribed in subdivision 3, paragraph (b), make payments of
120.24 estimated tax. For individuals, the term "estimated tax" means the amount the taxpayer
120.25 estimates is the sum of the taxes imposed by chapter 290 for the taxable year. For trusts,
120.26 S corporations, and partnerships, the term estimated tax means the amount the taxpayer
120.27 estimates is the sum of the taxes for the taxable year imposed by chapter 290 and the
120.28 composite income tax imposed by section 289A.08, subdivision 7. If the individual is an
120.29 infant or incompetent person, the payments must be made by the individual's guardian. If
120.30 joint payments on estimated tax are made but a joint return is not made for the taxable
120.31 year, the estimated tax for that year may be treated as the estimated tax of either the
120.32 husband or the wife or may be divided between them.

121.1 ~~Notwithstanding the provisions of this section, no payments of estimated tax are~~
121.2 ~~required if the estimated tax, as defined in this subdivision, less the credits allowed against~~
121.3 ~~the tax, is less than \$500.~~

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

121.5 Sec. 59. Minnesota Statutes 2012, section 290.01, subdivision 5, is amended to read:

121.6 Subd. 5. **Domestic corporation.** The term "domestic" when applied to a corporation
121.7 means a corporation:

121.8 (1) created or organized in the United States, or under the laws of the United
121.9 States or of any state, the District of Columbia, or any political subdivision of any of
121.10 the foregoing but not including the Commonwealth of Puerto Rico, or any possession
121.11 of the United States; or

121.12 (2) which qualifies as a DISC, as defined in section 992(a) of the Internal Revenue
121.13 Code; ~~or~~

121.14 ~~(3) which qualifies as a FSC, as defined in section 922 of the Internal Revenue Code.~~

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

121.17 Sec. 60. Minnesota Statutes 2013 Supplement, section 290.01, subdivision 19d,
121.18 is amended to read:

121.19 Subd. 19d. **Corporations; modifications decreasing federal taxable income.** For
121.20 corporations, there shall be subtracted from federal taxable income after the increases
121.21 provided in subdivision 19c:

121.22 (1) the amount of foreign dividend gross-up added to gross income for federal
121.23 income tax purposes under section 78 of the Internal Revenue Code;

121.24 (2) the amount of salary expense not allowed for federal income tax purposes due to
121.25 claiming the work opportunity credit under section 51 of the Internal Revenue Code;

121.26 (3) any dividend (not including any distribution in liquidation) paid within the
121.27 taxable year by a national or state bank to the United States, or to any instrumentality of
121.28 the United States exempt from federal income taxes, on the preferred stock of the bank
121.29 owned by the United States or the instrumentality;

121.30 ~~(4) amounts disallowed for intangible drilling costs due to differences between~~
121.31 ~~this chapter and the Internal Revenue Code in taxable years beginning before January~~
121.32 ~~1, 1987, as follows:~~

122.1 ~~(i) to the extent the disallowed costs are represented by physical property, an amount~~
122.2 ~~equal to the allowance for depreciation under Minnesota Statutes 1986, section 290.09,~~
122.3 ~~subdivision 7, subject to the modifications contained in subdivision 19c; and~~

122.4 ~~(ii) to the extent the disallowed costs are not represented by physical property, an~~
122.5 ~~amount equal to the allowance for cost depletion under Minnesota Statutes 1986, section~~
122.6 ~~290.09, subdivision 8;~~

122.7 ~~(5) (4)~~ the deduction for capital losses pursuant to sections 1211 and 1212 of the
122.8 Internal Revenue Code, except that:

122.9 (i) for capital losses incurred in taxable years beginning after December 31, 1986,
122.10 capital loss carrybacks shall not be allowed;

122.11 (ii) for capital losses incurred in taxable years beginning after December 31, 1986,
122.12 a capital loss carryover to each of the 15 taxable years succeeding the loss year shall be
122.13 allowed;

122.14 (iii) for capital losses incurred in taxable years beginning before January 1, 1987, a
122.15 capital loss carryback to each of the three taxable years preceding the loss year, subject to
122.16 the provisions of Minnesota Statutes 1986, section 290.16, shall be allowed; and

122.17 (iv) for capital losses incurred in taxable years beginning before January 1, 1987,
122.18 a capital loss carryover to each of the five taxable years succeeding the loss year to the
122.19 extent such loss was not used in a prior taxable year and subject to the provisions of
122.20 Minnesota Statutes 1986, section 290.16, shall be allowed;

122.21 ~~(6) (5)~~ an amount for interest and expenses relating to income not taxable for federal
122.22 income tax purposes, if (i) the income is taxable under this chapter and (ii) the interest and
122.23 expenses were disallowed as deductions under the provisions of section 171(a)(2), 265 or
122.24 291 of the Internal Revenue Code in computing federal taxable income;

122.25 ~~(7) (6)~~ in the case of mines, oil and gas wells, other natural deposits, and timber for
122.26 which percentage depletion was disallowed pursuant to subdivision 19c, clause (8), a
122.27 reasonable allowance for depletion based on actual cost. In the case of leases the deduction
122.28 must be apportioned between the lessor and lessee in accordance with rules prescribed
122.29 by the commissioner. In the case of property held in trust, the allowable deduction must
122.30 be apportioned between the income beneficiaries and the trustee in accordance with the
122.31 pertinent provisions of the trust, or if there is no provision in the instrument, on the basis
122.32 of the trust's income allocable to each;

122.33 ~~(8) (7)~~ for certified pollution control facilities placed in service in a taxable year
122.34 beginning before December 31, 1986, and for which amortization deductions were elected
122.35 under section 169 of the Internal Revenue Code of 1954, as amended through December

123.1 31, 1985, an amount equal to the allowance for depreciation under Minnesota Statutes
123.2 1986, section 290.09, subdivision 7;

123.3 ~~(9)~~ (8) amounts included in federal taxable income that are due to refunds of
123.4 income, excise, or franchise taxes based on net income or related minimum taxes paid
123.5 by the corporation to Minnesota, another state, a political subdivision of another state,
123.6 the District of Columbia, or a foreign country or possession of the United States to the
123.7 extent that the taxes were added to federal taxable income under subdivision 19c, clause
123.8 (1), in a prior taxable year;

123.9 ~~(10)~~ (9) income or gains from the business of mining as defined in section 290.05,
123.10 subdivision 1, clause (a), that are not subject to Minnesota franchise tax;

123.11 ~~(11)~~ (10) the amount of disability access expenditures in the taxable year which are not
123.12 allowed to be deducted or capitalized under section 44(d)(7) of the Internal Revenue Code;

123.13 ~~(12)~~ (11) the amount of qualified research expenses not allowed for federal income
123.14 tax purposes under section 280C(c) of the Internal Revenue Code, but only to the extent
123.15 that the amount exceeds the amount of the credit allowed under section 290.068;

123.16 ~~(13)~~ (12) the amount of salary expenses not allowed for federal income tax purposes
123.17 due to claiming the Indian employment credit under section 45A(a) of the Internal
123.18 Revenue Code;

123.19 ~~(14)~~ (13) any decrease in subpart F income, as defined in section 952(a) of the
123.20 Internal Revenue Code, for the taxable year when subpart F income is calculated without
123.21 regard to the provisions of Division C, title III, section 303(b) of Public Law 110-343;

123.22 ~~(15)~~ (14) in each of the five tax years immediately following the tax year in which
123.23 an addition is required under subdivision 19c, clause (12), an amount equal to one-fifth
123.24 of the delayed depreciation. For purposes of this clause, "delayed depreciation" means
123.25 the amount of the addition made by the taxpayer under subdivision 19c, clause (12). The
123.26 resulting delayed depreciation cannot be less than zero;

123.27 ~~(16)~~ (15) in each of the five tax years immediately following the tax year in which an
123.28 addition is required under subdivision 19c, clause (13), an amount equal to one-fifth of the
123.29 amount of the addition;

123.30 ~~(17)~~ (16) to the extent included in federal taxable income, discharge of indebtedness
123.31 income resulting from reacquisition of business indebtedness included in federal taxable
123.32 income under section 108(i) of the Internal Revenue Code. This subtraction applies only
123.33 to the extent that the income was included in net income in a prior year as a result of the
123.34 addition under subdivision 19c, clause (16); and

124.1 ~~(18)~~ (17) the amount of expenses not allowed for federal income tax purposes due
124.2 to claiming the railroad track maintenance credit under section 45G(a) of the Internal
124.3 Revenue Code.

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

124.6 Sec. 61. Minnesota Statutes 2012, section 290.01, subdivision 19f, is amended to read:

124.7 Subd. 19f. **Basis modifications affecting gain or loss on disposition of property.**

124.8 (a) For individuals, estates, and trusts, the basis of property is its adjusted basis for federal
124.9 income tax purposes except as set forth in paragraphs (e) and (f), ~~(g)~~, and ~~(m)~~. For
124.10 corporations, the basis of property is its adjusted basis for federal income tax purposes,
124.11 without regard to the time when the property became subject to tax under this chapter or to
124.12 whether out-of-state losses or items of tax preference with respect to the property were not
124.13 deductible under this chapter, except that the modifications to the basis for federal income
124.14 tax purposes set forth in paragraphs (b) to ~~(j)~~ (i) are allowed to corporations, and the
124.15 resulting modifications to federal taxable income must be made in the year in which gain
124.16 or loss on the sale or other disposition of property is recognized.

124.17 (b) The basis of property shall not be reduced to reflect federal investment tax credit.

124.18 ~~(c) The basis of property subject to the accelerated cost recovery system under~~
124.19 ~~section 168 of the Internal Revenue Code shall be modified to reflect the modifications in~~
124.20 ~~depreciation with respect to the property provided for in subdivision 19e. For certified~~
124.21 ~~pollution control facilities for which amortization deductions were elected under section~~
124.22 ~~169 of the Internal Revenue Code of 1954, the basis of the property must be increased by~~
124.23 ~~the amount of the amortization deduction not previously allowed under this chapter.~~

124.24 ~~(d)~~ For property acquired before January 1, 1933, the basis for computing a gain is
124.25 the fair market value of the property as of that date. The basis for determining a loss is
124.26 the cost of the property to the taxpayer less any depreciation, amortization, or depletion,
124.27 actually sustained before that date. If the adjusted cost exceeds the fair market value of the
124.28 property, then the basis is the adjusted cost regardless of whether there is a gain or loss.

124.29 ~~(e)~~ (d) The basis is reduced by the allowance for amortization of bond premium if
124.30 an election to amortize was made pursuant to Minnesota Statutes 1986, section 290.09,
124.31 subdivision 13, and the allowance could have been deducted by the taxpayer under this
124.32 chapter during the period of the taxpayer's ownership of the property.

124.33 ~~(f)~~ (e) For assets placed in service before January 1, 1987, corporations, partnerships,
124.34 or individuals engaged in the business of mining ores other than iron ore or taconite

125.1 concentrates subject to the occupation tax under chapter 298 must use the occupation
125.2 tax basis of property used in that business.

125.3 ~~(g)~~ (f) For assets placed in service before January 1, 1990, corporations, partnerships,
125.4 or individuals engaged in the business of mining iron ore or taconite concentrates subject
125.5 to the occupation tax under chapter 298 must use the occupation tax basis of property
125.6 used in that business.

125.7 ~~(h)~~ (g) In applying the provisions of sections 301(c)(3)(B), 312(f) and (g), and
125.8 316(a)(1) of the Internal Revenue Code, the dates December 31, 1932, and January 1,
125.9 1933, shall be substituted for February 28, 1913, and March 1, 1913, respectively.

125.10 ~~(i)~~ (h) In applying the provisions of section 362(a) and (c) of the Internal Revenue
125.11 Code, the date December 31, 1956, shall be substituted for June 22, 1954.

125.12 ~~(j)~~ (i) The basis of property shall be increased by the amount of intangible drilling
125.13 costs not previously allowed due to differences between this chapter and the Internal
125.14 Revenue Code.

125.15 ~~(k)~~ (j) The adjusted basis of any corporate partner's interest in a partnership is
125.16 the same as the adjusted basis for federal income tax purposes modified as required to
125.17 reflect the basis modifications set forth in paragraphs (b) to ~~(j)~~ (i). The adjusted basis
125.18 of a partnership in which the partner is an individual, estate, or trust is the same as the
125.19 adjusted basis for federal income tax purposes modified as required to reflect the basis
125.20 modifications set forth in paragraphs (e) and (f) and ~~(g)~~.

125.21 ~~(l)~~ (k) The modifications contained in paragraphs (b) to ~~(j)~~ (i) also apply to the basis
125.22 of property that is determined by reference to the basis of the same property in the hands
125.23 of a different taxpayer or by reference to the basis of different property.

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

125.26 Sec. 62. Minnesota Statutes 2012, section 290.01, subdivision 29, is amended to read:

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

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

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

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

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

125.32 (iii) the exemption for operating in a job opportunity building zone under section
125.33 469.317; and

125.34 ~~(iv) the exemption for operating in a biotechnology and health sciences industry
125.35 zone under section 469.337.~~

126.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
126.2 December 31, 2015.

126.3 Sec. 63. Minnesota Statutes 2012, section 290.015, subdivision 1, is amended to read:

126.4 Subdivision 1. **General rule.** (a) Except as provided in subdivision 3, a person
126.5 that conducts a trade or business that has a place of business in this state, regularly has
126.6 employees or independent contractors conducting business activities on its behalf in this
126.7 state, or owns or leases real property that is located in this state or tangible personal
126.8 property, including but not limited to mobile property, that is present in this state is subject
126.9 to the taxes imposed by this chapter.

126.10 (b) Except as provided in subdivision 3, a person that conducts a trade or business
126.11 not described in paragraph (a) is subject to the taxes imposed by this chapter if the trade
126.12 or business obtains or regularly solicits business from within this state, without regard
126.13 to physical presence in this state.

126.14 (c) For purposes of paragraph (b), business from within this state includes, but is
126.15 not limited to:

126.16 (1) sales of products or services of any kind or nature to customers in this state who
126.17 receive the product or service in this state;

126.18 (2) sales of services which are performed from outside this state but the services
126.19 are received in this state;

126.20 (3) transactions with customers in this state that involve intangible property and
126.21 result in receipts attributed to this state as provided in section 290.191, subdivision 5 or 6;

126.22 (4) leases of tangible personal property that is located in this state as defined in
126.23 section 290.191, subdivision 5, paragraph (g), or 6, paragraph (e); and

126.24 (5) sales and leases of real property located in this state.

126.25 (d) For purposes of paragraph (b), solicitation includes, but is not limited to:

126.26 (1) the distribution, by mail or otherwise, without regard to the state from which such
126.27 distribution originated or in which the materials were prepared, of catalogs, periodicals,
126.28 advertising flyers, or other written solicitations of business to customers in this state;

126.29 (2) display of advertisements on billboards or other outdoor advertising in this state;

126.30 (3) advertisements in newspapers published in this state;

126.31 (4) advertisements in trade journals or other periodicals, the circulation of which is
126.32 primarily within this state;

126.33 (5) advertisements in a Minnesota edition of a national or regional publication or a
126.34 limited regional edition of which this state is included of a broader regional or national

127.1 publication which are not placed in other geographically defined editions of the same issue
127.2 of the same publication;

127.3 (6) advertisements in regional or national publications in an edition which is not
127.4 by its contents geographically targeted to Minnesota, but which is sold over the counter
127.5 in Minnesota or by subscription to Minnesota residents;

127.6 (7) advertisements broadcast on a radio or television station located in Minnesota; or

127.7 (8) any other solicitation by ~~telegraph~~, telephone, computer database, cable, optic,
127.8 microwave, or other communication system.

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

127.10 Sec. 64. Minnesota Statutes 2012, section 290.07, subdivision 1, is amended to read:

127.11 Subdivision 1. **Annual accounting period.** Net income and taxable net income
127.12 shall be computed upon the basis of the taxpayer's annual accounting period. If a taxpayer
127.13 has no annual accounting period, or has one other than a fiscal year, ~~as heretofore defined,~~
127.14 the net income and taxable net income shall be computed on the basis of the calendar year.
127.15 Taxpayers shall employ the same accounting period on which they report, or would be
127.16 required to report, their net income under the Internal Revenue Code. The commissioner
127.17 shall provide by rule for the determination of the accounting period for taxpayers who file
127.18 a combined report under section 290.17, subdivision 4, when members of the group use
127.19 different accounting periods for federal income tax purposes. ~~Unless the taxpayer changes~~
127.20 ~~its accounting period for federal purposes, the due date of the return is not changed.~~

127.21 ~~A taxpayer may change accounting periods only with the consent of the~~
127.22 ~~commissioner. In case of any such change, the taxpayer shall pay a tax for the period~~
127.23 ~~not included in either the taxpayer's former or newly adopted taxable year, computed as~~
127.24 ~~provided in section 290.32.~~

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

127.27 Sec. 65. Minnesota Statutes 2012, section 290.07, subdivision 2, is amended to read:

127.28 Subd. 2. **Accounting methods.** Except as specifically provided to the contrary by
127.29 this chapter, net income and taxable net income shall be computed in accordance with
127.30 the method of accounting regularly employed in keeping the taxpayer's books. If no such
127.31 accounting system has been regularly employed, or if that employed does not clearly or
127.32 fairly reflect income or the income taxable under this chapter, the computation shall be

128.1 made in accordance with such method as in the opinion of the commissioner does clearly
128.2 and fairly reflect income and the income taxable under this chapter.

128.3 ~~Except as otherwise expressly provided in this chapter, a taxpayer who changes the~~
128.4 ~~method of accounting for regularly computing the taxpayer's income in keeping books~~
128.5 ~~shall, before computing net income and taxable net income under the new method, secure~~
128.6 ~~the consent of the commissioner.~~

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

128.9 Sec. 66. Minnesota Statutes 2013 Supplement, section 290.0921, subdivision 3,
128.10 is amended to read:

128.11 Subd. 3. **Alternative minimum taxable income.** "Alternative minimum taxable
128.12 income" is Minnesota net income as defined in section 290.01, subdivision 19, and
128.13 includes the adjustments and tax preference items in sections 56, 57, 58, and 59(d), (e),
128.14 (f), and (h) of the Internal Revenue Code. If a corporation files a separate company
128.15 Minnesota tax return, the minimum tax must be computed on a separate company basis.
128.16 If a corporation is part of a tax group filing a unitary return, the minimum tax must be
128.17 computed on a unitary basis. The following adjustments must be made.

128.18 ~~(1) For purposes of the depreciation adjustments under section 56(a)(1) and~~
128.19 ~~56(g)(4)(A) of the Internal Revenue Code, the basis for depreciable property placed in~~
128.20 ~~service in a taxable year beginning before January 1, 1990, is the adjusted basis for federal~~
128.21 ~~income tax purposes, including any modification made in a taxable year under section~~
128.22 ~~290.01, subdivision 19c, or Minnesota Statutes 1986, section 290.09, subdivision 7,~~
128.23 ~~paragraph (c).~~

128.24 ~~For taxable years beginning after December 31, 2000, the amount of any remaining~~
128.25 ~~modification made under section 290.01, subdivision 19c, or Minnesota Statutes 1986,~~
128.26 ~~section 290.09, subdivision 7, paragraph (c), not previously deducted is a depreciation~~
128.27 ~~allowance in the first taxable year after December 31, 2000.~~

128.28 ~~(2)~~ (1) The portion of the depreciation deduction allowed for federal income tax
128.29 purposes under section 168(k) of the Internal Revenue Code that is required as an
128.30 addition under section 290.01, subdivision 19c, clause (12), is disallowed in determining
128.31 alternative minimum taxable income.

128.32 ~~(3)~~ (2) The subtraction for depreciation allowed under section 290.01, subdivision
128.33 19d, clause ~~(15)~~ (14), is allowed as a depreciation deduction in determining alternative
128.34 minimum taxable income.

129.1 ~~(4)~~ (3) The alternative tax net operating loss deduction under sections 56(a)(4) and
129.2 56(d) of the Internal Revenue Code does not apply.

129.3 ~~(5)~~ (4) The special rule for certain dividends under section 56(g)(4)(C)(ii) of the
129.4 Internal Revenue Code does not apply.

129.5 ~~(6)~~ (5) The tax preference for depletion under section 57(a)(1) of the Internal
129.6 Revenue Code does not apply.

129.7 ~~(7)~~ The tax preference for intangible drilling costs under section 57(a)(2) of the
129.8 Internal Revenue Code must be calculated without regard to subparagraph (E) and the
129.9 subtraction under section 290.01, subdivision 19d, clause (4).

129.10 ~~(8)~~ (6) The tax preference for tax exempt interest under section 57(a)(5) of the
129.11 Internal Revenue Code does not apply.

129.12 ~~(9)~~ (7) The tax preference for charitable contributions of appreciated property under
129.13 section 57(a)(6) of the Internal Revenue Code does not apply.

129.14 ~~(10)~~ For purposes of calculating the tax preference for accelerated depreciation or
129.15 amortization on certain property placed in service before January 1, 1987, under section
129.16 57(a)(7) of the Internal Revenue Code, the deduction allowable for the taxable year is the
129.17 deduction allowed under section 290.01, subdivision 19e.

129.18 For taxable years beginning after December 31, 2000, the amount of any remaining
129.19 modification made under section 290.01, subdivision 19e, not previously deducted is a
129.20 depreciation or amortization allowance in the first taxable year after December 31, 2004.

129.21 ~~(11)~~ (8) For purposes of calculating the adjustment for adjusted current earnings
129.22 in section 56(g) of the Internal Revenue Code, the term "alternative minimum taxable
129.23 income" as it is used in section 56(g) of the Internal Revenue Code, means alternative
129.24 minimum taxable income as defined in this subdivision, determined without regard to the
129.25 adjustment for adjusted current earnings in section 56(g) of the Internal Revenue Code.

129.26 ~~(12)~~ (9) For purposes of determining the amount of adjusted current earnings under
129.27 section 56(g)(3) of the Internal Revenue Code, no adjustment shall be made under section
129.28 56(g)(4) of the Internal Revenue Code with respect to (i) the amount of foreign dividend
129.29 gross-up subtracted as provided in section 290.01, subdivision 19d, clause (1), or (ii) the
129.30 amount of refunds of income, excise, or franchise taxes subtracted as provided in section
129.31 290.01, subdivision 19d, clause (9).

129.32 ~~(13)~~ (10) Alternative minimum taxable income excludes the income from operating
129.33 in a job opportunity building zone as provided under section 469.317.

129.34 ~~(14)~~ Alternative minimum taxable income excludes the income from operating in a
129.35 biotechnology and health sciences industry zone as provided under section 469.337.

130.1 Items of tax preference must not be reduced below zero as a result of the
130.2 modifications in this subdivision.

130.3 **EFFECTIVE DATE.** The amendments striking clauses (1), (7), and (10), and
130.4 the renumbering of clauses are effective for taxable years beginning after December
130.5 31, 2013. The amendment striking clause (14) is effective for taxable years beginning
130.6 after December 31, 2015.

130.7 Sec. 67. Minnesota Statutes 2012, section 290.0922, subdivision 3, is amended to read:

130.8 Subd. 3. **Definitions.** (a) "Minnesota sales or receipts" means the total sales
130.9 apportioned to Minnesota pursuant to section 290.191, subdivision 5, the total receipts
130.10 attributed to Minnesota pursuant to section 290.191, subdivisions 6 to 8, and/or the
130.11 total sales or receipts apportioned or attributed to Minnesota pursuant to any other
130.12 apportionment formula applicable to the taxpayer.

130.13 (b) "Minnesota property" means total Minnesota tangible property as provided in
130.14 section 290.191, subdivisions 9 to 11, any other tangible property located in Minnesota,
130.15 but does not include: ~~(1) the property of a qualified business as defined under section~~
130.16 ~~469.310, subdivision 11, that is located in a job opportunity building zone designated~~
130.17 ~~under section 469.314 and (2) property of a qualified business located in a biotechnology~~
130.18 ~~and health sciences industry zone designated under section 469.334.~~ Intangible property
130.19 shall not be included in Minnesota property for purposes of this section. Taxpayers who
130.20 do not utilize tangible property to apportion income shall nevertheless include Minnesota
130.21 property for purposes of this section. On a return for a short taxable year, the amount of
130.22 Minnesota property owned, as determined under section 290.191, shall be included in
130.23 Minnesota property based on a fraction in which the numerator is the number of days in
130.24 the short taxable year and the denominator is 365.

130.25 (c) "Minnesota payrolls" means total Minnesota payrolls as provided in section
130.26 290.191, subdivision 12, but does not include: ~~(1) the job opportunity building zone payroll~~
130.27 ~~under section 469.310, subdivision 8, of a qualified business as defined under section~~
130.28 ~~469.310, subdivision 11, and (2) biotechnology and health sciences industry zone payrolls~~
130.29 ~~under section 469.330, subdivision 8.~~ Taxpayers who do not utilize payrolls to apportion
130.30 income shall nevertheless include Minnesota payrolls for purposes of this section.

130.31 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
130.32 December 31, 2015.

130.33 Sec. 68. Minnesota Statutes 2012, section 290.095, subdivision 3, is amended to read:

131.1 Subd. 3. **Carryover.** (a) A net operating loss incurred ~~in a~~ during the taxable year:
131.2 ~~(i) beginning after December 31, 1986,~~ shall be a net operating loss carryover to each of
131.3 the 15 taxable years following the taxable year of such loss; ~~(ii) beginning before January~~
131.4 ~~1, 1987, shall be a net operating loss carryover to each of the five taxable years following~~
131.5 ~~the taxable year of such loss subject to the provisions of Minnesota Statutes 1986, section~~
131.6 ~~290.095; and (iii) beginning before January 1, 1987, shall be a net operating loss carryback~~
131.7 ~~to each of the three taxable years preceding the loss year subject to the provisions of~~
131.8 ~~Minnesota Statutes 1986, section 290.095.~~

131.9 (b) The entire amount of the net operating loss for any taxable year shall be carried to
131.10 the earliest of the taxable years to which such loss may be carried. The portion of such loss
131.11 which shall be carried to each of the other taxable years shall be the excess, if any, of the
131.12 amount of such loss over the sum of the taxable net income, adjusted by the modifications
131.13 specified in subdivision 4, for each of the taxable years to which such loss may be carried.

131.14 (c) Where a corporation apportions its income under the provisions of section
131.15 290.191, the net operating loss deduction incurred in any taxable year shall be allowed
131.16 to the extent of the apportionment ratio of the loss year.

131.17 (d) The provisions of sections 381, 382, and 384 of the Internal Revenue Code apply
131.18 to carryovers in certain corporate acquisitions and special limitations on net operating loss
131.19 carryovers. The limitation amount determined under section 382 shall be applied to net
131.20 income, before apportionment, in each post change year to which a loss is carried.

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

131.23 Sec. 69. Minnesota Statutes 2013 Supplement, section 290.191, subdivision 5, is
131.24 amended to read:

131.25 Subd. 5. **Determination of sales factor.** For purposes of this section, the following
131.26 rules apply in determining the sales factor.

131.27 (a) The sales factor includes all sales, gross earnings, or receipts received in the
131.28 ordinary course of the business, except that the following types of income are not included
131.29 in the sales factor:

131.30 (1) interest;

131.31 (2) dividends;

131.32 (3) sales of capital assets as defined in section 1221 of the Internal Revenue Code;

131.33 (4) sales of property used in the trade or business, except sales of leased property of
131.34 a type which is regularly sold as well as leased; and

132.1 (5) sales of debt instruments as defined in section 1275(a)(1) of the Internal Revenue
132.2 Code or sales of stock.

132.3 (b) Sales of tangible personal property are made within this state if the property is
132.4 received by a purchaser at a point within this state, ~~and the taxpayer is taxable in this state,~~
132.5 regardless of the f.o.b. point, other conditions of the sale, or the ultimate destination
132.6 of the property.

132.7 (c) Tangible personal property delivered to a common or contract carrier or foreign
132.8 vessel for delivery to a purchaser in another state or nation is a sale in that state or nation,
132.9 regardless of f.o.b. point or other conditions of the sale.

132.10 (d) Notwithstanding paragraphs (b) and (c), when intoxicating liquor, wine,
132.11 fermented malt beverages, cigarettes, or tobacco products are sold to a purchaser who is
132.12 licensed by a state or political subdivision to resell this property only within the state of
132.13 ultimate destination, the sale is made in that state.

132.14 (e) Sales made by or through a corporation that is qualified as a domestic
132.15 international sales corporation under section 992 of the Internal Revenue Code are not
132.16 considered to have been made within this state.

132.17 (f) Sales, rents, royalties, and other income in connection with real property is
132.18 attributed to the state in which the property is located.

132.19 (g) Receipts from the lease or rental of tangible personal property, including finance
132.20 leases and true leases, must be attributed to this state if the property is located in this
132.21 state and to other states if the property is not located in this state. Receipts from the
132.22 lease or rental of moving property including, but not limited to, motor vehicles, rolling
132.23 stock, aircraft, vessels, or mobile equipment are included in the numerator of the receipts
132.24 factor to the extent that the property is used in this state. The extent of the use of moving
132.25 property is determined as follows:

132.26 (1) A motor vehicle is used wholly in the state in which it is registered.

132.27 (2) The extent that rolling stock is used in this state is determined by multiplying
132.28 the receipts from the lease or rental of the rolling stock by a fraction, the numerator of
132.29 which is the miles traveled within this state by the leased or rented rolling stock and the
132.30 denominator of which is the total miles traveled by the leased or rented rolling stock.

132.31 (3) The extent that an aircraft is used in this state is determined by multiplying the
132.32 receipts from the lease or rental of the aircraft by a fraction, the numerator of which is
132.33 the number of landings of the aircraft in this state and the denominator of which is the
132.34 total number of landings of the aircraft.

132.35 (4) The extent that a vessel, mobile equipment, or other mobile property is used in
132.36 the state is determined by multiplying the receipts from the lease or rental of the property

133.1 by a fraction, the numerator of which is the number of days during the taxable year the
133.2 property was in this state and the denominator of which is the total days in the taxable year.

133.3 (h) Royalties and other income received for the use of or for the privilege of using
133.4 intangible property, including patents, know-how, formulas, designs, processes, patterns,
133.5 copyrights, trade names, service names, franchises, licenses, contracts, customer lists, or
133.6 similar items, must be attributed to the state in which the property is used by the purchaser.
133.7 If the property is used in more than one state, the royalties or other income must be
133.8 apportioned to this state pro rata according to the portion of use in this state. If the portion
133.9 of use in this state cannot be determined, the royalties or other income must be excluded
133.10 from both the numerator and the denominator. Intangible property is used in this state if
133.11 the purchaser uses the intangible property or the rights therein in the regular course of its
133.12 business operations in this state, regardless of the location of the purchaser's customers.

133.13 (i) Sales of intangible property are made within the state in which the property is
133.14 used by the purchaser. If the property is used in more than one state, the sales must be
133.15 apportioned to this state pro rata according to the portion of use in this state. If the
133.16 portion of use in this state cannot be determined, the sale must be excluded from both the
133.17 numerator and the denominator of the sales factor. Intangible property is used in this
133.18 state if the purchaser used the intangible property in the regular course of its business
133.19 operations in this state.

133.20 (j) Receipts from the performance of services must be attributed to the state where
133.21 the services are received. For the purposes of this section, receipts from the performance
133.22 of services provided to a corporation, partnership, or trust may only be attributed to a state
133.23 where it has a fixed place of doing business. If the state where the services are received is
133.24 not readily determinable or is a state where the corporation, partnership, or trust receiving
133.25 the service does not have a fixed place of doing business, the services shall be deemed
133.26 to be received at the location of the office of the customer from which the services were
133.27 ordered in the regular course of the customer's trade or business. If the ordering office
133.28 cannot be determined, the services shall be deemed to be received at the office of the
133.29 customer to which the services are billed.

133.30 (k) For the purposes of this subdivision and subdivision 6, paragraph (l), receipts
133.31 from management, distribution, or administrative services performed by a corporation
133.32 or trust for a fund of a corporation or trust regulated under United States Code, title 15,
133.33 sections 80a-1 through 80a-64, must be attributed to the state where the shareholder of
133.34 the fund resides. Under this paragraph, receipts for services attributed to shareholders are
133.35 determined on the basis of the ratio of: (1) the average of the outstanding shares in the
133.36 fund owned by shareholders residing within Minnesota at the beginning and end of each

134.1 year; and (2) the average of the total number of outstanding shares in the fund at the
134.2 beginning and end of each year. Residence of the shareholder, in the case of an individual,
134.3 is determined by the mailing address furnished by the shareholder to the fund. Residence
134.4 of the shareholder, when the shares are held by an insurance company as a depositor for
134.5 the insurance company policyholders, is the mailing address of the policyholders. In
134.6 the case of an insurance company holding the shares as a depositor for the insurance
134.7 company policyholders, if the mailing address of the policyholders cannot be determined
134.8 by the taxpayer, the receipts must be excluded from both the numerator and denominator.
134.9 Residence of other shareholders is the mailing address of the shareholder.

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

134.11 Sec. 70. Minnesota Statutes 2012, section 290.9728, subdivision 2, is amended to read:

134.12 Subd. 2. **Taxable income.** For purposes of this section, taxable income means
134.13 the lesser of:

134.14 (1) the amount of the net capital gain of the S corporation for the taxable year, as
134.15 determined under sections 1222 and 1374 of the Internal Revenue Code, and subject to the
134.16 modifications provided in section 290.01, ~~subdivisions 19e and~~ subdivision 19f, in excess
134.17 of \$25,000 that is allocable to this state under section 290.17, 290.191, or 290.20; or

134.18 (2) the amount of the S corporation's federal taxable income, subject to the
134.19 provisions of section 290.01, subdivisions 19c to 19f, that is allocable to this state under
134.20 section 290.17, 290.191, or 290.20.

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

134.23 Sec. 71. Minnesota Statutes 2013 Supplement, section 297A.61, subdivision 3, as
134.24 amended by Laws 2014, chapter 150, article 2, section 1, is amended to read:

134.25 Subd. 3. **Sale and purchase.** (a) "Sale" and "purchase" include, but are not limited
134.26 to, each of the transactions listed in this subdivision. In applying the provisions of this
134.27 chapter, the terms "tangible personal property" and "retail sale" include the taxable
134.28 services listed in paragraph (g), clause (6), items (i) to (vi) and (viii), and the provision
134.29 of these taxable services, unless specifically provided otherwise. Services performed by
134.30 an employee for an employer are not taxable. Services performed by a partnership or
134.31 association for another partnership or association are not taxable if one of the entities owns
134.32 or controls more than 80 percent of the voting power of the equity interest in the other
134.33 entity. Services performed between members of an affiliated group of corporations are not

135.1 taxable. For purposes of the preceding sentence, "affiliated group of corporations" means
135.2 those entities that would be classified as members of an affiliated group as defined under
135.3 United States Code, title 26, section 1504, disregarding the exclusions in section 1504(b).

135.4 (b) Sale and purchase include:

135.5 (1) any transfer of title or possession, or both, of tangible personal property, whether
135.6 absolutely or conditionally, for a consideration in money or by exchange or barter; and

135.7 (2) the leasing of or the granting of a license to use or consume, for a consideration
135.8 in money or by exchange or barter, tangible personal property, other than a manufactured
135.9 home used for residential purposes for a continuous period of 30 days or more.

135.10 (c) Sale and purchase include the production, fabrication, printing, or processing of
135.11 tangible personal property for a consideration for consumers who furnish either directly or
135.12 indirectly the materials used in the production, fabrication, printing, or processing.

135.13 (d) Sale and purchase include the preparing for a consideration of food.

135.14 Notwithstanding section 297A.67, subdivision 2, taxable food includes, but is not limited
135.15 to, the following:

135.16 (1) prepared food sold by the retailer;

135.17 (2) soft drinks;

135.18 (3) candy;

135.19 (4) dietary supplements; and

135.20 (5) all food sold through vending machines.

135.21 (e) A sale and a purchase includes the furnishing for a consideration of electricity,
135.22 gas, water, or steam for use or consumption within this state.

135.23 (f) A sale and a purchase includes the transfer for a consideration of prewritten
135.24 computer software whether delivered electronically, by load and leave, or otherwise.

135.25 (g) A sale and a purchase includes the furnishing for a consideration of the following
135.26 services:

135.27 (1) the privilege of admission to places of amusement, recreational areas, or athletic
135.28 events, and the making available of amusement devices, tanning facilities, reducing
135.29 salons, steam baths, ~~Turkish baths~~, health clubs, and spas or athletic facilities;

135.30 (2) lodging and related services by a hotel, rooming house, resort, campground,
135.31 motel, or trailer camp, including furnishing the guest of the facility with access to
135.32 telecommunication services, and the granting of any similar license to use real property in
135.33 a specific facility, other than the renting or leasing of it for a continuous period of 30 days
135.34 or more under an enforceable written agreement that may not be terminated without prior
135.35 notice and including accommodations intermediary services provided in connection with
135.36 other services provided under this clause;

136.1 (3) nonresidential parking services, whether on a contractual, hourly, or other
136.2 periodic basis, except for parking at a meter;

136.3 (4) the granting of membership in a club, association, or other organization if:

136.4 (i) the club, association, or other organization makes available for the use of its
136.5 members sports and athletic facilities, without regard to whether a separate charge is
136.6 assessed for use of the facilities; and

136.7 (ii) use of the sports and athletic facility is not made available to the general public
136.8 on the same basis as it is made available to members.

136.9 Granting of membership means both onetime initiation fees and periodic membership
136.10 dues. Sports and athletic facilities include golf courses; tennis, racquetball, handball, and
136.11 squash courts; basketball and volleyball facilities; running tracks; exercise equipment;
136.12 swimming pools; and other similar athletic or sports facilities;

136.13 (5) delivery of aggregate materials by a third party, excluding delivery of aggregate
136.14 material used in road construction; and delivery of concrete block by a third party if the
136.15 delivery would be subject to the sales tax if provided by the seller of the concrete block.

136.16 For purposes of this clause, "road construction" means construction of:

136.17 (i) public roads;

136.18 (ii) cartways; and

136.19 (iii) private roads in townships located outside of the seven-county metropolitan area
136.20 up to the point of the emergency response location sign; and

136.21 (6) services as provided in this clause:

136.22 (i) laundry and dry cleaning services including cleaning, pressing, repairing, altering,
136.23 and storing clothes, linen services and supply, cleaning and blocking hats, and carpet,
136.24 drapery, upholstery, and industrial cleaning. Laundry and dry cleaning services do not
136.25 include services provided by coin operated facilities operated by the customer;

136.26 (ii) motor vehicle washing, waxing, and cleaning services, including services
136.27 provided by coin operated facilities operated by the customer, and rustproofing,
136.28 undercoating, and towing of motor vehicles;

136.29 (iii) building and residential cleaning, maintenance, and disinfecting services and
136.30 pest control and exterminating services;

136.31 (iv) detective, security, burglar, fire alarm, and armored car services; but not
136.32 including services performed within the jurisdiction they serve by off-duty licensed peace
136.33 officers as defined in section 626.84, subdivision 1, or services provided by a nonprofit
136.34 organization or any organization at the direction of a county for monitoring and electronic
136.35 surveillance of persons placed on in-home detention pursuant to court order or under the
136.36 direction of the Minnesota Department of Corrections;

- 137.1 (v) pet grooming services;
- 137.2 (vi) lawn care, fertilizing, mowing, spraying and sprigging services; garden planting
137.3 and maintenance; tree, bush, and shrub pruning, bracing, spraying, and surgery; indoor
137.4 plant care; tree, bush, shrub, and stump removal, except when performed as part of a land
137.5 clearing contract as defined in section 297A.68, subdivision 40; and tree trimming for
137.6 public utility lines. Services performed under a construction contract for the installation of
137.7 shrubbery, plants, sod, trees, bushes, and similar items are not taxable;
- 137.8 (vii) massages, except when provided by a licensed health care facility or
137.9 professional or upon written referral from a licensed health care facility or professional for
137.10 treatment of illness, injury, or disease; and
- 137.11 (viii) the furnishing of lodging, board, and care services for animals in kennels and
137.12 other similar arrangements, but excluding veterinary and horse boarding services.
- 137.13 (h) A sale and a purchase includes the furnishing for a consideration of tangible
137.14 personal property or taxable services by the United States or any of its agencies or
137.15 instrumentalities, or the state of Minnesota, its agencies, instrumentalities, or political
137.16 subdivisions.
- 137.17 (i) A sale and a purchase includes the furnishing for a consideration of
137.18 telecommunications services, ancillary services associated with telecommunication
137.19 services, and pay television services. Telecommunication services include, but are
137.20 not limited to, the following services, as defined in section 297A.669: air-to-ground
137.21 radiotelephone service, mobile telecommunication service, postpaid calling service,
137.22 prepaid calling service, prepaid wireless calling service, and private communication
137.23 services. The services in this paragraph are taxed to the extent allowed under federal law.
- 137.24 (j) A sale and a purchase includes the furnishing for a consideration of installation if
137.25 the installation charges would be subject to the sales tax if the installation were provided
137.26 by the seller of the item being installed.
- 137.27 (k) A sale and a purchase includes the rental of a vehicle by a motor vehicle dealer
137.28 to a customer when (1) the vehicle is rented by the customer for a consideration, or (2)
137.29 the motor vehicle dealer is reimbursed pursuant to a service contract as defined in section
137.30 59B.02, subdivision 11.
- 137.31 (l) A sale and a purchase includes furnishing for a consideration of specified digital
137.32 products or other digital products or granting the right for a consideration to use specified
137.33 digital products or other digital products on a temporary or permanent basis and regardless
137.34 of whether the purchaser is required to make continued payments for such right. Wherever
137.35 the term "tangible personal property" is used in this chapter, other than in subdivisions 10

138.1 and 38, the provisions also apply to specified digital products, or other digital products,
138.2 unless specifically provided otherwise or the context indicates otherwise.

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

138.4 Sec. 72. Minnesota Statutes 2012, section 297A.70, subdivision 10, is amended to read:

138.5 Subd. 10. **Nonprofit tickets or admissions.** (a) Tickets or admissions to an event
138.6 are exempt if all the gross receipts are recorded as such, in accordance with generally
138.7 accepted accounting principles, on the books of one or more organizations whose primary
138.8 mission is to provide an opportunity for citizens of the state to participate in the creation,
138.9 performance, or appreciation of the arts, and provided that each organization is:

138.10 (1) an organization described in section 501(c)(3) of the Internal Revenue Code
138.11 in which voluntary contributions make up at least ~~the following~~ five percent of the
138.12 organization's annual revenue in its most recently completed 12-month fiscal year, or in
138.13 the current year if the organization has not completed a 12-month fiscal year~~;~~

138.14 ~~(i) for sales made after July 31, 2001, and before July 1, 2002, for the organization's~~
138.15 ~~fiscal year completed in calendar year 2000, three percent;~~

138.16 ~~(ii) for sales made on or after July 1, 2002, and on or before June 30, 2003, for the~~
138.17 ~~organization's fiscal year completed in calendar year 2001, three percent;~~

138.18 ~~(iii) for sales made on or after July 1, 2003, and on or before June 30, 2004, for the~~
138.19 ~~organization's fiscal year completed in calendar year 2002, four percent; and~~

138.20 ~~(iv) for sales made in each 12-month period, beginning on July 1, 2004, and each~~
138.21 ~~subsequent year, for the organization's fiscal year completed in the preceding calendar~~
138.22 ~~year, five percent;~~

138.23 (2) a municipal board that promotes cultural and arts activities; or

138.24 (3) the University of Minnesota, a state college and university, or a private nonprofit
138.25 college or university provided that the event is held at a facility owned by the educational
138.26 institution holding the event.

138.27 The exemption only applies if the entire proceeds, after reasonable expenses, are used
138.28 solely to provide opportunities for citizens of the state to participate in the creation,
138.29 performance, or appreciation of the arts.

138.30 (b) Tickets or admissions to the premises of the Minnesota Zoological Garden are
138.31 exempt, provided that the exemption under this paragraph does not apply to tickets or
138.32 admissions to performances or events held on the premises unless the performance or
138.33 event is sponsored and conducted exclusively by the Minnesota Zoological Board or
138.34 employees of the Minnesota Zoological Garden.

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

139.2 Sec. 73. Minnesota Statutes 2013 Supplement, section 297A.75, subdivision 1, is
139.3 amended to read:

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

139.7 (1) building materials for an agricultural processing facility exempt under section
139.8 297A.71, subdivision 13;

139.9 (2) building materials for mineral production facilities exempt under section
139.10 297A.71, subdivision 14;

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

139.12 (4) building materials used in a residence for disabled veterans exempt under section
139.13 297A.71, subdivision 11;

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

139.15 ~~(6) building materials for the Long Lake Conservation Center exempt under section~~
139.16 ~~297A.71, subdivision 17;~~

139.17 ~~(7)~~ (6) materials and supplies for qualified low-income housing under section
139.18 297A.71, subdivision 23;

139.19 ~~(8)~~ (7) materials, supplies, and equipment for municipal electric utility facilities
139.20 under section 297A.71, subdivision 35;

139.21 ~~(9)~~ (8) equipment and materials used for the generation, transmission, and
139.22 distribution of electrical energy and an aerial camera package exempt under section
139.23 297A.68, subdivision 37;

139.24 ~~(10)~~ (9) commuter rail vehicle and repair parts under section 297A.70, subdivision
139.25 3, paragraph (a), clause (10);

139.26 ~~(11)~~ (10) materials, supplies, and equipment for construction or improvement of
139.27 projects and facilities under section 297A.71, subdivision 40;

139.28 ~~(12)~~ (11) materials, supplies, and equipment for construction or improvement of a
139.29 meat processing facility exempt under section 297A.71, subdivision 41;

139.30 ~~(13)~~ (12) materials, supplies, and equipment for construction, improvement, or
139.31 expansion of:

139.32 (i) an aerospace defense manufacturing facility exempt under section 297A.71,
139.33 subdivision 42;

139.34 (ii) a biopharmaceutical manufacturing facility exempt under section 297A.71,
139.35 subdivision 45;

140.1 (iii) a research and development facility exempt under section 297A.71, subdivision
140.2 46; and

140.3 (iv) an industrial measurement manufacturing and controls facility exempt under
140.4 section 297A.71, subdivision 47;

140.5 ~~(14)~~ (13) enterprise information technology equipment and computer software for
140.6 use in a qualified data center exempt under section 297A.68, subdivision 42;

140.7 ~~(15)~~ (14) materials, supplies, and equipment for qualifying capital projects under
140.8 section 297A.71, subdivision 44;

140.9 ~~(16)~~ (15) items purchased for use in providing critical access dental services exempt
140.10 under section 297A.70, subdivision 7, paragraph (c); and

140.11 ~~(17)~~ (16) items and services purchased under a business subsidy agreement for use or
140.12 consumption primarily in greater Minnesota exempt under section 297A.68, subdivision 44.

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

140.14 Sec. 74. Minnesota Statutes 2013 Supplement, section 297A.75, subdivision 2, is
140.15 amended to read:

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

140.19 (1) for subdivision 1, clauses (1), (2), and ~~(16)~~ (15), the applicant must be the
140.20 purchaser;

140.21 (2) for subdivision 1, ~~clauses~~ clause (3) and ~~(6)~~, the applicant must be the
140.22 governmental subdivision;

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

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

140.27 (5) for subdivision 1, clause ~~(7)~~ (6), the owner of the qualified low-income housing
140.28 project;

140.29 (6) for subdivision 1, clause ~~(8)~~ (7), the applicant must be a municipal electric utility
140.30 or a joint venture of municipal electric utilities;

140.31 (7) for subdivision 1, clauses ~~(9), (12), (13), (14)~~ (8), (11), (12), (13), and ~~(17)~~ (16),
140.32 the owner of the qualifying business; and

140.33 (8) for subdivision 1, clauses (9), (10), ~~(11)~~, and ~~(15)~~ (14), the applicant must be the
140.34 governmental entity that owns or contracts for the project or facility.

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

141.2 Sec. 75. Minnesota Statutes 2013 Supplement, section 297A.75, subdivision 3, is
141.3 amended to read:

141.4 Subd. 3. **Application.** (a) The application must include sufficient information
141.5 to permit the commissioner to verify the tax paid. If the tax was paid by a contractor,
141.6 subcontractor, or builder, under subdivision 1, clauses (3) to ~~(15)~~ (13), or ~~(17)~~ (15), the
141.7 contractor, subcontractor, or builder must furnish to the refund applicant a statement
141.8 including the cost of the exempt items and the taxes paid on the items unless otherwise
141.9 specifically provided by this subdivision. The provisions of sections 289A.40 and
141.10 289A.50 apply to refunds under this section.

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

141.13 ~~(c) Total refunds for purchases of items in section 297A.71, subdivision 40, must not~~
141.14 ~~exceed \$5,000,000 in fiscal years 2010 and 2011. Applications for refunds for purchases~~
141.15 ~~of items in sections 297A.70, subdivision 3, paragraph (a), clause (11), and 297A.71,~~
141.16 ~~subdivision 40, must not be filed until after June 30, 2009.~~

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

141.18 Sec. 76. Minnesota Statutes 2012, section 297A.94, is amended to read:

141.19 **297A.94 DEPOSIT OF REVENUES.**

141.20 (a) Except as provided in this section, the commissioner shall deposit the revenues,
141.21 including interest and penalties, derived from the taxes imposed by this chapter in the state
141.22 treasury and credit them to the general fund.

141.23 (b) The commissioner shall deposit taxes in the Minnesota agricultural and economic
141.24 account in the special revenue fund if:

141.25 (1) the taxes are derived from sales and use of property and services purchased for
141.26 the construction and operation of an agricultural resource project; and

141.27 (2) the purchase was made on or after the date on which a conditional commitment
141.28 was made for a loan guaranty for the project under section 41A.04, subdivision 3.

141.29 The commissioner of management and budget shall certify to the commissioner the date
141.30 on which the project received the conditional commitment. The amount deposited in
141.31 the loan guaranty account must be reduced by any refunds and by the costs incurred by
141.32 the Department of Revenue to administer and enforce the assessment and collection of
141.33 the taxes.

142.1 (c) The commissioner shall deposit the revenues, including interest and penalties,
142.2 derived from the taxes imposed on sales and purchases included in section 297A.61,
142.3 subdivision 3, paragraph (g), clauses (1) and (4), in the state treasury, and credit them
142.4 as follows:

142.5 (1) first to the general obligation special tax bond debt service account in each fiscal
142.6 year the amount required by section 16A.661, subdivision 3, paragraph (b); and

142.7 (2) after the requirements of clause (1) have been met, the balance to the general fund.

142.8 (d) The commissioner shall deposit the revenues, including interest and penalties,
142.9 collected under section 297A.64, subdivision 5, in the state treasury and credit them to the
142.10 general fund. By July 15 of each year the commissioner shall transfer to the highway user
142.11 tax distribution fund an amount equal to the excess fees collected under section 297A.64,
142.12 subdivision 5, for the previous calendar year.

142.13 (e) ~~For fiscal year 2001, 97 percent; for fiscal years 2002 and 2003, 87 percent; and~~
142.14 ~~For fiscal year 2004 and thereafter, 72.43 percent~~ of the revenues, including interest and
142.15 penalties, transmitted to the commissioner under section 297A.65, must be deposited by
142.16 the commissioner in the state treasury as follows:

142.17 (1) 50 percent of the receipts must be deposited in the heritage enhancement account
142.18 in the game and fish fund, and may be spent only on activities that improve, enhance, or
142.19 protect fish and wildlife resources, including conservation, restoration, and enhancement
142.20 of land, water, and other natural resources of the state;

142.21 (2) 22.5 percent of the receipts must be deposited in the natural resources fund, and
142.22 may be spent only for state parks and trails;

142.23 (3) 22.5 percent of the receipts must be deposited in the natural resources fund, and
142.24 may be spent only on metropolitan park and trail grants;

142.25 (4) three percent of the receipts must be deposited in the natural resources fund, and
142.26 may be spent only on local trail grants; and

142.27 (5) two percent of the receipts must be deposited in the natural resources fund,
142.28 and may be spent only for the Minnesota Zoological Garden, the Como Park Zoo and
142.29 Conservatory, and the Duluth Zoo.

142.30 (f) The revenue dedicated under paragraph (e) may not be used as a substitute
142.31 for traditional sources of funding for the purposes specified, but the dedicated revenue
142.32 shall supplement traditional sources of funding for those purposes. Land acquired with
142.33 money deposited in the game and fish fund under paragraph (e) must be open to public
142.34 hunting and fishing during the open season, except that in aquatic management areas or
142.35 on lands where angling easements have been acquired, fishing may be prohibited during
142.36 certain times of the year and hunting may be prohibited. At least 87 percent of the money

143.1 deposited in the game and fish fund for improvement, enhancement, or protection of fish
143.2 and wildlife resources under paragraph (e) must be allocated for field operations.

143.3 (g) The revenues deposited under paragraphs (a) to (f) do not include the revenues,
143.4 including interest and penalties, generated by the sales tax imposed under section
143.5 297A.62, subdivision 1a, which must be deposited as provided under the Minnesota
143.6 Constitution, article XI, section 15.

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

143.8 Sec. 77. Minnesota Statutes 2012, section 297B.09, is amended to read:

143.9 **297B.09 ALLOCATION OF REVENUE.**

143.10 Subdivision 1. **Deposit of revenues.** (a) Money collected and received under this
143.11 chapter must be deposited as provided in this subdivision.

143.12 ~~(b) From July 1, 2007, through June 30, 2008, 38.25 percent of the money collected~~
143.13 ~~and received must be deposited in the highway user tax distribution fund, 24 percent must~~
143.14 ~~be deposited in the metropolitan area transit account under section 16A.88, and 1.5 percent~~
143.15 ~~must be deposited in the greater Minnesota transit account under section 16A.88. The~~
143.16 ~~remaining money must be deposited in the general fund.~~

143.17 ~~(c) From July 1, 2008, through June 30, 2009, 44.25 percent of the money collected~~
143.18 ~~and received must be deposited in the highway user tax distribution fund, 27.75 percent~~
143.19 ~~must be deposited in the metropolitan area transit account under section 16A.88, 1.75~~
143.20 ~~percent must be deposited in the greater Minnesota transit account under section 16A.88,~~
143.21 ~~and the remaining money must be deposited in the general fund.~~

143.22 ~~(d) From July 1, 2009, through June 30, 2010, 47.5 percent of the money collected~~
143.23 ~~and received must be deposited in the highway user tax distribution fund, 30 percent~~
143.24 ~~must be deposited in the metropolitan area transit account under section 16A.88, 3.5~~
143.25 ~~percent must be deposited in the greater Minnesota transit account under section 16A.88,~~
143.26 ~~and 16.25 percent must be deposited in the general fund. The remaining amount must~~
143.27 ~~be deposited as follows:~~

143.28 ~~(1) 1.5 percent in the metropolitan area transit account, except that any amount in~~
143.29 ~~excess of \$6,000,000 must be deposited in the highway user tax distribution fund; and~~

143.30 ~~(2) 1.25 percent in the greater Minnesota transit account, except that any amount in~~
143.31 ~~excess of \$5,000,000 must be deposited in the highway user tax distribution fund.~~

143.32 ~~(e) From July 1, 2010, through June 30, 2011, 54.5 percent of the money collected~~
143.33 ~~and received must be deposited in the highway user tax distribution fund, 33.75 percent~~
143.34 ~~must be deposited in the metropolitan area transit account under section 16A.88, 3.75~~

144.1 percent must be deposited in the greater Minnesota transit account under section 16A.88,
144.2 and 6.25 percent must be deposited in the general fund. The remaining amount must
144.3 be deposited as follows:

144.4 (1) 1.5 percent in the metropolitan area transit account, except that any amount in
144.5 excess of \$6,750,000 must be deposited in the highway user tax distribution fund; and

144.6 (2) 0.25 percent in the greater Minnesota transit account, except that any amount in
144.7 excess of \$1,250,000 must be deposited in the highway user tax distribution fund.

144.8 (f) On and after July 1, 2011, (b) 60 percent of the money collected and received
144.9 must be deposited in the highway user tax distribution fund, 36 percent must be deposited
144.10 in the metropolitan area transit account under section 16A.88, and four percent must be
144.11 deposited in the greater Minnesota transit account under section 16A.88.

144.12 (g) (c) It is the intent of the legislature that the allocations under paragraph (f) (b)
144.13 remain unchanged for fiscal year 2012 and all subsequent fiscal years.

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

144.15 Sec. 78. Minnesota Statutes 2012, section 297F.03, subdivision 2, is amended to read:

144.16 Subd. 2. **Form of application.** Every application for a cigarette or tobacco products
144.17 license shall be made on a form prescribed by the commissioner and shall state the name
144.18 and address of the applicant; if the applicant is a firm, partnership, or association, the name
144.19 and address of each of its members; if the applicant is a corporation, the name and address
144.20 of each of its officers; the address of its principal place of business; the place where the
144.21 business to be licensed is to be conducted; and any other information the commissioner
144.22 may require for the administration of this chapter.

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

144.24 Sec. 79. Minnesota Statutes 2012, section 297I.05, subdivision 14, is amended to read:

144.25 Subd. 14. **Life insurance.** A tax is imposed on life insurance. The rate of tax equals
144.26 a percentage 1.5 percent of gross premiums less return premiums on all direct business
144.27 received by the insurer or agents of the insurer in Minnesota for life insurance, in cash or
144.28 otherwise, during the year. For premiums received after December 31, 2005, but before
144.29 January 1, 2007, the rate of tax is 1.875 percent. For premiums received after December
144.30 31, 2006, but before January 1, 2008, the rate of tax is 1.75 percent. For premiums
144.31 received after December 31, 2007, but before January 1, 2009, the rate of tax is 1.625
144.32 percent. For premiums received after December 31, 2008, the rate of tax is 1.5 percent.

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

145.1 Sec. 80. Minnesota Statutes 2012, section 412.131, is amended to read:

145.2 **412.131 ASSESSOR; DUTIES, COMPENSATION.**

145.3 The city assessor, if there is one, shall assess and return as provided by law all
145.4 property taxable within the city, if a separate assessment district, and the assessor of the
145.5 town within which the city lies shall not include in the return any property taxable in the
145.6 city. Any assessor may appoint a deputy assessor as provided in section 273.06. The
145.7 assessor may be compensated on a full-time or part-time basis at the option of the council
145.8 ~~but the compensation shall be not less than \$100 in any one year, if fixed on an annual~~
145.9 ~~basis, or not more than \$20 per day, if fixed on a per diem basis. If the compensation is~~
145.10 ~~not fixed by the council the assessor shall be entitled to compensation at the rate of \$20~~
145.11 ~~per day for each days service necessarily rendered, and mileage at the rate paid other city~~
145.12 ~~officers for each mile necessarily traveled in going to and returning from the county seat of~~
145.13 ~~the county to attend any meeting of the assessors of the county legally called by the county~~
145.14 ~~auditor, and also for each mile necessarily traveled in making the return of assessment~~
145.15 ~~to the proper county officer and in attending sectional meetings called by the county~~
145.16 ~~assessor, except when mileage is paid by the county. In addition to other compensation,~~
145.17 ~~the council may allow the assessor mileage at the same rate per mile as paid other city~~
145.18 ~~officers for each mile necessarily traveled in assessment work.~~

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

145.20 Sec. 81. Minnesota Statutes 2013 Supplement, section 423A.022, subdivision 3,
145.21 is amended to read:

145.22 Subd. 3. **Reporting; definitions.** (a) On or before September 1, annually, the
145.23 executive director of the Public Employees Retirement Association shall report to the
145.24 commissioner of revenue the following:

145.25 (1) the municipalities which employ firefighters with retirement coverage by the
145.26 public employees police and fire retirement plan;

145.27 ~~(2) the number of firefighters with public employees police and fire retirement plan~~
145.28 ~~coverage employed by each municipality;~~

145.29 ~~(3) (2) the fire departments covered by the voluntary statewide lump-sum volunteer~~
145.30 ~~firefighter retirement plan; and~~

145.31 ~~(4) (3) any other information requested by the commissioner to administer the police~~
145.32 ~~and firefighter retirement supplemental state aid program.~~

145.33 (b) ~~For this subdivision, (i) the number of firefighters employed by a municipality~~
145.34 ~~who have public employees police and fire retirement plan coverage means the number~~

146.1 ~~of firefighters with public employees police and fire retirement plan coverage that were~~
146.2 ~~employed by the municipality for not less than 30 hours per week for a minimum of six~~
146.3 ~~months prior to December 31 preceding the date of the payment under this section and, if~~
146.4 ~~the person was employed for less than the full year, prorated to the number of full months~~
146.5 ~~employed; and (ii) the number of active police officers certified for police state aid receipt~~
146.6 ~~under section 69.011, subdivisions 2 and 2b, means, for each municipality, the number of~~
146.7 ~~police officers meeting the definition of peace officer in section 69.011, subdivision 1,~~
146.8 ~~counted as provided and limited by section 69.011, subdivisions 2 and 2b.~~

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

146.10 Sec. 82. Minnesota Statutes 2012, section 469.176, subdivision 1b, is amended to read:

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

146.13 (1) after 15 years after receipt by the authority of the first increment for a renewal
146.14 and renovation district;

146.15 (2) after 20 years after receipt by the authority of the first increment for a soils
146.16 condition district;

146.17 (3) after eight years after receipt by the authority of the first increment for an
146.18 economic development district;

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

146.21 (b) For purposes of determining a duration limit under this subdivision or subdivision
146.22 1e that is based on the receipt of an increment, any increments from taxes payable in the year
146.23 in which the district terminates shall be paid to the authority. This paragraph does not affect
146.24 a duration limit calculated from the date of approval of the tax increment financing plan or
146.25 based on the recovery of costs or to a duration limit under subdivision 1c. This paragraph
146.26 does not supersede the restrictions on payment of delinquent taxes in subdivision 1f.

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

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

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

147.2 Sec. 83. Minnesota Statutes 2012, section 469.176, subdivision 3, is amended to read:

147.3 Subd. 3. **Limitation on administrative expenses.** (a) For districts for which
147.4 certification was requested before ~~August 1, 1979, or after June 30, 1982 and before~~
147.5 August 1, 2001, no tax increment shall be used to pay any administrative expenses for
147.6 a project which exceed ten percent of the total estimated tax increment expenditures
147.7 authorized by the tax increment financing plan or the total tax increment expenditures
147.8 for the project, whichever is less.

147.9 ~~(b) For districts for which certification was requested after July 31, 1979, and before~~
147.10 ~~July 1, 1982, no tax increment shall be used to pay administrative expenses, as defined in~~
147.11 ~~Minnesota Statutes 1980, section 273.73, for a district which exceeds five percent of the~~
147.12 ~~total tax increment expenditures authorized by the tax increment financing plan or the total~~
147.13 ~~estimated tax increment expenditures for the district, whichever is less.~~

147.14 ~~(e)~~ (b) For districts for which certification was requested after July 31, 2001, no tax
147.15 increment may be used to pay any administrative expenses for a project which exceed
147.16 ten percent of total estimated tax increment expenditures authorized by the tax increment
147.17 financing plan or the total tax increments, as defined in section 469.174, subdivision 25,
147.18 clause (1), from the district, whichever is less.

147.19 ~~(d)~~ (c) Increments used to pay the county's administrative expenses under
147.20 subdivision 4h are not subject to the percentage limits in this subdivision.

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

147.22 Sec. 84. Minnesota Statutes 2013 Supplement, section 469.1763, subdivision 2,
147.23 is amended to read:

147.24 Subd. 2. **Expenditures outside district.** (a) For each tax increment financing
147.25 district, an amount equal to at least 75 percent of the total revenue derived from tax
147.26 increments paid by properties in the district must be expended on activities in the district
147.27 or to pay bonds, to the extent that the proceeds of the bonds were used to finance activities
147.28 in the district or to pay, or secure payment of, debt service on credit enhanced bonds.
147.29 For districts, other than redevelopment districts for which the request for certification
147.30 was made after June 30, 1995, the in-district percentage for purposes of the preceding
147.31 sentence is 80 percent. Not more than 25 percent of the total revenue derived from tax
147.32 increments paid by properties in the district may be expended, through a development fund
147.33 or otherwise, on activities outside of the district but within the defined geographic area of
147.34 the project except to pay, or secure payment of, debt service on credit enhanced bonds.

148.1 For districts, other than redevelopment districts for which the request for certification was
148.2 made after June 30, 1995, the pooling percentage for purposes of the preceding sentence is
148.3 20 percent. The revenue derived from tax increments for the district that are expended on
148.4 costs under section 469.176, subdivision 4h, paragraph (b), may be deducted first before
148.5 calculating the percentages that must be expended within and without the district.

148.6 (b) In the case of a housing district, a housing project, as defined in section 469.174,
148.7 subdivision 11, is an activity in the district.

148.8 (c) All administrative expenses are for activities outside of the district, except that
148.9 if the only expenses for activities outside of the district under this subdivision are for
148.10 the purposes described in paragraph (d), administrative expenses will be considered as
148.11 expenditures for activities in the district.

148.12 (d) The authority may elect, in the tax increment financing plan for the district,
148.13 to increase by up to ten percentage points the permitted amount of expenditures for
148.14 activities located outside the geographic area of the district under paragraph (a). As
148.15 permitted by section 469.176, subdivision 4k, the expenditures, including the permitted
148.16 expenditures under paragraph (a), need not be made within the geographic area of the
148.17 project. Expenditures that meet the requirements of this paragraph are legally permitted
148.18 expenditures of the district, notwithstanding section 469.176, subdivisions 4b, 4c, and 4j.
148.19 To qualify for the increase under this paragraph, the expenditures must:

148.20 (1) be used exclusively to assist housing that meets the requirement for a qualified
148.21 low-income building, as that term is used in section 42 of the Internal Revenue Code; and

148.22 (2) not exceed the qualified basis of the housing, as defined under section 42(c) of
148.23 the Internal Revenue Code, less the amount of any credit allowed under section 42 of
148.24 the Internal Revenue Code; and

148.25 (3) be used to:

148.26 (i) acquire and prepare the site of the housing;

148.27 (ii) acquire, construct, or rehabilitate the housing; or

148.28 (iii) make public improvements directly related to the housing; or

148.29 (4) be used to develop housing:

148.30 (i) if the market value of the housing does not exceed the lesser of:

148.31 (A) 150 percent of the average market value of single-family homes in that
148.32 municipality; or

148.33 (B) \$200,000 for municipalities located in the metropolitan area, as defined in
148.34 section 473.121, or \$125,000 for all other municipalities; and

148.35 (ii) if the expenditures are used to pay the cost of site acquisition, relocation,
148.36 demolition of existing structures, site preparation, and pollution abatement on one or

149.1 more parcels, if the parcel contains a residence containing one to four family dwelling
149.2 units that has been vacant for six or more months and is in foreclosure as defined in
149.3 section 325N.10, subdivision 7, but without regard to whether the residence is the owner's
149.4 principal residence, and only after the redemption period has expired.

149.5 (e) For a district created within a biotechnology and health sciences industry zone
149.6 as defined in Minnesota Statutes 2012, section 469.330, subdivision 6, or for an existing
149.7 district located within such a zone, tax increment derived from such a district may be
149.8 expended outside of the district but within the zone only for expenditures required for the
149.9 construction of public infrastructure necessary to support the activities of the zone, land
149.10 acquisition, and other redevelopment costs as defined in section 469.176, subdivision 4j.
149.11 These expenditures are considered as expenditures for activities within the district. The
149.12 authority provided by this paragraph expires for expenditures made after the later of (1)
149.13 December 31, 2015, or (2) the end of the five-year period beginning on the date the district
149.14 was certified, provided that date was before January 1, 2016.

149.15 (f) The authority under paragraph (d), clause (4), expires on December 31, 2016.
149.16 Increments may continue to be expended under this authority after that date, if they are
149.17 used to pay bonds or binding contracts that would qualify under subdivision 3, paragraph
149.18 (a), if December 31, 2016, is considered to be the last date of the five-year period after
149.19 certification under that provision.

149.20 **EFFECTIVE DATE.** This section is effective the day following final enactment
149.21 and applies to all districts, regardless of when the request for certification was made.

149.22 Sec. 85. Minnesota Statutes 2012, section 473.665, subdivision 5, is amended to read:

149.23 Subd. 5. **Tax levy; surplus; reduction.** The corporation, upon issuing any bonds
149.24 under the provisions of this section, shall, before the issuance thereof, levy for each year,
149.25 until the principal and interest are paid in full, a direct annual tax on all the taxable property
149.26 of the cities in and for which the corporation has been created in an amount not less than
149.27 five percent in excess of the sum required to pay the principal and interest thereof, when
149.28 and as such principal and interest matures. After any of such bonds have been delivered to
149.29 purchasers, such tax shall be irrevocable until all such indebtedness is paid, and after the
149.30 issuance of such bonds no further action of the corporation shall be necessary to authorize
149.31 the extensions, assessments, and collection of such tax. The secretary of the corporation
149.32 shall forthwith furnish a certified copy of such levy to the county auditor or county
149.33 auditors of the county or counties in which the cities in and for which the corporation has
149.34 been created are located, together with full information regarding the bonds for which the
149.35 tax is levied, and such county auditor or such county auditors, as the case may be, shall

150.1 enter the same in the register provided for in section 475.62, or a similar register, and shall
150.2 extend and assess the tax so levied. If both cities are located wholly within one county, the
150.3 county auditor thereof shall annually extend and assess the amount of the tax so levied. If
150.4 the cities are located in different counties, the county auditor of each such county shall
150.5 annually extend and assess such portion of the tax levied as the net tax capacity of the
150.6 taxable property, ~~not including moneys and credits,~~ located wholly within the city in such
150.7 county bears to the total net tax capacity of the taxable property, ~~not including moneys and~~
150.8 ~~credits,~~ within both cities. Any surplus resulting from the excess levy herein provided
150.9 for shall be transferred to a sinking fund after the principal and interest for which the tax
150.10 was levied and collected has been paid; provided, that the corporation may, on or before
150.11 October 15 in any year, by appropriate action, cause its secretary to certify to the county
150.12 auditor, or auditors, the amount on hand and available in its treasury from earnings, or
150.13 otherwise, including the amount in the sinking fund, which it will use to pay principal or
150.14 interest or both on each specified issue of its bonds, and the county auditor or auditors
150.15 shall reduce the levy for that year, herein provided for by that amount. The amount of
150.16 funds so certified shall be set aside by the corporation, and be used for no other purpose
150.17 than for the payment of the principal and interest of the bonds. All taxes hereunder shall
150.18 be collected and remitted to the corporation by the county treasurer or county treasurers,
150.19 in accordance with the provisions of law governing the collection of other taxes, and shall
150.20 be used solely for the payment of the bonds where due.

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

150.22 Sec. 86. Minnesota Statutes 2012, section 477A.0124, subdivision 5, is amended to
150.23 read:

150.24 Subd. 5. **County transition aid.** ~~(a) For 2009 and each year thereafter,~~ A county is
150.25 eligible to receive the transition aid it received in 2007.

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

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

150.30 Sec. 87. Minnesota Statutes 2012, section 477A.014, subdivision 1, is amended to read:

150.31 Subdivision 1. **Calculations and payments.** (a) The commissioner of revenue shall
150.32 make all necessary calculations and make payments pursuant to sections 477A.013 and
150.33 477A.03 directly to the affected taxing authorities annually. In addition, the commissioner

151.1 shall notify the authorities of their aid amounts, as well as the computational factors used
151.2 in making the calculations for their authority, and those statewide total figures that are
151.3 pertinent, before August 1 of the year preceding the aid distribution year.

151.4 (b) For the purposes of this subdivision, aid is determined for a city or town based
151.5 on its city or town status as of June 30 of the year preceding the aid distribution year. If
151.6 the effective date for a municipal incorporation, consolidation, annexation, detachment,
151.7 dissolution, or township organization is on or before June 30 of the year preceding
151.8 the aid distribution year, such change in boundaries or form of government shall be
151.9 recognized for aid determinations for the aid distribution year. If the effective date for a
151.10 municipal incorporation, consolidation, annexation, detachment, dissolution, or township
151.11 organization is after June 30 of the year preceding the aid distribution year, such change in
151.12 boundaries or form of government shall not be recognized for aid determinations until
151.13 the following year.

151.14 (c) Changes in boundaries or form of government will only be recognized for the
151.15 purposes of this subdivision, to the extent that: (1) changes in market values are included
151.16 in market values reported by assessors to the commissioner, and changes in population;
151.17 and household size, ~~and the road accidents factor~~ are included in their respective
151.18 certifications to the commissioner as referenced in section 477A.011, or (2) an annexation
151.19 information report as provided in paragraph (d) is received by the commissioner on
151.20 or before July 15 of the aid calculation year. Revisions to estimates or data for use in
151.21 recognizing changes in boundaries or form of government are not effective for purposes
151.22 of this subdivision unless received by the commissioner on or before July 15 of the aid
151.23 calculation year. Clerical errors in the certification or use of estimates and data established
151.24 as of July 15 in the aid calculation year are subject to correction within the time periods
151.25 allowed under subdivision 3.

151.26 (d) In the case of an annexation, an annexation information report may be completed
151.27 by the annexing jurisdiction and submitted to the commissioner for purposes of this
151.28 subdivision if the net tax capacity of annexed area for the assessment year preceding the
151.29 effective date of the annexation exceeds five percent of the city's net tax capacity for the
151.30 same year. The form and contents of the annexation information report shall be prescribed
151.31 by the commissioner. The commissioner shall change the net tax capacity, the population,
151.32 the population decline, the commercial industrial percentage, and the transformed
151.33 population for the annexing jurisdiction only if the annexation information report provides
151.34 data the commissioner determines to be reliable for all of these factors used to compute city
151.35 revenue need for the annexing jurisdiction. The commissioner shall adjust the pre-1940
151.36 housing percentage, ~~the road accidents factor~~, and household size only if the entire area of

152.1 an existing city or town is annexed or consolidated and only if reliable data is available for
152.2 all of these factors used to compute city revenue need for the annexing jurisdiction.

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

152.4 Sec. 88. Minnesota Statutes 2012, section 611.27, subdivision 13, is amended to read:

152.5 Subd. 13. **Public defense services; correctional facility inmates.** All billings
152.6 for services rendered and ordered under subdivision 7 shall require the approval of the
152.7 chief district public defender before being forwarded on a monthly basis to the state
152.8 public defender. In cases where adequate representation cannot be provided by the district
152.9 public defender and where counsel has been appointed under a court order, the state
152.10 public defender shall forward to the commissioner of management and budget all billings
152.11 for services rendered under the court order. The commissioner shall pay for services
152.12 from county program aid retained by the commissioner of revenue for that purpose under
152.13 section ~~477A.0124, subdivision 1, clause (4), or 477A.03, subdivision 2b, paragraph (a).~~

152.14 The costs of appointed counsel and associated services in cases arising from new
152.15 criminal charges brought against indigent inmates who are incarcerated in a Minnesota
152.16 state correctional facility are the responsibility of the state Board of Public Defense. In
152.17 such cases the state public defender may follow the procedures outlined in this section for
152.18 obtaining court-ordered counsel.

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

152.20 Sec. 89. Minnesota Statutes 2012, section 611.27, subdivision 15, is amended to read:

152.21 Subd. 15. **Costs of transcripts.** In appeal cases and postconviction cases where
152.22 the appellate public defender's office does not have sufficient funds to pay for transcripts
152.23 and other necessary expenses because it has spent or committed all of the transcript
152.24 funds in its annual budget, the state public defender may forward to the commissioner
152.25 of management and budget all billings for transcripts and other necessary expenses. The
152.26 commissioner shall pay for these transcripts and other necessary expenses from county
152.27 program aid retained by the commissioner of revenue for that purpose under section
152.28 ~~477A.0124, subdivision 1, clause (4), or 477A.03, subdivision 2b, paragraph (a).~~

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

152.30 Sec. 90. **REVISOR'S INSTRUCTION.**

152.31 The revisor of statutes shall make all necessary cross-reference changes in
152.32 Minnesota Statutes and Minnesota Rules consistent with the amendments and repealers in

153.1 this act. The revisor can make changes to sentence structure to preserve the meaning of
153.2 the text. The revisor shall make other changes in chapter titles; section, subdivision, part,
153.3 and subpart headnotes; and in other terminology necessary as a result of the enactment of
153.4 this act. The Department of Revenue shall assist in making these corrections.

153.5 **Sec. 91. REPEALER.**

153.6 (a) Minnesota Statutes 2012, sections 290.01, subdivision 19e; 290.0674,
153.7 subdivision 3; and 290.33, and Minnesota Rules, part 8007.0200, are repealed.

153.8 (b) Minnesota Statutes 2012, sections 16D.02, subdivisions 5 and 8; 16D.11,
153.9 subdivision 2; 270C.131; 270C.53; 270C.991, subdivision 4; 272.02, subdivisions 1, 1a,
153.10 48, 51, 53, 67, 72, and 82; 272.027, subdivision 2; 272.031; 273.015, subdivision 1;
153.11 273.03, subdivision 3; 273.075; 273.1383; 273.1386; 273.80; 275.77; 279.32; 281.173,
153.12 subdivision 8; 281.174, subdivision 8; 281.328; 282.10; 282.23; 287.20, subdivision 4;
153.13 287.27, subdivision 2; 290.01, subdivisions 4b and 20e; 295.52, subdivision 7; 297A.71,
153.14 subdivisions 4, 5, 7, 10, 17, 18, 20, and 32; 297F.08, subdivision 11; 297H.10, subdivision
153.15 2; 469.174, subdivision 10c; 469.175, subdivision 2b; 469.176, subdivision 1i; 469.177,
153.16 subdivision 10; 477A.0124, subdivisions 1 and 6; and 505.173, and Minnesota Rules,
153.17 parts 8002.0200, subpart 8; 8100.0800; 8130.7500, subpart 7; 8130.8900, subpart 3; and
153.18 8130.9500, subparts 1, 1a, 2, 3, 4, and 5, are repealed.

153.19 (c) Minnesota Statutes 2012, section 3.192, is repealed.

153.20 (d) Minnesota Statutes 2012, section 469.1764, and Minnesota Statutes 2013
153.21 Supplement, section 469.340, subdivision 4, are repealed.

153.22 (e) Minnesota Statutes 2012, sections 289A.56, subdivision 7; 290.06, subdivisions
153.23 30 and 31; 297A.68, subdivision 38; 469.330; 469.331; 469.332; 469.333; 469.334;
153.24 469.335; 469.336; 469.337; 469.338; 469.339; 469.340, subdivisions 1, 2, 3, and 5; and
153.25 469.341, are repealed.

153.26 **EFFECTIVE DATE.** Paragraph (a) is effective for taxable years beginning after
153.27 December 31, 2013.

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

153.29 Paragraph (c) is effective retroactively from April 1, 2014.

153.30 Paragraph (d) is effective the day following final enactment and any remaining
153.31 unexpended tax increments from a district subject to Minnesota Statutes, section 469.1764,
153.32 must be distributed as excess increments to the city, county, and school district under
153.33 Minnesota Statutes, section 469.176, subdivision 2, paragraph (c), clause (4), on or before
153.34 December 31, 2014.

153.35 Paragraph (e) is effective January 1, 2016.

154.1 **ARTICLE 8**154.2 **DEPARTMENT POLICY AND TECHNICAL; PROPERTY**

154.3 Section 1. Minnesota Statutes 2012, section 270.87, is amended to read:

154.4 **270.87 CERTIFICATION TO COUNTY ASSESSORS.**

154.5 After making an annual determination of the equalized fair market value of the
154.6 operating property of each company in each of the respective counties, and in the taxing
154.7 districts therein, the commissioner shall certify the equalized fair market value to the
154.8 county assessor on or before June 30. The equalized fair market value of the operating
154.9 property of the railroad company in the county and the taxing districts therein is the value
154.10 on which taxes must be levied and collected in the same manner as on the commercial and
154.11 industrial property of such county and the taxing districts therein. If the commissioner
154.12 determines that the equalized fair market value certified on or before June 30 is in error,
154.13 the commissioner may issue a corrected certification on or before August 31. The
154.14 commissioner may correct errors that are merely clerical in nature until December 31.

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

154.16 Sec. 2. Minnesota Statutes 2012, section 272.029, subdivision 4a, is amended to read:

154.17 Subd. 4a. **Correction of errors.** If the commissioner of revenue determines that
154.18 the amount of production tax has been erroneously calculated, the commissioner may
154.19 correct the error. The commissioner must notify the owner of the wind energy conversion
154.20 system of the correction and the amount of tax due to each county and must certify the
154.21 correction to the county auditor of each county in which the system is located on or before
154.22 April 1 of the current year. The commissioner may correct errors that are merely clerical
154.23 in nature until December 31.

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

154.25 Sec. 3. Minnesota Statutes 2012, section 273.01, is amended to read:

154.26 **273.01 LISTING AND ASSESSMENT, TIME.**

154.27 All real property subject to taxation shall be listed and at least one-fifth of the parcels
154.28 listed shall be appraised each year with reference to their value on January 2 preceding the
154.29 assessment so that each parcel shall be reappraised at maximum intervals of five years. All
154.30 real property becoming taxable in any year shall be listed with reference to its value on
154.31 January 2 of that year. Except as provided in this section and section 274.01, subdivision
154.32 1, all real property assessments shall be completed two weeks prior to the date scheduled

155.1 for the local board of review or equalization. No changes in valuation or classification
155.2 which are intended to correct errors in judgment by the county assessor may be made by
155.3 the county assessor after the board of review or the county board of equalization has
155.4 adjourned; however, corrections of errors for real or personal property that are merely
155.5 clerical in nature or changes that extend homestead treatment to property are permitted
155.6 after adjournment until the tax extension date for that assessment year. Any changes made
155.7 by the assessor after adjournment must be fully documented and maintained in a file in the
155.8 assessor's office and shall be available for review by any person. A copy of any changes
155.9 made during this period shall be sent to the county board no later than December 31 of
155.10 the assessment year. In the event a valuation and classification is not placed on any real
155.11 property by the dates scheduled for the local board of review or equalization the valuation
155.12 and classification determined in the preceding assessment shall be continued in effect and
155.13 the provisions of section 273.13 shall, in such case, not be applicable, except with respect
155.14 to real estate which has been constructed since the previous assessment. Real property
155.15 containing iron ore, the fee to which is owned by the state of Minnesota, shall, if leased by
155.16 the state after January 2 in any year, be subject to assessment for that year on the value of
155.17 any iron ore removed under said lease prior to January 2 of the following year. Personal
155.18 property subject to taxation shall be listed and assessed annually with reference to its value
155.19 on January 2; and, if acquired on that day, shall be listed by or for the person acquiring it.

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

155.21 Sec. 4. Minnesota Statutes 2012, section 273.13, subdivision 22, is amended to read:

155.22 Subd. 22. **Class 1.** (a) Except as provided in subdivision 23 and in paragraphs (b)
155.23 and (c), real estate which is residential and used for homestead purposes is class 1a. In the
155.24 case of a duplex or triplex in which one of the units is used for homestead purposes, the
155.25 entire property is deemed to be used for homestead purposes. The market value of class 1a
155.26 property must be determined based upon the value of the house, garage, and land.

155.27 The first \$500,000 of market value of class 1a property has a net class classification
155.28 rate of one percent of its market value; and the market value of class 1a property that
155.29 exceeds \$500,000 has a class classification rate of 1.25 percent of its market value.

155.30 (b) Class 1b property includes homestead real estate or homestead manufactured
155.31 homes used for the purposes of a homestead by:

155.32 (1) any person who is blind as defined in section 256D.35, or the blind person and
155.33 the blind person's spouse;

155.34 (2) any person who is permanently and totally disabled or by the disabled person and
155.35 the disabled person's spouse; or

156.1 (3) the surviving spouse of a permanently and totally disabled veteran homesteading
156.2 a property classified under this paragraph for taxes payable in 2008.

156.3 Property is classified and assessed under clause (2) only if the government agency or
156.4 income-providing source certifies, upon the request of the homestead occupant, that the
156.5 homestead occupant satisfies the disability requirements of this paragraph, and that the
156.6 property is not eligible for the valuation exclusion under subdivision 34.

156.7 Property is classified and assessed under paragraph (b) only if the commissioner
156.8 of revenue or the county assessor certifies that the homestead occupant satisfies the
156.9 requirements of this paragraph.

156.10 Permanently and totally disabled for the purpose of this subdivision means a
156.11 condition which is permanent in nature and totally incapacitates the person from working
156.12 at an occupation which brings the person an income. The first \$50,000 market value of
156.13 class 1b property has a net ~~class~~ classification rate of .45 percent of its market value. The
156.14 remaining market value of class 1b property has a ~~class~~ classification rate using the rates
156.15 for class 1a or class 2a property, whichever is appropriate, of similar market value.

156.16 (c) Class 1c property is commercial use real and personal property that abuts public
156.17 water as defined in section 103G.005, subdivision 15, and is devoted to temporary and
156.18 seasonal residential occupancy for recreational purposes but not devoted to commercial
156.19 purposes for more than 250 days in the year preceding the year of assessment, and that
156.20 includes a portion used as a homestead by the owner, which includes a dwelling occupied
156.21 as a homestead by a shareholder of a corporation that owns the resort, a partner in a
156.22 partnership that owns the resort, or a member of a limited liability company that owns the
156.23 resort even if the title to the homestead is held by the corporation, partnership, or limited
156.24 liability company. For purposes of this paragraph, property is devoted to a commercial
156.25 purpose on a specific day if any portion of the property, excluding the portion used
156.26 exclusively as a homestead, is used for residential occupancy and a fee is charged for
156.27 residential occupancy. Class 1c property must contain three or more rental units. A "rental
156.28 unit" is defined as a cabin, condominium, townhouse, sleeping room, or individual camping
156.29 site equipped with water and electrical hookups for recreational vehicles. Class 1c property
156.30 must provide recreational activities such as the rental of ice fishing houses, boats and
156.31 motors, snowmobiles, downhill or cross-country ski equipment; provide marina services,
156.32 launch services, or guide services; or sell bait and fishing tackle. Any unit in which the
156.33 right to use the property is transferred to an individual or entity by deeded interest, or the
156.34 sale of shares or stock, no longer qualifies for class 1c even though it may remain available
156.35 for rent. A camping pad offered for rent by a property that otherwise qualifies for class 1c
156.36 is also class 1c, regardless of the term of the rental agreement, as long as the use of the

157.1 camping pad does not exceed 250 days. If the same owner owns two separate parcels that
157.2 are located in the same township, and one of those properties is classified as a class 1c
157.3 property and the other would be eligible to be classified as a class 1c property if it was
157.4 used as the homestead of the owner, both properties will be assessed as a single class 1c
157.5 property; for purposes of this sentence, properties are deemed to be owned by the same
157.6 owner if each of them is owned by a limited liability company, and both limited liability
157.7 companies have the same membership. The portion of the property used as a homestead
157.8 is class 1a property under paragraph (a). The remainder of the property is classified as
157.9 follows: the first \$600,000 of market value is tier I, the next \$1,700,000 of market value is
157.10 tier II, and any remaining market value is tier III. The class classification rates for class 1c
157.11 are: tier I, 0.50 percent; tier II, 1.0 percent; and tier III, 1.25 percent. Owners of real and
157.12 personal property devoted to temporary and seasonal residential occupancy for recreation
157.13 purposes in which all or a portion of the property was devoted to commercial purposes for
157.14 not more than 250 days in the year preceding the year of assessment desiring classification
157.15 as class 1c, must submit a declaration to the assessor designating the cabins or units
157.16 occupied for 250 days or less in the year preceding the year of assessment by January 15 of
157.17 the assessment year. Those cabins or units and a proportionate share of the land on which
157.18 they are located must be designated as class 1c as otherwise provided. The remainder of
157.19 the cabins or units and a proportionate share of the land on which they are located must be
157.20 designated as class 3a commercial. The owner of property desiring designation as class
157.21 1c property must provide guest registers or other records demonstrating that the units for
157.22 which class 1c designation is sought were not occupied for more than 250 days in the
157.23 year preceding the assessment if so requested. The portion of a property operated as a
157.24 (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5) other
157.25 nonresidential facility operated on a commercial basis not directly related to temporary
157.26 and seasonal residential occupancy for recreation purposes does not qualify for class 1c.

157.27 (d) Class 1d property includes structures that meet all of the following criteria:

157.28 (1) the structure is located on property that is classified as agricultural property under
157.29 section 273.13, subdivision 23;

157.30 (2) the structure is occupied exclusively by seasonal farm workers during the time
157.31 when they work on that farm, and the occupants are not charged rent for the privilege of
157.32 occupying the property, provided that use of the structure for storage of farm equipment
157.33 and produce does not disqualify the property from classification under this paragraph;

157.34 (3) the structure meets all applicable health and safety requirements for the
157.35 appropriate season; and

158.1 (4) the structure is not salable as residential property because it does not comply
158.2 with local ordinances relating to location in relation to streets or roads.

158.3 The market value of class 1d property has ~~the same class rates as class 1a property~~
158.4 ~~under paragraph (a)~~ a classification rate of one percent on the first \$500,000 of market
158.5 value and a classification rate of 1.25 percent on the market value that exceeds \$500,000.

158.6 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2014.

158.7 Sec. 5. Minnesota Statutes 2013 Supplement, section 273.13, subdivision 25, is
158.8 amended to read:

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

158.16 (b) Class 4b includes:

158.17 (1) residential real estate containing less than four units that does not qualify as class
158.18 4bb, other than seasonal residential recreational property;

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

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

158.22 (4) unimproved property that is classified residential as determined under subdivision
158.23 33.

158.24 The market value of class 4b property has a ~~class~~ classification rate of 1.25 percent.

158.25 (c) Class 4bb includes nonhomestead residential real estate containing one unit,
158.26 other than seasonal residential recreational property, and a single family dwelling, garage,
158.27 and surrounding one acre of property on a nonhomestead farm classified under subdivision
158.28 23, paragraph (b).

158.29 Class 4bb property has ~~the same class rates as class 1a property under subdivision 22~~
158.30 a classification rate of one percent on the first \$500,000 of market value and a classification
158.31 rate of 1.25 percent on the market value that exceeds \$500,000.

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

158.35 (d) Class 4c property includes:

159.1 (1) except as provided in subdivision 22, paragraph (c), real and personal property
159.2 devoted to commercial temporary and seasonal residential occupancy for recreation
159.3 purposes, for not more than 250 days in the year preceding the year of assessment. For
159.4 purposes of this clause, property is devoted to a commercial purpose on a specific day
159.5 if any portion of the property is used for residential occupancy, and a fee is charged for
159.6 residential occupancy. Class 4c property under this clause must contain three or more
159.7 rental units. A "rental unit" is defined as a cabin, condominium, townhouse, sleeping room,
159.8 or individual camping site equipped with water and electrical hookups for recreational
159.9 vehicles. A camping pad offered for rent by a property that otherwise qualifies for class
159.10 4c under this clause is also class 4c under this clause regardless of the term of the rental
159.11 agreement, as long as the use of the camping pad does not exceed 250 days. In order for a
159.12 property to be classified under this clause, either (i) the business located on the property
159.13 must provide recreational activities, at least 40 percent of the annual gross lodging receipts
159.14 related to the property must be from business conducted during 90 consecutive days,
159.15 and either (A) at least 60 percent of all paid bookings by lodging guests during the year
159.16 must be for periods of at least two consecutive nights; or (B) at least 20 percent of the
159.17 annual gross receipts must be from charges for providing recreational activities, or (ii) the
159.18 business must contain 20 or fewer rental units, and must be located in a township or a city
159.19 with a population of 2,500 or less located outside the metropolitan area, as defined under
159.20 section 473.121, subdivision 2, that contains a portion of a state trail administered by the
159.21 Department of Natural Resources. For purposes of item (i)(A), a paid booking of five or
159.22 more nights shall be counted as two bookings. Class 4c property also includes commercial
159.23 use real property used exclusively for recreational purposes in conjunction with other class
159.24 4c property classified under this clause and devoted to temporary and seasonal residential
159.25 occupancy for recreational purposes, up to a total of two acres, provided the property is
159.26 not devoted to commercial recreational use for more than 250 days in the year preceding
159.27 the year of assessment and is located within two miles of the class 4c property with which
159.28 it is used. In order for a property to qualify for classification under this clause, the owner
159.29 must submit a declaration to the assessor designating the cabins or units occupied for 250
159.30 days or less in the year preceding the year of assessment by January 15 of the assessment
159.31 year. Those cabins or units and a proportionate share of the land on which they are located
159.32 must be designated class 4c under this clause as otherwise provided. The remainder of the
159.33 cabins or units and a proportionate share of the land on which they are located will be
159.34 designated as class 3a. The owner of property desiring designation as class 4c property
159.35 under this clause must provide guest registers or other records demonstrating that the units
159.36 for which class 4c designation is sought were not occupied for more than 250 days in the

160.1 year preceding the assessment if so requested. The portion of a property operated as a
160.2 (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5) other
160.3 nonresidential facility operated on a commercial basis not directly related to temporary and
160.4 seasonal residential occupancy for recreation purposes does not qualify for class 4c. For
160.5 the purposes of this paragraph, "recreational activities" means renting ice fishing houses,
160.6 boats and motors, snowmobiles, downhill or cross-country ski equipment; providing
160.7 marina services, launch services, or guide services; or selling bait and fishing tackle;

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

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

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

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

160.16 (3) real property up to a maximum of three acres of land owned and used by a
160.17 nonprofit community service oriented organization and not used for residential purposes
160.18 on either a temporary or permanent basis, provided that:

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

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

160.25 For purposes of this clause:

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

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

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

160.35 (D) "revenue-producing activities" shall include but not be limited to property or that
160.36 portion of the property that is used as an on-sale intoxicating liquor or 3.2 percent malt

161.1 liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling
161.2 alley, a retail store, gambling conducted by organizations licensed under chapter 349, an
161.3 insurance business, or office or other space leased or rented to a lessee who conducts a
161.4 for-profit enterprise on the premises.

161.5 Any portion of the property not qualifying under either item (i) or (ii) is class 3a.
161.6 The use of the property for social events open exclusively to members and their guests
161.7 for periods of less than 24 hours, when an admission is not charged nor any revenues are
161.8 received by the organization shall not be considered a revenue-producing activity.

161.9 The organization shall maintain records of its charitable contributions and donations
161.10 and of public meetings and events held on the property and make them available upon
161.11 request any time to the assessor to ensure eligibility. An organization meeting the
161.12 requirement under item (ii) must file an application by May 1 with the assessor for
161.13 eligibility for the current year's assessment. The commissioner shall prescribe a uniform
161.14 application form and instructions;

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

161.19 (5)(i) manufactured home parks as defined in section 327.14, subdivision 3,
161.20 excluding manufactured home parks described in section 273.124, subdivision 3a, and (ii)
161.21 manufactured home parks as defined in section 327.14, subdivision 3, that are described in
161.22 section 273.124, subdivision 3a;

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

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

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

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

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

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

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

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

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

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

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

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

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

162.14 The market value subject to the 4c classification under this clause is limited to
162.15 five rental units. Any rental units on the property in excess of five, must be valued and
162.16 assessed as class 3a. The portion of the property used for purposes of a homestead by the
162.17 owner must be classified as class 1a property under subdivision 22;

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

162.30 (11) lakeshore and riparian property and adjacent land, not to exceed six acres, used
162.31 as a marina, as defined in section 86A.20, subdivision 5, which is made accessible to
162.32 the public and devoted to recreational use for marina services. The marina owner must
162.33 annually provide evidence to the assessor that it provides services, including lake or river
162.34 access to the public by means of an access ramp or other facility that is either located on
162.35 the property of the marina or at a publicly owned site that abuts the property of the marina.
162.36 No more than 800 feet of lakeshore may be included in this classification. Buildings used

163.1 in conjunction with a marina for marina services, including but not limited to buildings
163.2 used to provide food and beverage services, fuel, boat repairs, or the sale of bait or fishing
163.3 tackle, are classified as class 3a property; and

163.4 (12) real and personal property devoted to noncommercial temporary and seasonal
163.5 residential occupancy for recreation purposes.

163.6 Class 4c property has a class classification rate of 1.5 percent of market value, except
163.7 that (i) each parcel of noncommercial seasonal residential recreational property under
163.8 clause (12) has ~~the same class rates as class 4bb property~~ a classification rate of one percent
163.9 on the first \$500,000 of market value and a classification rate of 1.25 percent on the market
163.10 value that exceeds \$500,000, (ii) manufactured home parks assessed under clause (5), item
163.11 (i), have ~~the same class rate as class 4b property~~ a classification rate of 1.25 percent, and
163.12 the market value of manufactured home parks assessed under clause (5), item (ii), has ~~the~~
163.13 ~~same class rate as class 4d property~~ have a classification rate of 0.75 percent if more than 50
163.14 percent of the lots in the park are occupied by shareholders in the cooperative corporation
163.15 or association and a class classification rate of one percent if 50 percent or less of the lots
163.16 are so occupied, (iii) commercial-use seasonal residential recreational property and marina
163.17 recreational land as described in clause (11), has a class classification rate of one percent
163.18 for the first \$500,000 of market value, and 1.25 percent for the remaining market value, (iv)
163.19 the market value of property described in clause (4) has a class classification rate of one
163.20 percent, (v) the market value of property described in clauses (2), (6), and (10) has a class
163.21 classification rate of 1.25 percent, and (vi) that portion of the market value of property in
163.22 clause (9) qualifying for class 4c property has a class classification rate of 1.25 percent.

163.23 (e) Class 4d property is qualifying low-income rental housing certified to the assessor
163.24 by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion
163.25 of the units in the building qualify as low-income rental housing units as certified under
163.26 section 273.128, subdivision 3, only the proportion of qualifying units to the total number
163.27 of units in the building qualify for class 4d. The remaining portion of the building shall be
163.28 classified by the assessor based upon its use. Class 4d also includes the same proportion of
163.29 land as the qualifying low-income rental housing units are to the total units in the building.
163.30 For all properties qualifying as class 4d, the market value determined by the assessor must
163.31 be based on the normal approach to value using normal unrestricted rents.

163.32 (f) The first tier of market value of class 4d property has a class classification rate
163.33 of 0.75 percent. The remaining value of class 4d property has a class classification
163.34 rate of 0.25 percent. For the purposes of this paragraph, the "first tier of market value
163.35 of class 4d property" means the market value of each housing unit up to the first tier
163.36 limit. For the purposes of this paragraph, all class 4d property value must be assigned

164.1 to individual housing units. The first tier limit is \$100,000 for assessment year 2014.
164.2 For subsequent years, the limit is adjusted each year by the average statewide change in
164.3 estimated market value of property classified as class 4a and 4d under this section for the
164.4 previous assessment year, excluding valuation change due to new construction, rounded to
164.5 the nearest \$1,000, provided, however, that the limit may never be less than \$100,000.
164.6 Beginning with assessment year 2015, the commissioner of revenue must certify the limit
164.7 for each assessment year by November 1 of the previous year.

164.8 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2014.

164.9 Sec. 6. Minnesota Statutes 2013 Supplement, section 273.1325, subdivision 1, is
164.10 amended to read:

164.11 Subdivision 1. **Computation.** The Department of Revenue must annually conduct
164.12 an assessment/sales ratio study of the taxable property in each county, city, town, and
164.13 school district in accordance with the procedures in subdivisions 2 and 3. Based upon the
164.14 results of this assessment/sales ratio study, the Department of Revenue must determine
164.15 an equalized net tax capacity for the various classes of taxable property in each taxing
164.16 district, the aggregate of which is designated as the adjusted net tax capacity. The adjusted
164.17 net tax capacity must be reduced by the captured tax capacity of tax increment districts
164.18 under section 469.177, subdivision 2, fiscal disparities contribution tax capacities under
164.19 sections 276A.06 and 473F.08, and the tax capacity of transmission lines required to be
164.20 subtracted from the local tax base under section 273.425; and increased by fiscal disparities
164.21 distribution tax capacities under sections 276A.06 and 473F.08. The adjusted net tax
164.22 capacities shall be determined using the net tax capacity percentages in effect for the
164.23 assessment year following the assessment year of the study. The Department of Revenue
164.24 must make whatever estimates are necessary to account for changes in the classification
164.25 system. The Department of Revenue may incur the expense necessary to make the
164.26 determinations. The commissioner of revenue may reimburse any county or governmental
164.27 official for requested services performed in ascertaining the adjusted net tax capacity. On
164.28 or before March 15 annually, the Department of Revenue shall file with the chair of the
164.29 Tax Committee of the house of representatives and the chair of the Committee on Taxes
164.30 and Tax laws of the senate a report of adjusted net tax capacities for school districts.
164.31 On or before June ~~15~~ 30 annually, the Department of Revenue shall file its final report
164.32 on the adjusted net tax capacities for school districts established by the previous year's
164.33 assessments and the current year's net tax capacity percentages with the commissioner of
164.34 education and each county auditor for those school districts for which the auditor has the
164.35 responsibility for determination of local tax rates. A copy of the report so filed shall be

165.1 mailed to the clerk of each school district involved and to the county assessor or supervisor
165.2 of assessments of the county or counties in which each school district is located.

165.3 **EFFECTIVE DATE.** This section is effective January 1, 2014.

165.4 Sec. 7. Minnesota Statutes 2012, section 273.33, subdivision 2, is amended to read:

165.5 Subd. 2. **Listing and assessment by commissioner.** The personal property,
165.6 consisting of the pipeline system of mains, pipes, and equipment attached thereto, of
165.7 pipeline companies and others engaged in the operations or business of transporting natural
165.8 gas, gasoline, crude oil, or other petroleum products by pipelines, shall be listed with and
165.9 assessed by the commissioner of revenue and the values provided to the city or county
165.10 assessor by order. This subdivision shall not apply to the assessment of the products
165.11 transported through the pipelines nor to the lines of local commercial gas companies
165.12 engaged primarily in the business of distributing gas to consumers at retail nor to pipelines
165.13 used by the owner thereof to supply natural gas or other petroleum products exclusively
165.14 for such owner's own consumption and not for resale to others. If more than 85 percent
165.15 of the natural gas or other petroleum products actually transported over the pipeline is
165.16 used for the owner's own consumption and not for resale to others, then this subdivision
165.17 shall not apply; provided, however, that in that event, the pipeline shall be assessed in
165.18 proportion to the percentage of gas actually transported over such pipeline that is not used
165.19 for the owner's own consumption. On or before August 1, the commissioner shall certify
165.20 to the auditor of each county, the amount of such personal property assessment against
165.21 each company in each district in which such property is located. If the commissioner
165.22 determines that the amount of personal property assessment certified on or before August
165.23 1 is in error, the commissioner may issue a corrected certification on or before October 1.
165.24 The commissioner may correct errors that are merely clerical in nature until December 31.

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

165.26 Sec. 8. Minnesota Statutes 2012, section 273.37, subdivision 2, is amended to read:

165.27 Subd. 2. **Listing and assessment by commissioner.** Transmission lines of less
165.28 than 69 kv, transmission lines of 69 kv and above located in an unorganized township,
165.29 and distribution lines, and equipment attached thereto, having a fixed situs outside the
165.30 corporate limits of cities except distribution lines taxed as provided in sections 273.40
165.31 and 273.41, shall be listed with and assessed by the commissioner of revenue in the
165.32 county where situated and the values provided to the city or county assessor by order.
165.33 The commissioner shall assess such property at the percentage of market value fixed by

166.1 law; and, on or before August 1, shall certify to the auditor of each county in which
166.2 such property is located the amount of the assessment made against each company and
166.3 person owning such property. If the commissioner determines that the amount of the
166.4 assessment certified on or before August 1 is in error, the commissioner may issue a
166.5 corrected certification on or before October 1. The commissioner may correct errors that
166.6 are merely clerical in nature until December 31.

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

166.8 Sec. 9. Minnesota Statutes 2012, section 273.3711, is amended to read:

166.9 **273.3711 RECOMMENDED AND ORDERED VALUES.**

166.10 For purposes of sections 273.33, 273.35, 273.36, 273.37, 273.371, and 273.372,
166.11 all values not required to be listed and assessed by the commissioner of revenue are
166.12 recommended values. If the commissioner provides recommended values, the values must
166.13 be certified to the auditor of each county in which the property is located on or before
166.14 August 1. If the commissioner determines that the certified recommended value is in
166.15 error the commissioner may issue a corrected certification on or before October 1. The
166.16 commissioner may correct errors that are merely clerical in nature until December 31.

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

166.18 Sec. 10. Minnesota Statutes 2012, section 274.01, subdivision 1, is amended to read:

166.19 Subdivision 1. **Ordinary board; meetings, deadlines, grievances.** (a) The town
166.20 board of a town, or the council or other governing body of a city, is the board of appeal
166.21 and equalization except (1) in cities whose charters provide for a board of equalization or
166.22 (2) in any city or town that has transferred its local board of review power and duties to
166.23 the county board as provided in subdivision 3. The county assessor shall fix a day and
166.24 time when the board or the board of equalization shall meet in the assessment districts
166.25 of the county. Notwithstanding any law or city charter to the contrary, a city board of
166.26 equalization shall be referred to as a board of appeal and equalization. On or before
166.27 February 15 of each year the assessor shall give written notice of the time to the city or
166.28 town clerk. Notwithstanding the provisions of any charter to the contrary, the meetings
166.29 must be held between April 1 and May 31 each year. The clerk shall give published and
166.30 posted notice of the meeting at least ten days before the date of the meeting.

166.31 The board shall meet either at a central location within the county or at the office of
166.32 the clerk to review the assessment and classification of property in the town or city. No
166.33 changes in valuation or classification which are intended to correct errors in judgment by

167.1 the county assessor may be made by the county assessor after the board has adjourned
167.2 in those cities or towns that hold a local board of review; however, corrections of errors
167.3 that are merely clerical in nature or changes that extend homestead treatment to property
167.4 are permitted after adjournment until the tax extension date for that assessment year. The
167.5 changes must be fully documented and maintained in the assessor's office and must be
167.6 available for review by any person. A copy of the changes made during this period in
167.7 those cities or towns that hold a local board of review must be sent to the county board no
167.8 later than December 31 of the assessment year.

167.9 (b) The board shall determine whether the taxable property in the town or city has
167.10 been properly placed on the list and properly valued by the assessor. If real or personal
167.11 property has been omitted, the board shall place it on the list with its market value, and
167.12 correct the assessment so that each tract or lot of real property, and each article, parcel,
167.13 or class of personal property, is entered on the assessment list at its market value. No
167.14 assessment of the property of any person may be raised unless the person has been
167.15 duly notified of the intent of the board to do so. On application of any person feeling
167.16 aggrieved, the board shall review the assessment or classification, or both, and correct
167.17 it as appears just. The board may not make an individual market value adjustment or
167.18 classification change that would benefit the property if the owner or other person having
167.19 control over the property has refused the assessor access to inspect the property and the
167.20 interior of any buildings or structures as provided in section 273.20. A board member
167.21 shall not participate in any actions of the board which result in market value adjustments
167.22 or classification changes to property owned by the board member, the spouse, parent,
167.23 stepparent, child, stepchild, grandparent, grandchild, brother, sister, uncle, aunt, nephew,
167.24 or niece of a board member, or property in which a board member has a financial interest.
167.25 The relationship may be by blood or marriage.

167.26 (c) A local board may reduce assessments upon petition of the taxpayer but the total
167.27 reductions must not reduce the aggregate assessment made by the county assessor by more
167.28 than one percent. If the total reductions would lower the aggregate assessments made by
167.29 the county assessor by more than one percent, none of the adjustments may be made. The
167.30 assessor shall correct any clerical errors or double assessments discovered by the board
167.31 without regard to the one percent limitation.

167.32 (d) A local board does not have authority to grant an exemption or to order property
167.33 removed from the tax rolls.

167.34 (e) A majority of the members may act at the meeting, and adjourn from day to day
167.35 until they finish hearing the cases presented. The assessor shall attend, with the assessment
167.36 books and papers, and take part in the proceedings, but must not vote. The county assessor,

168.1 or an assistant delegated by the county assessor shall attend the meetings. The board shall
168.2 list separately, on a form appended to the assessment book, all omitted property added
168.3 to the list by the board and all items of property increased or decreased, with the market
168.4 value of each item of property, added or changed by the board, placed opposite the item.
168.5 The county assessor shall enter all changes made by the board in the assessment book.

168.6 (f) Except as provided in subdivision 3, if a person fails to appear in person, by
168.7 counsel, or by written communication before the board after being duly notified of the
168.8 board's intent to raise the assessment of the property, or if a person feeling aggrieved by an
168.9 assessment or classification fails to apply for a review of the assessment or classification,
168.10 the person may not appear before the county board of appeal and equalization for a review
168.11 of the assessment or classification. This paragraph does not apply if an assessment was
168.12 made after the local board meeting, as provided in section 273.01, or if the person can
168.13 establish not having received notice of market value at least five days before the local
168.14 board meeting.

168.15 (g) The local board must complete its work and adjourn within 20 days from the
168.16 time of convening stated in the notice of the clerk, unless a longer period is approved by
168.17 the commissioner of revenue. No action taken after that date is valid. All complaints
168.18 about an assessment or classification made after the meeting of the board must be heard
168.19 and determined by the county board of equalization. A nonresident may, at any time,
168.20 before the meeting of the board file written objections to an assessment or classification
168.21 with the county assessor. The objections must be presented to the board at its meeting by
168.22 the county assessor for its consideration.

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

168.24 Sec. 11. Minnesota Statutes 2012, section 274.014, subdivision 3, is amended to read:

168.25 Subd. 3. **Proof of compliance; transfer of duties.** (a) Any city or town that
168.26 conducts local boards of appeal and equalization meetings must provide proof to the
168.27 county assessor by ~~December 1, 2006~~ February 15, 2015, and each year thereafter, that it
168.28 is in compliance with the requirements of subdivision 2. Beginning in ~~2006~~ 2015, this
168.29 notice must also verify that there was a quorum of voting members at each meeting of the
168.30 board of appeal and equalization in the current year. A city or town that does not comply
168.31 with these requirements is deemed to have transferred its board of appeal and equalization
168.32 powers to the county beginning with the following year's assessment and continuing
168.33 unless the powers are reinstated under paragraph (c).

168.34 (b) The county shall notify the taxpayers when the board of appeal and equalization
168.35 for a city or town has been transferred to the county under this subdivision and, prior to

169.1 the meeting time of the county board of equalization, the county shall make available to
169.2 those taxpayers a procedure for a review of the assessments, including, but not limited to,
169.3 open book meetings. This alternate review process shall take place in April and May.

169.4 (c) A local board whose powers are transferred to the county under this subdivision
169.5 may be reinstated by resolution of the governing body of the city or town and upon proof
169.6 of compliance with the requirements of subdivision 2. The resolution and proofs must be
169.7 provided to the county assessor by ~~December 1~~ February 15 in order to be effective for
169.8 the following year's assessment.

169.9 (d) A local board whose powers are transferred to the county under this subdivision
169.10 may continue to employ a local assessor and is not deemed to have transferred its powers
169.11 to make assessments.

169.12 **EFFECTIVE DATE.** This section is effective beginning with local boards of appeal
169.13 and equalization meetings held after December 31, 2014.

169.14 Sec. 12. Minnesota Statutes 2013 Supplement, section 423A.02, subdivision 3, is
169.15 amended to read:

169.16 Subd. 3. **Reallocation of amortization state aid.** (a) Seventy percent of the
169.17 difference between \$5,720,000 and the current year amortization aid distributed under
169.18 subdivision 1 that is not distributed for any reason to a municipality must be distributed
169.19 by the commissioner of revenue according to this paragraph. The commissioner shall
169.20 distribute 50 percent of the amounts derived under this paragraph to the Teachers
169.21 Retirement Association, ten percent to the Duluth Teachers Retirement Fund Association,
169.22 and 40 percent to the St. Paul Teachers Retirement Fund Association to fund the unfunded
169.23 actuarial accrued liabilities of the respective funds. These payments must be made on July
169.24 15 each fiscal year. If the St. Paul Teachers Retirement Fund Association or the Duluth
169.25 Teachers Retirement Fund Association becomes fully funded, the association's eligibility
169.26 for its portion of this aid ceases. Amounts remaining in the undistributed balance account
169.27 at the end of the biennium if aid eligibility ceases cancel to the general fund.

169.28 (b) In order to receive amortization aid under paragraph (a), before June 30 annually
169.29 Independent School District No. 625, St. Paul, must make an additional contribution of
169.30 \$800,000 each year to the St. Paul Teachers Retirement Fund Association.

169.31 (c) Thirty percent of the difference between \$5,720,000 and the current year
169.32 amortization aid under subdivision ~~1a~~ 1 that is not distributed for any reason to a
169.33 municipality must be distributed under section 69.021, subdivision 7, paragraph (d), as
169.34 additional funding to support a minimum fire state aid amount for volunteer firefighter
169.35 relief associations.

170.1 **EFFECTIVE DATE.** This section is effective retroactively from June 1, 2013.

170.2 Sec. 13. Minnesota Statutes 2013 Supplement, section 477A.14, subdivision 1, is
170.3 amended to read:

170.4 Subdivision 1. **General distribution.** Except as provided in subdivisions 2 and 3,
170.5 40 percent of the total payment to the county shall be deposited in the county general
170.6 revenue fund to be used to provide property tax levy reduction. The remainder shall be
170.7 distributed by the county in the following priority:

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

170.14 ~~(b) from the funds remaining, (2) within 30 days of receipt of the payment to~~
170.15 ~~the county, the county treasurer shall pay each organized township ten percent of the~~
170.16 ~~amount received a township with land that qualifies for payment under section 477A.12,~~
170.17 ~~subdivision 1, clauses (1), (2), and (5) to (7), ten percent of the payment the county~~
170.18 ~~received for such land within that township. Payments for natural resources lands not~~
170.19 ~~located in an organized township shall be deposited in the county general revenue fund.~~
170.20 Payments to counties and townships pursuant to this paragraph shall be used to provide
170.21 property tax levy reduction, except that of the payments for natural resources lands not
170.22 located in an organized township, the county may allocate the amount determined to be
170.23 necessary for maintenance of roads in unorganized townships. ~~Provided that, if the total~~
170.24 ~~payment to the county pursuant to section 477A.12 is not sufficient to fully fund the~~
170.25 ~~distribution provided for in this clause, the amount available shall be distributed to each~~
170.26 ~~township and the county general revenue fund on a pro rata basis; and~~

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

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

170.31 Sec. 14. **REVISOR'S INSTRUCTION.**

170.32 The revisor of statutes shall change the terms "class rate" or "class rates" to
170.33 "classification rate" or "classification rates" or similar terms whenever they appear in
170.34 Minnesota Statutes when the terms are used to refer to the calculation of net tax capacity

171.1 in the property tax system. The revisor can make changes to sentence structure to preserve
 171.2 the meaning of the text. The revisor shall make other changes in section and subdivision
 171.3 headnotes and in other terminology as necessary as a result of the enactment of this
 171.4 section. The Department of Revenue shall assist in making these corrections.

171.5 **ARTICLE 9**

171.6 **DEPARTMENT POLICY AND TECHNICAL; INCOME AND**
 171.7 **FRANCHISE; SALES AND USE**

171.8 Section 1. Minnesota Statutes 2012, section 270C.34, subdivision 2, is amended to read:

171.9 Subd. 2. **Procedure.** (a) A request for abatement of penalty under subdivision 1 or
 171.10 section 289A.60, subdivision 4, or a request for abatement of interest or additional tax
 171.11 charge, must be filed with the commissioner within 60 days of the date the notice was
 171.12 mailed to the taxpayer's last known address, stating that a penalty has been imposed.

171.13 (b) If the commissioner issues an order denying a request for abatement of penalty,
 171.14 interest, or additional tax charge, the taxpayer may file an administrative appeal as
 171.15 provided in section 270C.35 or appeal to Tax Court as provided in section 271.06.

171.16 (c) If the commissioner does not issue an order on the abatement request within
 171.17 60 days from the date the request is received, the taxpayer may appeal to Tax Court as
 171.18 provided in section 271.06.

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

171.20 Sec. 2. Minnesota Statutes 2012, section 270C.56, subdivision 3, is amended to read:

171.21 Subd. 3. **Procedure for assessment; claims for refunds.** (a) The commissioner
 171.22 may assess liability for the taxes described in subdivision 1 against a person liable
 171.23 under this section. The assessment may be based upon information available to the
 171.24 commissioner. It must be made within the prescribed period of limitations for assessing
 171.25 the underlying tax, ~~or~~ within one year after the date of an order assessing underlying
 171.26 tax, or within one year after the date of a final administrative or judicial determination,
 171.27 whichever period expires later. An order assessing personal liability under this section is
 171.28 reviewable under section 270C.35 and is appealable to Tax Court.

171.29 (b) If the time for appealing the order has expired and a payment is made by or
 171.30 collected from the person assessed on the order in excess of the amount lawfully due
 171.31 from that person of any portion of the liability shown on the order, a claim for refund
 171.32 may be made by that person within 120 days after any payment of the liability if the
 171.33 payment is within 3-1/2 years after the date the order was issued. Claims for refund under

172.1 this paragraph are limited to the amount paid during the 120-day period. Any amounts
172.2 collected under paragraph (c) after a claim for refund is filed in order to satisfy the unpaid
172.3 balance of the assessment that is the subject of the claim shall be returned if the claim is
172.4 allowed. There is no claim for refund available under this paragraph if the assessment has
172.5 previously been the subject of an administrative or Tax Court appeal, or a denied claim
172.6 for refund. The taxpayer may contest denial of the refund as provided in the procedures
172.7 governing claims for refunds under section 289A.50, subdivision 7.

172.8 (c) If a person has been assessed under this section for an amount for a given period
172.9 and the time for appeal has expired, regardless of whether an action contesting denial of a
172.10 claim for refund has been filed under paragraph (b), or there has been a final determination
172.11 that the person is liable, collection action is not stayed pursuant to section 270C.33,
172.12 subdivision 5, for that assessment or for subsequent assessments of additional amounts for
172.13 the same person for the same period and tax type.

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

172.15 Sec. 3. Minnesota Statutes 2012, section 289A.18, subdivision 2, is amended to read:

172.16 Subd. 2. **Withholding returns, entertainer withholding returns, returns for**
172.17 **withholding from payments to out-of-state contractors, and withholding returns**
172.18 **from partnerships and S corporations.** (a) ~~Withholding returns for the first, second,~~
172.19 ~~and third quarters~~ are due on or before the last day of the month following the close of
172.20 the quarterly period. However, if the return shows timely deposits in full payment of
172.21 the taxes due for that period, the returns ~~for the first, second, and third quarters~~ may be
172.22 filed on or before the tenth day of the second calendar month following the period. ~~The~~
172.23 ~~return for the fourth quarter must be filed on or before the 28th day of the second calendar~~
172.24 ~~month following the period.~~ An employer, in preparing a quarterly return, may take credit
172.25 for deposits previously made for that quarter. Entertainer withholding tax returns are
172.26 due within 30 days after each performance. Returns for withholding from payments to
172.27 out-of-state contractors are due within 30 days after the payment to the contractor. Returns
172.28 for withholding by partnerships are due on or before the due date specified for filing
172.29 partnership returns. Returns for withholding by S corporations are due on or before the
172.30 due date specified for filing corporate franchise tax returns.

172.31 (b) A seasonal employer who provides notice in the form and manner prescribed
172.32 by the commissioner before the end of the calendar quarter is not required to file a
172.33 withholding tax return for periods of anticipated inactivity unless the employer pays wages
172.34 during the period from which tax is withheld. For purposes of this paragraph, a seasonal

173.1 employer is an employer that regularly, in the same one or more quarterly periods of each
173.2 calendar year, pays no wages to employees.

173.3 **EFFECTIVE DATE.** (a) The amendments in paragraph (a) are effective for returns
173.4 due after January 1, 2016.

173.5 (b) The amendment adding paragraph (b) is effective for wages paid after December
173.6 31, 2015.

173.7 Sec. 4. Minnesota Statutes 2012, section 296A.01, subdivision 16, is amended to read:

173.8 Subd. 16. **Dyed fuel.** "Dyed fuel" means ~~diesel~~ motor fuel to which indelible dye
173.9 has been added, either before or upon withdrawal at a terminal or refinery rack, and which
173.10 may be sold for exempt purposes. The dye may be either dye required to be added per the
173.11 EPA or dye that meets other specifications required by the Internal Revenue Service or
173.12 the commissioner.

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

173.14 Sec. 5. Minnesota Statutes 2013 Supplement, section 403.162, subdivision 5, is
173.15 amended to read:

173.16 Subd. 5. **Fees deposited.** (a) The commissioner of revenue shall, based on
173.17 the relative proportion of the prepaid wireless E911 fee and the prepaid wireless
173.18 telecommunications access Minnesota fee imposed per retail transaction, divide the fees
173.19 collected in corresponding proportions. Within 30 days of receipt of the collected fees,
173.20 the commissioner shall:

173.21 (1) deposit the proportion of the collected fees attributable to the prepaid wireless
173.22 E911 fee in the 911 emergency telecommunications service account in the special revenue
173.23 fund; and

173.24 (2) deposit the proportion of collected fees attributable to the prepaid wireless
173.25 telecommunications access Minnesota fee in the telecommunications access fund
173.26 established in section 237.52, subdivision 1.

173.27 (b) The ~~department~~ commissioner of revenue may deduct and ~~retain~~ deposit in a
173.28 special revenue account an amount, not to exceed two percent of collected fees;. Money
173.29 in the account is annually appropriated to the commissioner of revenue to reimburse its
173.30 direct costs of administering the collection and remittance of prepaid wireless E911 fees
173.31 and prepaid wireless telecommunications access Minnesota fees.

173.32 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2014.

174.1 Sec. 6. Laws 2013, chapter 143, article 8, section 3, the effective date, is amended to
174.2 read:

174.3 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
174.4 June 30, 2013, except for paragraph (p), which is effective the day following final
174.5 enactment.

174.6 **EFFECTIVE DATE.** This section is effective retroactively from the day following
174.7 final enactment of Laws 2013, chapter 143, article 8, section 3.

174.8 Sec. 7. **REPEALER.**

174.9 Minnesota Rules, parts 8130.8900, subpart 3; and 8130.9500, subparts 1, 1a, 2,
174.10 3, 4, and 5, are repealed.

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