

1.1 A bill for an act

1.2 relating to taxation; modifying provisions governing individual income and

1.3 corporate franchise taxes, sales and use taxes, property taxes, certain state aid

1.4 programs, certain local taxes, tax increment financing, and various other taxes and

1.5 tax-related provisions; providing for certain federal tax conformity; modifying

1.6 and proposing certain income tax credits and subtractions; providing for certain

1.7 sales tax exemptions; modifying property tax programs; proposing additional local

1.8 government aid programs; authorizing certain tax increment financing; authorizing

1.9 certain local taxes; requiring reports; appropriating money; amending Minnesota

1.10 Statutes 2020, sections 6.495, subdivision 3; 41B.0391, subdivision 6; 123B.61;

1.11 270C.11, by adding a subdivision; 272.01, subdivision 2; 272.02, subdivision 98,

1.12 by adding a subdivision; 272.025, subdivision 1; 273.032; 273.11, subdivision 23;

1.13 273.128, subdivision 2, by adding a subdivision; 273.13, subdivisions 22, 35, by

1.14 adding a subdivision; 273.1392; 273.1393; 273.41; 276.04, subdivision 2; 279.03,

1.15 subdivision 1a; 282.261, subdivision 2; 289A.02, subdivision 7; 289A.10,

1.16 subdivision 1; 290.0123, subdivision 3; 290.0131, by adding subdivisions;

1.17 290.0132, subdivisions 4, 18, 26, by adding subdivisions; 290.0133, by adding

1.18 subdivisions; 290.0134, by adding subdivisions; 290.05, subdivision 1; 290.06,

1.19 subdivision 2d; 290.067, subdivision 1; 290.0671, subdivision 1a; 290.0674,

1.20 subdivision 2; 290.0675, subdivision 1; 290.068, subdivision 1; 290.0681,

1.21 subdivision 4; 290.091, subdivision 2; 290.095, subdivision 11; 290A.03,

1.22 subdivisions 13, 15; 290A.04, subdivision 2h; 290A.19; 290B.03, subdivision 1;

1.23 290B.04, subdivisions 3, 4; 290B.05, subdivision 1; 291.005, subdivision 1;

1.24 291.016, subdivision 3; 291.03, subdivision 1, by adding a subdivision; 296A.083,

1.25 subdivision 3; 297A.61, subdivision 29; 297A.67, subdivision 35; 297A.68, by

1.26 adding a subdivision; 297A.69, subdivision 4; 297A.70, by adding a subdivision;

1.27 297A.71, by adding subdivisions; 297A.99, subdivision 3; 297E.02, subdivision

1.28 6; 297E.021, subdivision 2; 297I.20, by adding a subdivision; 298.28, subdivisions

1.29 5, 7a, 9b; 366.095, subdivision 1; 373.01, subdivision 3; 383B.117, subdivision

1.30 2; 410.32; 412.301; 469.174, subdivision 14, by adding a subdivision; 469.176,

1.31 subdivisions 3, 4, 4c; 469.1763, subdivision 6; 469.1771, subdivisions 2, 2a, 3;

1.32 469.190, subdivision 7; 477B.01, subdivisions 5, 10, 11, by adding subdivisions;

1.33 477B.02, subdivisions 2, 3, 5, 8, 9, by adding a subdivision; 477B.03, subdivisions

1.34 2, 3, 4, 5, 7; 477B.04, subdivision 1, by adding a subdivision; 477C.03, subdivisions

1.35 2, 5; 477C.04, by adding a subdivision; Minnesota Statutes 2021 Supplement,

1.36 sections 3.192; 116J.8737, subdivision 5; 273.13, subdivisions 25, 34; 275.025,

1.37 subdivision 1; 275.065, subdivision 3; 289A.08, subdivisions 7, 7a; 289A.382,

1.38 subdivision 2; 290.01, subdivisions 19, 31; 290.06, subdivision 2c; 290.92,

2.1 subdivision 20; 290.993; 297A.67, subdivision 38; 297A.71, subdivision 52;  
2.2 297A.75, subdivisions 1, 2, 3; 297E.02, subdivision 3; 469.1763, subdivisions 2,  
2.3 3, 4; Laws 1998, chapter 389, article 8, section 43, as amended; Laws 2008, chapter  
2.4 366, article 7, section 17; Laws 2011, First Special Session chapter 7, article 4,  
2.5 section 14; Laws 2014, chapter 308, article 6, section 12, subdivision 2; Laws  
2.6 2021, First Special Session chapter 14, article 8, sections 14, subdivision 4; 15;  
2.7 20, subdivisions 2, 3, 4; proposing coding for new law in Minnesota Statutes,  
2.8 chapters 273; 290; 477A; proposing coding for new law as Minnesota Statutes,  
2.9 chapter 116X; repealing Minnesota Statutes 2020, sections 290.0131, subdivision  
2.10 15; 290.0674, subdivision 2a; 477B.02, subdivision 4; 477B.03, subdivision 6;  
2.11 Minnesota Statutes 2021 Supplement, section 290.0681, subdivision 10.

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

2.13 **ARTICLE 1**  
2.14 **FEDERAL UPDATE**

2.15 Section 1. Minnesota Statutes 2020, section 289A.02, subdivision 7, is amended to read:

2.16 Subd. 7. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal  
2.17 Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~December~~  
2.18 ~~31, 2018~~ November 15, 2021.

2.19 **EFFECTIVE DATE.** This section is effective the day following final enactment, except  
2.20 the changes incorporated by federal changes are effective retroactively at the same time the  
2.21 changes were effective for federal purposes, but are subject to the application of Minnesota  
2.22 Statutes, section 290.993, subdivision 2.

2.23 Sec. 2. Minnesota Statutes 2021 Supplement, section 289A.08, subdivision 7, is amended  
2.24 to read:

2.25 Subd. 7. **Composite income tax returns for nonresident partners, shareholders, and**  
2.26 **beneficiaries.** (a) The commissioner may allow a partnership with nonresident partners to  
2.27 file a composite return and to pay the tax on behalf of nonresident partners who have no  
2.28 other Minnesota source income. This composite return must include the names, addresses,  
2.29 Social Security numbers, income allocation, and tax liability for the nonresident partners  
2.30 electing to be covered by the composite return.

2.31 (b) The computation of a partner's tax liability must be determined by multiplying the  
2.32 income allocated to that partner by the highest rate used to determine the tax liability for  
2.33 individuals under section 290.06, subdivision 2c. Nonbusiness deductions, standard  
2.34 deductions, or personal exemptions are not allowed.

2.35 (c) The partnership must submit a request to use this composite return filing method for  
2.36 nonresident partners. The requesting partnership must file a composite return in the form

3.1 prescribed by the commissioner of revenue. The filing of a composite return is considered  
3.2 a request to use the composite return filing method.

3.3 (d) The electing partner must not have any Minnesota source income other than the  
3.4 income from the partnership, other electing partnerships, and other qualifying entities  
3.5 electing to file and pay the pass-through entity tax under subdivision 7a. If it is determined  
3.6 that the electing partner has other Minnesota source income, the inclusion of the income  
3.7 and tax liability for that partner under this provision will not constitute a return to satisfy  
3.8 the requirements of subdivision 1. The tax paid for the individual as part of the composite  
3.9 return is allowed as a payment of the tax by the individual on the date on which the composite  
3.10 return payment was made. If the electing nonresident partner has no other Minnesota source  
3.11 income, filing of the composite return is a return for purposes of subdivision 1.

3.12 (e) This subdivision does not negate the requirement that an individual pay estimated  
3.13 tax if the individual's liability would exceed the requirements set forth in section 289A.25.  
3.14 The individual's liability to pay estimated tax is, however, satisfied when the partnership  
3.15 pays composite estimated tax in the manner prescribed in section 289A.25.

3.16 (f) If an electing partner's share of the partnership's gross income from Minnesota sources  
3.17 is less than the filing requirements for a nonresident under this subdivision, the tax liability  
3.18 is zero. However, a statement showing the partner's share of gross income must be included  
3.19 as part of the composite return.

3.20 (g) The election provided in this subdivision is only available to a partner who has no  
3.21 other Minnesota source income and who is either (1) a full-year nonresident individual or  
3.22 (2) a trust or estate that does not claim a deduction under either section 651 or 661 of the  
3.23 Internal Revenue Code.

3.24 (h) A corporation defined in section 290.9725 and its nonresident shareholders may  
3.25 make an election under this paragraph. The provisions covering the partnership apply to  
3.26 the corporation and the provisions applying to the partner apply to the shareholder.

3.27 (i) Estates and trusts distributing current income only and the nonresident individual  
3.28 beneficiaries of the estates or trusts may make an election under this paragraph. The  
3.29 provisions covering the partnership apply to the estate or trust. The provisions applying to  
3.30 the partner apply to the beneficiary.

3.31 (j) For the purposes of this subdivision, "income" means the partner's share of federal  
3.32 adjusted gross income from the partnership modified by the additions provided in section  
3.33 290.0131, subdivisions 8 to 10, 16, ~~and~~ 17, 19, and 20, and the subtractions provided in:  
3.34 (1) section 290.0132, subdivisions 9, 27, and 28, to the extent the amount is assignable or

4.1 allocable to Minnesota under section 290.17; and (2) section 290.0132, subdivision 14, 31,  
4.2 and 32. The subtraction allowed under section 290.0132, subdivision 9, is only allowed on  
4.3 the composite tax computation to the extent the electing partner would have been allowed  
4.4 the subtraction.

4.5 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
4.6 31, 2021.

4.7 Sec. 3. Minnesota Statutes 2021 Supplement, section 290.01, subdivision 19, is amended  
4.8 to read:

4.9 Subd. 19. **Net income.** (a) For a trust or estate taxable under section 290.03, and a  
4.10 corporation taxable under section 290.02, the term "net income" means the federal taxable  
4.11 income, as defined in section 63 of the Internal Revenue Code of 1986, as amended through  
4.12 the date named in this subdivision, incorporating the federal effective dates of changes to  
4.13 the Internal Revenue Code and any elections made by the taxpayer in accordance with the  
4.14 Internal Revenue Code in determining federal taxable income for federal income tax  
4.15 purposes, and with the modifications provided in sections 290.0131 to 290.0136.

4.16 (b) For an individual, the term "net income" means federal adjusted gross income with  
4.17 the modifications provided in sections 290.0131, 290.0132, and 290.0135 to 290.0137.

4.18 (c) In the case of a regulated investment company or a fund thereof, as defined in section  
4.19 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment  
4.20 company taxable income as defined in section 852(b)(2) of the Internal Revenue Code,  
4.21 except that:

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

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

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

4.31 (d) The net income of a real estate investment trust as defined and limited by section  
4.32 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust  
4.33 taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

5.1 (e) The net income of a designated settlement fund as defined in section 468B(d) of the  
5.2 Internal Revenue Code means the gross income as defined in section 468B(b) of the Internal  
5.3 Revenue Code.

5.4 (f) The Internal Revenue Code of 1986, as amended through ~~December 31, 2018~~  
5.5 November 15, 2021, applies for taxable years beginning after December 31, 1996, ~~except~~  
5.6 ~~the sections of federal law in section 290.0111 shall also apply.~~

5.7 (g) Except as otherwise provided, references to the Internal Revenue Code in this  
5.8 subdivision and sections 290.0131 to 290.0136 mean the code in effect for purposes of  
5.9 determining net income for the applicable year.

5.10 **EFFECTIVE DATE.** This section is effective the day following final enactment, except  
5.11 the changes incorporated by federal changes are effective retroactively at the same time the  
5.12 changes were effective for federal purposes, but are subject to the application of Minnesota  
5.13 Statutes, section 290.993, subdivision 2.

5.14 Sec. 4. Minnesota Statutes 2021 Supplement, section 290.01, subdivision 31, is amended  
5.15 to read:

5.16 Subd. 31. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal  
5.17 Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~December~~  
5.18 ~~31, 2018, except the sections of federal law in section 290.0111 shall also apply~~ November  
5.19 15, 2021. Internal Revenue Code also includes any uncodified provision in federal law that  
5.20 relates to provisions of the Internal Revenue Code that are incorporated into Minnesota law.

5.21 **EFFECTIVE DATE.** This section is effective the day following final enactment, except  
5.22 the changes incorporated by federal changes are effective retroactively at the same time the  
5.23 changes were effective for federal purposes, but are subject to the application of Minnesota  
5.24 Statutes, section 290.993, subdivision 2.

5.25 Sec. 5. Minnesota Statutes 2020, section 290.0123, subdivision 3, is amended to read:

5.26 Subd. 3. **Amount for dependents.** For an individual who is a dependent, as defined in  
5.27 sections 151 and 152 of the Internal Revenue Code, of another taxpayer for a taxable year  
5.28 beginning in the calendar year in which the individual's taxable year begins, the standard  
5.29 deduction for that individual is limited to the greater of:

5.30 (1) \$1,100; or

5.31 (2) the lesser of (i) the sum of \$350 and that individual's earned income, as defined in  
5.32 section 32(c) of the Internal Revenue Code, except that a taxpayer must use earned income

6.1 from the current taxable year; or (ii) the standard deduction amount allowed under subdivision  
6.2 1, clause (3).

6.3 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
6.4 after December 31, 2017.

6.5 Sec. 6. Minnesota Statutes 2020, section 290.0131, is amended by adding a subdivision  
6.6 to read:

6.7 Subd. 19. **Meal expenses.** The amount of meal expenses in excess of the 50 percent  
6.8 limitation under section 274(n)(1) of the Internal Revenue Code allowed under subsection  
6.9 (n), paragraph (2), subparagraph (D), of that section is an addition.

6.10 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
6.11 31, 2021.

6.12 Sec. 7. Minnesota Statutes 2020, section 290.0131, is amended by adding a subdivision  
6.13 to read:

6.14 Subd. 20. **Special limited adjustment.** (a) For taxable years beginning after December  
6.15 31, 2021, and before January 1, 2023, the amount calculated under section 290.993,  
6.16 subdivision 2, paragraph (c), that increases net income for the taxable year is an addition.

6.17 (b) Partners, shareholders, or beneficiaries who file their returns on a calendar year basis,  
6.18 and who received an addition from a pass-through entity filing their return on a fiscal year  
6.19 basis, must make the addition in the taxable year it is received as required for federal income  
6.20 tax purposes.

6.21 (c) This subdivision expires for taxable years beginning after December 31, 2023.

6.22 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
6.23 31, 2021, and before January 1, 2024.

6.24 Sec. 8. Minnesota Statutes 2020, section 290.0132, subdivision 18, is amended to read:

6.25 Subd. 18. **Net operating losses.** (a) The amount of the net operating loss allowed under  
6.26 section 290.095, subdivision 11, paragraph (c), is a subtraction.

6.27 (b) The unused portion of a net operating loss carryover under section 290.095,  
6.28 subdivision 11, paragraph (d), is a subtraction. The subtraction is the lesser of:

6.29 (1) the amount carried into the taxable year minus any subtraction made under this  
6.30 section for prior taxable years; or

7.1 (2) 80 percent of Minnesota taxable net income in a single taxable year and determined  
7.2 without regard to this subtraction.

7.3 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
7.4 31, 2021.

7.5 Sec. 9. Minnesota Statutes 2020, section 290.0132, is amended by adding a subdivision  
7.6 to read:

7.7 Subd. 31. **Special Limited Adjustment.** (a) For taxable years beginning after December  
7.8 31, 2021, and before January 1, 2023, the amount calculated under section 290.993,  
7.9 subdivision 2, paragraph (c), that decreases net income for the taxable year is a subtraction.

7.10 (b) Partners, shareholders, or beneficiaries who file their returns on a calendar year basis,  
7.11 and who received a subtraction from a pass-through entity filing their return on a fiscal year  
7.12 basis, must make the subtraction in the taxable year it is received as required for federal  
7.13 income tax purposes.

7.14 (c) This subdivision expires for taxable years beginning after December 31, 2023.

7.15 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
7.16 31, 2021, and before January 1, 2024.

7.17 Sec. 10. Minnesota Statutes 2020, section 290.0132, is amended by adding a subdivision  
7.18 to read:

7.19 Subd. 32. **Delayed business interest.** For each of the five taxable years beginning after  
7.20 December 31, 2021, there is allowed a subtraction equal to one-fifth of the adjustment  
7.21 amount, to the extent not already deducted, for the exclusion under section 290.993,  
7.22 subdivision 2, paragraph (c), clause (11), due to the Coronavirus Aid, Relief and Economic  
7.23 Security Act, Public Law 116-136, section 2306.

7.24 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
7.25 31, 2021.

7.26 Sec. 11. Minnesota Statutes 2020, section 290.0133, is amended by adding a subdivision  
7.27 to read:

7.28 Subd. 15. **Meal expenses.** The amount of meal expenses in excess of the 50 percent  
7.29 limitation under section 274(n)(1) of the Internal Revenue Code allowed under section  
7.30 274(n)(2)(D) of the Internal Revenue Code is an addition.

8.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
8.2 31, 2021.

8.3 Sec. 12. Minnesota Statutes 2020, section 290.0133, is amended by adding a subdivision  
8.4 to read:

8.5 Subd. 16. **Special Limited Adjustment.** (a) For taxable years beginning after December  
8.6 31, 2021, and before January 1, 2023, the amount calculated under section 290.993,  
8.7 subdivision 2, paragraph (c), that increases net income for the taxable year is an addition.

8.8 (b) Partners, shareholders, or beneficiaries who file their returns on a calendar year basis,  
8.9 and who received an addition from a pass-through entity filing their return on a fiscal year  
8.10 basis, must make the addition in the taxable year it is received as required for federal income  
8.11 tax purposes.

8.12 (c) This subdivision expires for taxable years beginning after December 31, 2023.

8.13 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
8.14 31, 2021, and before January 1, 2024.

8.15 Sec. 13. Minnesota Statutes 2020, section 290.0134, is amended by adding a subdivision  
8.16 to read:

8.17 Subd. 20. **Special Limited Adjustment.** (a) For taxable years beginning after December  
8.18 31, 2021, and before January 1, 2023, the amount calculated under section 290.993,  
8.19 subdivision 2, paragraph (c), that decreases net income for the taxable year is a subtraction.

8.20 (b) Partners, shareholders, or beneficiaries who file their returns on a calendar year basis,  
8.21 and who received a subtraction from a pass-through entity filing their return on a fiscal year  
8.22 basis, must make the subtraction in the taxable year it is received as required for federal  
8.23 income tax purposes.

8.24 (c) This subdivision expires for taxable years beginning after December 31, 2023.

8.25 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
8.26 31, 2021, and before January 1, 2024.

8.27 Sec. 14. Minnesota Statutes 2020, section 290.0134, is amended by adding a subdivision  
8.28 to read:

8.29 Subd. 21. **Delayed business interest.** For each of the five taxable years beginning after  
8.30 December 31, 2021, there is allowed a subtraction equal to one-fifth of the adjustment  
8.31 amount, to the extent not already deducted, for the exclusion under section 290.993,



9.1 subdivision 2, paragraph (c), clause (11), due to the Coronavirus Aid, Relief and Economic  
9.2 Security Act, Public Law 116-136, section 2306.

9.3 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
9.4 31, 2021.

9.5 Sec. 15. Minnesota Statutes 2021 Supplement, section 290.06, subdivision 2c, is amended  
9.6 to read:

9.7 Subd. 2c. **Schedules of rates for individuals, estates, and trusts.** (a) The income taxes  
9.8 imposed by this chapter upon married individuals filing joint returns and surviving spouses  
9.9 as defined in section 2(a) of the Internal Revenue Code must be computed by applying to  
9.10 their taxable net income the following schedule of rates:

- 9.11 (1) On the first \$38,770, 5.35 percent;
- 9.12 (2) On all over \$38,770, but not over \$154,020, 6.8 percent;
- 9.13 (3) On all over \$154,020, but not over \$269,010, 7.85 percent;
- 9.14 (4) On all over \$269,010, 9.85 percent.

9.15 Married individuals filing separate returns, estates, and trusts must compute their income  
9.16 tax by applying the above rates to their taxable income, except that the income brackets  
9.17 will be one-half of the above amounts after the adjustment required in subdivision 2d.

9.18 (b) The income taxes imposed by this chapter upon unmarried individuals must be  
9.19 computed by applying to taxable net income the following schedule of rates:

- 9.20 (1) On the first \$26,520, 5.35 percent;
- 9.21 (2) On all over \$26,520, but not over \$87,110, 6.8 percent;
- 9.22 (3) On all over \$87,110, but not over \$161,720, 7.85 percent;
- 9.23 (4) On all over \$161,720, 9.85 percent.

9.24 (c) The income taxes imposed by this chapter upon unmarried individuals qualifying as  
9.25 a head of household as defined in section 2(b) of the Internal Revenue Code must be  
9.26 computed by applying to taxable net income the following schedule of rates:

- 9.27 (1) On the first \$32,650, 5.35 percent;
- 9.28 (2) On all over \$32,650, but not over \$131,190, 6.8 percent;
- 9.29 (3) On all over \$131,190, but not over \$214,980, 7.85 percent;
- 9.30 (4) On all over \$214,980, 9.85 percent.

10.1 (d) In lieu of a tax computed according to the rates set forth in this subdivision, the tax  
10.2 of any individual taxpayer whose taxable net income for the taxable year is less than an  
10.3 amount determined by the commissioner must be computed in accordance with tables  
10.4 prepared and issued by the commissioner of revenue based on income brackets of not more  
10.5 than \$100. The amount of tax for each bracket shall be computed at the rates set forth in  
10.6 this subdivision, provided that the commissioner may disregard a fractional part of a dollar  
10.7 unless it amounts to 50 cents or more, in which case it may be increased to \$1.

10.8 (e) An individual who is not a Minnesota resident for the entire year must compute the  
10.9 individual's Minnesota income tax as provided in this subdivision. After the application of  
10.10 the nonrefundable credits provided in this chapter, the tax liability must then be multiplied  
10.11 by a fraction in which:

10.12 (1) the numerator is the individual's Minnesota source federal adjusted gross income as  
10.13 defined in section 62 of the Internal Revenue Code and increased by:

10.14 (i) the additions required under sections 290.0131, subdivisions 2, 6, 8 to 10, 16, ~~and~~  
10.15 17, 19, and 20, and 290.0137, paragraph (a); and reduced by

10.16 (ii) the Minnesota assignable portion of the subtraction for United States government  
10.17 interest under section 290.0132, subdivision 2, the subtractions under sections 290.0132,  
10.18 subdivisions 9, 10, 14, 15, 17, 18, ~~and 27, 31, and 32~~, and 290.0137, paragraph (c), after  
10.19 applying the allocation and assignability provisions of section 290.081, clause (a), or 290.17;  
10.20 and

10.21 (2) the denominator is the individual's federal adjusted gross income as defined in section  
10.22 62 of the Internal Revenue Code, increased by:

10.23 (i) the additions required under sections 290.0131, subdivisions 2, 6, 8 to 10, 16, ~~and~~  
10.24 17, 19, and 20, and 290.0137, paragraph (a); and reduced by

10.25 (ii) the subtractions under sections 290.0132, subdivisions 2, 9, 10, 14, 15, 17, 18, ~~and~~  
10.26 27, 31, and 32, and 290.0137, paragraph (c).

10.27 (f) If an individual who is not a Minnesota resident for the entire year is a qualifying  
10.28 owner of a qualifying entity that elects to pay tax as provided in section 289A.08, subdivision  
10.29 7a, paragraph (b), the individual must compute the individual's Minnesota income tax as  
10.30 provided in paragraph (e), and also must include, to the extent attributed to the electing  
10.31 qualifying entity:

10.32 (1) in paragraph (e), clause (1), item (i), and paragraph (e), clause (2), item (i), the  
10.33 addition under section 290.0131, subdivision 5; and

11.1 (2) in paragraph (e), clause (1), item (ii), and paragraph (e), clause (2), item (ii), the  
11.2 subtraction under section 290.0132, subdivision 3.

11.3 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
11.4 31, 2021.

11.5 Sec. 16. Minnesota Statutes 2020, section 290.0671, subdivision 1a, is amended to read:

11.6 Subd. 1a. **Definitions.** For purposes of this section, the following terms "qualifying  
11.7 child," and "earned income," have the meanings given in section 32(e) of the Internal  
11.8 Revenue Code, and the term "adjusted gross income" has the meaning given in section 62  
11.9 of the Internal Revenue Code.:

11.10 "Earned income of the lesser earning spouse" has the meaning given in section 290.0675,  
11.11 subdivision 1, paragraph (d).

11.12 (1) "qualifying child" has the meaning given in section 32(c)(3) of the Internal Revenue  
11.13 Code;

11.14 (2) "earned income" has the meaning given in section 32(c)(2) of the Internal Revenue  
11.15 Code, except that a taxpayer must use earned income from the current taxable year;

11.16 (3) "adjusted gross income" has the meaning given in section 62 of the Internal Revenue  
11.17 Code; and

11.18 (4) "earned income of the lesser earning spouse" has the meaning given in section  
11.19 290.0675, subdivision 1, paragraph (d).

11.20 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
11.21 after December 31, 2017.

11.22 Sec. 17. Minnesota Statutes 2020, section 290.0675, subdivision 1, is amended to read:

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

11.25 (b) "Earned income" means the sum of the following, to the extent included in Minnesota  
11.26 taxable income:

11.27 (1) earned income as defined in section 32(c)(2) of the Internal Revenue Code, except  
11.28 that a taxpayer must use earned income from the current taxable year;

11.29 (2) income received from a retirement pension, profit-sharing, stock bonus, or annuity  
11.30 plan; and

12.1 (3) Social Security benefits as defined in section 86(d)(1) of the Internal Revenue Code.

12.2 (c) "Taxable income" means net income as defined in section 290.01, subdivision 19.

12.3 (d) "Earned income of lesser-earning spouse" means the earned income of the spouse  
12.4 with the lesser amount of earned income as defined in paragraph (b) for the taxable year  
12.5 minus one-half the amount of the standard deduction under section 290.0123, subdivision  
12.6 1, clause (1).

12.7 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
12.8 after December 31, 2017.

12.9 Sec. 18. Minnesota Statutes 2020, section 290.091, subdivision 2, is amended to read:

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

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

12.14 (1) the taxpayer's federal alternative minimum taxable income as defined in section  
12.15 55(b)(2) of the Internal Revenue Code;

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

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

12.19 (ii) the medical expense deduction;

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

12.21 (iv) the impairment-related work expenses of a person with a disability;

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

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

13.1 (5) to the extent not included in federal alternative minimum taxable income, the amount  
13.2 of interest income as provided by section 290.0131, subdivision 2;

13.3 (6) the amount of addition required by section 290.0131, subdivisions 9, 10, ~~and 16,~~ and  
13.4 20;

13.5 (7) the deduction allowed under section 199A of the Internal Revenue Code, to the extent  
13.6 not included in the addition required under clause (6); and

13.7 (8) to the extent not included in federal alternative minimum taxable income, the amount  
13.8 of foreign-derived intangible income deducted under section 250 of the Internal Revenue  
13.9 Code;

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

13.11 (i) interest income as defined in section 290.0132, subdivision 2;

13.12 (ii) an overpayment of state income tax as provided by section 290.0132, subdivision  
13.13 3, to the extent included in federal alternative minimum taxable income;

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

13.18 (iv) amounts subtracted from federal taxable or adjusted gross income as provided by  
13.19 section 290.0132, subdivisions 7, 9 to 15, 17, 21, 24, and 26 to ~~29~~ 31;

13.20 (v) the amount of the net operating loss allowed under section 290.095, subdivision 11,  
13.21 ~~paragraph~~ paragraphs (c) and (d); and

13.22 (vi) the amount allowable as a Minnesota itemized deduction under section 290.0122,  
13.23 subdivision 7.

13.24 In the case of an estate or trust, alternative minimum taxable income must be computed  
13.25 as provided in section 59(c) of the Internal Revenue Code, except alternative minimum  
13.26 taxable income must be increased by the addition in section 290.0131, subdivision 16.

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

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

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

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

14.6 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
14.7 31, 2021.

14.8 Sec. 19. Minnesota Statutes 2020, section 290.095, subdivision 11, is amended to read:

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

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

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

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

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

14.24 (2) Decrease the amount of carryback or carryover applied in the taxable year by the  
14.25 amount of income not assignable to Minnesota earned in the taxable year. For estates and  
14.26 trusts, the net operating loss carryback or carryover to the next consecutive taxable year  
14.27 shall be the net operating loss carryback or carryover as calculated in clause (b) less the  
14.28 amount applied in the earlier taxable year(s). No additional net operating loss carryback or  
14.29 carryover shall be allowed to estates and trusts if the entire amount has been used to offset  
14.30 Minnesota income in a year earlier than was possible on the federal return. However, if a  
14.31 net operating loss carryback or carryover was allowed to offset federal income in a year  
14.32 earlier than was possible on the Minnesota return, an estate or trust shall still be allowed to

15.1 offset Minnesota income but only if the loss was assignable to Minnesota in the year the  
15.2 loss occurred.

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

15.6 (1) A net operating loss of an individual, estate, or trust that is allowed under this  
15.7 subdivision and for which the taxpayer elects to carry back for more than two years under  
15.8 section 172(b)(1)(H) of the Internal Revenue Code is a net operating loss carryback to each  
15.9 of the two taxable years preceding the loss, and unused portions may be carried forward for  
15.10 20 taxable years after the loss.

15.11 (2) The entire amount of the net operating loss for any taxable year must be carried to  
15.12 the earliest of the taxable years to which the loss may be carried. The portion of the loss  
15.13 which may be carried to each of the other taxable years is the excess, if any, of the amount  
15.14 of the loss over the greater of the taxable net income or alternative minimum taxable income  
15.15 for each of the taxable years to which the loss may be carried.

15.16 (d) For net operating loss carryovers or carrybacks arising in taxable years beginning  
15.17 after December 31, 2017, and before December 31, 2020, a net operating loss carryover or  
15.18 carryback is allowed as provided in the Internal Revenue Code as amended through December  
15.19 31, 2018, as follows:

15.20 (1) the entire amount of the net operating loss, to the extent not already deducted, must  
15.21 be carried to the earliest taxable year and any unused portion may be carried forward for  
15.22 20 taxable years after the loss; and

15.23 (2) the portion of the loss which may be carried to each of the other taxable years is the  
15.24 excess, if any, of the amount of the loss over the greater of the taxable net income or  
15.25 alternative minimum taxable income for each of the taxable years to which the loss may be  
15.26 carried.

15.27 **EFFECTIVE DATE.** This section is effective retroactively for losses arising in taxable  
15.28 years beginning after December 31, 2017, and before December 31, 2020.

15.29 Sec. 20. Minnesota Statutes 2021 Supplement, section 290.993, is amended to read:

15.30 **290.993 SPECIAL LIMITED ADJUSTMENT.**

15.31 Subdivision 1. **Tax year 2018.** (a) For an individual, estate, or trust, or a partnership  
15.32 that elects to file a composite return under section 289A.08, subdivision 7, for taxable years

16.1 beginning after December 31, 2017, and before January 1, 2019, the following special rules  
16.2 apply:

16.3 (1) an individual income taxpayer may: (i) take the standard deduction; or (ii) make an  
16.4 election under section 63(e) of the Internal Revenue Code to itemize, for Minnesota individual  
16.5 income tax purposes, regardless of the choice made on their federal return; and

16.6 (2) there is an adjustment to tax equal to the difference between the tax calculated under  
16.7 this chapter using the Internal Revenue Code as amended through December 16, 2016, and  
16.8 the tax calculated under this chapter using the Internal Revenue Code amended through  
16.9 December 31, 2018, before the application of credits. The end result must be zero additional  
16.10 tax due or refund.

16.11 (b) The adjustment in ~~paragraph (a), clause (2)~~ this subdivision, does not apply to any  
16.12 changes due to sections 11012, 13101, 13201, 13202, 13203, 13204, 13205, 13207, 13301,  
16.13 13302, 13303, 13313, 13502, 13503, 13801, 14101, 14102, 14211 through 14215, and  
16.14 14501 of Public Law 115-97; and section 40411 of Public Law 115-123.

16.15 Subd. 2. Tax years 2017 to 2021. (a) For all taxpayers, including an entity that elects  
16.16 to file a composite return under section 289A.08, subdivision 7, and an entity that elects to  
16.17 pay the pass-through entity tax under section 289A.08, subdivision 7a; for taxable years  
16.18 beginning after December 31, 2016, and before January 1, 2022, the following rules apply.

16.19 (b) There is an adjustment to net income equal to the difference between the amount  
16.20 calculated and reported under this chapter incorporating the Internal Revenue Code as  
16.21 amended through Minnesota Laws 2021, First Special Session chapter 14, and the amount  
16.22 calculated under this chapter incorporating the Internal Revenue Code as amended through  
16.23 November 15, 2021. This adjustment is only allowed as provided in paragraph (c) and to  
16.24 the extent the taxpayer reported a related nonconformity adjustment on their return for  
16.25 taxable years beginning after December 31, 2016, and before January 1, 2022. This  
16.26 adjustment does not include the changes due to the:

16.27 (1) Taxpayer Certainty and Disaster Relief Act of 2020, Public Law 116-260, section  
16.28 114, exclusion of gross income of discharge of qualified principal residence indebtedness;

16.29 (2) Taxpayer Certainty and Disaster Relief Act of 2020, Public Law 116-260, section  
16.30 304(b), special rules for disaster-related personal casualty losses; and

16.31 (3) American Rescue Plan Act, Public Law 117-2, section 9675, modification of treatment  
16.32 of student loan forgiveness.



17.1 (c) For purposes of this subdivision, the term "nonconformity adjustment" means the  
17.2 difference between adjusted gross income as defined under section 62 of the Internal Revenue  
17.3 Code for individuals, and federal taxable income as defined under section 63 of the Internal  
17.4 Revenue Code for all other taxpayers incorporating the Internal Revenue Code as amended  
17.5 through Minnesota Laws 2021, First Special Session chapter 14, and the amount calculated  
17.6 under this chapter incorporating the Internal Revenue Code as amended through November  
17.7 15, 2021, but does not include impacts to state tax credits. The nonconformity adjustment  
17.8 is an addition or subtraction to net income but does not include the following federal law  
17.9 changes:

17.10 (1) Taxpayer Certainty and Disaster Relief Act of 2019, Public Law 116-94, section  
17.11 104, deduction of qualified tuition and related expenses;

17.12 (2) Taxpayer Certainty and Disaster Relief Act of 2019, Public Law 116-94, section  
17.13 203, employee retention credit for employers affected by qualified disasters;

17.14 (3) Families First Coronavirus Response Act, Public Law 116-127, section 7001, payroll  
17.15 credit for required paid sick leave;

17.16 (4) Families First Coronavirus Response Act, Public Law 116-127, section 7003, payroll  
17.17 credit for required paid family leave;

17.18 (5) Coronavirus Aid, Relief and Economic Security Act, Public Law 116-136, section  
17.19 2204, allowance of partial above the line deduction for charitable contributions;

17.20 (6) Coronavirus Aid, Relief and Economic Security Act, Public Law 116-136, section  
17.21 2205, excluding subsection (a), paragraph (B), temporary modification of limitations on  
17.22 charitable contributions as it applies to individual taxpayers only and including carryovers;

17.23 (7) Coronavirus Aid, Relief and Economic Security Act, Public Law 116-136, section  
17.24 2206, exclusion of certain employer payment of student loans;

17.25 (8) Coronavirus Aid, Relief and Economic Security Act, Public Law 116-136, section  
17.26 2301, employee retention credit for employers subject to closure due to COVID-19;

17.27 (9) Coronavirus Aid, Relief and Economic Security Act, Public Law 116-136, section  
17.28 2303, modifications for net operating losses;

17.29 (10) Coronavirus Aid, Relief and Economic Security Act, Public Law 116-136, section  
17.30 2304, modification of limitation on losses for taxpayers other than corporations;

17.31 (11) Coronavirus Aid, Relief and Economic Security Act, Public Law 116-136, section  
17.32 2306, limitation on business interest;

18.1 (12) Taxpayer Certainty and Disaster Relief Act of 2020, Public Law 116-260, section  
18.2 207, extension and modification of employee retention and rehiring credit;

18.3 (13) Taxpayer Certainty and Disaster Relief Act of 2020, Public Law 116-260, section  
18.4 210, temporary allowance of full deduction for business meals;

18.5 (14) Taxpayer Certainty and Disaster Relief Act of 2020, Public Law 116-260, section  
18.6 303, employee retention credit for employers affected by qualified disasters;

18.7 (15) American Rescue Plan Act, Public Law 117-2, section 9501(b), preserving health  
18.8 benefits for workers;

18.9 (16) American Rescue Plan Act, Public Law 117-2, section 9631, refundability and  
18.10 enhancement of child and dependent care tax credit;

18.11 (17) American Rescue Plan Act, Public Law 117-2, section 9641, payroll sick and family  
18.12 leave credits; and

18.13 (18) American Rescue Plan Act, Public Law, 117-2, section 9651, extension of employee  
18.14 retention credit.

18.15 The addition or subtraction required must only be made in taxable years beginning after  
18.16 December 31, 2021, and before January 1, 2023. Except partners, shareholders, or  
18.17 beneficiaries who file their returns on a calendar year basis, and who received an addition  
18.18 or subtraction from a pass-through entity filing their return on a fiscal year basis, must make  
18.19 the addition or subtraction in the taxable year it is received as required for federal income  
18.20 tax purposes. For purposes of this subdivision, a pass-through entity is defined as an entity  
18.21 that is not subject to the tax imposed under section 290.02, including but not limited to S  
18.22 corporations, partnerships, estates, and trusts other than grantor trusts.

18.23 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
18.24 after December 31, 2016, and before January 1, 2024.

18.25 Sec. 21. Minnesota Statutes 2020, section 290A.03, subdivision 15, is amended to read:

18.26 Subd. 15. **Internal Revenue Code.** "Internal Revenue Code" means the Internal Revenue  
18.27 Code of 1986, as amended through ~~December 31, 2018~~ November 15, 2021.

18.28 **EFFECTIVE DATE.** This section is effective for property tax refunds based on property  
18.29 taxes payable in 2022 and rent paid in 2021 and thereafter.

19.1 Sec. 22. Minnesota Statutes 2020, section 291.005, subdivision 1, is amended to read:

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

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

19.6 (2) "Federal gross estate" means the gross estate of a decedent as required to be valued  
19.7 and otherwise determined for federal estate tax purposes under the Internal Revenue Code,  
19.8 increased by the value of any property in which the decedent had a qualifying income interest  
19.9 for life and for which an election was made under section 291.03, subdivision 1d, for  
19.10 Minnesota estate tax purposes, but was not made for federal estate tax purposes.

19.11 (3) "Internal Revenue Code" means the United States Internal Revenue Code of 1986,  
19.12 as amended through ~~December 31, 2018~~ November 15, 2021.

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

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

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

19.26 (7) "Resident decedent" means an individual whose domicile at the time of death was  
19.27 in Minnesota. The provisions of section 290.01, subdivision 7, paragraphs (c) and (d), apply  
19.28 to determinations of domicile under this chapter.

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

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

19.31 (ii) tangible personal property, the state or country in which it was normally kept or  
19.32 located at the time of the decedent's death or for a gift of tangible personal property within

20.1 three years of death, the state or country in which it was normally kept or located when the  
20.2 gift was executed;

20.3 (iii) a qualified work of art, as defined in section 2503(g)(2) of the Internal Revenue  
20.4 Code, owned by a nonresident decedent and that is normally kept or located in this state  
20.5 because it is on loan to an organization, qualifying as exempt from taxation under section  
20.6 501(c)(3) of the Internal Revenue Code, that is located in Minnesota, the situs of the art is  
20.7 deemed to be outside of Minnesota, notwithstanding the provisions of item (ii); and

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

20.11 For a nonresident decedent with an ownership interest in a pass-through entity with  
20.12 assets that include real or tangible personal property, situs of the real or tangible personal  
20.13 property, including qualified works of art, is determined as if the pass-through entity does  
20.14 not exist and the real or tangible personal property is personally owned by the decedent. If  
20.15 the pass-through entity is owned by a person or persons in addition to the decedent, ownership  
20.16 of the property is attributed to the decedent in proportion to the decedent's capital ownership  
20.17 share of the pass-through entity.

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

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

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

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

20.25 (iv) a trust to the extent the property is includable in the decedent's federal gross estate;  
20.26 but excludes

20.27 (v) an entity whose ownership interest securities are traded on an exchange regulated  
20.28 by the Securities and Exchange Commission as a national securities exchange under section  
20.29 6 of the Securities Exchange Act, United States Code, title 15, section 78f.

20.30 **EFFECTIVE DATE.** This section is effective the day following final enactment, except  
20.31 the changes incorporated by federal changes are effective retroactively at the same time the  
20.32 changes were effective for federal purposes.

21.1 **ARTICLE 2**

21.2 **INCOME, CORPORATE FRANCHISE, AND ESTATE TAXES**

21.3 Section 1. Minnesota Statutes 2020, section 41B.0391, subdivision 6, is amended to read:

21.4 Subd. 6. **Report to legislature.** (a) No later than February 1, ~~2022~~ 2023, the Rural  
21.5 Finance Authority, in consultation with the commissioner of revenue, must provide a report  
21.6 to the chairs and ranking minority members of the legislative committees having jurisdiction  
21.7 over agriculture, economic development, rural development, and taxes, in compliance with  
21.8 sections 3.195 and 3.197, on the beginning farmer tax credits under this section issued in  
21.9 tax years beginning after December 31, 2017, and before January 1, ~~2022~~ 2023.

21.10 (b) The report must include background information on beginning farmers in Minnesota  
21.11 and any other information the commissioner and authority find relevant to evaluating the  
21.12 effect of the credits on increasing opportunities for and the number of beginning farmers.

21.13 (c) For credits issued under subdivision 2, paragraph (a), clauses (1) to (3), the report  
21.14 must include:

21.15 (1) the number and amount of credits issued under each clause;

21.16 (2) the geographic distribution of credits issued under each clause;

21.17 (3) the type of agricultural assets for which credits were issued under clause (1);

21.18 (4) the number and geographic distribution of beginning farmers whose purchase or  
21.19 rental of assets resulted in credits for the seller or owner of the asset;

21.20 (5) the number and amount of credits disallowed under subdivision 2, paragraph (d);

21.21 (6) data on the number of beginning farmers by geographic region in calendar years  
21.22 2017 through ~~2021~~ 2022, including:

21.23 (i) the number of beginning farmers by race and ethnicity, as those terms are applied in  
21.24 the 2020 United States Census; and

21.25 (ii) to the extent available, the number of beginning farmers who are members of a  
21.26 socially disadvantaged group, as defined in United States Code, title 7, section 2279(a)(6);  
21.27 and

21.28 (7) the number and amount of credit applications that exceeded the allocation available  
21.29 in each year.

21.30 (d) For credits issued under subdivision 3, the report must include:

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

22.1 (2) the geographic distribution of credits;

22.2 (3) a listing and description of each approved financial management program for which  
22.3 credits were issued; and

22.4 (4) a description of the approval procedure for financial management programs not on  
22.5 the list maintained by the authority, as provided in subdivision 3, paragraph (a).

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

22.7 Sec. 2. Minnesota Statutes 2021 Supplement, section 116J.8737, subdivision 5, is amended  
22.8 to read:

22.9 Subd. 5. **Credit allowed.** (a) A qualified investor or qualified fund is eligible for a credit  
22.10 equal to 25 percent of the qualified investment in a qualified small business. Investments  
22.11 made by a pass-through entity qualify for a credit only if the entity is a qualified fund. The  
22.12 commissioner must not allocate to qualified investors or qualified funds more than the dollar  
22.13 amount in credits allowed for the taxable years listed in paragraph (i). For each taxable year,  
22.14 50 percent must be allocated to credits for qualified investments in qualified greater  
22.15 Minnesota businesses and minority-owned, women-owned, or veteran-owned qualified  
22.16 small businesses in Minnesota. Any portion of a taxable year's credits that is reserved for  
22.17 qualified investments in greater Minnesota businesses and minority-owned, women-owned,  
22.18 or veteran-owned qualified small businesses in Minnesota that is not allocated by September  
22.19 30 of the taxable year is available for allocation to other credit applications beginning on  
22.20 October 1. Any portion of a taxable year's credits that is not allocated by the commissioner  
22.21 does not cancel and may be carried forward to subsequent taxable years until all credits  
22.22 have been allocated.

22.23 (b) The commissioner may not allocate more than a total maximum amount in credits  
22.24 for a taxable year to a qualified investor for the investor's cumulative qualified investments  
22.25 as an individual qualified investor and as an investor in a qualified fund; for married couples  
22.26 filing joint returns the maximum is \$250,000, and for all other filers the maximum is  
22.27 \$125,000. The commissioner may not allocate more than a total of \$1,000,000 in credits  
22.28 over all taxable years for qualified investments in any one qualified small business.

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

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

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

23.4 A member of the family of an individual disqualified by this paragraph is not eligible for a  
23.5 credit under this section. For a married couple filing a joint return, the limitations in this  
23.6 paragraph apply collectively to the investor and spouse. For purposes of determining the  
23.7 ownership interest of an investor under this paragraph, the rules under section 267(c) and  
23.8 267(e) of the Internal Revenue Code apply.

23.9 (d) Applications for tax credits must be made available on the department's website by  
23.10 November 1 of the preceding year.

23.11 (e) Qualified investors and qualified funds must apply to the commissioner for tax credits.  
23.12 Tax credits must be allocated to qualified investors or qualified funds in the order that the  
23.13 tax credit request applications are filed with the department. The commissioner must approve  
23.14 or reject tax credit request applications within 15 days of receiving the application. The  
23.15 investment specified in the application must be made within 60 days of the allocation of  
23.16 the credits. If the investment is not made within 60 days, the credit allocation is canceled  
23.17 and available for reallocation. A qualified investor or qualified fund that fails to invest as  
23.18 specified in the application, within 60 days of allocation of the credits, must notify the  
23.19 commissioner of the failure to invest within five business days of the expiration of the  
23.20 60-day investment period.

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

23.33 (g) A qualified investor or qualified fund, or a qualified small business acting on their  
23.34 behalf, must notify the commissioner when an investment for which credits were allocated

24.1 has been made, and the taxable year in which the investment was made. A qualified fund  
24.2 must also provide the commissioner with a statement indicating the amount invested by  
24.3 each investor in the qualified fund based on each investor's share of the assets of the qualified  
24.4 fund at the time of the qualified investment. After receiving notification that the investment  
24.5 was made, the commissioner must issue credit certificates for the taxable year in which the  
24.6 investment was made to the qualified investor or, for an investment made by a qualified  
24.7 fund, to each qualified investor who is an investor in the fund. The certificate must state  
24.8 that the credit is subject to revocation if the qualified investor or qualified fund does not  
24.9 hold the investment in the qualified small business for at least three years, consisting of the  
24.10 calendar year in which the investment was made and the two following years. The three-year  
24.11 holding period does not apply if:

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

24.14 (2) 80 percent or more of the assets of the qualified small business is sold before the end  
24.15 of the three-year period;

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

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

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

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

24.22 (i) The credit allowed under this subdivision is effective as follows:

24.23 (1) \$10,000,000 for taxable years beginning after December 31, 2020, and before January  
24.24 1, 2022; and

24.25 (2) ~~\$5,000,000~~ \$12,000,000 for taxable years beginning after December 31, 2021, and  
24.26 before January 1, 2023.

24.27 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
24.28 after December 31, 2021.

24.29 **Sec. 3. [116X.01] NEW MARKETS TAX CREDIT.**

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



25.1 (b) "Applicable percentage" means zero percent for each of the first two credit allowance  
25.2 dates and ten percent for each of the final five credit allowance dates.

25.3 (c) "CDFI fund" means the Community Development Financial Institutions fund of the  
25.4 United States Department of the Treasury.

25.5 (d) "Commissioner" means the commissioner of employment and economic development.

25.6 (e) "Credit allowance date" means:

25.7 (1) the date on which a qualified equity investment is initially made; and

25.8 (2) each of the six anniversary dates thereafter.

25.9 (f) "Greater Minnesota aggregate credit amount" means \$50,000,000 of credits allowed  
25.10 to all certified qualified equity investments in greater Minnesota counties.

25.11 (g) "Greater Minnesota allocation" means \$100,000,000 in qualified equity investment  
25.12 authority to be awarded for investment in qualified active low-income community businesses  
25.13 with principal business operations in a greater Minnesota county.

25.14 (h) "Greater Minnesota county" means any county that is not a metropolitan county.

25.15 (i) "Metropolitan aggregate credit amount" means \$50,000,000 of credits allowed to all  
25.16 certified qualified equity investments in metropolitan counties.

25.17 (j) "Metropolitan allocation" means \$100,000,000 in qualified equity investment authority  
25.18 to be awarded for investment in qualified active low-income community businesses with  
25.19 principal business operations in a metropolitan county.

25.20 (k) "Metropolitan county" has the meaning given in section 473.121, subdivision 4.

25.21 (l) "Minnesota qualified community development entity" means a qualified community  
25.22 development entity that is or whose controlling entity is headquartered in this state.

25.23 (m) "Internal Revenue Code" has the meaning given in section 290.01, subdivision 31.

25.24 (n) "Principal business operations" means the physical location of a business where at  
25.25 least 60 percent of a qualified active low-income community business' employees work or  
25.26 where employees that are paid at least 60 percent of the business' payroll work. An  
25.27 out-of-state business that has agreed to relocate employees or a Minnesota business that has  
25.28 agreed to hire employees using the proceeds of a qualified low-income community investment  
25.29 to establish principal business operations in Minnesota is deemed to have principal business  
25.30 operations in Minnesota if the business satisfies the requirements of this paragraph within

26.1 180 days of receiving the qualified low-income community investment or another date as  
26.2 agreed by the business and the commissioner.

26.3 (o) "Purchase price" means the amount paid to the qualified community development  
26.4 entity for a qualified equity investment.

26.5 (p) "Qualified active low-income community business" has the meaning given in section  
26.6 45D of the Internal Revenue Code, except that any business that derives or projects to derive  
26.7 15 percent or more of its annual revenue from the rental or sale of real estate is not considered  
26.8 to be a qualified active low-income community business. This exception does not apply to  
26.9 a business that is controlled by or under common control with another business if the second  
26.10 business:

26.11 (1) does not derive or project to derive 15 percent or more of its annual revenue from  
26.12 the rental or sale of real estate; and

26.13 (2) is the primary tenant of the real estate leased from the initial business.

26.14 A business is deemed a qualified active low-income community business for the duration  
26.15 of a qualified low-income community investment if the qualified community development  
26.16 entity reasonably expects, at the time it makes the qualified low-income community  
26.17 investment, that the business will continue to satisfy the requirements for being a qualified  
26.18 active low-income community business throughout the entire period of the qualified  
26.19 low-income community investment.

26.20 (q) "Qualified community development entity" has the meaning given in section 45D  
26.21 of the Internal Revenue Code, provided that the entity:

26.22 (1) has previously entered into an allocation agreement with the CDFI fund with respect  
26.23 to credits authorized by section 45D of the Internal Revenue Code; and

26.24 (2) includes the state within the service area set forth in the allocation agreement.

26.25 (r) "Qualified equity investment" means an equity investment in a qualified community  
26.26 development entity, if the equity investment:

26.27 (1) is acquired after the effective date of this section at its original issuance solely in  
26.28 exchange for cash;

26.29 (2) has at least 100 percent of its cash purchase price used by the qualified community  
26.30 development entity to make qualified low-income community investments in qualified  
26.31 active low-income community businesses that have their principal business operations in  
26.32 the state of Minnesota; and

27.1 (3) is:

27.2 (i) designated by the qualified community development entity as a qualified equity  
27.3 investment under this section; and

27.4 (ii) except for a Minnesota qualified community development entity, is at least 50 percent  
27.5 designated by the qualified community development entity as a qualified equity investment  
27.6 under section 45D of the Internal Revenue Code.

27.7 An investment that does not qualify under clause (1) is a qualified equity investment if the  
27.8 investment met the requirements of this paragraph while under possession of a prior holder.

27.9 (s) "Qualified low-income community investment" means any capital or equity investment  
27.10 in, or loan to, any qualified active low-income community business.

27.11 (t) "Tax credit" or "credit" means a credit against the tax imposed by chapter 290 or  
27.12 297I.

27.13 (u) "Taxpayer" means a taxpayer as defined in section 290.01, subdivision 6, or a taxpayer  
27.14 as defined in section 297I.01, subdivision 16.

27.15 Subd. 2. **Credit allowed; qualification; limitation.** (a) An entity earns a vested right  
27.16 to a credit against the tax imposed under chapter 290 or 297I, subject to the requirements  
27.17 of this subdivision. The credit may be claimed against the tax imposed by chapter 290 or  
27.18 297I, but not both.

27.19 (b) The credit equals the applicable percentage for each credit allowance date multiplied  
27.20 by the purchase price paid to the qualified community development entity for the qualified  
27.21 equity investment.

27.22 Subd. 3. **Application.** (a) A qualified community development entity that seeks to have  
27.23 an equity investment designated as a qualified equity investment and eligible for the credit  
27.24 under this section shall apply to the commissioner on a form provided by the commissioner  
27.25 that includes:

27.26 (1) the name, address, and tax identification number of the applicant, and evidence of  
27.27 the applicant's certification as a qualified community development entity by the CDFI fund;

27.28 (2) a copy of the allocation agreement executed by the applicant or its controlling entity,  
27.29 and the CDFI fund;

27.30 (3) a certificate executed by an executive officer of the applicant attesting that the  
27.31 allocation agreement remains in effect and has not been revoked or canceled by the CDFI  
27.32 fund;

28.1 (4) a description of the proposed amount, structure, and purchaser of the equity  
28.2 investment;

28.3 (5) the amount of qualified equity investment authority sought under the greater  
28.4 Minnesota allocation or the metropolitan allocation, as applicable, which collectively may  
28.5 not exceed the applicant or its controlling entity's available qualified equity investment  
28.6 authority under section 45D of the Internal Revenue Code multiplied by two, provided this  
28.7 limitation does not apply to a Minnesota qualified community development entity;

28.8 (6) if required by clause (5), evidence of the applicant or its controlling entity's available  
28.9 qualified equity investment authority under section 45D of the Internal Revenue Code; and

28.10 (7) a nonrefundable application fee of \$5,000 paid to the commissioner to offset costs  
28.11 associated with personnel and administrative expenses related to administering the credit.

28.12 (b) The commissioner shall set a date to accept applications not less than 30 days but  
28.13 not more than 45 days after the CDFI fund announces allocation awards under a notice of  
28.14 funding availability that was published in the Federal Register in November 2021.

28.15 (c) A qualified community development entity may apply for both a greater Minnesota  
28.16 allocation and a metropolitan allocation.

28.17 Subd. 4. **Certification of qualified equity investments.** (a) Within 30 days after receipt  
28.18 of an application, the commissioner shall grant or deny the application in full or in part. If  
28.19 the commissioner denies any part of the application, the commissioner shall inform the  
28.20 applicant of the grounds for the denial. If the applicant provides the information required  
28.21 by the commissioner or otherwise completes its application within 15 days of the notice of  
28.22 denial, the application is deemed complete as of the original date of submission. If the  
28.23 applicant fails to provide the requested information or complete its application within the  
28.24 15-day period, the applicant must submit a new application.

28.25 (b) If the application is deemed complete, the commissioner shall certify the proposed  
28.26 equity investment as a qualified equity investment eligible for a credit under this section.  
28.27 The commissioner shall provide written notice of the certification to the qualified community  
28.28 development entity. Once the qualified community development entity identifies the  
28.29 taxpayers who are allocated credits and their respective credit amounts, the qualified  
28.30 community development entity shall provide a notice of allocation to the commissioner,  
28.31 and the commissioner shall provide a certification to the qualified community development  
28.32 entity and each taxpayer containing the credit amount and utilization schedule for which  
28.33 the taxpayer is eligible. If the taxpayer is eligible to utilize the credits change due to a transfer

29.1 of a qualified equity investment or a change in allocation pursuant to paragraph (c), the  
29.2 qualified community development entity shall notify the commissioner of the change.

29.3 (c) The commissioner shall certify applications for the greater Minnesota allocation and  
29.4 the metropolitan allocation in proportionate percentages based upon the ratio of the amount  
29.5 of qualified equity investments requested in applications for each allocation to the total  
29.6 amount of qualified equity investments requested in all applications for each allocation  
29.7 received on the same day.

29.8 (d) If a pending request cannot be fully certified, the commissioner shall certify the  
29.9 portion that may be certified unless the qualified community development entity elects to  
29.10 withdraw its request rather than receive a partial award of qualified equity investment  
29.11 authority.

29.12 (e) An approved applicant may transfer all or a portion of its certified qualified equity  
29.13 investment authority to its controlling entity or any affiliate or partner of the controlling  
29.14 entity that is also a qualified community development entity if the applicant provides the  
29.15 information required in the application with respect to the transferee and the applicant  
29.16 notifies the commissioner in the notice required by paragraph (f). Within 30 days after  
29.17 receiving notice of certification under paragraph (b), the applicant or transferee shall:

29.18 (1) issue qualified equity investments in an amount equal to the total amount of certified  
29.19 qualified equity investment authority;

29.20 (2) receive cash in the amount of the certified qualified equity investment; and

29.21 (3) if the applicant or transferee is not a Minnesota qualified community development  
29.22 entity, designate 50 percent of the qualified equity investment authority as a qualified equity  
29.23 investment under section 45D of the Internal Revenue Code.

29.24 (f) The qualified community development entity must provide the commissioner with  
29.25 evidence of the receipt of the cash investment and, if the qualified community development  
29.26 entity is not a Minnesota qualified community development entity, the designation of 50  
29.27 percent of the qualified equity investment as a qualified equity investment under section  
29.28 45D of the Internal Revenue Code within 35 days after receiving notice of certification. If  
29.29 the qualified community development entity does not receive the cash investment, issue the  
29.30 qualified equity investment within 30 days following receipt of the certification notice, and  
29.31 comply with paragraph (e), clause (3), if applicable, the certification is void. A voided  
29.32 certification must be returned to the commissioner and must first be awarded pro rata to  
29.33 applicants that received awards of qualified equity investment authority and complied with  
29.34 paragraph (e).

30.1 (g) The commissioner shall notify the commissioner of revenue of credits approved  
30.2 under this subdivision within 15 days of granting an application.

30.3 Subd. 5. Credit recapture. (a) The commissioner shall recapture credits allowed under  
30.4 this act and future credits are forfeited if:

30.5 (1) any amount of the federal tax credit available with respect to a qualified equity  
30.6 investment that is eligible for a credit under this section is recaptured under section 45D of  
30.7 the Internal Revenue Code. In that case, the commissioner's recapture shall be proportionate  
30.8 to the federal recapture with respect to that qualified equity investment;

30.9 (2) the qualified community development entity redeems or makes principal repayment  
30.10 with respect to a qualified equity investment prior to seven years after the date of issuance  
30.11 of the qualified equity investment. In that case, the commissioner's recapture shall be  
30.12 proportionate to the amount of the redemption or repayment with respect to the qualified  
30.13 equity investment; or

30.14 (3) the qualified community development entity fails to invest at least 100 percent of  
30.15 the cash purchase price of the qualified equity investment in qualified low-income community  
30.16 investments in greater Minnesota counties or metropolitan counties, as applicable, within  
30.17 12 months of the issuance of the qualified equity investment and maintains the investment  
30.18 in qualified low-income community investments in greater Minnesota counties or  
30.19 metropolitan counties, as applicable, until the last credit allowance date for the qualified  
30.20 equity investment. A qualified community development entity must use the proceeds of  
30.21 qualified equity investments awarded under the greater Minnesota allocation to make  
30.22 qualified low-income community investments in qualified active low-income community  
30.23 businesses with principal business operations in greater Minnesota counties.

30.24 (b) For purposes of paragraph (a), clause (3), an investment is considered maintained  
30.25 by a qualified community development entity even if the investment has been sold or repaid,  
30.26 provided that the qualified community development entity reinvests an amount equal to the  
30.27 capital returned to or recovered by the qualified community development entity from the  
30.28 original investment, exclusive of any profits realized, in another qualified low-income  
30.29 community investment in this state as required under the greater Minnesota allocation or  
30.30 metropolitan allocation within 12 months after the receipt of that capital. Periodic loan  
30.31 repayments received by a qualified community development entity from a qualified active  
30.32 low-income community business within a calendar year must be treated as maintained in  
30.33 qualified low-income community investments if a qualified community development entity

31.1 reinvests the repayments in qualified low-income community investments by the end of the  
31.2 following calendar year.

31.3 (c) A qualified community development entity is not required to reinvest capital returned  
31.4 from qualified low-income community investments after the sixth anniversary of the issuance  
31.5 of the qualified equity investment, the proceeds of which were used to make the qualified  
31.6 low-income community investment, and the qualified low-income community investment  
31.7 is considered held by the qualified community development entity through the seventh  
31.8 anniversary of the qualified equity investment's issuance.

31.9 (d) With respect to any one qualified active low-income community business, the  
31.10 maximum amount of qualified low-income community investments made in that business  
31.11 in aggregate with all of its affiliates that may be counted toward the satisfaction of paragraph  
31.12 (a), clause (3), is \$10,000,000, whether made by one or several qualified community  
31.13 development entities but exclusive of redeemed or repaid qualified low-income community  
31.14 investment by the qualified active low-income community business.

31.15 (e) The commissioner shall provide notice to the qualified community development  
31.16 entity of any proposed recapture of credits pursuant to this subdivision. The notice must  
31.17 specify the conditions under which the deficiency resulting in the proposed recapture occurred  
31.18 and state that the credits will be recaptured within 90 days unless the qualified community  
31.19 development entity complies with the conditions identified in the notice. If the entity fails  
31.20 or is unable to cure the deficiency within the 90-day period, the commissioner shall provide  
31.21 the entity and the taxpayer from whom the credit is to be recaptured with a final order of  
31.22 recapture. Any credit for which a final recapture order has been issued must be recaptured  
31.23 by the commissioner from the taxpayer who claimed the credit on a tax return. The qualified  
31.24 equity investment authority of the recaptured credits must be returned to the commissioner  
31.25 and must first be awarded pro rata to applicants that have received awards of qualified equity  
31.26 investment authority and complied with this subdivision.

31.27 Subd. 6. **Examination and rulemaking.** (a) The commissioner may conduct examinations  
31.28 to verify that the credits under this section have been received and applied according to the  
31.29 requirements of this section and to verify that no event has occurred that would result in a  
31.30 recapture of credits under subdivision 5.

31.31 (b) The commissioner may issue advisory letters to individual qualified community  
31.32 development entities and their investors that are limited to the specific facts outlined in an  
31.33 advisory letter request from a qualified community development entity. The rulings cannot  
31.34 be relied upon by any person or entity other than the qualified community development

32.1 entity that requested the letter and the taxpayers that are entitled to any tax credits generated  
32.2 from investments in the entity.

32.3 (c) In rendering advisory letters and making other determinations under this section, to  
32.4 the extent applicable, the commissioner shall rely upon guidance to section 45D of the  
32.5 Internal Revenue Code and the rules and regulations issued thereunder.

32.6 Subd. 7. **Annual reporting by community development entities.** (a) Each qualified  
32.7 community development entity shall submit an annual report to the commissioner within  
32.8 120 days after the beginning of each calendar year during the compliance period. No annual  
32.9 report is due prior to the first anniversary of the initial credit allowance date. The report  
32.10 must include but is not limited to information with respect to all qualified low-income  
32.11 community investments made by the qualified community development entity, including:

32.12 (1) the date and amount of, and bank statements or wire transfer reports documenting,  
32.13 qualified low-income community investments;

32.14 (2) the name and address of each qualified active low-income community business  
32.15 funded by the qualified community development entity, the number of persons employed  
32.16 by the business at the time of the initial qualified low-income community investment, and  
32.17 a brief description of the business and its financing;

32.18 (3) the number of employment positions maintained by each qualified active low-income  
32.19 community business as of the date of the report or the end of the preceding calendar year  
32.20 and the average annual salaries of those positions;

32.21 (4) the total number of employment positions created and retained as a result of qualified  
32.22 low-income community investments and the average annual salaries of those positions;

32.23 (5) a certification by its chief executive officer or similar officer that no credits have  
32.24 been subject to recapture under subdivision 5; and

32.25 (6) any changes with respect to the taxpayers entitled to claim credits with respect to  
32.26 qualified equity investments issued by the qualified community development entity since  
32.27 its last report pursuant to this section.

32.28 (b) The qualified community development entity is not required to provide the annual  
32.29 report set forth in this section for qualified low-income community investments that have  
32.30 been redeemed or repaid.

32.31 Subd. 8. **Program report.** If the credit under this section has not been reviewed under  
32.32 the provisions of section 3.8855 by December 15, 2031, the commissioner shall report to  
32.33 the legislature no later than December 31, 2031, regarding the implementation of the credit



33.1 under this section, including an evaluation of the credit using the components listed in  
33.2 section 3.885, subdivision 5.

33.3 Subd. 9. **Expiration.** This section expires for taxable years beginning after December  
33.4 31, 2030, except that the commissioner's authority to allow the credit under subdivision 2  
33.5 based on certificates that were issued under subdivision 4 before expiration remains in effect  
33.6 through the year following the year in which all certificates have either been canceled or  
33.7 resulted in issuance of credit certificates, or 2033, whichever is earlier.

33.8 Subd. 10. **Account created; appropriation.** The Minnesota new markets tax credit  
33.9 account is created in the special revenue fund in the state treasury. The account is  
33.10 administered by the commissioner. Application fees required under subdivision 3, paragraph  
33.11 (a), clause (7), are appropriated to the commissioner for costs associated with certifying  
33.12 applications and for personnel and administrative expenses related to administering the  
33.13 credit under this section.

33.14 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
33.15 31, 2022, and before January 1, 2031.

33.16 Sec. 4. Minnesota Statutes 2021 Supplement, section 289A.08, subdivision 7a, is amended  
33.17 to read:

33.18 Subd. 7a. **Pass-through entity tax.** (a) For the purposes of this subdivision, the following  
33.19 terms have the meanings given:

33.20 (1) "income" has the meaning given in subdivision 7, paragraph (j), modified by the  
33.21 addition provided in section 290.0131, subdivision 5, and the subtraction provided in section  
33.22 290.0132, subdivision 3, except that the provisions that apply to a partnership apply to a  
33.23 qualifying entity and the provisions that apply to a partner apply to a qualifying owner. The  
33.24 income of ~~both a resident and~~ qualifying owner of an entity taxed as a partnership under  
33.25 the Internal Revenue Code is not subject to allocation outside this state as provided for  
33.26 resident individuals under section 290.17, subdivision 1, paragraph (a). The income of a  
33.27 nonresident qualifying owner or the income of a qualifying owner of an entity taxed as an  
33.28 S corporation including a qualified subchapter S subsidiary organized under section  
33.29 1361(b)(3)(B) of the Internal Revenue Code is allocated and assigned to this state as provided  
33.30 for nonresident partners and shareholders under sections 290.17, 290.191, and 290.20;

33.31 (2) "qualifying entity" means a partnership, limited liability company taxed as a  
33.32 partnership or S corporation, or S corporation including a qualified subchapter S subsidiary  
33.33 organized under section 1361(b)(3)(B) of the Internal Revenue Code. Qualifying entity ~~does~~

34.1 ~~not~~ may include a partnership, limited liability company, or corporation that has a ~~partnership,~~  
34.2 ~~limited liability company other than a disregarded entity,~~ or corporation as a partner, member,  
34.3 or shareholder, provided those entities are excluded from the qualifying entity's tax return;  
34.4 the entity is taxed as a partnership, limited liability company, or S corporation; and is not  
34.5 a publicly traded partnership, as defined in section 7704 of the Internal Revenue Code, as  
34.6 amended through January 1, 2021; and

34.7 (3) "qualifying owner" means:

34.8 (i) a resident or nonresident individual, trust, or estate, that is a partner, member, or  
34.9 shareholder of a qualifying entity; ~~or~~

34.10 (ii) ~~a resident or nonresident trust that is a shareholder of a qualifying entity that is an~~  
34.11 ~~S corporation~~ an entity taxed as a partnership under the Internal Revenue Code; or

34.12 (iii) a disregarded entity that has a qualifying owner as its single owner.

34.13 (b) For taxable years beginning after December 31, 2020, in which the taxes of a  
34.14 qualifying owner are limited under section 164(b)(6)(B) of the Internal Revenue Code, a  
34.15 qualifying entity may elect to file a return and pay the pass-through entity tax imposed under  
34.16 paragraph (c). The election:

34.17 (1) must be made on or before the due date or extended due date of the qualifying entity's  
34.18 pass-through entity tax return;

34.19 (2) may only be made by qualifying owners who collectively hold more than a 50 percent  
34.20 ownership interest in the qualifying entity;

34.21 (3) is binding on all qualifying owners who have an ownership interest in the qualifying  
34.22 entity; and

34.23 (4) once made is irrevocable for the taxable year.

34.24 (c) Subject to the election in paragraph (b), a pass-through entity tax is imposed on a  
34.25 qualifying entity in an amount equal to the sum of the tax liability of each qualifying owner.

34.26 (d) The amount of a qualifying owner's tax liability under paragraph (c) is the amount  
34.27 of the qualifying owner's income multiplied by the highest tax rate for individuals under  
34.28 section 290.06, subdivision 2c. When making this determination:

34.29 (1) nonbusiness deductions, standard deductions, or personal exemptions are not allowed;  
34.30 and

34.31 (2) a credit or deduction is allowed only to the extent allowed to the qualifying owner.

35.1 (e) The amount of each credit and deduction used to determine a qualifying owner's tax  
35.2 liability under paragraph (d) must also be used to determine that qualifying owner's income  
35.3 tax liability under chapter 290.

35.4 (f) This subdivision does not negate the requirement that a qualifying owner pay estimated  
35.5 tax if the qualifying owner's tax liability would exceed the requirements set forth in section  
35.6 289A.25. The qualifying owner's liability to pay estimated tax on the qualifying owner's  
35.7 tax liability as determined under paragraph (d) is, however, satisfied when the qualifying  
35.8 entity pays estimated tax in the manner prescribed in section 289A.25 for composite estimated  
35.9 tax.

35.10 (g) A qualifying owner's adjusted basis in the interest in the qualifying entity, and the  
35.11 treatment of distributions, is determined as if the election to pay the pass-through entity tax  
35.12 under paragraph (b) is not made.

35.13 (h) To the extent not inconsistent with this subdivision, for purposes of this chapter, a  
35.14 pass-through entity tax return must be treated as a composite return and a qualifying entity  
35.15 filing a pass-through entity tax return must be treated as a partnership filing a composite  
35.16 return.

35.17 (i) The provisions of subdivision 17 apply to the election to pay the pass-through entity  
35.18 tax under this subdivision.

35.19 (j) If a nonresident qualifying owner of a qualifying entity making the election to file  
35.20 and pay the tax under this subdivision has no other Minnesota source income, filing of the  
35.21 pass-through entity tax return is a return for purposes of subdivision 1, provided that the  
35.22 nonresident qualifying owner must not have any Minnesota source income other than the  
35.23 income from the qualifying entity, other electing qualifying entities, and other partnerships  
35.24 electing to file a composite return under subdivision 7. If it is determined that the nonresident  
35.25 qualifying owner has other Minnesota source income, the inclusion of the income and tax  
35.26 liability for that owner under this provision will not constitute a return to satisfy the  
35.27 requirements of subdivision 1. The tax paid for the qualifying owner as part of the  
35.28 pass-through entity tax return is allowed as a payment of the tax by the qualifying owner  
35.29 on the date on which the pass-through entity tax return payment was made.

35.30 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
35.31 after December 31, 2020.

36.1 Sec. 5. Minnesota Statutes 2020, section 289A.10, subdivision 1, is amended to read:

36.2 Subdivision 1. **Return required.** (a) In the case of a decedent who has an interest in  
36.3 property with a situs in Minnesota, the personal representative must submit a Minnesota  
36.4 estate tax return to the commissioner, on a form prescribed by the commissioner, if:

36.5 (1) a federal estate tax return is required to be filed; or

36.6 (2) the sum of the federal gross estate and federal adjusted taxable gifts, as defined in  
36.7 section 2001(b) of the Internal Revenue Code, made within three years of the date of the  
36.8 decedent's death exceeds ~~\$1,200,000 for estates of decedents dying in 2014; \$1,400,000 for~~  
36.9 ~~estates of decedents dying in 2015; \$1,600,000 for estates of decedents dying in 2016;~~  
36.10 ~~\$2,100,000 for estates of decedents dying in 2017; \$2,400,000 for estates of decedents dying~~  
36.11 ~~in 2018; \$2,700,000 for estates of decedents dying in 2019; and \$3,000,000 for estates of~~  
36.12 ~~decedents dying in 2020 and thereafter.~~

36.13 (b) The return must contain a computation of the Minnesota estate tax due. The return  
36.14 must be signed by the personal representative.

36.15 (c) The return may include an election, as provided in section 291.03, subdivision 1e,  
36.16 to allow a decedent's surviving spouse to take into account the decedent's deceased spousal  
36.17 unused exclusion amount.

36.18 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after June  
36.19 30, 2022.

36.20 Sec. 6. Minnesota Statutes 2021 Supplement, section 289A.382, subdivision 2, is amended  
36.21 to read:

36.22 Subd. 2. **Reporting and payment requirements for partnerships and tiered**  
36.23 **partners.** (a) Except for when an audited partnership makes the election in subdivision 3,  
36.24 and except for negative federal adjustments required under federal law taken into account  
36.25 by the partnership in the partnership return for the adjustment or other year, all final federal  
36.26 adjustments of an audited partnership must comply with paragraph (b) and each direct  
36.27 partner of the audited partnership, other than a tiered partner, must comply with paragraph  
36.28 (c).

36.29 (b) No later than 90 days after the final determination date, the audited partnership must:

36.30 (1) file a completed federal adjustments report, including all partner-level information  
36.31 required under section 289A.12, subdivision 3, with the commissioner;

37.1 (2) notify each of its direct partners of their distributive share of the final federal  
37.2 adjustments;

37.3 (3) file an amended composite report for all direct partners who were included in a  
37.4 composite return under section 289A.08, subdivision 7, in the reviewed year, and pay the  
37.5 additional amount that would have been due had the federal adjustments been reported  
37.6 properly as required; ~~and~~

37.7 (4) file amended withholding reports for all direct partners who were or should have  
37.8 been subject to nonresident withholding under section 290.92, subdivision 4b, in the reviewed  
37.9 year, and pay the additional amount that would have been due had the federal adjustments  
37.10 been reported properly as required; and

37.11 (5) file an amended pass-through entity tax report for all direct partners who were  
37.12 included in a pass-through entity tax return under section 289A.08, subdivision 7a, in the  
37.13 reviewed year, and pay the additional amount that would have been due had the federal  
37.14 adjustments been reported properly as required.

37.15 (c) No later than 180 days after the final determination date, each direct partner, other  
37.16 than a tiered partner, that is subject to a tax administered under this chapter, other than the  
37.17 sales tax, must:

37.18 (1) file a federal adjustments report reporting their distributive share of the adjustments  
37.19 reported to them under paragraph (b), clause (2); and

37.20 (2) pay any additional amount of tax due as if the final federal adjustment had been  
37.21 properly reported, plus any penalty and interest due under this chapter, and less any credit  
37.22 for related amounts paid or withheld and remitted on behalf of the direct partner under  
37.23 paragraph (b), clauses (3) and (4).

37.24 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
37.25 after December 31, 2020.

37.26 Sec. 7. Minnesota Statutes 2020, section 290.0132, subdivision 4, is amended to read:

37.27 Subd. 4. **Education expenses.** (a) Subject to the limits in paragraph (b), the following  
37.28 amounts paid to others for each qualifying child are a subtraction:

37.29 (1) education-related expenses; plus

37.30 (2) tuition and fees paid to attend a school described in section 290.0674, subdivision  
37.31 1, clause (4), that are not included in education-related expenses; less

37.32 (3) any amount used to claim the credit under section 290.0674.

38.1 (b) The maximum subtraction allowed under this subdivision is:

38.2 (1) ~~\$1,625~~ \$3,250 for each qualifying child in kindergarten through grade 6; and

38.3 (2) ~~\$2,500~~ \$5,000 for each qualifying child in grades 7 through 12.

38.4 (c) The definitions in section 290.0674, subdivision 1, apply to this subdivision.

38.5 (d) The commissioner shall annually adjust the subtraction amounts in paragraph (b) as  
38.6 provided in section 270C.22. The statutory year is 2022.

38.7 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
38.8 31, 2021.

38.9 Sec. 8. Minnesota Statutes 2020, section 290.0132, subdivision 26, is amended to read:

38.10 Subd. 26. **Social Security benefits.** ~~(a) A portion~~ The amount of taxable Social Security  
38.11 benefits received by a taxpayer in the taxable year is allowed as a subtraction. ~~The subtraction~~  
38.12 ~~equals the lesser of taxable Social Security benefits or a maximum subtraction subject to~~  
38.13 ~~the limits under paragraphs (b), (c), and (d).~~

38.14 ~~(b) For married taxpayers filing a joint return and surviving spouses, the maximum~~  
38.15 ~~subtraction equals \$5,150. The maximum subtraction is reduced by 20 percent of provisional~~  
38.16 ~~income over \$78,180. In no case is the subtraction less than zero.~~

38.17 ~~(c) For single or head-of-household taxpayers, the maximum subtraction equals \$4,020.~~  
38.18 ~~The maximum subtraction is reduced by 20 percent of provisional income over \$61,080.~~  
38.19 ~~In no case is the subtraction less than zero.~~

38.20 ~~(d) For married taxpayers filing separate returns, the maximum subtraction equals~~  
38.21 ~~one-half the maximum subtraction for joint returns under paragraph (b). The maximum~~  
38.22 ~~subtraction is reduced by 20 percent of provisional income over one-half the threshold~~  
38.23 ~~amount specified in paragraph (b). In no case is the subtraction less than zero.~~

38.24 ~~(e) For purposes of this subdivision, "provisional income" means modified adjusted~~  
38.25 ~~gross income as defined in section 86(b)(2) of the Internal Revenue Code, plus one-half of~~  
38.26 ~~the taxable Social Security benefits received during the taxable year, and "Social Security~~  
38.27 ~~benefits" has the meaning given in section 86(d)(1) of the Internal Revenue Code.~~

38.28 ~~(f) The commissioner shall adjust the maximum subtraction and threshold amounts in~~  
38.29 ~~paragraphs (b) to (d) as provided in section 270C.22. The statutory year is taxable year~~  
38.30 ~~2019. The maximum subtraction and threshold amounts as adjusted must be rounded to the~~  
38.31 ~~nearest \$10 amount. If the amount ends in \$5, the amount is rounded up to the nearest \$10~~  
38.32 ~~amount.~~

39.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
39.2 31, 2021.

39.3 Sec. 9. Minnesota Statutes 2020, section 290.0132, is amended by adding a subdivision  
39.4 to read:

39.5 Subd. 31. **Pension income; public safety officers and firefighters.** (a) Income received  
39.6 from the following pension plans, excluding disability income, is a subtraction:

39.7 (1) the police and fire plan governed by sections 353.63 to 353.68;

39.8 (2) the local government correctional service retirement plan under chapter 353E;

39.9 (3) the state patrol retirement plan under chapter 352B;

39.10 (4) the state correctional employees retirement plan under sections 352.90 to 352.955;

39.11 or

39.12 (5) any similar annuity or benefit from a retirement system administered by the federal  
39.13 government.

39.14 (b) The subtraction applies to individuals who have attained at least 20 years of service  
39.15 as a public official or employee and a member of a plan listed under paragraph (a), and have  
39.16 not attained age 55 before December 31, 2022, and their surviving spouses.

39.17 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
39.18 31, 2022.

39.19 Sec. 10. Minnesota Statutes 2020, section 290.05, subdivision 1, is amended to read:

39.20 Subdivision 1. **Exempt entities.** The following corporations, individuals, estates, trusts,  
39.21 and organizations shall be exempted from taxation under this chapter, provided that every  
39.22 such person or corporation claiming exemption under this chapter, in whole or in part, must  
39.23 establish to the satisfaction of the commissioner the taxable status of any income or activity:

39.24 (a) corporations, individuals, estates, and trusts engaged in the business of mining or  
39.25 producing iron ore and mining, producing, or refining other ores, metals, and minerals, the  
39.26 mining, production, or refining of which is subject to the occupation tax imposed by section  
39.27 298.01; but if any such corporation, individual, estate, or trust engages in any other business  
39.28 or activity or has income from any property not used in such business it shall be subject to  
39.29 this tax computed on the net income from such property or such other business or activity.  
39.30 Royalty shall not be considered as income from the business of mining or producing iron  
39.31 ore within the meaning of this section;

40.1 (b) the United States of America, the state of Minnesota or any political subdivision of  
40.2 either agencies or instrumentalities, whether engaged in the discharge of governmental or  
40.3 proprietary functions; ~~and~~

40.4 (c) any insurance company, other than a disqualified captive insurance company; and

40.5 (d) a Nuclear Decommissioning Reserve Fund, as defined in section 468A of the Internal  
40.6 Revenue Code.

40.7 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
40.8 31, 2024.

40.9 Sec. 11. Minnesota Statutes 2021 Supplement, section 290.06, subdivision 2c, is amended  
40.10 to read:

40.11 Subd. 2c. **Schedules of rates for individuals, estates, and trusts.** (a) The income taxes  
40.12 imposed by this chapter upon married individuals filing joint returns and surviving spouses  
40.13 as defined in section 2(a) of the Internal Revenue Code must be computed by applying to  
40.14 their taxable net income the following schedule of rates:

40.15 (1) On the first ~~\$38,770~~ \$41,050, ~~5.35~~ 2.8 percent;

40.16 (2) On all over ~~\$38,770~~ \$41,050, but not over ~~\$154,020~~ \$163,060, 6.8 percent;

40.17 (3) On all over ~~\$154,020~~ \$163,060, but not over ~~\$269,010~~ \$284,810, 7.85 percent;

40.18 (4) On all over ~~\$269,010~~ \$284,810, 9.85 percent.

40.19 Married individuals filing separate returns, estates, and trusts must compute their income  
40.20 tax by applying the above rates to their taxable income, except that the income brackets  
40.21 will be one-half of the above amounts after the adjustment required in subdivision 2d.

40.22 (b) The income taxes imposed by this chapter upon unmarried individuals must be  
40.23 computed by applying to taxable net income the following schedule of rates:

40.24 (1) On the first ~~\$26,520~~ \$28,080, ~~5.35~~ 2.8 percent;

40.25 (2) On all over ~~\$26,520~~ \$28,080, but not over ~~\$87,110~~ \$92,230, 6.8 percent;

40.26 (3) On all over ~~\$87,110~~ \$92,230, but not over ~~\$161,720~~ \$171,220, 7.85 percent;

40.27 (4) On all over ~~\$161,720~~ \$171,220, 9.85 percent.

40.28 (c) The income taxes imposed by this chapter upon unmarried individuals qualifying as  
40.29 a head of household as defined in section 2(b) of the Internal Revenue Code must be  
40.30 computed by applying to taxable net income the following schedule of rates:



41.1 (1) On the first ~~\$32,650~~ \$34,570, ~~5.35~~ 2.8 percent;

41.2 (2) On all over ~~\$32,650~~ \$34,570, but not over ~~\$131,190~~ \$138,890, 6.8 percent;

41.3 (3) On all over ~~\$131,190~~ \$138,890, but not over ~~\$214,980~~ \$227,600, 7.85 percent;

41.4 (4) On all over ~~\$214,980~~ \$227,600, 9.85 percent.

41.5 (d) In lieu of a tax computed according to the rates set forth in this subdivision, the tax  
41.6 of any individual taxpayer whose taxable net income for the taxable year is less than an  
41.7 amount determined by the commissioner must be computed in accordance with tables  
41.8 prepared and issued by the commissioner of revenue based on income brackets of not more  
41.9 than \$100. The amount of tax for each bracket shall be computed at the rates set forth in  
41.10 this subdivision, provided that the commissioner may disregard a fractional part of a dollar  
41.11 unless it amounts to 50 cents or more, in which case it may be increased to \$1.

41.12 (e) An individual who is not a Minnesota resident for the entire year must compute the  
41.13 individual's Minnesota income tax as provided in this subdivision. After the application of  
41.14 the nonrefundable credits provided in this chapter, the tax liability must then be multiplied  
41.15 by a fraction in which:

41.16 (1) the numerator is the individual's Minnesota source federal adjusted gross income as  
41.17 defined in section 62 of the Internal Revenue Code and increased by:

41.18 (i) the additions required under sections 290.0131, subdivisions 2, 6, 8 to 10, 16, and  
41.19 17, and 290.0137, paragraph (a); and reduced by

41.20 (ii) the Minnesota assignable portion of the subtraction for United States government  
41.21 interest under section 290.0132, subdivision 2, the subtractions under sections 290.0132,  
41.22 subdivisions 9, 10, 14, 15, 17, 18, and 27, and 290.0137, paragraph (c), after applying the  
41.23 allocation and assignability provisions of section 290.081, clause (a), or 290.17; and

41.24 (2) the denominator is the individual's federal adjusted gross income as defined in section  
41.25 62 of the Internal Revenue Code, increased by:

41.26 (i) the additions required under sections 290.0131, subdivisions 2, 6, 8 to 10, 16, and  
41.27 17, and 290.0137, paragraph (a); and reduced by

41.28 (ii) the subtractions under sections 290.0132, subdivisions 2, 9, 10, 14, 15, 17, 18, and  
41.29 27, and 290.0137, paragraph (c).

41.30 (f) If an individual who is not a Minnesota resident for the entire year is a qualifying  
41.31 owner of a qualifying entity that elects to pay tax as provided in section 289A.08, subdivision  
41.32 7a, paragraph (b), the individual must compute the individual's Minnesota income tax as

42.1 provided in paragraph (e), and also must include, to the extent attributed to the electing  
42.2 qualifying entity:

42.3 (1) in paragraph (e), clause (1), item (i), and paragraph (e), clause (2), item (i), the  
42.4 addition under section 290.0131, subdivision 5; and

42.5 (2) in paragraph (e), clause (1), item (ii), and paragraph (e), clause (2), item (ii), the  
42.6 subtraction under section 290.0132, subdivision 3.

42.7 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
42.8 31, 2021.

42.9 Sec. 12. Minnesota Statutes 2020, section 290.06, subdivision 2d, is amended to read:

42.10 Subd. 2d. **Inflation adjustment of brackets.** The commissioner shall annually adjust  
42.11 the minimum and maximum dollar amounts for each rate bracket for which a tax is imposed  
42.12 in subdivision 2c as provided in section 270C.22. The statutory year is taxable year ~~2019~~  
42.13 2022. The rate applicable to any rate bracket must not be changed. The dollar amounts  
42.14 setting forth the tax shall be adjusted to reflect the changes in the rate brackets. The rate  
42.15 brackets as adjusted must be rounded to the nearest \$10 amount. If the rate bracket ends in  
42.16 \$5, it must be rounded up to the nearest \$10 amount. The commissioner shall determine the  
42.17 rate bracket for married filing separate returns after this adjustment is done. The rate bracket  
42.18 for married filing separate must be one-half of the rate bracket for married filing joint.

42.19 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
42.20 31, 2021.

42.21 Sec. 13. Minnesota Statutes 2020, section 290.067, subdivision 1, is amended to read:

42.22 Subdivision 1. **Amount of credit.** (a) A taxpayer may take as a credit against the tax  
42.23 due from the taxpayer and a spouse, if any, under this chapter an amount equal to the  
42.24 dependent care credit for which the taxpayer is eligible pursuant to the provisions of section  
42.25 21 of the Internal Revenue Code except that in determining whether the child qualified as  
42.26 a dependent, income received as a Minnesota family investment program grant or allowance  
42.27 to or on behalf of the child must not be taken into account in determining whether the child  
42.28 received more than half of the child's support from the taxpayer.

42.29 (b) If a child who has not attained the age of six years at the close of the taxable year is  
42.30 cared for at a licensed family day care home operated by the child's parent, the taxpayer is  
42.31 deemed to have paid employment-related expenses. If the child is 16 months old or younger  
42.32 at the close of the taxable year, the amount of expenses deemed to have been paid equals

43.1 the maximum limit for one qualified individual under section 21(c) and (d) of the Internal  
43.2 Revenue Code. If the child is older than 16 months of age but has not attained the age of  
43.3 six years at the close of the taxable year, the amount of expenses deemed to have been paid  
43.4 equals the amount the licensee would charge for the care of a child of the same age for the  
43.5 same number of hours of care.

43.6 (c) If a married couple:

43.7 (1) has a child who has not attained the age of one year at the close of the taxable year;

43.8 (2) files a joint tax return for the taxable year; and

43.9 (3) does not participate in a dependent care assistance program as defined in section 129  
43.10 of the Internal Revenue Code, in lieu of the actual employment related expenses paid for  
43.11 that child under paragraph (a) or the deemed amount under paragraph (b), the lesser of (i)  
43.12 the combined earned income of the couple or (ii) the amount of the maximum limit for one  
43.13 qualified individual under section 21(c) and (d) of the Internal Revenue Code will be deemed  
43.14 to be the employment related expense paid for that child. The earned income limitation of  
43.15 section 21(d) of the Internal Revenue Code shall not apply to this deemed amount. These  
43.16 deemed amounts apply regardless of whether any employment-related expenses have been  
43.17 paid.

43.18 (d) If the taxpayer is not required and does not file a federal individual income tax return  
43.19 for the tax year, no credit is allowed for any amount paid to any person unless:

43.20 (1) the name, address, and taxpayer identification number of the person are included on  
43.21 the return claiming the credit; or

43.22 (2) if the person is an organization described in section 501(c)(3) of the Internal Revenue  
43.23 Code and exempt from tax under section 501(a) of the Internal Revenue Code, the name  
43.24 and address of the person are included on the return claiming the credit.

43.25 In the case of a failure to provide the information required under the preceding sentence,  
43.26 the preceding sentence does not apply if it is shown that the taxpayer exercised due diligence  
43.27 in attempting to provide the information required.

43.28 (e) In the case of a nonresident, part-year resident, or a person who has earned income  
43.29 not subject to tax under this chapter including earned income excluded pursuant to section  
43.30 290.0132, subdivision 10, the credit determined under section 21 of the Internal Revenue  
43.31 Code must be allocated based on the ratio by which the earned income of the claimant and  
43.32 the claimant's spouse from Minnesota sources bears to the total earned income of the claimant  
43.33 and the claimant's spouse.

44.1 (f) For residents of Minnesota, the subtractions for military pay under section 290.0132,  
44.2 subdivisions 11 and 12, are not considered "earned income not subject to tax under this  
44.3 chapter."

44.4 (g) For residents of Minnesota, the exclusion of combat pay under section 112 of the  
44.5 Internal Revenue Code is not considered "earned income not subject to tax under this  
44.6 chapter."

44.7 (h) For taxpayers with federal adjusted gross income in excess of ~~\$52,230~~ \$70,000, the  
44.8 credit is equal to the lesser of the credit otherwise calculated under this subdivision, or the  
44.9 amount equal to \$600 minus five percent of federal adjusted gross income in excess of  
44.10 ~~\$52,230~~ \$70,000 for taxpayers with one qualified individual, or \$1,200 minus five percent  
44.11 of federal adjusted gross income in excess of ~~\$52,230~~ \$70,000 for taxpayers with two or  
44.12 more qualified individuals, but in no case is the credit less than zero.

44.13 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
44.14 31, 2021.

44.15 Sec. 14. Minnesota Statutes 2020, section 290.0674, subdivision 2, is amended to read:

44.16 Subd. 2. **Limitations.** (a) For claimants with adjusted gross income not greater than  
44.17 \$33,500, the maximum credit allowed for a family is \$1,000 multiplied by the number of  
44.18 qualifying children in kindergarten through grade 12 in the family. The maximum credit  
44.19 for families with one qualifying child in kindergarten through grade 12 is reduced by \$1  
44.20 for each \$4 of ~~household~~ adjusted gross income over ~~\$33,500~~ \$50,000, and the maximum  
44.21 credit for families with two or more qualifying children in kindergarten through grade 12  
44.22 is reduced by \$2 for each \$4 of ~~household~~ adjusted gross income over ~~\$33,500~~ \$50,000,  
44.23 but in no case is the credit less than zero. In the case of an individual who files an income  
44.24 tax return on a fiscal year basis, the term "federal adjusted gross income" means federal  
44.25 adjusted gross income reflected in the fiscal year ending in the next calendar year. Federal  
44.26 adjusted gross income may not be reduced by the amount of a net operating loss carryback  
44.27 or carryforward or a capital loss carryback or carryforward allowed for the year.

44.28 (b) In the case of a married claimant, a credit is not allowed unless a joint income tax  
44.29 return is filed.

44.30 (c) For a nonresident or part-year resident, the credit determined under subdivision 1  
44.31 and the maximum credit amount in paragraph (a) must be allocated using the percentage  
44.32 calculated in section 290.06, subdivision 2c, paragraph (e).

45.1 (d) The commissioner shall annually adjust the income amount in paragraph (a) as  
45.2 provided in section 270C.22. The statutory year is 2022.

45.3 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
45.4 31, 2021.

45.5 Sec. 15. Minnesota Statutes 2020, section 290.068, subdivision 1, is amended to read:

45.6 Subdivision 1. **Credit allowed.** A corporation, partners in a partnership, or shareholders  
45.7 in a corporation treated as an "S" corporation under section 290.9725 are allowed a credit  
45.8 against the tax computed under this chapter for the taxable year equal to:

45.9 (a) ten percent of the first \$2,000,000 of the excess (if any) of

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

45.11 (2) the base amount; and

45.12 (b) ~~four~~ 4.25 percent on all of such excess expenses over \$2,000,000.

45.13 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
45.14 31, 2021.

45.15 Sec. 16. Minnesota Statutes 2020, section 290.0681, subdivision 4, is amended to read:

45.16 Subd. 4. **Credit certificates; grants.** (a)(1) The developer of a project for which the  
45.17 office has issued an allocation certificate must notify the office when the project is placed  
45.18 in service. Upon verifying that the project has been placed in service, and was allowed a  
45.19 federal credit, the office must issue a credit certificate to the taxpayer designated in the  
45.20 application or must issue a grant to the recipient designated in the application. The credit  
45.21 certificate must state the amount of the credit.

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

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

45.24 (b) The recipient of a credit certificate may assign the certificate to another taxpayer  
45.25 before the first one-fifth payment is claimed, which is then allowed the credit under this  
45.26 section or section 297I.20, subdivision 3. The first assignee may subsequently assign the  
45.27 certificate in whole, but not in part, to a second assignee. An assignment is not valid unless  
45.28 the assignee notifies the commissioner within 30 days of the date that the assignment is  
45.29 made. The commissioner shall prescribe the forms necessary for notifying the commissioner  
45.30 of the assignment of a credit certificate and for claiming a credit by assignment.

46.1 (c) Credits passed through to partners, members, shareholders, or owners pursuant to  
46.2 subdivision 5 are not an assignment of a credit certificate under this subdivision.

46.3 (d) A grant agreement between the office and the recipient of a grant may allow the  
46.4 grant to be issued to another individual or entity.

46.5 **EFFECTIVE DATE.** This section is effective for property placed in service after June  
46.6 30, 2022.

46.7 Sec. 17. **[290.0687] SMALL BUSINESS TAX CREDITS FOR PAID FAMILY LEAVE**  
46.8 **BENEFITS.**

46.9 **Subdivision 1. Employer tax credit.** (a) A qualified employer is allowed a credit against  
46.10 the taxes imposed under this chapter equal to the amount paid:

46.11 (1) directly by the qualified employer for paid family leave benefits on behalf of a  
46.12 qualified employee; or

46.13 (2) to an insurance company to provide paid family leave insurance benefits to a qualified  
46.14 employee.

46.15 (b) The credit allowed to an employer under this subdivision for a qualified employee  
46.16 for a taxable year is limited to the lesser of the amounts listed in clauses (1) to (3), to the  
46.17 extent not deducted in determining federal taxable income for corporate filers, estates, or  
46.18 trusts, or federal adjusted gross income for individual filers:

46.19 (1) \$3,000; or

46.20 (2) 100 percent of the amount paid directly by the qualified employer for paid family  
46.21 leave benefits on behalf of a qualified employee; or

46.22 (3) 50 percent of the amount paid to an insurance company to provide paid family leave  
46.23 insurance benefits to a qualified employee.

46.24 **Subd. 2. Definitions.** (a) For purposes of this section, the terms in this subdivision have  
46.25 the meanings given.

46.26 (b) "Armed forces" means members of the National Guard and Reserves;

46.27 (c) "Child" means a person who is:

46.28 (1) under 18 years of age, or 18 years of age or older and incapable of self-care because  
46.29 of a mental or physical disability; and

47.1 (2) a biological, adopted, or foster son or daughter; a stepson or stepdaughter; a legal  
47.2 ward; a son or daughter of a domestic partner; or a son or daughter of a person to whom the  
47.3 employee stands in loco parentis.

47.4 (d) "Employee" has the meaning given in section 290.92, subdivision 1, clause (3).

47.5 (e) "Family leave" means leave for any of the following purposes:

47.6 (1) participating in providing care, including physical or psychological care, for a family  
47.7 member of the employee made necessary by the family member's serious health condition;

47.8 (2) bonding with the employee's child during the first 12 months after the child's birth,  
47.9 or the first 12 months after the placement of the child for adoption or foster care with the  
47.10 employee; or

47.11 (3) addressing a qualifying exigency, as interpreted under the Family and Medical Leave  
47.12 Act, United States Code, title 29, section 2612(a)(1)(e), and Code of Federal Regulations,  
47.13 title 29, sections 825.126(a)(1) to (8), arising from the fact that the spouse, child, or parent  
47.14 of the employee is on active duty or has been notified of an impending call or order to active  
47.15 duty in the armed forces of the United States.

47.16 (f) "Family member" means a child, spouse, parent, or grandparent as defined in this  
47.17 chapter.

47.18 (g) "Parent" means a biological, foster, or adoptive parent; a stepparent; a legal guardian;  
47.19 or another person who stood in loco parentis to the employee when the employee was a  
47.20 child.

47.21 (h) "Qualified employee" means an employee who has been employed by the qualified  
47.22 employer for one year or more.

47.23 (i) "Qualified employer" means an employer subject to the withholding requirements  
47.24 under section 290.92, including a taxpaying employer referenced in section 268.046, who:

47.25 (1) employs 50 or fewer employees in Minnesota; and

47.26 (2) pays family leave benefits for one or more qualified employees.

47.27 (j) "Serious health condition" means an illness, injury, impairment, or physical or mental  
47.28 condition, including organ or tissue transplant or donation, that involves inpatient care in a  
47.29 hospital, hospice, or residential health care facility, continuing treatment, or continuing  
47.30 supervision by a health care provider as defined in an insurance policy. Continuing  
47.31 supervision by a health care provider includes a period of incapacity that is permanent or

48.1 long term due to a condition for which treatment may not be effective and where the family  
48.2 member is not receiving active treatment by a health care provider.

48.3 Subd. 3. **Nonresidents and part-year residents.** For a nonresident or part-year resident,  
48.4 the credit must be allocated using the percentage calculated in section 290.06, subdivision  
48.5 2c, paragraph (e).

48.6 Subd. 4. **Partnerships; multiple owners.** Credits granted to a partnership, a limited  
48.7 liability company taxed as a partnership, an S corporation, or multiple owners of property  
48.8 are passed through to the partners, members, shareholders, or owners, respectively, pro rata  
48.9 to each partner, member, shareholder, or owner based on their share of the entity's assets  
48.10 or as specially allocated in their organizational documents or any other executed document,  
48.11 as of the last day of the taxable year.

48.12 Subd. 5. **Carryover.** If the credit allowed under subdivision 1 exceeds the tax imposed  
48.13 under this chapter, the excess is a credit carryover to each of the five succeeding taxable  
48.14 years. The entire amount of the excess unused credit must be carried first to the earliest  
48.15 taxable year to which the amount may be carried. The unused portion of the credit must be  
48.16 carried to the following taxable year. No credit may be carried to a taxable year more than  
48.17 five years after the taxable year in which the credit was earned.

48.18 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
48.19 31, 2023, and before January 1, 2027.

48.20 Sec. 18. **[290.0693] NEW MARKETS TAX CREDIT.**

48.21 Subdivision 1. **Definitions.** For purposes of this section, terms defined in section 116X.01  
48.22 have the meanings given in that section.

48.23 Subd. 2. **Credit allowed.** (a) An entity that makes or is transferred a qualified equity  
48.24 investment is allowed a credit against the tax imposed under this chapter equal to the amount  
48.25 calculated under section 116X.01, subdivision 2.

48.26 (b) Tax credits earned by or allocated to a partnership, a limited liability company taxed  
48.27 as a partnership, or an S corporation are passed through to the partners, members,  
48.28 shareholders, or owners, respectively, in accordance with the provisions of any agreement  
48.29 among such partners, members, shareholders, or owners, or, in the absence of such agreement,  
48.30 pro rata to each partner, member, shareholder, or owner based on their share of the entity's  
48.31 assets as of the last day of the taxable year. A pass-through of a credit is not considered a  
48.32 sale for the purposes of section 116X.01.



49.1 (c) If the amount of the credit under this section exceeds the taxpayer's liability for tax  
49.2 under this chapter, the excess is a credit carryover to each of the five succeeding taxable  
49.3 years. The entire amount of the excess unused credit for the taxable year must be carried  
49.4 first to the earliest of the taxable years to which the credit may be carried and then to each  
49.5 successive year to which the credit may be carried. The amount of the unused credit that  
49.6 may be added under this paragraph may not exceed the taxpayer's liability for tax, less any  
49.7 credit for the current taxable year.

49.8 Subd. 3. **Audit powers.** Notwithstanding the certification eligibility issued by the  
49.9 commissioner of employment and economic development under section 116X.01, subdivision  
49.10 4, the commissioner may utilize any audit and examination powers under chapter 270C or  
49.11 289A to the extent necessary to verify that the taxpayer is eligible for the credit and to assess  
49.12 for the amount of any improperly claimed credit.

49.13 Subd. 4. **Sunset.** This section expires at the same time and on the same terms as section  
49.14 116X.01, except that the expiration of this section does not affect the commissioner of  
49.15 revenue's authority to audit or power of examination and assessment for credits claimed  
49.16 under this section.

49.17 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
49.18 31, 2022, and before January 1, 2031.

49.19 Sec. 19. Minnesota Statutes 2020, section 290.091, subdivision 2, is amended to read:

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

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

49.24 (1) the taxpayer's federal alternative minimum taxable income as defined in section  
49.25 55(b)(2) of the Internal Revenue Code;

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

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

49.29 (ii) the medical expense deduction;

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

49.31 (iv) the impairment-related work expenses of a person with a disability;

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

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

50.10 (5) to the extent not included in federal alternative minimum taxable income, the amount  
50.11 of interest income as provided by section 290.0131, subdivision 2;

50.12 (6) the amount of addition required by section 290.0131, subdivisions 9, 10, and 16;

50.13 (7) the deduction allowed under section 199A of the Internal Revenue Code, to the extent  
50.14 not included in the addition required under clause (6); and

50.15 (8) to the extent not included in federal alternative minimum taxable income, the amount  
50.16 of foreign-derived intangible income deducted under section 250 of the Internal Revenue  
50.17 Code;

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

50.19 (i) interest income as defined in section 290.0132, subdivision 2;

50.20 (ii) an overpayment of state income tax as provided by section 290.0132, subdivision  
50.21 3, to the extent included in federal alternative minimum taxable income;

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

50.26 (iv) amounts subtracted from federal taxable or adjusted gross income as provided by  
50.27 section 290.0132, subdivisions 7, 9 to 15, 17, 21, 24, ~~and 26 to 29~~, and 31;

50.28 (v) the amount of the net operating loss allowed under section 290.095, subdivision 11,  
50.29 paragraph (c); and

50.30 (vi) the amount allowable as a Minnesota itemized deduction under section 290.0122,  
50.31 subdivision 7.

51.1 In the case of an estate or trust, alternative minimum taxable income must be computed  
51.2 as provided in section 59(c) of the Internal Revenue Code, except alternative minimum  
51.3 taxable income must be increased by the addition in section 290.0131, subdivision 16.

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

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

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

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

51.12 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
51.13 31, 2022.

51.14 Sec. 20. Minnesota Statutes 2020, section 291.016, subdivision 3, is amended to read:

51.15 Subd. 3. **Subtraction.** (a) ~~For estates of decedents dying after December 31, 2016,~~ A  
51.16 subtraction is allowed in computing the Minnesota taxable estate, equal to the sum of:

51.17 (1) ~~the an~~ an exclusion amount ~~for the year of death under paragraph (b)~~ of \$3,000,000;  
51.18 and

51.19 ~~(2) the lesser of:~~

51.20 ~~(i)~~ (2) the value of qualified small business property under section 291.03, subdivision  
51.21 9, and the value of qualified farm property under section 291.03, subdivision 10; ~~or,~~ up to  
51.22 \$2,000,000.

51.23 ~~(ii) \$5,000,000 minus the exclusion amount for the year of death under paragraph (b).~~

51.24 ~~(b) The following exclusion amounts apply for the year of death:~~

51.25 ~~(1) \$2,100,000 for decedents dying in 2017;~~

51.26 ~~(2) \$2,400,000 for decedents dying in 2018;~~

51.27 ~~(3) \$2,700,000 for decedents dying in 2019; and~~

51.28 ~~(4) \$3,000,000 for decedents dying in 2020 and thereafter.~~

52.1 (b) In the case of a decedent that is a surviving spouse there is an additional subtraction  
52.2 allowed in computing the Minnesota taxable estate, a deceased spousal unused exclusion  
52.3 amount, which is equal to the lesser of:

52.4 (1) \$3,000,000; or

52.5 (2) the excess of \$3,000,000 over the amount of the Minnesota taxable estate of the last  
52.6 predeceased spouse of the decedent, but not including in the taxable estate property described  
52.7 in section 291.03, subdivisions 9 and 10, but in no case less than zero.

52.8 (c) The subtraction under this subdivision must not reduce the Minnesota taxable estate  
52.9 to less than zero.

52.10 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after June  
52.11 30, 2022.

52.12 Sec. 21. Minnesota Statutes 2020, section 291.03, subdivision 1, is amended to read:

52.13 Subdivision 1. **Tax amount.** The tax imposed must be computed by applying to the  
52.14 Minnesota taxable estate the following schedule of rates and then multiplying the resulting  
52.15 amount ~~multiplied~~ by a fraction, not greater than one, the numerator of which is the value  
52.16 of the Minnesota gross estate plus the value of gifts under section 291.016, subdivision 2,  
52.17 clause (3), with a Minnesota situs, and the denominator of which is the federal gross estate  
52.18 plus the value of gifts under section 291.016, subdivision 2, clause (3):

52.19 ~~(a) For estates of decedents dying in 2017:~~

52.20 Amount of Minnesota Taxable Estate	Rate of Tax
52.21 <del>Not over \$5,100,000</del>	<del>12 percent</del>
52.22 <del>Over \$5,100,000 but not over \$7,100,000</del>	<del>\$612,000 plus 12.8 percent of the excess over</del>
52.23 <del>\$5,100,000</del>	<del>\$5,100,000</del>
52.24 <del>Over \$7,100,000 but not over \$8,100,000</del>	<del>\$868,000 plus 13.6 percent of the excess over</del>
52.25 <del>\$7,100,000</del>	<del>\$7,100,000</del>
52.26 <del>Over \$8,100,000 but not over \$9,100,000</del>	<del>\$1,004,000 plus 14.4 percent of the excess</del>
52.27 <del>over \$8,100,000</del>	<del>over \$8,100,000</del>
52.28 <del>Over \$9,100,000 but not over \$10,100,000</del>	<del>\$1,148,000 plus 15.2 percent of the excess</del>
52.29 <del>over \$9,100,000</del>	<del>over \$9,100,000</del>
52.30 <del>Over \$10,100,000</del>	<del>\$1,300,000 plus 16 percent of the excess over</del>
52.31 <del>\$10,100,000</del>	<del>\$10,100,000</del>

52.32 ~~(b) For estates of decedents dying in 2018 and thereafter:~~

52.33 Amount of Minnesota Taxable Estate	Rate of Tax
52.34 Not over \$7,100,000	13 percent
52.35 Over \$7,100,000 but not over \$8,100,000	\$923,000 plus 13.6 percent of the excess over
52.36 \$7,100,000	\$7,100,000

53.1	Over \$8,100,000 but not over \$9,100,000	\$1,059,000 plus 14.4 percent of the excess
53.2		over \$8,100,000
53.3	Over \$9,100,000 but not over \$10,100,000	\$1,203,000 plus 15.2 percent of the excess
53.4		over \$9,100,000
53.5	Over \$10,100,000	\$1,355,000 plus 16 percent of the excess over
53.6		\$10,100,000

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

53.8 Sec. 22. Minnesota Statutes 2020, section 291.03, is amended by adding a subdivision to  
53.9 read:

53.10 Subd. 1e. **Election of portability of deceased spousal unused exclusion amounts;**  
53.11 **election irrevocable; deemed elections.** (a) A personal representative of a decedent's estate  
53.12 may elect, on a return required under section 289A.10, subdivision 1, to allow a decedent's  
53.13 surviving spouse to take into account the decedent's deceased spousal unused exclusion  
53.14 amount, as provided in section 291.016, subdivision 3, paragraph (b).

53.15 (b) A personal representative of a decedent's estate that is not required to file a return  
53.16 under section 289A.10, subdivision 1, must file a return to allow a decedent's surviving  
53.17 spouse to take into account the decedent's deceased spousal unused exclusion amount, as  
53.18 provided in section 291.016, subdivision 3, paragraph (b). The return is subject to the same  
53.19 provisions as a return required under section 289A.10, subdivision 1.

53.20 (c) An election under paragraph (a) or (b) is irrevocable. The personal representative of  
53.21 a decedent's estate must state affirmatively on the return that the decedent's estate is electing  
53.22 portability. The commissioner may prescribe the form of the election on the return.

53.23 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after June  
53.24 30, 2022.

53.25 Sec. 23. Minnesota Statutes 2020, section 297I.20, is amended by adding a subdivision  
53.26 to read:

53.27 Subd. 6. **New markets tax credit.** A taxpayer may claim a credit against the premiums  
53.28 tax imposed under this chapter equal to the amount calculated under section 116X.01,  
53.29 subdivision 2. If the amount of the credit exceeds the liability for tax under this chapter, the  
53.30 excess is a credit carryover to each of the five succeeding taxable years. The entire amount  
53.31 of the excess unused credit for the taxable year must be carried first to the earliest of the  
53.32 taxable years to which the credit may be carried and then to each successive year to which  
53.33 the credit may be carried. This credit does not affect the calculation of fire state aid under  
53.34 section 477B.03 and police state aid under section 477C.03.

54.1 **EFFECTIVE DATE.** This section is effective for premiums received after December  
54.2 31, 2022, and before January 1, 2031.

54.3 Sec. 24. **PRECEPTOR CREDIT.**

54.4 Subdivision 1. **Credit allowed.** (a) An individual who qualifies as a preceptor under  
54.5 this section is allowed a credit against the tax imposed by Minnesota Statutes, chapter 290.

54.6 The credit equals:

54.7 (1) \$2,500 for an individual who served as a preceptor for at least four weeks or 160  
54.8 hours but not more than seven weeks or 280 hours during the taxable year;

54.9 (2) \$3,750 for an individual who served as a preceptor for at least eight weeks or 320  
54.10 hours but not more than 11 weeks or 440 hours during the taxable year; and

54.11 (3) \$5,000 for an individual who served as a preceptor for at least 12 weeks or 480 hours  
54.12 during the taxable year.

54.13 (b) For purposes of this section, a "preceptor" means an advanced practice registered  
54.14 nurse, physician assistant, or mental health professional who:

54.15 (1) served as a health professions student preceptor or medical resident preceptor for at  
54.16 least four weeks or 160 hours during the taxable year; and

54.17 (2) received no additional compensation for serving as a preceptor to an advanced practice  
54.18 registered nurse, physician assistant, or mental health professional student.

54.19 (c) If the amount of the credit that an individual is eligible to receive under this section  
54.20 exceeds the individual's tax liability under Minnesota Statutes, chapter 290, the commissioner  
54.21 of revenue shall refund the excess to the taxpayer.

54.22 (d) For a nonresident or part-year resident taxpayer, the credit must be allocated based  
54.23 on the percentage calculated under Minnesota Statutes, section 290.06, subdivision 2c,  
54.24 paragraph (e).

54.25 (e) The commissioner of revenue, in consultation with the commissioner of health, shall  
54.26 prescribe the form and manner in which the credit must be claimed.

54.27 Subd. 2. **Appropriation.** An amount sufficient to pay the refunds required by this section  
54.28 is appropriated to the commissioner of revenue from the general fund.

54.29 Subd. 3. **Report.** (a) By March 1, 2026, the commissioner of revenue, in consultation  
54.30 with the commissioner of health, shall issue a report to the chairs and ranking minority

55.1 members of the committees of the house of representatives and senate with jurisdiction over  
55.2 taxes, higher education, and health and human services detailing:

55.3 (1) the number of preceptors claiming the credit;

55.4 (2) the average amount of credits claimed;

55.5 (3) the geographical distribution by county of the location of the preceptor's services;

55.6 (4) the professions of the preceptor and the students served by the preceptor; and

55.7 (5) the impact of the tax credit on the availability of preceptors in Minnesota.

55.8 (b) The report required under this subdivision must comply with Minnesota Statutes,  
55.9 sections 3.195 and 3.197.

55.10 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
55.11 31, 2022, and before January 1, 2026.

55.12 Sec. 25. **REPEALER.**

55.13 (a) Minnesota Statutes 2020, sections 290.0131, subdivision 15; and 290.0674,  
55.14 subdivision 2a, are repealed.

55.15 (b) Minnesota Statutes 2021 Supplement, section 290.0681, subdivision 10, is repealed.

55.16 **EFFECTIVE DATE.** Paragraph (a) is effective for taxable years beginning after  
55.17 December 31, 2021. Paragraph (b) is effective the day following final enactment.

### 55.18 **ARTICLE 3**

### 55.19 **SALES AND USE TAXES**

55.20 Section 1. Minnesota Statutes 2020, section 297A.67, subdivision 35, is amended to read:

55.21 Subd. 35. **Suite licenses.** The sale of the privilege of admission under section 297A.61,  
55.22 subdivision 3, paragraph (g), clause (1), to a place of amusement or athletic event does not  
55.23 include consideration paid for a license to use a private suite, private skybox, or private box  
55.24 seat, and the sale of the license is exempt provided that: (1) the lessee may use the private  
55.25 suite, private skybox, or private box seat by mutual arrangement with the lessor on days  
55.26 when there is no amusement or athletic event; and (2) the sales price for the privilege of  
55.27 admission is separately stated and is equal to or greater than the highest priced general  
55.28 admission ticket for the closest seat not in the private suite, private skybox, or private box  
55.29 seat. The sale of food and beverages for consumption in a private suite, private skybox, or

56.1 private box seat must be taxable to the extent provided under this chapter, but these taxable  
56.2 sales do not invalidate the exemption in this subdivision.

56.3 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
56.4 30, 2023.

56.5 Sec. 2. Minnesota Statutes 2021 Supplement, section 297A.67, subdivision 38, is amended  
56.6 to read:

56.7 Subd. 38. **Season ticket purchasing rights to collegiate events.** (a) The sale of a right  
56.8 to purchase the privilege of admission to a college or university athletic event in a preferred  
56.9 viewing location for a season of a particular athletic event is exempt provided that:

56.10 (1) the consideration paid for the right to purchase is used entirely to support student  
56.11 scholarships, wellness, and academic costs;

56.12 (2) the consideration paid for the right to purchase is separately stated from the admission  
56.13 price; and

56.14 (3) the admission price is equal to or greater than the highest priced general admission  
56.15 ticket for the closest seat not in the preferred viewing location.

56.16 (b) The sale of food and beverages for consumption in a preferred seating location must  
56.17 be taxable to the extent provided under this chapter, but these taxable sales do not invalidate  
56.18 the exemption in this subdivision.

56.19 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
56.20 30, 2023.

56.21 Sec. 3. Minnesota Statutes 2020, section 297A.68, is amended by adding a subdivision to  
56.22 read:

56.23 Subd. 46. **Certain amenities included with privilege of admission.** Amenities included  
56.24 in the sales price of the privilege of admission under section 297A.61, subdivision 3,  
56.25 paragraph (m), are exempt when purchased by a taxpayer selling the privilege of admission.

56.26 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
56.27 30, 2023.

56.28 Sec. 4. Minnesota Statutes 2020, section 297A.69, subdivision 4, is amended to read:

56.29 Subd. 4. **Machinery, equipment, and fencing.** The following machinery, equipment,  
56.30 and fencing is exempt:



- 57.1 (1) farm machinery;
- 57.2 (2) logging equipment, including chain saws used for commercial logging;
- 57.3 (3) fencing:
- 57.4 (i) used for the containment of farmed Cervidae, as defined in section 35.153, subdivision
- 57.5 3; or
- 57.6 (ii) on property classified as class 2a under section 273.13, subdivision 23;
- 57.7 (4) primary and backup generator units used to generate electricity for the purpose of
- 57.8 operating farm machinery, aquacultural production equipment, or logging equipment, or
- 57.9 providing light or space heating necessary for the production of livestock, dairy animals,
- 57.10 dairy products, or poultry and poultry products; and
- 57.11 (5) aquaculture production equipment.

57.12 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases

57.13 made after June 30, 2021.

57.14 Sec. 5. Minnesota Statutes 2020, section 297A.70, is amended by adding a subdivision to

57.15 read:

57.16 Subd. 22. **Animal shelters.** (a) For purposes of this subdivision, the term "animal shelter"

57.17 means a nonprofit organization engaged in the business of rescuing, sheltering, and finding

57.18 homes for unwanted animals.

57.19 (b) Purchases made by an animal shelter are exempt if the purchases are used directly

57.20 in the activities of rescuing, sheltering, and finding homes for unwanted animals. The

57.21 exemption under this paragraph does not apply to the following purchases:

57.22 (1) building, construction, or reconstruction materials purchased by a contractor or a

57.23 subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed

57.24 maximum price covering both labor and materials for use in the construction, alteration, or

57.25 repair of a building or facility;

57.26 (2) construction materials purchased by an animal shelter or the animal shelter's

57.27 contractors to be used in constructing buildings or facilities that will not be used principally

57.28 by the animal shelter;

57.29 (3) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause (2),

57.30 and prepared food, candy, soft drinks, and alcoholic beverages as defined in section 297A.67,

57.31 subdivision 2; and

58.1 (4) leasing of a motor vehicle as defined in section 297B.01, subdivision 11.

58.2 (c) The sale or adoption of unwanted animals by an animal shelter and the sale of  
58.3 associated animal supplies and equipment by an animal shelter are exempt.

58.4 (d) Sales made by and events run by an animal shelter for fund-raising purposes are  
58.5 exempt. Exempt sales include the sale of prepared food, candy, and soft drinks at a  
58.6 fund-raising event. The exemption under this paragraph is subject to the following limits:

58.7 (1) gross receipts from all fund-raising sales are taxable if the total fund-raising by the  
58.8 animal shelter exceeds 24 days per year;

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

58.11 (3) it does not apply to admission charges for events involving bingo or other gambling  
58.12 activities or to charges for use of amusement devices involving bingo or other gambling  
58.13 activities.

58.14 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
58.15 30, 2022.

58.16 Sec. 6. Minnesota Statutes 2021 Supplement, section 297A.71, subdivision 52, is amended  
58.17 to read:

58.18 Subd. 52. **Construction; certain local government facilities.** (a) Materials and supplies  
58.19 used in and equipment incorporated into the construction, reconstruction, upgrade, expansion,  
58.20 or remodeling of the following local government owned facilities are exempt:

58.21 (1) a new fire station, which includes firefighting, emergency management, public safety  
58.22 training, and other public safety facilities in the city of Monticello if materials, supplies,  
58.23 and equipment are purchased after January 31, 2019, and before January 1, 2022;

58.24 (2) a new fire station, which includes firefighting and public safety training facilities  
58.25 and public safety facilities, in the city of Inver Grove Heights if materials, supplies, and  
58.26 equipment are purchased after June 30, 2018, and before January 1, 2021;

58.27 (3) a fire station and police station, including access roads, lighting, sidewalks, and  
58.28 utility components, on or adjacent to the property on which the fire station or police station  
58.29 are located that are necessary for safe access to and use of those buildings, in the city of  
58.30 Minnetonka if materials, supplies, and equipment are purchased after May 23, 2019, and  
58.31 before January 1, 2022;

59.1 (4) the school building in Independent School District No. 414, Minneota, if materials,  
59.2 supplies, and equipment are purchased after January 1, 2018, and before January 1, 2021;

59.3 (5) a fire station in the city of Mendota Heights, if materials, supplies, and equipment  
59.4 are purchased after December 31, 2018, and before January 1, 2021; ~~and~~

59.5 (6) a Dakota County law enforcement collaboration center, also known as the Safety  
59.6 and Mental Health Alternative Response Training (SMART) Center, if materials, supplies,  
59.7 and equipment are purchased after June 30, 2019, and before July 1, 2021; and

59.8 (7) the North Metro Regional Public Safety Training Facility in Maple Grove, if materials,  
59.9 supplies, and equipment are purchased after August 31, 2021, and before December 31,  
59.10 2023.

59.11 (b) The tax must be imposed and collected as if the rate under section 297A.62,  
59.12 subdivision 1, applied and then refunded in the manner provided in section 297A.75.

59.13 (c) The total refund for the project listed in paragraph (a), clause (3), must not exceed  
59.14 \$850,000.

59.15 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
59.16 applies retroactively to sales and purchases made during the period indicated for the project  
59.17 in paragraph (a), clause (7).

59.18 Sec. 7. Minnesota Statutes 2020, section 297A.71, is amended by adding a subdivision to  
59.19 read:

59.20 **Subd. 54. Construction materials purchased by contractors; exemption for certain**  
59.21 **entities.** (a) Materials and supplies used or consumed in and equipment incorporated into  
59.22 the construction, reconstruction, repair, maintenance, or improvement of buildings or  
59.23 facilities used principally by school districts, as defined under section 297A.70, subdivision  
59.24 2, paragraph (c), are exempt.

59.25 (b) Materials and supplies used or consumed in and equipment incorporated into the  
59.26 construction, reconstruction, repair, maintenance, or improvement of public infrastructure  
59.27 of any kind, including but not limited to roads, bridges, culverts, drinking water facilities,  
59.28 and wastewater facilities, purchased by a contractor, subcontractor, or builder as part of a  
59.29 contract with a school district, as defined under section 297A.70, subdivision 2, paragraph  
59.30 (c), are exempt.

60.1 (c) The tax on purchases exempt under this subdivision must be imposed and collected  
60.2 as if the rate under section 297A.62, subdivision 1, applied, and then refunded in the manner  
60.3 provided in section 297A.75.

60.4 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
60.5 30, 2024.

60.6 Sec. 8. Minnesota Statutes 2020, section 297A.71, is amended by adding a subdivision to  
60.7 read:

60.8 Subd. 55. **Building, repair, or replacement materials; farm fencing material.** Materials  
60.9 and supplies used or consumed in, and equipment incorporated into, the construction,  
60.10 improvement, repair, or replacement of farm fencing material that is not exempt under  
60.11 section 297A.69, subdivision 4, are exempt.

60.12 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases  
60.13 made after June 30, 2021.

60.14 Sec. 9. Minnesota Statutes 2021 Supplement, section 297A.75, subdivision 1, is amended  
60.15 to read:

60.16 Subdivision 1. **Tax collected.** The tax on the gross receipts from the sale of the following  
60.17 exempt items must be imposed and collected as if the sale were taxable and the rate under  
60.18 section 297A.62, subdivision 1, applied. The exempt items include:

60.19 (1) building materials for an agricultural processing facility exempt under section  
60.20 297A.71, subdivision 13;

60.21 (2) building materials for mineral production facilities exempt under section 297A.71,  
60.22 subdivision 14;

60.23 (3) building materials for correctional facilities under section 297A.71, subdivision 3;

60.24 (4) building materials used in a residence for veterans with a disability exempt under  
60.25 section 297A.71, subdivision 11;

60.26 (5) elevators and building materials exempt under section 297A.71, subdivision 12;

60.27 (6) materials and supplies for qualified low-income housing under section 297A.71,  
60.28 subdivision 23;

60.29 (7) materials, supplies, and equipment for municipal electric utility facilities under  
60.30 section 297A.71, subdivision 35;

61.1 (8) equipment and materials used for the generation, transmission, and distribution of  
61.2 electrical energy and an aerial camera package exempt under section 297A.68, subdivision  
61.3 37;

61.4 (9) commuter rail vehicle and repair parts under section 297A.70, subdivision 3, paragraph  
61.5 (a), clause (10);

61.6 (10) materials, supplies, and equipment for construction or improvement of projects and  
61.7 facilities under section 297A.71, subdivision 40;

61.8 (11) materials, supplies, and equipment for construction, improvement, or expansion of  
61.9 a biopharmaceutical manufacturing facility exempt under section 297A.71, subdivision 45;

61.10 (12) enterprise information technology equipment and computer software for use in a  
61.11 qualified data center exempt under section 297A.68, subdivision 42;

61.12 (13) materials, supplies, and equipment for qualifying capital projects under section  
61.13 297A.71, subdivision 44, paragraph (a), clause (1), and paragraph (b);

61.14 (14) items purchased for use in providing critical access dental services exempt under  
61.15 section 297A.70, subdivision 7, paragraph (c);

61.16 (15) items and services purchased under a business subsidy agreement for use or  
61.17 consumption primarily in greater Minnesota exempt under section 297A.68, subdivision  
61.18 44;

61.19 (16) building materials, equipment, and supplies for constructing or replacing real  
61.20 property exempt under section 297A.71, subdivisions 49; 50, paragraph (b); and 51;

61.21 (17) building materials, equipment, and supplies for qualifying capital projects under  
61.22 section 297A.71, subdivision 52; ~~and~~

61.23 (18) building materials, equipment, and supplies for constructing, remodeling, expanding,  
61.24 or improving a fire station, police station, or related facilities exempt under section 297A.71,  
61.25 subdivision 53; and

61.26 (19) building construction or reconstruction materials, supplies, and equipment exempt  
61.27 under section 297A.71, subdivision 54.

61.28 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
61.29 30, 2024.

62.1 Sec. 10. Minnesota Statutes 2021 Supplement, section 297A.75, subdivision 2, is amended  
62.2 to read:

62.3 Subd. 2. **Refund; eligible persons.** Upon application on forms prescribed by the  
62.4 commissioner, a refund equal to the tax paid on the gross receipts of the exempt items must  
62.5 be paid to the applicant. Only the following persons may apply for the refund:

62.6 (1) for subdivision 1, clauses (1), (2), and (14), the applicant must be the purchaser;

62.7 (2) for subdivision 1, clause (3), the applicant must be the governmental subdivision;

62.8 (3) for subdivision 1, clause (4), the applicant must be the recipient of the benefits  
62.9 provided in United States Code, title 38, chapter 21;

62.10 (4) for subdivision 1, clause (5), the applicant must be the owner of the homestead  
62.11 property;

62.12 (5) for subdivision 1, clause (6), the owner of the qualified low-income housing project;

62.13 (6) for subdivision 1, clause (7), the applicant must be a municipal electric utility or a  
62.14 joint venture of municipal electric utilities;

62.15 (7) for subdivision 1, clauses (8), (11), (12), and (15), the owner of the qualifying  
62.16 business;

62.17 (8) for subdivision 1, clauses (9), (10), (13), (17), and (18), the applicant must be the  
62.18 governmental entity that owns or contracts for the project or facility; ~~and~~

62.19 (9) for subdivision 1, clause (16), the applicant must be the owner or developer of the  
62.20 building or project; and

62.21 (10) for subdivision 1, clause (19), the applicant must be the entity:

62.22 (i) listed in section 297A.71, subdivision 54, paragraph (a), that principally uses the  
62.23 building or facility; or

62.24 (ii) listed in section 297A.71, subdivision 54, paragraph (b), that contracts with a  
62.25 contractor, subcontractor, or builder for the public infrastructure project.

62.26 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
62.27 30, 2024.

63.1 Sec. 11. Minnesota Statutes 2021 Supplement, section 297A.75, subdivision 3, is amended  
63.2 to read:

63.3 Subd. 3. **Application.** (a) The application must include sufficient information to permit  
63.4 the commissioner to verify the tax paid. If the tax was paid by a contractor, subcontractor,  
63.5 or builder, under subdivision 1, clauses (3) to (13) or (15) to ~~(18)~~ (19), the contractor,  
63.6 subcontractor, or builder must furnish to the refund applicant a statement including the cost  
63.7 of the exempt items and the taxes paid on the items unless otherwise specifically provided  
63.8 by this subdivision. The provisions of sections 289A.40 and 289A.50 apply to refunds under  
63.9 this section.

63.10 (b) An applicant may not file more than two applications per calendar year for refunds  
63.11 for taxes paid on capital equipment exempt under section 297A.68, subdivision 5.

63.12 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
63.13 30, 2024.

63.14 Sec. 12. **SALES AND USE TAX EXEMPTION; CERTAIN NATURAL GAS FEES.**

63.15 Subdivision 1. **Exemption.** Notwithstanding Minnesota Statutes, section 297A.67,  
63.16 subdivision 15, clause (2), fees related to natural gas sold for residential use to customers  
63.17 who were metered and billed as residential users and who used natural gas for their primary  
63.18 source of residential heat are exempt for purposes of the billing periods May to October,  
63.19 provided that:

63.20 (1) the fee for the natural gas is subject to a cost recovery plan for the price increase in  
63.21 natural gas during the period February 13, 2021, to February 17, 2021, identified in docket  
63.22 G-999/CI-21-135 before the Minnesota Public Utilities Commission; and

63.23 (2) the fee is separately stated and labeled as a fee pursuant to a cost recovery plan under  
63.24 clause (1).

63.25 Subd. 2. **Application; refund.** (a) By October 1, 2022, each utility must apply to the  
63.26 commissioner of revenue for a refund of sales taxes collected and remitted pursuant to  
63.27 Minnesota Statutes, section 297A.77, on fees for sales and purchases of natural gas subject  
63.28 to a cost recovery plan under subdivision 1, clause (1), that were added to residential  
63.29 customers' bills for the period beginning September 1, 2021, and ending June 30, 2022.

63.30 (b) The provisions of Minnesota Statutes, section 289A.50, subdivision 2, except for  
63.31 paragraph (c), apply to refunds issued under this subdivision. For purposes of this subdivision,  
63.32 "utility" means a utility subject to the cost recovery plan under subdivision 1, clause (1).

64.1 Within 90 days after the date the commissioner issues the refund under Minnesota Statutes,  
64.2 section 289A.50, subdivision 2, paragraph (a), to the utility:

64.3 (1) the utility must provide a plan to the Minnesota Public Utilities Commission for  
64.4 crediting taxes exempt under subdivision 1 to residential customers; and

64.5 (2) any amount not refunded or credited to a residential customer by a utility must be  
64.6 returned to the commissioner by the utility.

64.7 **EFFECTIVE DATE.** This section is effective retroactively for fees applied to sales  
64.8 and purchases of natural gas made after February 12, 2021, and before February 18, 2021,  
64.9 that are billed from September 1, 2021, to December 31, 2026.

#### 64.10 **ARTICLE 4**

#### 64.11 **PROPERTY TAXES**

64.12 Section 1. Minnesota Statutes 2020, section 272.01, subdivision 2, is amended to read:

64.13 Subd. 2. **Exempt property used by private entity for profit.** (a) When any real or  
64.14 personal property which is exempt from ad valorem taxes, and taxes in lieu thereof, is leased,  
64.15 loaned, or otherwise made available and used by a private individual, association, or  
64.16 corporation in connection with a business conducted for profit, there shall be imposed a  
64.17 tax, for the privilege of so using or possessing such real or personal property, in the same  
64.18 amount and to the same extent as though the lessee or user was the owner of such property.

64.19 (b) The tax imposed by this subdivision shall not apply to:

64.20 (1) property leased or used as a concession in or relative to the use in whole or part of  
64.21 a public park, market, fairgrounds, port authority, economic development authority  
64.22 established under chapter 469, municipal auditorium, municipal parking facility, municipal  
64.23 museum, or municipal stadium;

64.24 (2) except as provided in paragraph (c), property of an airport owned by a city, town,  
64.25 county, or group thereof which is:

64.26 (i) leased to or used by any person or entity including a fixed base operator; and

64.27 (ii) used as a hangar for the storage ~~of~~, repair, or manufacture of aircraft or to provide  
64.28 aviation goods, services, or facilities to the airport or general public;

64.29 ~~the exception from taxation provided in this clause does not apply to:~~



65.1 ~~(i) property located at an airport owned or operated by the Metropolitan Airports~~  
65.2 ~~Commission or by a city of over 50,000 population according to the most recent federal~~  
65.3 ~~census or such a city's airport authority; or~~

65.4 ~~(ii) hangars leased by a private individual, association, or corporation in connection with~~  
65.5 ~~a business conducted for profit other than an aviation-related business;~~

65.6 (3) property constituting or used as a public pedestrian ramp or concourse in connection  
65.7 with a public airport;

65.8 (4) except as provided in paragraph (d), property constituting or used as a passenger  
65.9 check-in area or ticket sale counter, boarding area, or luggage claim area in connection with  
65.10 a public airport ~~but not the airports owned or operated by the Metropolitan Airports~~  
65.11 ~~Commission or cities of over 50,000 population or an airport authority therein. Real estate~~  
65.12 ~~owned by a municipality in connection with the operation of a public airport and leased or~~  
65.13 ~~used for agricultural purposes is not exempt;~~

65.14 (5) property leased, loaned, or otherwise made available to a private individual,  
65.15 corporation, or association under a cooperative farming agreement made pursuant to section  
65.16 97A.135; or

65.17 (6) property leased, loaned, or otherwise made available to a private individual,  
65.18 corporation, or association under section 272.68, subdivision 4.

65.19 (c) The exception from taxation provided in paragraph (b), clause (2), does not apply  
65.20 to:

65.21 (1) property located at an airport owned or operated by:

65.22 (i) the Metropolitan Airports Commission; or

65.23 (ii) a city of over 50,000 population according to the most recent federal census or such  
65.24 a city's airport authority, except that, when calculating the tax imposed by this subdivision  
65.25 for property taxes payable in 2023 through 2034, the net tax capacity of such property is  
65.26 reduced by 50 percent if it is owned or operated by a city over 50,000 but under 150,000  
65.27 in population according to the most recent federal census or such a city's airport authority;  
65.28 or

65.29 (2) hangars leased by a private individual, association, or corporation in connection with  
65.30 a business conducted for profit other than an aviation-related business.

65.31 (d) The exception from taxation provided in paragraph (b), clause (4), does not apply  
65.32 to:

66.1 (1) the property described in paragraph (b), clause (4), at airports that are owned or  
66.2 operated by:

66.3 (i) the Metropolitan Airports Commission; or

66.4 (ii) a city of over 50,000 population or an airport authority therein, except that, when  
66.5 calculating the tax imposed by this subdivision for property taxes payable in 2023 through  
66.6 2034, the net tax capacity of such property is reduced by 50 percent if it is owned or operated  
66.7 by a city over 50,000 but under 150,000 in population according to the most recent federal  
66.8 census or such a city's airport authority; or

66.9 (2) real estate owned by a municipality in connection with the operation of a public  
66.10 airport and leased or used for agricultural purposes.

66.11 ~~(e)~~ (e) Taxes imposed by this subdivision are payable as in the case of personal property  
66.12 taxes and shall be assessed to the lessees or users of real or personal property in the same  
66.13 manner as taxes assessed to owners of real or personal property, except that such taxes shall  
66.14 not become a lien against the property. When due, the taxes shall constitute a debt due from  
66.15 the lessee or user to the state, township, city, county, and school district for which the taxes  
66.16 were assessed and shall be collected in the same manner as personal property taxes. If  
66.17 property subject to the tax imposed by this subdivision is leased or used jointly by two or  
66.18 more persons, each lessee or user shall be jointly and severally liable for payment of the  
66.19 tax.

66.20 ~~(d)~~ (f) The tax on real property of the federal government, the state or any of its political  
66.21 subdivisions that is leased, loaned, or otherwise made available to a private individual,  
66.22 association, or corporation and becomes taxable under this subdivision or other provision  
66.23 of law must be assessed and collected as a personal property assessment. The taxes do not  
66.24 become a lien against the real property.

66.25 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2023.

66.26 Sec. 2. Minnesota Statutes 2020, section 272.02, subdivision 98, is amended to read:

66.27 Subd. 98. **Certain property owned by an Indian tribe.** (a) Property is exempt that:

66.28 (1) was classified as 3a under section 273.13, subdivision 24, for taxes payable in 2013;

66.29 (2) is located in a city of the first class with a population greater than 300,000 as of the  
66.30 2010 federal census;

67.1 (3) was on January 2, 2012, and is for the current assessment owned by a federally  
67.2 recognized Indian tribe, or its instrumentality, that is located within the state of Minnesota;  
67.3 and

67.4 (4) is used exclusively for tribal purposes or institutions of purely public charity as  
67.5 defined in subdivision 7.

67.6 (b) For purposes of this subdivision, a "tribal purpose" means a public purpose as defined  
67.7 in subdivision 8 and includes noncommercial tribal government activities. Property that  
67.8 qualifies for the exemption under this subdivision is limited to no more than two contiguous  
67.9 parcels and structures that do not exceed in the aggregate 20,000 square feet. Property  
67.10 acquired for single-family housing, market-rate apartments, agriculture, or forestry does  
67.11 not qualify for this exemption. The exemption created by this subdivision expires with taxes  
67.12 payable in ~~2024~~ 2034.

67.13 (c) Property exempt under this section is exempt from the requirements of section  
67.14 272.025.

67.15 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2022.

67.16 Sec. 3. Minnesota Statutes 2020, section 272.02, is amended by adding a subdivision to  
67.17 read:

67.18 **Subd. 105. Energy storage systems.** (a) Personal property consisting of an energy  
67.19 storage system is exempt. For the purposes of this subdivision, "energy storage system" has  
67.20 the meaning given in section 216B.2422, subdivision 1, paragraph (f).

67.21 (b) A taxpayer requesting an exemption under this subdivision must file an application  
67.22 with the commissioner of revenue. The commissioner shall prescribe the content, format,  
67.23 and manner of the application pursuant to section 270C.30, except that a "law administered  
67.24 by the commissioner" includes the property tax laws. In determining eligibility for the  
67.25 exemption under this section, the commissioner of revenue may request information and  
67.26 advice from the commissioner of commerce. On determining that property qualifies for  
67.27 exemption, the commissioner of revenue shall issue an order exempting the property from  
67.28 taxation. The commissioner of revenue shall develop an electronic means to notify interested  
67.29 parties when the commissioner has issued an order exempting property from taxation under  
67.30 this section. The energy storage system shall continue to be exempt from taxation as long  
67.31 as the order issued by the commissioner of revenue remains in effect.

67.32 (c) The exemption under this section expires with taxes payable in 2033.

67.33 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2023.

68.1 Sec. 4. Minnesota Statutes 2020, section 272.025, subdivision 1, is amended to read:

68.2 Subdivision 1. **Statement of exemption.** (a) Except in the case of property owned by  
68.3 the state of Minnesota or any political subdivision thereof, a taxpayer claiming an exemption  
68.4 from taxation on property described in section 272.02 must file a statement of exemption  
68.5 with the assessor of the assessment district in which the property is located. By January 2,  
68.6 2018, and each third year thereafter, the commissioner of revenue shall publish on its website  
68.7 a list of the exemptions for which a taxpayer claiming an exemption must file a statement  
68.8 of exemption. The commissioner's requirement that a taxpayer file a statement of exemption  
68.9 pursuant to this subdivision shall not be considered a rule and is not subject to the  
68.10 Administrative Procedure Act, chapter 14.

68.11 (b) A taxpayer claiming an exemption from taxation on property described in section  
68.12 272.02, ~~subdivision~~ subdivisions 10 and 105, must file a statement of exemption with the  
68.13 commissioner of revenue, on or before February 15 of each year for which the taxpayer  
68.14 claims an exemption.

68.15 (c) In case of sickness, absence or other disability or for good cause, the assessor or the  
68.16 commissioner may extend the time for filing the statement of exemption for a period not to  
68.17 exceed 60 days.

68.18 (d) The commissioner of revenue shall prescribe the content, format, and manner of the  
68.19 statement of exemption pursuant to section 270C.30, except that a "law administered by  
68.20 the commissioner" includes the property tax laws.

68.21 (e) If a statement is made by electronic means, the taxpayer's signature is defined pursuant  
68.22 to section 270C.304, except that a "law administered by the commissioner" includes the  
68.23 property tax laws.

68.24 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2023  
68.25 and thereafter.

68.26 Sec. 5. Minnesota Statutes 2020, section 273.032, is amended to read:

68.27 **273.032 MARKET VALUE DEFINITION.**

68.28 (a) Unless otherwise provided, for the purpose of determining any property tax levy  
68.29 limitation based on market value or any limit on net debt, the issuance of bonds, certificates  
68.30 of indebtedness, or capital notes based on market value, any qualification to receive state  
68.31 aid based on market value, or any state aid amount based on market value, the terms "market  
68.32 value," "estimated market value," and "market valuation," whether equalized or unequalized,

69.1 mean the estimated market value of taxable property within the local unit of government  
69.2 before any of the following or similar adjustments for:

69.3 (1) the market value exclusions under:

69.4 (i) section 273.11, subdivisions 14a and 14c (vacant platted land);

69.5 (ii) section 273.11, subdivision 16 (certain improvements to homestead property);

69.6 (iii) section 273.11, subdivisions 19 and 20 (certain improvements to business properties);

69.7 (iv) section 273.11, subdivision 21 (homestead property damaged by mold);

69.8 (v) section 273.13, subdivision 34 (homestead of a veteran with a disability or family  
69.9 caregiver); or

69.10 (vi) section 273.13, subdivision 35 (homestead market value exclusion); or

69.11 (vii) section 273.13, subdivision 36 (affordable housing market value exclusion); or

69.12 (2) the deferment of value under:

69.13 (i) the Minnesota Agricultural Property Tax Law, section 273.111;

69.14 (ii) the Aggregate Resource Preservation Law, section 273.1115;

69.15 (iii) the Minnesota Open Space Property Tax Law, section 273.112;

69.16 (iv) the rural preserves property tax program, section 273.114; or

69.17 (v) the Metropolitan Agricultural Preserves Act, section 473H.10; or

69.18 (3) the adjustments to tax capacity for:

69.19 (i) tax increment financing under sections 469.174 to 469.1794;

69.20 (ii) fiscal disparities under chapter 276A or 473F; or

69.21 (iii) powerline credit under section 273.425.

69.22 (b) Estimated market value under paragraph (a) also includes the market value of  
69.23 tax-exempt property if the applicable law specifically provides that the limitation,  
69.24 qualification, or aid calculation includes tax-exempt property.

69.25 (c) Unless otherwise provided, "market value," "estimated market value," and "market  
69.26 valuation" for purposes of property tax levy limitations and calculation of state aid, refer  
69.27 to the estimated market value for the previous assessment year and for purposes of limits  
69.28 on net debt, the issuance of bonds, certificates of indebtedness, or capital notes refer to the  
69.29 estimated market value as last finally equalized.

70.1 (d) For purposes of a provision of a home rule charter or of any special law that is not  
70.2 codified in the statutes and that imposes a levy limitation based on market value or any limit  
70.3 on debt, the issuance of bonds, certificates of indebtedness, or capital notes based on market  
70.4 value, the terms "market value," "taxable market value," and "market valuation," whether  
70.5 equalized or unequalized, mean "estimated market value" as defined in paragraph (a).

70.6 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2023.

70.7 Sec. 6. Minnesota Statutes 2020, section 273.11, subdivision 23, is amended to read:

70.8 Subd. 23. **First tier valuation limit; agricultural homestead property.** (a) The  
70.9 commissioner of revenue shall annually certify the first tier limit for agricultural homestead  
70.10 property. For assessment year ~~2010~~ 2023, the limit is ~~\$1,140,000~~ \$2,500,000. Beginning  
70.11 with assessment year ~~2011~~ 2024, the limit is the product of (i) the first tier limit for the  
70.12 preceding assessment year, and (ii) the ratio of the statewide average taxable market value  
70.13 of agricultural property per acre of deeded farm land in the preceding assessment year to  
70.14 the statewide average taxable market value of agricultural property per acre of deeded farm  
70.15 land for the second preceding assessment year. The limit shall be rounded to the nearest  
70.16 \$10,000.

70.17 (b) For the purposes of this subdivision, "agricultural property" means all class 2a  
70.18 property under section 273.13, subdivision 23, except for property consisting of the house,  
70.19 garage, and immediately surrounding one acre of land of an agricultural homestead.

70.20 (c) The commissioner shall certify the limit by January 2 of each assessment year.

70.21 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2023.

70.22 Sec. 7. Minnesota Statutes 2020, section 273.128, is amended by adding a subdivision to  
70.23 read:

70.24 Subd. 1a. **Approval.** A property owner must receive approval by resolution of the  
70.25 governing body of the city or town where the property is located before submitting an initial  
70.26 application to the Housing Finance Agency, as required under subdivision 2, for property  
70.27 that has not, in whole or in part, been classified as class 4d under section 273.13, subdivision  
70.28 25, prior to assessment year 2023. A property owner that receives approval as required  
70.29 under this subdivision, and the certification made under subdivision 3, shall not be required  
70.30 to seek approval under this subdivision prior to submitting an application under subdivision  
70.31 2 in each subsequent year.

70.32 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2023.

71.1 Sec. 8. Minnesota Statutes 2020, section 273.128, subdivision 2, is amended to read:

71.2 Subd. 2. **Application.** (a) Application for certification under this section must be filed  
71.3 by March 31 of the levy year, or at a later date if the Housing Finance Agency deems  
71.4 practicable. The application must be filed with the Housing Finance Agency, on a form  
71.5 prescribed by the agency, and must contain the information required by the Housing Finance  
71.6 Agency.

71.7 (b) Each application must include:

71.8 (1) the property tax identification number; and

71.9 (2) evidence that the property meets the requirements of ~~subdivision~~ subdivisions 1 and  
71.10 1a.

71.11 (c) The Housing Finance Agency may charge an application fee approximately equal  
71.12 to the costs of processing and reviewing the applications but not to exceed \$10 per unit. If  
71.13 imposed, the applicant must pay the application fee to the Housing Finance Agency. The  
71.14 fee must be deposited in the housing development fund.

71.15 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2023.

71.16 Sec. 9. **[273.129] AFFORDABLE HOUSING MARKET VALUE EXCLUSION**  
71.17 **PROGRAM; ESTABLISHMENT.**

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

71.20 (b) "Governing body" means, with respect to a city, a city council, with respect to a  
71.21 town, a town board, and with respect to an unorganized territory, the county board acting  
71.22 on behalf of the unorganized territory.

71.23 (c) "Market value" has the meaning given in section 272.03, subdivision 8.

71.24 (d) "Municipality" means a statutory or home rule charter city, a township, or unorganized  
71.25 territory.

71.26 (e) "Property" means a residential rental housing property classified as class 4a under  
71.27 section 273.13, subdivision 25, a portion of which is occupied by residents meeting the  
71.28 income requirement under subdivision 4.

71.29 Subd. 2. **Establishment.** An affordable housing market value exclusion program is  
71.30 established to promote the development of affordable rental properties in the state. Eligible

72.1 properties located in participating municipalities are eligible to receive a market value  
72.2 exclusion of 50 percent.

72.3 Subd. 3. **Approval.** (a) A governing body may, upon approval by a majority vote of its  
72.4 members, adopt a resolution agreeing to participate in the affordable housing market value  
72.5 exclusion program. Prior to approval, the governing body must publish notice of its intent  
72.6 to discuss the resolution at a regularly scheduled meeting, in a newspaper with general  
72.7 circulation in the city or on the municipality's website, not less than 30 days prior to the  
72.8 meeting. The notice must include the date, time, and location of the meeting at which the  
72.9 program will be discussed and public input allowed.

72.10 (b) After a governing body has adopted a resolution agreeing to participate in the program,  
72.11 the governing body must adopt a separate resolution, subject to the same voting, notice, and  
72.12 public hearing requirements under paragraph (a), for each property the governing body  
72.13 approves to receive the affordable housing market value exclusion. The resolution must  
72.14 state the property qualifies for a valuation exclusion of 50 percent, and that shall remain  
72.15 the same each year, subject to the duration limit under subdivision 5.

72.16 (c) After a governing body has adopted the property-specific resolution as required under  
72.17 paragraph (b), the governing body, other than the county board acting on behalf of an  
72.18 unorganized territory, must provide the county board with a copy of the resolution for each  
72.19 property the local government approved to receive the affordable housing market value  
72.20 exclusion, along with information relating to the fiscal implications resulting from the  
72.21 approved exclusion. The county board may request additional information from the local  
72.22 government that the board deems necessary. The county board must approve, by a majority  
72.23 vote of its members, the affordable housing market value exclusion for each property within  
72.24 60 days of receipt. If a county board fails to approve the exclusion within 60 days of receipt,  
72.25 or if the county board affirmatively denies approval of the exclusion, the property shall not  
72.26 receive the affordable housing market value exclusion.

72.27 Subd. 4. **Eligibility.** (a) A property located in a participating municipality is eligible for  
72.28 the affordable housing market value exclusion applied under section 273.13, subdivision  
72.29 36, if:

72.30 (1) the property is not classified in whole or in part as class 4d under section 273.13,  
72.31 subdivision 25;

72.32 (2) construction of the property began on or after January 1, 2023; and

72.33 (3) the Minnesota Housing Finance Agency certifies to the county or local assessor that:



73.1 (i) at least 20 percent of the units in the property are available for residents whose  
73.2 household income at the time of initial occupancy does not exceed 60 percent of area median  
73.3 income, adjusted for family size, as determined by the United States Department of Housing  
73.4 and Urban Development;

73.5 (ii) at least 80 percent of the available units in the property are occupied by residents  
73.6 meeting the income requirement; and

73.7 (iii) any unoccupied available units are being actively marketed toward persons meeting  
73.8 the income requirements, as attested by the property owner.

73.9 (b) By February 1 each assessment year, an application for certification under this  
73.10 subdivision must be filed by the property owner to the Minnesota Housing Finance Agency.  
73.11 The property owner must provide a copy of the application to the county or city assessor.  
73.12 The application must be filed on a form prescribed by the agency and must contain the  
73.13 property tax identification number, evidence that the property meets the requirements of  
73.14 paragraph (a), a copy of the property-specific approval by the county board if required, and  
73.15 any other information necessary for the Minnesota Housing Finance Agency to determine  
73.16 eligibility. The Minnesota Housing Finance Agency may charge an application fee  
73.17 approximately equal to the costs of processing and reviewing the applications. If imposed,  
73.18 the applicant must pay the application fee to the Minnesota Housing Finance Agency and  
73.19 the fee must be deposited in the housing development fund.

73.20 (c) By April 1 each assessment year, the Minnesota Housing Finance Agency must  
73.21 certify to the appropriate county or city assessor:

73.22 (1) the specific properties, identified by parcel identification numbers, that are eligible  
73.23 under this section to receive the exclusion for the current assessment year; and

73.24 (2) the specific properties, identified by parcel identification numbers, that received the  
73.25 exclusion in the previous assessment year but no longer meet the requirements under this  
73.26 section.

73.27 In making the certification, the Minnesota Housing Finance Agency must rely on the property  
73.28 owner's application and any other supporting information that the agency deems necessary.

73.29 Subd. 5. **Duration.** The governing body of a participating municipality shall determine  
73.30 the duration of the affordable housing market value exclusion for each eligible property,  
73.31 provided that the exclusion applies for at least ten but not more than 20 assessment years,  
73.32 except that when a property no longer meets the requirements of subdivision 4, the exclusion  
73.33 shall be removed for the current assessment year.

74.1 Subd. 6. Expiration. The affordable housing market value exclusion program expires  
74.2 on December 31, 2030. A property that has not received the required approval under  
74.3 subdivision 3 by December 31, 2030, shall not receive the exclusion.

74.4 EFFECTIVE DATE. This section is effective beginning with assessment year 2023.

74.5 Sec. 10. Minnesota Statutes 2020, section 273.13, subdivision 22, is amended to read:

74.6 Subd. 22. **Class 1.** (a) Except as provided in subdivision 23 and in paragraphs (b) and  
74.7 (c), real estate which is residential and used for homestead purposes is class 1a. In the case  
74.8 of a duplex or triplex in which one of the units is used for homestead purposes, the entire  
74.9 property is deemed to be used for homestead purposes. The market value of class 1a property  
74.10 must be determined based upon the value of the house, garage, and land.

74.11 The first \$500,000 of market value of class 1a property has a net classification rate of  
74.12 one percent of its market value; and the market value of class 1a property that exceeds  
74.13 \$500,000 has a classification rate of 1.25 percent of its market value.

74.14 (b) Class 1b property includes homestead real estate or homestead manufactured homes  
74.15 used for the purposes of a homestead by:

74.16 (1) any person who is blind as defined in section 256D.35, or the person who is blind  
74.17 and the spouse of the person who is blind;

74.18 (2) any person who is permanently and totally disabled or by the person with a disability  
74.19 and the spouse of the person with a disability; or

74.20 (3) the surviving spouse of a veteran who was permanently and totally disabled  
74.21 homesteading a property classified under this paragraph for taxes payable in 2008.

74.22 Property is classified and assessed under clause (2) only if the government agency or  
74.23 income-providing source certifies, upon the request of the homestead occupant, that the  
74.24 homestead occupant satisfies the disability requirements of this paragraph, and that the  
74.25 property is not eligible for the valuation exclusion under subdivision 34.

74.26 Property is classified and assessed under paragraph (b) only if the commissioner of  
74.27 revenue or the county assessor certifies that the homestead occupant satisfies the requirements  
74.28 of this paragraph.

74.29 Permanently and totally disabled for the purpose of this subdivision means a condition  
74.30 which is permanent in nature and totally incapacitates the person from working at an  
74.31 occupation which brings the person an income. The first \$50,000 market value of class 1b  
74.32 property has a net classification rate of .45 percent of its market value. The remaining market

75.1 value of class 1b property is classified as class 1a or class 2a property, whichever is  
75.2 appropriate.

75.3 (c) Class 1c property is commercial use real and personal property that abuts public  
75.4 water as defined in section 103G.005, subdivision 15, or abuts a state trail administered by  
75.5 the Department of Natural Resources, and is devoted to temporary and seasonal residential  
75.6 occupancy for recreational purposes but not devoted to commercial purposes for more than  
75.7 250 days in the year preceding the year of assessment, and that includes a portion used as  
75.8 a homestead by the owner, which includes a dwelling occupied as a homestead by a  
75.9 shareholder of a corporation that owns the resort, a partner in a partnership that owns the  
75.10 resort, or a member of a limited liability company that owns the resort even if the title to  
75.11 the homestead is held by the corporation, partnership, or limited liability company. For  
75.12 purposes of this paragraph, property is devoted to a commercial purpose on a specific day  
75.13 if any portion of the property, excluding the portion used exclusively as a homestead, is  
75.14 used for residential occupancy and a fee is charged for residential occupancy. Class 1c  
75.15 property must contain three or more rental units. A "rental unit" is defined as a cabin,  
75.16 condominium, townhouse, sleeping room, or individual camping site equipped with water  
75.17 and electrical hookups for recreational vehicles. Class 1c property must provide recreational  
75.18 activities such as the rental of ice fishing houses, boats and motors, snowmobiles, downhill  
75.19 or cross-country ski equipment; provide marina services, launch services, or guide services;  
75.20 or sell bait and fishing tackle. Any unit in which the right to use the property is transferred  
75.21 to an individual or entity by deeded interest, or the sale of shares or stock, no longer qualifies  
75.22 for class 1c even though it may remain available for rent. A camping pad offered for rent  
75.23 by a property that otherwise qualifies for class 1c is also class 1c, regardless of the term of  
75.24 the rental agreement, as long as the use of the camping pad does not exceed 250 days. If  
75.25 the same owner owns two separate parcels that are located in the same township, and one  
75.26 of those properties is classified as a class 1c property and the other would be eligible to be  
75.27 classified as a class 1c property if it was used as the homestead of the owner, both properties  
75.28 will be assessed as a single class 1c property; for purposes of this sentence, properties are  
75.29 deemed to be owned by the same owner if each of them is owned by a limited liability  
75.30 company, and both limited liability companies have the same membership. The portion of  
75.31 the property used as a homestead is class 1a property under paragraph (a). The remainder  
75.32 of the property is classified as follows: the first ~~\$600,000~~ \$850,000 of market value is tier  
75.33 I, the next ~~\$1,700,000~~ \$2,250,000 of market value is tier II, and any remaining market value  
75.34 is tier III. The classification rates for class 1c are: tier I, 0.50 percent; tier II, 1.0 percent;  
75.35 and tier III, 1.25 percent. Owners of real and personal property devoted to temporary and  
75.36 seasonal residential occupancy for recreation purposes in which all or a portion of the

76.1 property was devoted to commercial purposes for not more than 250 days in the year  
 76.2 preceding the year of assessment desiring classification as class 1c, must submit a declaration  
 76.3 to the assessor designating the cabins or units occupied for 250 days or less in the year  
 76.4 preceding the year of assessment by January 15 of the assessment year. Those cabins or  
 76.5 units and a proportionate share of the land on which they are located must be designated as  
 76.6 class 1c as otherwise provided. The remainder of the cabins or units and a proportionate  
 76.7 share of the land on which they are located must be designated as class 3a commercial. The  
 76.8 owner of property desiring designation as class 1c property must provide guest registers or  
 76.9 other records demonstrating that the units for which class 1c designation is sought were not  
 76.10 occupied for more than 250 days in the year preceding the assessment if so requested. The  
 76.11 portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center  
 76.12 or meeting room, and (5) other nonresidential facility operated on a commercial basis not  
 76.13 directly related to temporary and seasonal residential occupancy for recreation purposes  
 76.14 does not qualify for class 1c.

76.15 (d) Class 1d property includes structures that meet all of the following criteria:

76.16 (1) the structure is located on property that is classified as agricultural property under  
 76.17 section 273.13, subdivision 23;

76.18 (2) the structure is occupied exclusively by seasonal farm workers during the time when  
 76.19 they work on that farm, and the occupants are not charged rent for the privilege of occupying  
 76.20 the property, provided that use of the structure for storage of farm equipment and produce  
 76.21 does not disqualify the property from classification under this paragraph;

76.22 (3) the structure meets all applicable health and safety requirements for the appropriate  
 76.23 season; and

76.24 (4) the structure is not salable as residential property because it does not comply with  
 76.25 local ordinances relating to location in relation to streets or roads.

76.26 The market value of class 1d property has the same classification rates as class 1a property  
 76.27 under paragraph (a).

76.28 **EFFECTIVE DATE.** This section is effective for taxes payable in 2023 and thereafter.

76.29 Sec. 11. Minnesota Statutes 2021 Supplement, section 273.13, subdivision 25, is amended  
 76.30 to read:

76.31 Subd. 25. **Class 4.** (a) Class 4a is residential real estate containing four or more units  
 76.32 and used or held for use by the owner or by the tenants or lessees of the owner as a residence  
 76.33 for rental periods of 30 days or more, excluding property qualifying for class 4d. Class 4a

77.1 also includes hospitals licensed under sections 144.50 to 144.56, other than hospitals exempt  
77.2 under section 272.02, and contiguous property used for hospital purposes, without regard  
77.3 to whether the property has been platted or subdivided. The market value of class 4a property  
77.4 has a classification rate of 1.25 percent.

77.5 (b) Class 4b includes:

77.6 (1) residential real estate containing less than four units, including property rented as a  
77.7 short-term rental property for more than 14 days in the preceding year, that does not qualify  
77.8 as class 4bb, other than seasonal residential recreational property;

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

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

77.12 (4) unimproved property that is classified residential as determined under subdivision  
77.13 33.

77.14 For the purposes of this paragraph, "short-term rental property" means nonhomestead  
77.15 residential real estate rented for periods of less than 30 consecutive days.

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

77.17 (c) Class 4bb includes:

77.18 (1) nonhomestead residential real estate containing one unit, other than seasonal  
77.19 residential recreational property;

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

77.22 (3) a condominium-type storage unit having an individual property identification number  
77.23 that is not used for a commercial purpose.

77.24 Class 4bb property has the same classification rates as class 1a property under subdivision  
77.25 22.

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

77.29 (d) Class 4c property includes:

77.30 (1) except as provided in subdivision 22, paragraph (c), real and personal property  
77.31 devoted to commercial temporary and seasonal residential occupancy for recreation purposes,

78.1 for not more than 250 days in the year preceding the year of assessment. For purposes of  
78.2 this clause, property is devoted to a commercial purpose on a specific day if any portion of  
78.3 the property is used for residential occupancy, and a fee is charged for residential occupancy.  
78.4 Class 4c property under this clause must contain three or more rental units. A "rental unit"  
78.5 is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site  
78.6 equipped with water and electrical hookups for recreational vehicles. A camping pad offered  
78.7 for rent by a property that otherwise qualifies for class 4c under this clause is also class 4c  
78.8 under this clause regardless of the term of the rental agreement, as long as the use of the  
78.9 camping pad does not exceed 250 days. In order for a property to be classified under this  
78.10 clause, either (i) the business located on the property must provide recreational activities,  
78.11 at least 40 percent of the annual gross lodging receipts related to the property must be from  
78.12 business conducted during 90 consecutive days, and either (A) at least 60 percent of all paid  
78.13 bookings by lodging guests during the year must be for periods of at least two consecutive  
78.14 nights; or (B) at least 20 percent of the annual gross receipts must be from charges for  
78.15 providing recreational activities, or (ii) the business must contain 20 or fewer rental units,  
78.16 and must be located in a township or a city with a population of 2,500 or less located outside  
78.17 the metropolitan area, as defined under section 473.121, subdivision 2, that contains a portion  
78.18 of a state trail administered by the Department of Natural Resources. For purposes of item  
78.19 (i)(A), a paid booking of five or more nights shall be counted as two bookings. Class 4c  
78.20 property also includes commercial use real property used exclusively for recreational  
78.21 purposes in conjunction with other class 4c property classified under this clause and devoted  
78.22 to temporary and seasonal residential occupancy for recreational purposes, up to a total of  
78.23 two acres, provided the property is not devoted to commercial recreational use for more  
78.24 than 250 days in the year preceding the year of assessment and is located within two miles  
78.25 of the class 4c property with which it is used. In order for a property to qualify for  
78.26 classification under this clause, the owner must submit a declaration to the assessor  
78.27 designating the cabins or units occupied for 250 days or less in the year preceding the year  
78.28 of assessment by January 15 of the assessment year. Those cabins or units and a proportionate  
78.29 share of the land on which they are located must be designated class 4c under this clause  
78.30 as otherwise provided. The remainder of the cabins or units and a proportionate share of  
78.31 the land on which they are located will be designated as class 3a. The owner of property  
78.32 desiring designation as class 4c property under this clause must provide guest registers or  
78.33 other records demonstrating that the units for which class 4c designation is sought were not  
78.34 occupied for more than 250 days in the year preceding the assessment if so requested. The  
78.35 portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center  
78.36 or meeting room, and (5) other nonresidential facility operated on a commercial basis not

79.1 directly related to temporary and seasonal residential occupancy for recreation purposes  
79.2 does not qualify for class 4c. For the purposes of this paragraph, "recreational activities"  
79.3 means renting ice fishing houses, boats and motors, snowmobiles, downhill or cross-country  
79.4 ski equipment; providing marina services, launch services, or guide services; or selling bait  
79.5 and fishing tackle;

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

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

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

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

79.14 (3) real property up to a maximum of three acres of land owned and used by a nonprofit  
79.15 community service oriented organization and not used for residential purposes on either a  
79.16 temporary or permanent basis, provided that:

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

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

79.23 For purposes of this clause:

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

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

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

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

80.7 Any portion of the property not qualifying under either item (i) or (ii) is class 3a. The  
80.8 use of the property for social events open exclusively to members and their guests for periods  
80.9 of less than 24 hours, when an admission is not charged nor any revenues are received by  
80.10 the organization shall not be considered a revenue-producing activity.

80.11 The organization shall maintain records of its charitable contributions and donations  
80.12 and of public meetings and events held on the property and make them available upon  
80.13 request any time to the assessor to ensure eligibility. An organization meeting the requirement  
80.14 under item (ii) must file an application by May 1 with the assessor for eligibility for the  
80.15 current year's assessment. The commissioner shall prescribe a uniform application form  
80.16 and instructions;

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

80.21 (5)(i) manufactured home parks as defined in section 327.14, subdivision 3, excluding  
80.22 manufactured home parks described in items (ii) and (iii), (ii) manufactured home parks as  
80.23 defined in section 327.14, subdivision 3, that are described in section 273.124, subdivision  
80.24 3a, and (iii) class I manufactured home parks as defined in section 327C.01, subdivision  
80.25 13;

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

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

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



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

81.3 If a hangar classified under this clause is sold after June 30, 2000, a bill of sale must be  
81.4 filed by the new owner with the assessor of the county where the property is located within  
81.5 60 days of the sale;

81.6 (8) a privately owned noncommercial aircraft storage hangar not exempt under section  
81.7 272.01, subdivision 2, and the land on which it is located, provided that:

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

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

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

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

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

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

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

81.21 The market value subject to the 4c classification under this clause is limited to five rental  
81.22 units. Any rental units on the property in excess of five, must be valued and assessed as  
81.23 class 3a. The portion of the property used for purposes of a homestead by the owner must  
81.24 be classified as class 1a property under subdivision 22;

81.25 (10) real property up to a maximum of three acres and operated as a restaurant as defined  
81.26 under section 157.15, subdivision 12, provided it: (i) is located on a lake as defined under  
81.27 section 103G.005, subdivision 15, paragraph (a), clause (3); and (ii) is either devoted to  
81.28 commercial purposes for not more than 250 consecutive days, or receives at least 60 percent  
81.29 of its annual gross receipts from business conducted during four consecutive months. Gross  
81.30 receipts from the sale of alcoholic beverages must be included in determining the property's  
81.31 qualification under item (ii). The property's primary business must be as a restaurant and  
81.32 not as a bar. Gross receipts from gift shop sales located on the premises must be excluded.

82.1 Owners of real property desiring 4c classification under this clause must submit an annual  
82.2 declaration to the assessor by February 1 of the current assessment year, based on the  
82.3 property's relevant information for the preceding assessment year;

82.4 (11) lakeshore and riparian property and adjacent land, not to exceed six acres, used as  
82.5 a marina, as defined in section 86A.20, subdivision 5, which is made accessible to the public  
82.6 and devoted to recreational use for marina services. The marina owner must annually provide  
82.7 evidence to the assessor that it provides services, including lake or river access to the public  
82.8 by means of an access ramp or other facility that is either located on the property of the  
82.9 marina or at a publicly owned site that abuts the property of the marina. No more than 800  
82.10 feet of lakeshore may be included in this classification. Buildings used in conjunction with  
82.11 a marina for marina services, including but not limited to buildings used to provide food  
82.12 and beverage services, fuel, boat repairs, or the sale of bait or fishing tackle, are classified  
82.13 as class 3a property; and

82.14 (12) real and personal property devoted to noncommercial temporary and seasonal  
82.15 residential occupancy for recreation purposes.

82.16 Class 4c property has a classification rate of 1.5 percent of market value, except that (i)  
82.17 each parcel of noncommercial seasonal residential recreational property under clause (12)  
82.18 has the same classification rates as class 4bb property, (ii) manufactured home parks assessed  
82.19 under clause (5), item (i), have the same classification rate as class 4b property, the market  
82.20 value of manufactured home parks assessed under clause (5), item (ii), have a classification  
82.21 rate of 0.75 percent if more than 50 percent of the lots in the park are occupied by  
82.22 shareholders in the cooperative corporation or association and a classification rate of one  
82.23 percent if 50 percent or less of the lots are so occupied, and class I manufactured home  
82.24 parks as defined in section 327C.01, subdivision 13, have a classification rate of 1.0 percent,  
82.25 (iii) commercial-use seasonal residential recreational property and marina recreational land  
82.26 as described in clause (11), has a classification rate of one percent for the first \$500,000 of  
82.27 market value, and 1.25 percent for the remaining market value, (iv) the market value of  
82.28 property described in clause (4) has a classification rate of one percent, (v) the market value  
82.29 of property described in clauses (2), (6), and (10) has a classification rate of 1.25 percent,  
82.30 (vi) that portion of the market value of property in clause (9) qualifying for class 4c property  
82.31 has a classification rate of 1.25 percent, and (vii) property qualifying for classification under  
82.32 clause (3) that is owned or operated by a congressionally chartered veterans organization  
82.33 has a classification rate of one percent. The commissioner of veterans affairs must provide  
82.34 a list of congressionally chartered veterans organizations to the commissioner of revenue  
82.35 by June 30, 2017, and by January 1, 2018, and each year thereafter.

83.1 (e) Class 4d property is qualifying low-income rental housing certified to the assessor  
 83.2 by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion of  
 83.3 the units in the building qualify as low-income rental housing units as certified under section  
 83.4 273.128, subdivision 3, only the proportion of qualifying units to the total number of units  
 83.5 in the building qualify for class 4d. The remaining portion of the building shall be classified  
 83.6 by the assessor based upon its use. Class 4d also includes the same proportion of land as  
 83.7 the qualifying low-income rental housing units are to the total units in the building. For all  
 83.8 properties qualifying as class 4d, the market value determined by the assessor must be based  
 83.9 on the normal approach to value using normal unrestricted rents. Class 4d property has a  
 83.10 classification rate of 0.25 percent.

83.11 ~~(f) The first tier of market value of class 4d property has a classification rate of 0.75~~  
 83.12 ~~percent. The remaining value of class 4d property has a classification rate of 0.25 percent.~~  
 83.13 ~~For the purposes of this paragraph, the "first tier of market value of class 4d property" means~~  
 83.14 ~~the market value of each housing unit up to the first tier limit. For the purposes of this~~  
 83.15 ~~paragraph, all class 4d property value must be assigned to individual housing units. The~~  
 83.16 ~~first tier limit is \$100,000 for assessment years 2022 and 2023. For subsequent assessment~~  
 83.17 ~~years, the limit is adjusted each year by the average statewide change in estimated market~~  
 83.18 ~~value of property classified as class 4a and 4d under this section for the previous assessment~~  
 83.19 ~~year, excluding valuation change due to new construction, rounded to the nearest \$1,000,~~  
 83.20 ~~provided, however, that the limit may never be less than \$100,000. Beginning with~~  
 83.21 ~~assessment year 2015, the commissioner of revenue must certify the limit for each assessment~~  
 83.22 ~~year by November 1 of the previous year.~~

83.23 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2023.

83.24 Sec. 12. Minnesota Statutes 2021 Supplement, section 273.13, subdivision 34, is amended  
 83.25 to read:

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

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

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

84.5 (c) If a veteran with a disability qualifying for a valuation exclusion under paragraph  
84.6 (b), clause (2), predeceases the veteran's spouse, and if upon the death of the veteran the  
84.7 spouse holds the legal or beneficial title to the homestead and permanently resides there,  
84.8 the exclusion shall carry over to the benefit of the veteran's spouse until such time as the  
84.9 spouse remarries, or sells, transfers, or otherwise disposes of the property, except as otherwise  
84.10 provided in paragraph (n). Qualification under this paragraph requires an application under  
84.11 paragraph (h), and a spouse must notify the assessor if there is a change in the spouse's  
84.12 marital status, ownership of the property, or use of the property as a permanent residence.  
84.13 If a spouse previously received the exclusion under this paragraph, but the exclusion expired  
84.14 prior to assessment year 2019 before the eligibility time period for surviving spouses was  
84.15 changed to a lifetime benefit, the spouse may reapply under paragraph (h) for the exclusion  
84.16 under this paragraph.

84.17 (d) If the spouse of a member of any branch or unit of the United States armed forces  
84.18 who dies due to a service-connected cause while serving honorably in active service, as  
84.19 indicated on United States Government Form DD1300 or DD2064, holds the legal or  
84.20 beneficial title to a homestead and permanently resides there, the spouse is entitled to the  
84.21 benefit described in paragraph (b), clause (2), until such time as the spouse remarries or  
84.22 sells, transfers, or otherwise disposes of the property, except as otherwise provided in  
84.23 paragraph (n). If a spouse previously received the exclusion under this paragraph, but the  
84.24 exclusion expired prior to assessment year 2019 before the eligibility time period for  
84.25 surviving spouses was changed to a lifetime benefit, the spouse may reapply under paragraph  
84.26 (h) for the exclusion under this paragraph.

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

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

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

85.4 (h) To qualify for a valuation exclusion under this subdivision a property owner must  
85.5 apply to the assessor by December 31 of the first assessment year for which the exclusion  
85.6 is sought. Except as provided in paragraph (c), the owner of a property that has been accepted  
85.7 for a valuation exclusion must notify the assessor if there is a change in ownership of the  
85.8 property or in the use of the property as a homestead.

85.9 (i) A first-time application by a qualifying spouse for the market value exclusion under  
85.10 paragraph (d) must be made any time within two years of the death of the service member,  
85.11 within two years of the United States Department of Veterans Affairs Dependency and  
85.12 Indemnity Compensation determination, or by December 31, 2023, whichever is later. A  
85.13 qualifying spouse whose application was previously denied may reapply, pursuant to this  
85.14 paragraph, by December 31, 2023.

85.15 (j) For purposes of this subdivision:

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

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

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

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

85.23 (k) If a veteran dying after December 31, 2011, did not apply for or receive the exclusion  
85.24 under paragraph (b), clause (2), before dying, the veteran's spouse is entitled to the benefit  
85.25 under paragraph (b), clause (2), until the spouse remarries or sells, transfers, or otherwise  
85.26 disposes of the property, except as otherwise provided in paragraph (n), if:

85.27 (1) the spouse files a first-time application within two years of the death of the service  
85.28 member, within two years of the United States Department of Veterans Affairs Dependency  
85.29 and Indemnity Compensation determination, if applicable, or by ~~June 1, 2019~~ December  
85.30 31, 2023, whichever is later. A spouse whose application was previously denied may reapply,  
85.31 pursuant to this paragraph, by December 31, 2023;

85.32 (2) upon the death of the veteran, the spouse holds the legal or beneficial title to the  
85.33 homestead and permanently resides there;

86.1 (3) the veteran met the honorable discharge requirements of paragraph (a); and

86.2 (4) the United States Department of Veterans Affairs certifies that:

86.3 (i) the veteran met the total (100 percent) and permanent disability requirement under  
86.4 paragraph (b), clause (2); or

86.5 (ii) the spouse has been awarded dependency and indemnity compensation.

86.6 (l) The purpose of this provision of law providing a level of homestead property tax  
86.7 relief for veterans with a disability, their primary family caregivers, and their surviving  
86.8 spouses is to help ease the burdens of war for those among our state's citizens who bear  
86.9 those burdens most heavily.

86.10 (m) By July 1, the county veterans service officer must certify the disability rating and  
86.11 permanent address of each veteran receiving the benefit under paragraph (b) to the assessor.

86.12 (n) A spouse who received the benefit in paragraph (c), (d), or (k) but no longer holds  
86.13 the legal or beneficial title to the property may continue to receive the exclusion for a  
86.14 property other than the property for which the exclusion was initially granted until the spouse  
86.15 remarries or sells, transfers, or otherwise disposes of the property, provided that:

86.16 (1) the spouse applies under paragraph (h) for the continuation of the exclusion allowed  
86.17 under this paragraph;

86.18 (2) the spouse holds the legal or beneficial title to the property for which the continuation  
86.19 of the exclusion is sought under this paragraph, and permanently resides there;

86.20 (3) the estimated market value of the property for which the exclusion is sought under  
86.21 this paragraph is less than or equal to the estimated market value of the property that first  
86.22 received the exclusion, based on the value of each property on the date of the sale of the  
86.23 property that first received the exclusion; and

86.24 (4) the spouse has not previously received the benefit under this paragraph for a property  
86.25 other than the property for which the exclusion is sought.

86.26 **EFFECTIVE DATE.** This section is effective for assessment year 2022 and thereafter.

86.27 Sec. 13. Minnesota Statutes 2020, section 273.13, subdivision 35, is amended to read:

86.28 Subd. 35. **Homestead market value exclusion.** (a) Prior to determining a property's  
86.29 net tax capacity under this section, property classified as class 1a or 1b under subdivision  
86.30 22, and the portion of property classified as class 2a under subdivision 23 consisting of the

87.1 house, garage, and surrounding one acre of land, shall be eligible for a market value exclusion  
87.2 as determined under paragraph (b).

87.3 (b) For a homestead valued at ~~\$76,000~~ \$95,000 or less, the exclusion is 40 percent of  
87.4 market value. For a homestead valued between ~~\$76,000~~ \$95,000 and ~~\$413,800~~ \$517,200,  
87.5 the exclusion is ~~\$30,400~~ \$38,000 minus nine percent of the valuation over ~~\$76,000~~ \$95,000.  
87.6 For a homestead valued at ~~\$413,800~~ \$517,200 or more, there is no valuation exclusion. The  
87.7 valuation exclusion shall be rounded to the nearest whole dollar, and may not be less than  
87.8 zero.

87.9 (c) Any valuation exclusions or adjustments under section 273.11 shall be applied prior  
87.10 to determining the amount of the valuation exclusion under this subdivision.

87.11 (d) In the case of a property that is classified as part homestead and part nonhomestead,  
87.12 (i) the exclusion shall apply only to the homestead portion of the property, but (ii) if a portion  
87.13 of a property is classified as nonhomestead solely because not all the owners occupy the  
87.14 property, not all the owners have qualifying relatives occupying the property, or solely  
87.15 because not all the spouses of owners occupy the property, the exclusion amount shall be  
87.16 initially computed as if that nonhomestead portion were also in the homestead class and  
87.17 then prorated to the owner-occupant's percentage of ownership. For the purpose of this  
87.18 section, when an owner-occupant's spouse does not occupy the property, the percentage of  
87.19 ownership for the owner-occupant spouse is one-half of the couple's ownership percentage.

87.20 **EFFECTIVE DATE.** This section is effective for assessment year 2023 and thereafter.

87.21 Sec. 14. Minnesota Statutes 2020, section 273.13, is amended by adding a subdivision to  
87.22 read:

87.23 **Subd. 36. Affordable housing market value exclusion.** (a) Prior to determining a  
87.24 property's net tax capacity under this section, property classified as class 4a under subdivision  
87.25 25, paragraph (a), shall be eligible for an affordable housing market value exclusion as  
87.26 determined under paragraph (b).

87.27 (b) For a property that meets the requirements under section 273.129, the exclusion is  
87.28 50 percent of the market value. The valuation shall be rounded to the nearest whole dollar,  
87.29 and may not be less than zero.

87.30 (c) Any valuation exclusions or adjustments under section 273.11 shall be applied prior  
87.31 to determining the amount of the valuation exclusion under this subdivision.

87.32 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2023.

88.1 Sec. 15. Minnesota Statutes 2020, section 273.41, is amended to read:

88.2 **273.41 AMOUNT OF TAX; DISTRIBUTION.**

88.3 There is hereby imposed upon each such cooperative association on December 31 of  
 88.4 each year a tax of \$10 for each 100 members, or fraction thereof, of such association. The  
 88.5 tax, when paid, shall be in lieu of all personal property taxes, state, county, or local, upon  
 88.6 distribution lines and the attachments and appurtenances thereto of such associations located  
 88.7 in rural areas. For purposes of this section, "attachments and appurtenances" include, but  
 88.8 are not limited to, all cooperative association-owned metering and streetlighting equipment  
 88.9 that is physically or electrically connected to the cooperative association's distribution  
 88.10 system. The tax shall be payable on or before March 1 of the next succeeding year, to the  
 88.11 commissioner of revenue. If the tax, or any portion thereof, is not paid within the time herein  
 88.12 specified for the payment thereof, there shall be added thereto a specific penalty equal to  
 88.13 ten percent of the amount so remaining unpaid. Such penalty shall be collected as part of  
 88.14 said tax, and the amount of said tax not timely paid, together with said penalty, shall bear  
 88.15 interest at the rate specified in section 270C.40 from the time such tax should have been  
 88.16 paid until paid. The commissioner shall deposit the amount so received in the general fund  
 88.17 of the state treasury.

88.18 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2023.

88.19 Sec. 16. Minnesota Statutes 2021 Supplement, section 275.025, subdivision 1, is amended  
 88.20 to read:

88.21 Subdivision 1. **Levy amount.** The state general levy is levied against  
 88.22 commercial-industrial property and seasonal residential recreational property, as defined  
 88.23 in this section. The state general levy for commercial-industrial property is ~~\$716,990,000~~  
 88.24 \$708,188,000 for taxes payable in 2023 through 2025; \$637,369,000 for taxes payable in  
 88.25 2026; \$566,550,000 for taxes payable in 2027; \$495,731,000 for taxes payable in 2028;  
 88.26 \$424,912,000 for taxes payable in 2029; \$354,093,000 for taxes payable in 2030;  
 88.27 \$283,274,000 for taxes payable in 2031; \$212,455,000 for taxes payable in 2032;  
 88.28 \$141,636,000 for taxes payable in 2033; \$70,817,000 for taxes payable in 2034; and \$0 for  
 88.29 taxes payable in 2035 and thereafter. The state general levy for seasonal-recreational property  
 88.30 is ~~\$41,690,000~~ \$41,178,000 for taxes payable in 2020 2023 through 2025; \$37,060,000 for  
 88.31 taxes payable in 2026; \$32,942,000 for taxes payable in 2027; \$28,824,000 for taxes payable  
 88.32 in 2028; \$24,706,000 for taxes payable in 2029; \$20,588,000 for taxes payable in 2030;  
 88.33 \$16,470,000 for taxes payable in 2031; \$12,352,000 for taxes payable in 2032; \$8,234,000  
 88.34 for taxes payable in 2033; \$4,116,000 for taxes payable in 2034; and \$0 for taxes payable



89.1 in 2035 and thereafter. The tax under this section is not treated as a local tax rate under  
89.2 section 469.177 and is not the levy of a governmental unit under chapters 276A and 473F.

89.3 The commissioner shall increase or decrease the preliminary or final rate for a year as  
89.4 necessary to account for errors and tax base changes that affected a preliminary or final rate  
89.5 for either of the two preceding years. Adjustments are allowed to the extent that the necessary  
89.6 information is available to the commissioner at the time the rates for a year must be certified,  
89.7 and for the following reasons:

89.8 (1) an erroneous report of taxable value by a local official;

89.9 (2) an erroneous calculation by the commissioner; and

89.10 (3) an increase or decrease in taxable value for commercial-industrial or seasonal  
89.11 residential recreational property reported to the commissioner under section 270C.85,  
89.12 subdivision 2, clause (4), for the same year.

89.13 The commissioner may, but need not, make adjustments if the total difference in the tax  
89.14 levied for the year would be less than \$100,000.

89.15 **EFFECTIVE DATE.** This section is effective for taxes payable in 2023 and thereafter.

89.16 Sec. 17. Minnesota Statutes 2020, section 276.04, subdivision 2, is amended to read:

89.17 Subd. 2. **Contents of tax statements.** (a) The treasurer shall provide for the printing of  
89.18 the tax statements. The commissioner of revenue shall prescribe the form of the property  
89.19 tax statement and its contents. The tax statement must not state or imply that property tax  
89.20 credits are paid by the state of Minnesota. The statement must contain a tabulated statement  
89.21 of the dollar amount due to each taxing authority and the amount of the state tax from the  
89.22 parcel of real property for which a particular tax statement is prepared. The dollar amounts  
89.23 attributable to the county, the state tax, the voter approved school tax, the other local school  
89.24 tax, the township or municipality, and the total of the metropolitan special taxing districts  
89.25 as defined in section 275.065, subdivision 3, paragraph (i), must be separately stated. The  
89.26 amounts due all other special taxing districts, if any, may be aggregated except that any  
89.27 levies made by the regional rail authorities in the county of Anoka, Carver, Dakota, Hennepin,  
89.28 Ramsey, Scott, or Washington under chapter 398A shall be listed on a separate line directly  
89.29 under the appropriate county's levy. If the county levy under this paragraph includes an  
89.30 amount for a lake improvement district as defined under sections 103B.501 to 103B.581,  
89.31 the amount attributable for that purpose must be separately stated from the remaining county  
89.32 levy amount. In the case of Ramsey County, if the county levy under this paragraph includes  
89.33 an amount for public library service under section 134.07, the amount attributable for that

90.1 purpose may be separated from the remaining county levy amount. The amount of the tax  
90.2 on homesteads qualifying under the senior citizens' property tax deferral program under  
90.3 chapter 290B is the total amount of property tax before subtraction of the deferred property  
90.4 tax amount. The amount of the tax on contamination value imposed under sections 270.91  
90.5 to 270.98, if any, must also be separately stated. The dollar amounts, including the dollar  
90.6 amount of any special assessments, may be rounded to the nearest even whole dollar. For  
90.7 purposes of this section whole odd-numbered dollars may be adjusted to the next higher  
90.8 even-numbered dollar. The amount of market value excluded under section 273.11,  
90.9 subdivision 16, if any, must also be listed on the tax statement.

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

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

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

90.18 (2) the property's homestead market value exclusion under section 273.13, subdivision  
90.19 35, or the affordable housing market value exclusion under section 273.13, subdivision 36;

90.20 (3) the property's taxable market value under section 272.03, subdivision 15;

90.21 (4) the property's gross tax, before credits;

90.22 (5) for agricultural properties, the credits under sections 273.1384 ~~and~~, 273.1387, and  
90.23 273.1388;

90.24 (6) any credits received under sections 273.119; 273.1234 or 273.1235; 273.135;  
90.25 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of credit  
90.26 received under section 273.135 must be separately stated and identified as "taconite tax  
90.27 relief"; and

90.28 (7) the net tax payable in the manner required in paragraph (a).

90.29 (d) If the county uses envelopes for mailing property tax statements and if the county  
90.30 agrees, a taxing district may include a notice with the property tax statement notifying  
90.31 taxpayers when the taxing district will begin its budget deliberations for the current year,  
90.32 and encouraging taxpayers to attend the hearings. If the county allows notices to be included  
90.33 in the envelope containing the property tax statement, and if more than one taxing district

91.1 relative to a given property decides to include a notice with the tax statement, the county  
91.2 treasurer or auditor must coordinate the process and may combine the information on a  
91.3 single announcement.

91.4 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2023.

91.5 Sec. 18. Minnesota Statutes 2020, section 279.03, subdivision 1a, is amended to read:

91.6 Subd. 1a. **Rate.** (a) Except as provided in ~~paragraph~~ paragraphs (b) and (c), interest on  
91.7 delinquent property taxes, penalties, and costs unpaid on or after January 1 is payable at the  
91.8 per annum rate determined in section 270C.40, subdivision 5. ~~If the rate so determined is~~  
91.9 ~~less than ten percent, the rate of interest is ten percent.~~ The maximum per annum rate is 14  
91.10 percent if the rate specified under section 270C.40, subdivision 5, exceeds 14 percent. The  
91.11 rate is subject to change on January 1 of each year.

91.12 (b) If a person is the owner of one or more parcels of property on which taxes are  
91.13 delinquent, and the delinquent taxes are more than 25 percent of the prior year's school  
91.14 district levy, interest on the delinquent property taxes, penalties, and costs unpaid is payable  
91.15 at twice the rate determined under paragraph (a) for the year.

91.16 (c) A county board, by resolution, may establish an interest rate lower than the interest  
91.17 rate determined under paragraph (a).

91.18 **EFFECTIVE DATE.** This section is effective for property taxes, penalties, and costs  
91.19 determined to be delinquent on or after January 1, 2023.

91.20 Sec. 19. Minnesota Statutes 2020, section 282.261, subdivision 2, is amended to read:

91.21 Subd. 2. **Interest rate.** (a) Except as provided under paragraph (b), the unpaid balance  
91.22 on any repurchase contract approved by the county board is subject to interest at the rate  
91.23 determined in section 279.03, subdivision 1a. The interest rate is subject to change each  
91.24 year on the unpaid balance in the manner provided for rate changes in section 279.03,  
91.25 subdivision 1a.

91.26 (b) A county board, by resolution, or a county auditor, if delegated the responsibility to  
91.27 administer tax-forfeited land assigned to the county board as provided under section 282.135,  
91.28 may establish an interest rate lower than the interest rate determined under paragraph (a).

91.29 **EFFECTIVE DATE.** This section is effective January 1, 2023.

92.1 Sec. 20. Minnesota Statutes 2020, section 290A.04, subdivision 2h, is amended to read:

92.2 Subd. 2h. **Additional refund.** (a) If the gross property taxes payable on a homestead  
92.3 increase more than ~~12~~ ten percent over the property taxes payable in the prior year on the  
92.4 same property that is owned and occupied by the same owner on January 2 of both years,  
92.5 and the amount of that increase is \$100 or more, a claimant who is a homeowner shall be  
92.6 allowed an additional refund equal to 60 percent of the amount of the increase over the  
92.7 greater of ~~12~~ ten percent of the prior year's property taxes payable or \$100. This subdivision  
92.8 shall not apply to any increase in the gross property taxes payable attributable to  
92.9 improvements made to the homestead after the assessment date for the prior year's taxes.  
92.10 This subdivision shall not apply to any increase in the gross property taxes payable  
92.11 attributable to the termination of valuation exclusions under section 273.11, subdivision  
92.12 16.

92.13 The maximum refund allowed under this subdivision is ~~\$1,000~~ \$2,000.

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

92.16 (c) In addition to the other proofs required by this chapter, each claimant under this  
92.17 subdivision shall file with the property tax refund return a copy of the property tax statement  
92.18 for taxes payable in the preceding year or other documents required by the commissioner.

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

92.26 **EFFECTIVE DATE.** This section is effective for refund claims based on taxes payable  
92.27 in 2023 and thereafter.

92.28 Sec. 21. Minnesota Statutes 2020, section 290B.03, subdivision 1, is amended to read:

92.29 Subdivision 1. **Program qualifications.** The qualifications for the senior citizens'  
92.30 property tax deferral program are as follows:

92.31 (1) the property must be owned and occupied as a homestead by a person 65 years of  
92.32 age or older. In the case of a married couple, at least one of the spouses must be at least 65  
92.33 years old at the time the first property tax deferral is granted, regardless of whether the

93.1 property is titled in the name of one spouse or both spouses, or titled in another way that  
93.2 permits the property to have homestead status, and the other spouse must be at least 62 years  
93.3 of age;

93.4 (2) the total household income of the qualifying homeowners, as defined in section  
93.5 290A.03, subdivision 5, for the calendar year preceding the year of the initial application  
93.6 may not exceed ~~\$60,000~~ \$75,000;

93.7 (3) the homestead must have been owned and occupied as the homestead of at least one  
93.8 of the qualifying homeowners for at least ~~15~~ five years prior to the year the initial application  
93.9 is filed;

93.10 (4) there are no state or federal tax liens or judgment liens on the homesteaded property;

93.11 (5) there are no mortgages or other liens on the property that secure future advances,  
93.12 except for those subject to credit limits that result in compliance with clause (6); and

93.13 (6) the total unpaid balances of debts secured by mortgages and other liens on the  
93.14 property, including unpaid and delinquent special assessments and interest and any delinquent  
93.15 property taxes, penalties, and interest, but not including property taxes payable during the  
93.16 year or debts secured by a residential PACE lien, as defined in section 216C.435, subdivision  
93.17 10d, does not exceed 75 percent of the assessor's estimated market value for the year.

93.18 **EFFECTIVE DATE.** This section is effective for applications received for deferral of  
93.19 taxes payable in 2023 and thereafter.

93.20 Sec. 22. Minnesota Statutes 2020, section 290B.04, subdivision 3, is amended to read:

93.21 Subd. 3. **Excess-income certification by taxpayer.** A taxpayer whose initial application  
93.22 has been approved under subdivision 2 shall notify the commissioner of revenue in writing  
93.23 by July 1 if the taxpayer's household income for the preceding calendar year exceeded  
93.24 ~~\$60,000~~ \$75,000. The certification must state the homeowner's total household income for  
93.25 the previous calendar year. No property taxes may be deferred under this chapter in any  
93.26 year following the year in which a program participant filed or should have filed an  
93.27 excess-income certification under this subdivision, unless the participant has filed a  
93.28 resumption of eligibility certification as described in subdivision 4.

93.29 **EFFECTIVE DATE.** This section is effective for applications received for deferral of  
93.30 taxes payable in 2023 and thereafter.

94.1 Sec. 23. Minnesota Statutes 2020, section 290B.04, subdivision 4, is amended to read:

94.2 Subd. 4. **Resumption of eligibility certification by taxpayer.** A taxpayer who has  
94.3 previously filed an excess-income certification under subdivision 3 may resume program  
94.4 participation if the taxpayer's household income for a subsequent year is ~~\$60,000~~ \$75,000  
94.5 or less. If the taxpayer chooses to resume program participation, the taxpayer must notify  
94.6 the commissioner of revenue in writing by July 1 of the year following a calendar year in  
94.7 which the taxpayer's household income is ~~\$60,000~~ \$75,000 or less. The certification must  
94.8 state the taxpayer's total household income for the previous calendar year. Once a taxpayer  
94.9 resumes participation in the program under this subdivision, participation will continue until  
94.10 the taxpayer files a subsequent excess-income certification under subdivision 3 or until  
94.11 participation is terminated under section 290B.08, subdivision 1.

94.12 **EFFECTIVE DATE.** This section is effective for applications received for deferral of  
94.13 taxes payable in 2023 and thereafter.

94.14 Sec. 24. Minnesota Statutes 2020, section 290B.05, subdivision 1, is amended to read:

94.15 Subdivision 1. **Determination by commissioner.** The commissioner shall determine  
94.16 each qualifying homeowner's "annual maximum property tax amount" following approval  
94.17 of the homeowner's initial application and following the receipt of a resumption of eligibility  
94.18 certification. The "annual maximum property tax amount" equals three percent of the  
94.19 homeowner's total household income for the year preceding either the initial application or  
94.20 the resumption of eligibility certification, whichever is applicable. Following approval of  
94.21 the initial application, the commissioner shall determine the qualifying homeowner's  
94.22 "maximum allowable deferral." No tax may be deferred relative to the appropriate assessment  
94.23 year for any homeowner whose total household income for the previous year exceeds  
94.24 ~~\$60,000~~ \$75,000. No tax shall be deferred in any year in which the homeowner does not  
94.25 meet the program qualifications in section 290B.03. The maximum allowable total deferral  
94.26 is equal to 75 percent of the assessor's estimated market value for the year, less the balance  
94.27 of any mortgage loans and other amounts secured by liens against the property at the time  
94.28 of application, including any unpaid and delinquent special assessments and interest and  
94.29 any delinquent property taxes, penalties, and interest, but not including property taxes  
94.30 payable during the year.

94.31 **EFFECTIVE DATE.** This section is effective for applications received for deferral of  
94.32 taxes payable in 2023 and thereafter.

95.1 **Sec. 25. CITY OF VIRGINIA; NET DEBT LIMIT EXEMPTION.**

95.2 The city of Virginia may finance the construction of a public safety building in the city  
95.3 of Virginia by obtaining a loan from the United States Department of Agriculture secured  
95.4 by its general obligation pledge. Any bonds issued relating to this construction project or  
95.5 repayment of the loan must not be included in the computation of the city's limit on net debt  
95.6 under Minnesota Statutes, section 475.53, subdivision 1.

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

95.8 **ARTICLE 5**

95.9 **PROPERTY TAX AIDS AND CREDITS**

95.10 **Section 1. [273.1388] AGRICULTURAL RIPARIAN BUFFER CREDIT.**

95.11 Subdivision 1. **Eligibility.** Class 2a and 2b property under section 273.13, subdivision  
95.12 23, containing a riparian buffer as defined in section 103F.48, not including land enrolled  
95.13 in and generating payments under a state or federal conservation reserve or easement program  
95.14 under sections 103F.501 to 103F.531, is eligible to receive the credit under this section,  
95.15 provided that the landowner follows the requirements of section 103F.48. Eligible land must  
95.16 be certified by the local soil and water conservation district to the county assessor. This  
95.17 certification is effective until the local soil and water conservation district notifies the  
95.18 assessor that qualified land is no longer eligible for a credit under the requirements of this  
95.19 section. The local soil and water conservation districts must annually notify their county  
95.20 assessor of any qualified land that is no longer eligible for a credit under the requirements  
95.21 of this section.

95.22 Subd. 2. **Credit amount.** For each qualifying property, the agricultural riparian buffer  
95.23 credit is equal to the amount of net tax capacity-based property tax attributable to the portion  
95.24 of the property eligible under subdivision 1.

95.25 Subd. 3. **Credit reimbursement.** The county auditor must determine the tax reductions  
95.26 allowed under this section within the county for each taxes payable year and must certify  
95.27 that amount to the commissioner of revenue as part of the data required under section  
95.28 270C.85, subdivision 2. Any prior year adjustments must also be certified as part of the  
95.29 data required under section 270C.85, subdivision 2. The commissioner must review the  
95.30 certifications for accuracy and may make such changes as are deemed necessary or return  
95.31 the certification to the county auditor for correction. The credit under this section must be  
95.32 used to proportionately reduce the net tax capacity-based property tax payable to each local  
95.33 taxing jurisdiction as provided in section 273.1393.

96.1 Subd. 4. **Payment.** (a) The commissioner of revenue shall reimburse each local taxing  
96.2 jurisdiction, other than school districts, for the tax reductions granted under this section in  
96.3 two equal installments on October 31 and December 26 of the taxes payable year for which  
96.4 the reductions are granted, including in each payment the prior year adjustments certified  
96.5 under section 270C.85, subdivision 2, for that taxes payable year.

96.6 (b) The commissioner of revenue shall certify the total of the tax reductions granted  
96.7 under this section for each taxes payable year within each school district to the commissioner  
96.8 of education and the commissioner of education must pay the reimbursement amounts to  
96.9 each school district as provided in section 273.1392.

96.10 Subd. 5. **Appropriation.** An amount sufficient to make the payments required by this  
96.11 section to taxing jurisdictions other than school districts is annually appropriated from the  
96.12 general fund to the commissioner of revenue. An amount sufficient to make the payments  
96.13 required by this section for school districts is annually appropriated from the general fund  
96.14 to the commissioner of education.

96.15 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2024.

96.16 Sec. 2. Minnesota Statutes 2020, section 273.1392, is amended to read:

96.17 **273.1392 PAYMENT; SCHOOL DISTRICTS.**

96.18 The amounts of bovine tuberculosis credit reimbursements under section 273.113;  
96.19 conservation tax credits under section 273.119; disaster or emergency reimbursement under  
96.20 sections 273.1231 to 273.1235; agricultural credits under sections 273.1384 ~~and~~, 273.1387,  
96.21 and 273.1388; aids and credits under section 273.1398; enterprise zone property credit  
96.22 payments under section 469.171; ~~and~~ metropolitan agricultural preserve reduction under  
96.23 section 473H.10; and electric generation transition aid under section 477A.23 for school  
96.24 districts, shall be certified to the Department of Education by the Department of Revenue.  
96.25 The amounts so certified shall be paid according to section 127A.45, subdivisions 9, 10,  
96.26 and 13.

96.27 **EFFECTIVE DATE.** This section is effective July 1, 2024.

96.28 Sec. 3. Minnesota Statutes 2020, section 273.1393, is amended to read:

96.29 **273.1393 COMPUTATION OF NET PROPERTY TAXES.**

96.30 Notwithstanding any other provisions to the contrary, "net" property taxes are determined  
96.31 by subtracting the credits in the order listed from the gross tax:

96.32 (1) disaster credit as provided in sections 273.1231 to 273.1235;



- 97.1 (2) powerline credit as provided in section 273.42;
- 97.2 (3) agricultural preserves credit as provided in section 473H.10;
- 97.3 (4) enterprise zone credit as provided in section 469.171;
- 97.4 (5) disparity reduction credit;
- 97.5 (6) conservation tax credit as provided in section 273.119;
- 97.6 (7) ~~the~~ school bond credit as provided in section 273.1387;
- 97.7 (8) agricultural riparian buffer credit as provided in section 273.1388;
- 97.8 ~~(8)~~ (9) agricultural credit as provided in section 273.1384;
- 97.9 ~~(9)~~ (10) taconite homestead credit as provided in section 273.135;
- 97.10 ~~(10)~~ (11) supplemental homestead credit as provided in section 273.1391; and
- 97.11 ~~(11)~~ (12) the bovine tuberculosis zone credit, as provided in section 273.113.
- 97.12 The combination of all property tax credits must not exceed the gross tax amount.

97.13 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2024.

97.14 Sec. 4. Minnesota Statutes 2021 Supplement, section 275.065, subdivision 3, is amended  
97.15 to read:

97.16 Subd. 3. **Notice of proposed property taxes.** (a) The county auditor shall prepare and  
97.17 the county treasurer shall deliver after November 10 and on or before November 24 each  
97.18 year, by first class mail to each taxpayer at the address listed on the county's current year's  
97.19 assessment roll, a notice of proposed property taxes. Upon written request by the taxpayer,  
97.20 the treasurer may send the notice in electronic form or by electronic mail instead of on paper  
97.21 or by ordinary mail.

97.22 (b) The commissioner of revenue shall prescribe the form of the notice.

97.23 (c) The notice must inform taxpayers that it contains the amount of property taxes each  
97.24 taxing authority proposes to collect for taxes payable the following year. In the case of a  
97.25 town, or in the case of the state general tax, the final tax amount will be its proposed tax.  
97.26 The notice must clearly state for each city that has a population over 500, county, school  
97.27 district, regional library authority established under section 134.201, metropolitan taxing  
97.28 districts as defined in paragraph (i), and fire protection and emergency medical services  
97.29 special taxing districts established under section 144F.01, the time and place of a meeting  
97.30 for each taxing authority in which the budget and levy will be discussed and public input

98.1 allowed, prior to the final budget and levy determination. The taxing authorities must provide  
 98.2 the county auditor with the information to be included in the notice on or before the time it  
 98.3 certifies its proposed levy under subdivision 1. The public must be allowed to speak at that  
 98.4 meeting, which must occur after November 24 and must not be held before 6:00 p.m. It  
 98.5 must provide a telephone number for the taxing authority that taxpayers may call if they  
 98.6 have questions related to the notice and an address where comments will be received by  
 98.7 mail, except that no notice required under this section shall be interpreted as requiring the  
 98.8 printing of a personal telephone number or address as the contact information for a taxing  
 98.9 authority. If a taxing authority does not maintain public offices where telephone calls can  
 98.10 be received by the authority, the authority may inform the county of the lack of a public  
 98.11 telephone number and the county shall not list a telephone number for that taxing authority.

98.12 (d) The notice must state for each parcel:

98.13 (1) the market value of the property as determined under section 273.11, and used for  
 98.14 computing property taxes payable in the following year and for taxes payable in the current  
 98.15 year as each appears in the records of the county assessor on November 1 of the current  
 98.16 year; and, in the case of residential property, whether the property is classified as homestead  
 98.17 or nonhomestead. The notice must clearly inform taxpayers of the years to which the market  
 98.18 values apply and that the values are final values;

98.19 (2) the items listed below, shown separately by county, city or town, and state general  
 98.20 tax, agricultural homestead credit under section 273.1384, school building bond agricultural  
 98.21 credit under section 273.1387, agricultural riparian buffer credit under section 273.1388,  
 98.22 voter approved school levy, other local school levy, and the sum of the special taxing  
 98.23 districts, and as a total of all taxing authorities:

98.24 (i) the actual tax for taxes payable in the current year; and

98.25 (ii) the proposed tax amount.

98.26 If the county levy under clause (2) includes an amount for a lake improvement district  
 98.27 as defined under sections 103B.501 to 103B.581, the amount attributable for that purpose  
 98.28 must be separately stated from the remaining county levy amount.

98.29 In the case of a town or the state general tax, the final tax shall also be its proposed tax  
 98.30 unless the town changes its levy at a special town meeting under section 365.52. If a school  
 98.31 district has certified under section 126C.17, subdivision 9, that a referendum will be held  
 98.32 in the school district at the November general election, the county auditor must note next  
 98.33 to the school district's proposed amount that a referendum is pending and that, if approved  
 98.34 by the voters, the tax amount may be higher than shown on the notice. In the case of the

99.1 city of Minneapolis, the levy for Minneapolis Park and Recreation shall be listed separately  
99.2 from the remaining amount of the city's levy. In the case of the city of St. Paul, the levy for  
99.3 the St. Paul Library Agency must be listed separately from the remaining amount of the  
99.4 city's levy. In the case of Ramsey County, any amount levied under section 134.07 may be  
99.5 listed separately from the remaining amount of the county's levy. In the case of a parcel  
99.6 where tax increment or the fiscal disparities areawide tax under chapter 276A or 473F  
99.7 applies, the proposed tax levy on the captured value or the proposed tax levy on the tax  
99.8 capacity subject to the areawide tax must each be stated separately and not included in the  
99.9 sum of the special taxing districts; and

99.10 (3) the increase or decrease between the total taxes payable in the current year and the  
99.11 total proposed taxes, expressed as a percentage.

99.12 For purposes of this section, the amount of the tax on homesteads qualifying under the  
99.13 senior citizens' property tax deferral program under chapter 290B is the total amount of  
99.14 property tax before subtraction of the deferred property tax amount.

99.15 (e) The notice must clearly state that the proposed or final taxes do not include the  
99.16 following:

99.17 (1) special assessments;

99.18 (2) levies approved by the voters after the date the proposed taxes are certified, including  
99.19 bond referenda and school district levy referenda;

99.20 (3) a levy limit increase approved by the voters by the first Tuesday after the first Monday  
99.21 in November of the levy year as provided under section 275.73;

99.22 (4) amounts necessary to pay cleanup or other costs due to a natural disaster occurring  
99.23 after the date the proposed taxes are certified;

99.24 (5) amounts necessary to pay tort judgments against the taxing authority that become  
99.25 final after the date the proposed taxes are certified; and

99.26 (6) the contamination tax imposed on properties which received market value reductions  
99.27 for contamination.

99.28 (f) Except as provided in subdivision 7, failure of the county auditor to prepare or the  
99.29 county treasurer to deliver the notice as required in this section does not invalidate the  
99.30 proposed or final tax levy or the taxes payable pursuant to the tax levy.

99.31 (g) If the notice the taxpayer receives under this section lists the property as  
99.32 nonhomestead, and satisfactory documentation is provided to the county assessor by the

100.1 applicable deadline, and the property qualifies for the homestead classification in that  
100.2 assessment year, the assessor shall reclassify the property to homestead for taxes payable  
100.3 in the following year.

100.4 (h) In the case of class 4 residential property used as a residence for lease or rental  
100.5 periods of 30 days or more, the taxpayer must either:

100.6 (1) mail or deliver a copy of the notice of proposed property taxes to each tenant, renter,  
100.7 or lessee; or

100.8 (2) post a copy of the notice in a conspicuous place on the premises of the property.

100.9 The notice must be mailed or posted by the taxpayer by November 27 or within three  
100.10 days of receipt of the notice, whichever is later. A taxpayer may notify the county treasurer  
100.11 of the address of the taxpayer, agent, caretaker, or manager of the premises to which the  
100.12 notice must be mailed in order to fulfill the requirements of this paragraph.

100.13 (i) For purposes of this subdivision and subdivision 6, "metropolitan special taxing  
100.14 districts" means the following taxing districts in the seven-county metropolitan area that  
100.15 levy a property tax for any of the specified purposes listed below:

100.16 (1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325, 473.446,  
100.17 473.521, 473.547, or 473.834;

100.18 (2) Metropolitan Airports Commission under section 473.667, 473.671, or 473.672; and

100.19 (3) Metropolitan Mosquito Control Commission under section 473.711.

100.20 For purposes of this section, any levies made by the regional rail authorities in the county  
100.21 of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter 398A  
100.22 shall be included with the appropriate county's levy.

100.23 (j) The governing body of a county, city, or school district may, with the consent of the  
100.24 county board, include supplemental information with the statement of proposed property  
100.25 taxes about the impact of state aid increases or decreases on property tax increases or  
100.26 decreases and on the level of services provided in the affected jurisdiction. This supplemental  
100.27 information may include information for the following year, the current year, and for as  
100.28 many consecutive preceding years as deemed appropriate by the governing body of the  
100.29 county, city, or school district. It may include only information regarding:

100.30 (1) the impact of inflation as measured by the implicit price deflator for state and local  
100.31 government purchases;

100.32 (2) population growth and decline;

101.1 (3) state or federal government action; and

101.2 (4) other financial factors that affect the level of property taxation and local services  
101.3 that the governing body of the county, city, or school district may deem appropriate to  
101.4 include.

101.5 The information may be presented using tables, written narrative, and graphic  
101.6 representations and may contain instruction toward further sources of information or  
101.7 opportunity for comment.

101.8 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2024.

101.9 Sec. 5. **[477A.23] ELECTRIC GENERATION TRANSITION AID.**

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

101.12 (b) "Electric generating unit" means a single generating unit at an electric generating  
101.13 plant powered by coal, nuclear, or natural gas.

101.14 (c) "Electric generation property" means taxable property of an electric generating plant  
101.15 owned by a public utility, as defined in section 216B.02, subdivision 4, that is powered by  
101.16 coal, nuclear, or natural gas and located in an eligible taxing jurisdiction.

101.17 (d) "Eligible taxing jurisdiction" means a county, home rule charter or statutory city,  
101.18 town, or school district.

101.19 (e) "Unit base year" means the assessment year in which the assessed value of electric  
101.20 generation property is reduced due to the retirement of the electric generating unit.

101.21 (f) "Unit differential" means (1) the tax capacity of electric generation property in the  
101.22 assessment year preceding the unit base year, minus (2) the tax capacity of electric generation  
101.23 property in the unit base year. The unit differential may not be less than zero. The unit  
101.24 differential equals zero if the tax capacity of electric generation property in the eligible  
101.25 taxing jurisdiction in the assessment year preceding the unit base year is less than four  
101.26 percent of the total net tax capacity of the eligible taxing jurisdiction in the assessment year  
101.27 preceding the aid calculation year, as adjusted under section 473F.08, subdivision 2, or  
101.28 276A.06, subdivision 2, as applicable.

101.29 Subd. 2. **Required notification.** Notwithstanding the requirements of Minnesota Rules,  
101.30 chapter 8100, a public utility must notify the commissioner when the public utility expects  
101.31 to retire an electric generating unit and remove that unit from the property tax base. The  
101.32 notification must be in the form and manner determined by the commissioner, include

102.1 information required by the commissioner to calculate transition aid under this section, and  
102.2 be filed together with the reports required under section 273.371.

102.3 Subd. 3. **Unit transition amount.** (a) The initial unit transition amount equals the product  
102.4 of (1) the unit differential, times (2) the jurisdiction's tax rate for taxes payable in the unit  
102.5 base year.

102.6 (b) The unit transition amount for the year following the unit base year, or in the year  
102.7 as provided under subdivision 6, equals the initial unit transition amount. Unit transition  
102.8 amounts in subsequent years must be reduced each year by an amount equal to five percent  
102.9 of the initial unit transition amount. If the unit transition amount attributable to any unit is  
102.10 less than \$5,000 in any year, the unit transition amount for that unit equals zero.

102.11 Subd. 4. **Electric generation transition aid.** Electric generation transition aid for an  
102.12 eligible taxing jurisdiction equals the sum of the unit transition amounts for that jurisdiction.

102.13 Subd. 5. **Aid elimination.** (a) Notwithstanding subdivision 4, beginning for aid in the  
102.14 year after the year in which the jurisdiction first qualified for aid, aid for an eligible taxing  
102.15 jurisdiction equals zero if the commissioner determines that the eligible taxing jurisdiction's  
102.16 total net tax capacity in the assessment year preceding the aid calculation year is greater  
102.17 than the product of:

102.18 (1) 90 percent of the jurisdiction's total net tax capacity in the assessment year preceding  
102.19 the aid calculation year in which the jurisdiction first qualified for aid under this section;  
102.20 times

102.21 (2) the greater of one or the ratio of (i) the statewide total net tax capacity of real and  
102.22 personal property in the assessment year preceding the aid calculation year to (ii) the  
102.23 statewide total net tax capacity of real and personal property in the assessment year preceding  
102.24 the aid calculation year in which the jurisdiction first qualified for aid under this section.

102.25 (b) For the purposes of this subdivision, "net tax capacity" means net tax capacity as  
102.26 adjusted under section 473F.08, subdivision 2, or 276A.06, subdivision 2, as applicable.

102.27 (c) If aid to a jurisdiction attributable to a previous unit retirement has been eliminated  
102.28 under this subdivision, the jurisdiction may qualify for aid under this section for subsequent  
102.29 unit retirements.

102.30 (d) The requirements of this subdivision do not apply to the aid attributable to prior unit  
102.31 retirements qualifying under subdivision 7.

102.32 Subd. 6. **Commissioner's duties; payment schedule.** (a) The commissioner of revenue  
102.33 shall compute the amount of electric generation transition aid payable to each jurisdiction

103.1 under this section. On or before August 1 of each year, the commissioner shall certify the  
103.2 amount of aid computed for aids payable in the following year for each jurisdiction. The  
103.3 commissioner shall pay aid to each jurisdiction other than school districts annually at the  
103.4 times provided in section 477A.015. Aids to school districts must be certified to the  
103.5 commissioner of education and paid under section 273.1392.

103.6 (b) The commissioner of revenue may require counties to provide any data that the  
103.7 commissioner deems necessary to administer this section.

103.8 Subd. 7. **Aid for prior unit retirements.** An electric generating unit with a unit base  
103.9 year after 2016 but before 2023 must be counted for the purpose of calculating aid under  
103.10 this section. For a unit eligible to be counted under this subdivision and for the purpose of  
103.11 the schedule of amounts under subdivision 3, paragraph (b), the unit base year is 2023.

103.12 Subd. 8. **Appropriation.** An amount sufficient to make the aid payments required by  
103.13 this section to eligible taxing jurisdictions other than school districts is annually appropriated  
103.14 from the general fund to the commissioner of revenue. An amount sufficient to make the  
103.15 aid payments required by this section for school districts is annually appropriated from the  
103.16 general fund to the commissioner of education.

103.17 **EFFECTIVE DATE.** This section is effective for aids payable in 2024 and thereafter.

103.18 Sec. 6. **MILLE LACS COUNTY; COUNTY, CITY, TOWNSHIP, AND SCHOOL**  
103.19 **DISTRICT REIMBURSEMENT.**

103.20 (a) A taxing jurisdiction located in Mille Lacs County that has lost property tax revenue  
103.21 due to the placement of property into trust by the United States Department of the Interior  
103.22 Bureau of Indian Affairs is eligible for reimbursement under this section in the following  
103.23 manner:

103.24 (1) by July 1, 2022, the auditor of Mille Lacs County must certify to the commissioner  
103.25 of revenue the amount of tax revenue lost by each taxing jurisdiction in the county due to  
103.26 property being placed into trust between January 1, 2009, and December 31, 2020;

103.27 (2) by July 1 of each year starting in 2022, the auditor of Mille Lacs County must certify  
103.28 to the commissioner of revenue the amount of tax revenue lost by each taxing jurisdiction  
103.29 in the county due to property being placed into trust during the preceding calendar year.  
103.30 This clause only applies to properties that were the subject of an application for placement  
103.31 into trust between January 1, 2009, and June 30, 2021; and

103.32 (3) in the first five years following certification under clause (1) or (2), the commissioner  
103.33 of education must distribute to the county the full amount certified for school districts, and

104.1 the commissioner of revenue must distribute to the county the full amount certified for  
104.2 taxing jurisdictions other than school districts. The county must distribute to each taxing  
104.3 jurisdiction the certified amount of tax revenue lost by the jurisdiction. In the sixth year  
104.4 following certification and in each year thereafter, the commissioners of education and  
104.5 revenue must distribute to the county, for distribution to each taxing jurisdiction, an amount  
104.6 equal to the previous year's amount minus 20 percent of the amount distributed in the first  
104.7 year.

104.8 (b) Reimbursements required by this section must be paid to taxing jurisdictions other  
104.9 than school districts at the times provided in Minnesota Statutes, section 477A.015, for  
104.10 payment of local government aid. Aid to school districts must be certified to the  
104.11 commissioner of education and paid under Minnesota Statutes, section 273.1392.

104.12 (c) An amount sufficient to make the payments to taxing jurisdictions other than school  
104.13 districts is annually appropriated from the general fund to the commissioner of revenue. An  
104.14 amount sufficient to make the payment to school districts is annually appropriated from the  
104.15 general fund to the commissioner of education.

104.16 (d) For purposes of this section, "taxing jurisdiction" means a political subdivision  
104.17 including a county, city, town, township, school district, or special taxing district imposing  
104.18 a levy on real property.

104.19 (e) For purposes of this section, "tax revenue lost" means the amount that was payable  
104.20 in the year before the property became exempt.

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

104.22 Sec. 7. **CLASS 4D LOW-INCOME RENTAL PROPERTY 2024 AND 2025**  
104.23 **TRANSITION AID; APPROPRIATION.**

104.24 Subdivision 1. **Definitions.** (a) For the purposes of this section, the terms in this  
104.25 subdivision have the meanings given.

104.26 (b) "4d property" means class 4d low-income rental property under Minnesota Statutes,  
104.27 section 273.13, subdivision 25.

104.28 (c) "Base assessment year" means assessment year 2022.

104.29 (d) "Local unit" means a home rule charter or statutory city.

104.30 (e) "Modified transition tax capacity" means the product of (1) one minus the transition  
104.31 ratio for the local unit, times (2) the transition tax capacity for the local unit.



105.1 (f) "Transition ratio" means the ratio of (1) the net tax capacity of 4d property for the  
105.2 local unit in the base assessment year calculated using the classification rates and first-tier  
105.3 limit in effect for 4d property for taxes payable in 2024, to (2) the net tax capacity of 4d  
105.4 property for the local unit in the base assessment year calculated using the classification  
105.5 rates and first-tier limit in effect for 4d property for taxes payable in 2023.

105.6 (g) "Transition tax capacity" means the greater of zero or the difference between (1) the  
105.7 net tax capacity of 4d property for the local unit in the base assessment year, minus (2) two  
105.8 percent of the total net tax capacity for the local unit in the base assessment year.

105.9 Subd. 2. **Aid amount.** In 2024 and 2025 only, transition aid for a local unit equals the  
105.10 product of (1) the local unit's tax rate for taxes payable in 2023, times (2) the modified  
105.11 transition tax capacity for the local unit.

105.12 Subd. 3. **Administration; payment schedule.** (a) For purposes of this section, net tax  
105.13 capacity must be determined by the commissioner of revenue based on information available  
105.14 to the commissioner as of July 15, 2023.

105.15 (b) The commissioner of revenue must notify a local unit of its transition aid amount  
105.16 before August 1 of the year preceding the aid distribution year and must pay the aid in two  
105.17 installments on the dates specified in Minnesota Statutes, section 477A.015.

105.18 Subd. 4. **Appropriation.** An amount sufficient to pay transition aid under this section  
105.19 is annually appropriated from the general fund to the commissioner of revenue.

105.20 **EFFECTIVE DATE.** This section is effective for aid payable in calendar year 2024  
105.21 and 2025 only.

105.22 Sec. 8. **2019 LOCAL GOVERNMENT AID PENALTY FORGIVENESS; CITY OF**  
105.23 **ROOSEVELT; APPROPRIATION.**

105.24 (a) Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of  
105.25 Roosevelt shall receive its aid payment for calendar year 2019 under Minnesota Statutes,  
105.26 section 477A.013, that was withheld under Minnesota Statutes, section 477A.017, subdivision  
105.27 3, provided that the state auditor certifies to the commissioner of revenue that the state  
105.28 auditor received the annual financial reporting form for 2018 from the city as well as all  
105.29 forms, including the audited financial statement for calendar year 2019, by June 1, 2022.  
105.30 The commissioner of revenue shall make a payment of \$25,410 on July 1, 2022.

105.31 (b) An amount sufficient to pay aid under this section is appropriated in fiscal year 2023  
105.32 from the general fund to the commissioner of revenue. This is a onetime appropriation.

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

106.2 Sec. 9. **2021 AID PENALTY FORGIVENESS; CITY OF BENA.**

106.3 Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of Bena  
106.4 must receive the city's aid payment for calendar year 2021 under Minnesota Statutes, section  
106.5 477A.013, that was withheld under Minnesota Statutes, section 477A.017, subdivision 3,  
106.6 and the city's small city assistance payment for calendar year 2021 under Minnesota Statutes,  
106.7 section 162.145, that was withheld under Minnesota Statutes, section 162.145, subdivision  
106.8 3, paragraph (c), provided that the state auditor certifies to the commissioner of revenue  
106.9 that the state auditor received the annual financial reporting form for 2020 from the city by  
106.10 June 1, 2022. The commissioner of revenue must make a payment of \$43,774 to the city  
106.11 by June 30, 2022.

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

106.13 Sec. 10. **2021 AID PENALTY FORGIVENESS; CITY OF BOY RIVER.**

106.14 Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of Boy  
106.15 River must receive the city's aid payment for calendar year 2021 under Minnesota Statutes,  
106.16 section 477A.013, that was withheld under Minnesota Statutes, section 477A.017, subdivision  
106.17 3, and the city's small city assistance payment for calendar year 2021 under Minnesota  
106.18 Statutes, section 162.145, that was withheld under Minnesota Statutes, section 162.145,  
106.19 subdivision 3, paragraph (c), provided that the state auditor certifies to the commissioner  
106.20 of revenue that the state auditor received the annual financial reporting form for 2020 from  
106.21 the city by June 1, 2022. The commissioner of revenue must make a payment of \$19,578  
106.22 to the city by June 30, 2022.

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

106.24 Sec. 11. **2021 AID PENALTY FORGIVENESS; CITY OF ECHO.**

106.25 Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of Echo  
106.26 must receive its aid payment for calendar year 2021 under Minnesota Statutes, section  
106.27 477A.013, that was withheld under Minnesota Statutes, section 477A.017, subdivision 3,  
106.28 and its small city assistance payment for calendar year 2021 under Minnesota Statutes,  
106.29 section 162.145, that was withheld under Minnesota Statutes, section 162.145, subdivision  
106.30 3, paragraph (c), provided that the state auditor certifies to the commissioner of revenue  
106.31 that the state auditor received the annual financial reporting form for 2020 from the city by

107.1 June 1, 2022. The commissioner of revenue must make a payment of \$46,060 to the city  
107.2 by June 30, 2022.

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

107.4 Sec. 12. **2021 AID PENALTY FORGIVENESS; CITY OF MORTON.**

107.5 Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of Morton  
107.6 must receive its aid payment for calendar year 2021 under Minnesota Statutes, section  
107.7 477A.013, that was withheld under Minnesota Statutes, section 477A.017, subdivision 3,  
107.8 and its small city assistance payment for calendar year 2021 under Minnesota Statutes,  
107.9 section 162.145, that was withheld under Minnesota Statutes, section 162.145, subdivision  
107.10 3, paragraph (c), provided that the state auditor certifies to the commissioner of revenue  
107.11 that it received the annual financial reporting form for 2020 from the city by June 1, 2022.  
107.12 The commissioner of revenue must make a payment of \$79,476 to the city by June 30, 2022.

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

107.14 **ARTICLE 6**  
107.15 **PUBLIC FINANCE**

107.16 Section 1. Minnesota Statutes 2020, section 123B.61, is amended to read:

107.17 **123B.61 PURCHASE OF CERTAIN EQUIPMENT.**

107.18 The board of a district may issue general obligation certificates of indebtedness or capital  
107.19 notes subject to the district debt limits to: (a) purchase vehicles, computers, telephone  
107.20 systems, cable equipment, photocopy and office equipment, technological equipment for  
107.21 instruction, and other capital equipment having an expected useful life at least as long as  
107.22 the terms of the certificates or notes; (b) purchase computer hardware and software, without  
107.23 regard to its expected useful life, whether bundled with machinery or equipment or  
107.24 unbundled, together with application development services and training related to the use  
107.25 of the computer; and (c) prepay special assessments. The certificates or notes must be  
107.26 payable in not more than ~~ten~~ 20 years and must be issued on the terms and in the manner  
107.27 determined by the board, ~~except that certificates or notes issued to prepay special assessments~~  
107.28 ~~must be payable in not more than 20 years.~~ The certificates or notes may be issued by  
107.29 resolution and without the requirement for an election. The certificates or notes are general  
107.30 obligation bonds for purposes of section 126C.55. A tax levy must be made for the payment  
107.31 of the principal and interest on the certificates or notes, in accordance with section 475.61,  
107.32 as in the case of bonds. The sum of the tax levies under this section and section 123B.62

108.1 for each year must not exceed the lesser of the amount of the district's total operating capital  
108.2 revenue or the sum of the district's levy in the general and community service funds excluding  
108.3 the adjustments under this section for the year preceding the year the initial debt service  
108.4 levies are certified. The district's general fund levy for each year must be reduced by the  
108.5 sum of (1) the amount of the tax levies for debt service certified for each year for payment  
108.6 of the principal and interest on the certificates or notes issued under this section as required  
108.7 by section 475.61, (2) the amount of the tax levies for debt service certified for each year  
108.8 for payment of the principal and interest on bonds issued under section 123B.62, and (3)  
108.9 any excess amount in the debt redemption fund used to retire bonds, certificates, or notes  
108.10 issued under this section or section 123B.62 after April 1, 1997, other than amounts used  
108.11 to pay capitalized interest. If the district's general fund levy is less than the amount of the  
108.12 reduction, the balance shall be deducted first from the district's community service fund  
108.13 levy, and next from the district's general fund or community service fund levies for the  
108.14 following year. A district using an excess amount in the debt redemption fund to retire the  
108.15 certificates or notes shall report the amount used for this purpose to the commissioner by  
108.16 July 15 of the following fiscal year. A district having an outstanding capital loan under  
108.17 section 126C.69 or an outstanding debt service loan under section 126C.68 must not use an  
108.18 excess amount in the debt redemption fund to retire the certificates or notes.

108.19 Sec. 2. Minnesota Statutes 2020, section 366.095, subdivision 1, is amended to read:

108.20 Subdivision 1. **Certificates of indebtedness.** The town board may issue certificates of  
108.21 indebtedness within the debt limits for a town purpose otherwise authorized by law. The  
108.22 certificates shall be payable in not more than ~~ten~~ 20 years and be issued on the terms and  
108.23 in the manner as determined by the board ~~may determine, provided that notes issued for~~  
108.24 ~~projects that eliminate R-22, as defined in section 240A.09, paragraph (b), clause (2), must~~  
108.25 ~~be payable in not more than 20 years.~~ If the amount of the certificates to be issued exceeds  
108.26 0.25 percent of the estimated market value of the town, they shall not be issued for at least  
108.27 ten days after publication in a newspaper of general circulation in the town of the board's  
108.28 resolution determining to issue them. If within that time, a petition asking for an election  
108.29 on the proposition signed by voters equal to ten percent of the number of voters at the last  
108.30 regular town election is filed with the clerk, the certificates shall not be issued until their  
108.31 issuance has been approved by a majority of the votes cast on the question at a regular or  
108.32 special election. A tax levy shall be made to pay the principal and interest on the certificates  
108.33 as in the case of bonds.

109.1 Sec. 3. Minnesota Statutes 2020, section 373.01, subdivision 3, is amended to read:

109.2 Subd. 3. **Capital notes.** (a) A county board may, by resolution and without referendum,  
109.3 issue capital notes subject to the county debt limit to purchase capital equipment useful for  
109.4 county purposes that has an expected useful life at least equal to the term of the notes. The  
109.5 notes shall be payable in not more than ~~ten~~ 20 years and shall be issued on the terms and in  
109.6 a the manner determined by the board determines. A tax levy shall be made for payment of  
109.7 the principal and interest on the notes, in accordance with section 475.61, as in the case of  
109.8 bonds.

109.9 (b) For purposes of this subdivision, "capital equipment" means:

109.10 (1) public safety, ambulance, road construction or maintenance, ~~and~~ medical equipment,  
109.11 and other capital equipment; and

109.12 (2) computer hardware and software, whether bundled with machinery or equipment or  
109.13 unbundled, together with application development services and training related to the use  
109.14 of the computer hardware or software.

109.15 Sec. 4. Minnesota Statutes 2020, section 383B.117, subdivision 2, is amended to read:

109.16 Subd. 2. **Equipment acquisition; capital notes.** The board may, by resolution and  
109.17 without public referendum, issue capital notes within existing debt limits for the purpose  
109.18 of purchasing ambulance and other medical equipment, road construction or maintenance  
109.19 equipment, public safety equipment and other capital equipment having an expected useful  
109.20 life at least equal to the term of the notes issued. The notes shall be payable in not more  
109.21 than ~~ten~~ 20 years and shall be issued on the terms and in a the manner as determined by the  
109.22 board determines, provided that notes issued for projects that eliminate R-22, as defined in  
109.23 section 240A.09, paragraph (b), clause (2), must be payable in not more than 20 years. The  
109.24 total principal amount of the notes issued for any fiscal year shall not exceed one percent  
109.25 of the total annual budget for that year and shall be issued solely for the purchases authorized  
109.26 in this subdivision. A tax levy shall be made for the payment of the principal and interest  
109.27 on such notes as in the case of bonds. For purposes of this subdivision, "equipment" includes  
109.28 computer hardware and software, whether bundled with machinery or equipment or  
109.29 unbundled. For purposes of this subdivision, the term "medical equipment" includes computer  
109.30 hardware and software and other intellectual property for use in medical diagnosis, medical  
109.31 procedures, research, record keeping, billing, and other hospital applications, together with  
109.32 application development services and training related to the use of the computer hardware  
109.33 and software and other intellectual property, all without regard to their useful life. For  
109.34 purposes of determining the amount of capital notes which the county may issue in any

110.1 year, the budget of the county and Hennepin Healthcare System, Inc. shall be combined  
110.2 and the notes issuable under this subdivision shall be in addition to obligations issuable  
110.3 under section 373.01, subdivision 3.

110.4 Sec. 5. Minnesota Statutes 2020, section 410.32, is amended to read:

110.5 **410.32 CITIES MAY ISSUE CAPITAL NOTES FOR CAPITAL EQUIPMENT.**

110.6 (a) Notwithstanding any contrary provision of other law or charter, a home rule charter  
110.7 city may, by resolution and without public referendum, issue capital notes subject to the  
110.8 city debt limit to purchase capital equipment.

110.9 (b) For purposes of this section, "capital equipment" means:

110.10 (1) public safety equipment, ambulance and other medical equipment, road construction  
110.11 and maintenance equipment, and other capital equipment; and

110.12 (2) computer hardware and software, whether bundled with machinery or equipment or  
110.13 unbundled, together with application development services and training related to the use  
110.14 of the computer hardware and software.

110.15 (c) The equipment or software must have an expected useful life at least as long as the  
110.16 term of the notes.

110.17 (d) The notes shall be payable in not more than ~~ten~~ 20 years and be issued on the terms  
110.18 and in the manner determined by the city ~~determines, provided that notes issued for projects~~  
110.19 ~~that eliminate R-22, as defined in section 240A.09, paragraph (b), clause (2), must be payable~~  
110.20 ~~in not more than 20 years~~. The total principal amount of the capital notes issued in a fiscal  
110.21 year shall not exceed 0.03 percent of the estimated market value of taxable property in the  
110.22 city for that year.

110.23 (e) A tax levy shall be made for the payment of the principal and interest on the notes,  
110.24 in accordance with section 475.61, as in the case of bonds.

110.25 (f) Notes issued under this section shall require an affirmative vote of two-thirds of the  
110.26 governing body of the city.

110.27 (g) Notwithstanding a contrary provision of other law or charter, a home rule charter  
110.28 city may also issue capital notes subject to its debt limit in the manner and subject to the  
110.29 limitations applicable to statutory cities pursuant to section 412.301.

111.1 Sec. 6. Minnesota Statutes 2020, section 412.301, is amended to read:

111.2 **412.301 FINANCING PURCHASE OF CERTAIN EQUIPMENT.**

111.3 (a) The council may issue certificates of indebtedness or capital notes subject to the city  
111.4 debt limits to purchase capital equipment.

111.5 (b) For purposes of this section, "capital equipment" means:

111.6 (1) public safety equipment, ambulance and other medical equipment, road construction  
111.7 and maintenance equipment, and other capital equipment; and

111.8 (2) computer hardware and software, whether bundled with machinery or equipment or  
111.9 unbundled, together with application development services and training related to the use  
111.10 of the computer hardware or software.

111.11 (c) The equipment or software must have an expected useful life at least as long as the  
111.12 terms of the certificates or notes.

111.13 (d) Such certificates or notes shall be payable in not more than ~~ten~~ 20 years and shall  
111.14 be issued on ~~such~~ the terms and in ~~such~~ the manner as determined by the council ~~may~~  
111.15 ~~determine, provided, however, that notes issued for projects that eliminate R-22, as defined~~  
111.16 ~~in section 240A.09, paragraph (b), clause (2), must be payable in not more than 20 years.~~

111.17 (e) If the amount of the certificates or notes to be issued to finance any such purchase  
111.18 exceeds 0.25 percent of the estimated market value of taxable property in the city, they shall  
111.19 not be issued for at least ten days after publication in the official newspaper of a council  
111.20 resolution determining to issue them; and if before the end of that time, a petition asking  
111.21 for an election on the proposition signed by voters equal to ten percent of the number of  
111.22 voters at the last regular municipal election is filed with the clerk, such certificates or notes  
111.23 shall not be issued until the proposition of their issuance has been approved by a majority  
111.24 of the votes cast on the question at a regular or special election.

111.25 (f) A tax levy shall be made for the payment of the principal and interest on such  
111.26 certificates or notes, in accordance with section 475.61, as in the case of bonds.

111.27 **ARTICLE 7**

111.28 **LOCAL SALES TAXES**

111.29 Section 1. Minnesota Statutes 2020, section 297A.99, subdivision 3, is amended to read:

111.30 Subd. 3. **Legislative authority required before voter approval; requirements for**  
111.31 **adoption, use, termination.** (a) A political subdivision must receive legislative authority  
111.32 to impose a local sales tax before submitting the tax for approval by voters of the political

112.1 subdivision. Imposition of a local sales tax is subject to approval by voters of the political  
 112.2 subdivision at a general election. The election must be conducted at a general election within  
 112.3 the two-year period after the governing body of the political subdivision has received  
 112.4 authority to impose the tax. If the authorizing legislation allows the tax to be imposed for  
 112.5 more than one project, ~~there must be~~ the political subdivision is not required to present each  
 112.6 project on the ballot. The political subdivision may present a separate question approving  
 112.7 the use of the tax revenue for each project. Regardless of whether the ballot presents a  
 112.8 separate question for each project, the question must state the project or projects proposed  
 112.9 to be funded with the tax, the amount for each project proposed to be funded with the tax,  
 112.10 and the estimated length of time the tax will be in effect. Notwithstanding the authorizing  
 112.11 legislation, a project that is not approved by the voters may not be funded with the local  
 112.12 sales tax revenue and the termination date of the tax set in the authorizing legislation must  
 112.13 be reduced proportionately based on the share of that project's cost to the total costs of all  
 112.14 projects included in the authorizing legislation.

112.15 (b) The proceeds of the tax must be dedicated exclusively to payment of the construction  
 112.16 and rehabilitation costs and associated bonding costs related to the specific capital  
 112.17 improvement projects that were approved by the voters under paragraph (a).

112.18 (c) The tax must terminate after the revenues raised are sufficient to fund the projects  
 112.19 approved by the voters under paragraph (a).

112.20 (d) After a sales tax imposed by a political subdivision has expired or been terminated,  
 112.21 the political subdivision is prohibited from imposing a local sales tax for a period of one  
 112.22 year.

112.23 (e) Notwithstanding paragraph (a), if a political subdivision received voter approval to  
 112.24 seek authority for a local sales tax at the November 6, 2018, general election and is granted  
 112.25 authority to impose a local sales tax before January 1, 2021, the tax may be imposed without  
 112.26 an additional referendum provided that it meets the requirements of subdivision 2 and the  
 112.27 list of specific projects contained in the resolution does not conflict with the projects listed  
 112.28 in the approving referendum.

112.29 (f) If a tax is terminated because sufficient revenues have been raised, any amount of  
 112.30 tax collected under subdivision 9, after sufficient revenues have been raised and before the  
 112.31 quarterly termination required under subdivision 12, paragraph (a), that is greater than the  
 112.32 average quarterly revenues collected over the immediately preceding 12 calendar months  
 112.33 must be retained by the commissioner for deposit in the general fund.



113.1 **EFFECTIVE DATE.** This section is effective for local sales taxes authorized in Laws  
113.2 2021, First Special Session chapter 14, article 8, and thereafter.

113.3 Sec. 2. Minnesota Statutes 2020, section 469.190, subdivision 7, is amended to read:

113.4 Subd. 7. **Collection.** The statutory or home rule charter city, town, or county when the  
113.5 county board is acting as a town board with respect to an unorganized territory may agree  
113.6 with the commissioner of revenue that a tax imposed pursuant to this section shall be  
113.7 collected by the commissioner together with the tax imposed by chapter 297A, and subject  
113.8 to the same interest, penalties, and other rules and that its proceeds, less the cost of collection,  
113.9 shall be remitted to the city.

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

113.11 Sec. 3. Laws 1998, chapter 389, article 8, section 43, as amended by Laws 2005, First  
113.12 Special Session chapter 3, article 5, sections 28, 29, and 30, Laws 2011, First Special Session  
113.13 chapter 7, article 4, sections 5, 6, and 7, and Laws 2013, chapter 143, article 10, sections  
113.14 11, 12, and 13, is amended by adding a subdivision to read:

113.15 Subd. 1a. **Authorization; extension.** Notwithstanding Minnesota Statutes, section  
113.16 477A.016, or any other law, ordinance, or city charter, and if approved by the voters at a  
113.17 general election as required under Minnesota Statutes, section 297A.99, subdivision 3, the  
113.18 city of Rochester may extend the sales and use tax of one-half of one percent authorized  
113.19 under subdivision 1, paragraph (a), for the purposes specified in subdivision 3a. Except as  
113.20 otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,  
113.21 govern the imposition, administration, collection, and enforcement of the tax authorized  
113.22 under this subdivision. The tax imposed under this subdivision is in addition to any local  
113.23 sales and use tax imposed under any other special law.

113.24 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
113.25 city of Rochester and its chief clerical officer comply with Minnesota Statutes, section  
113.26 645.021, subdivisions 2 and 3.

113.27 Sec. 4. Laws 1998, chapter 389, article 8, section 43, as amended by Laws 2005, First  
113.28 Special Session chapter 3, article 5, sections 28, 29, and 30, Laws 2011, First Special Session  
113.29 chapter 7, article 4, sections 5, 6, and 7, and Laws 2013, chapter 143, article 10, sections  
113.30 11, 12, and 13, is amended by adding a subdivision to read:

113.31 Subd. 3a. **Use of sales and use tax revenues; additional projects.** The revenues derived  
113.32 from the extension of the tax authorized under subdivision 1a must be used by the city of

114.1 Rochester to pay the costs of collecting and administering the tax and paying for the following  
114.2 projects in the city, including securing and paying debt service on bonds issued to finance  
114.3 all or part of the following projects:

114.4 (1) notwithstanding Minnesota Statutes, section 297A.99, subdivision 2, paragraph (d),  
114.5 \$50,000,000, plus associated bonding costs for the housing vitality fund;

114.6 (2) notwithstanding Minnesota Statutes, section 297A.99, subdivision 2, paragraph (d),  
114.7 \$50,000,000, plus associated bonding costs for street reconstruction;

114.8 (3) notwithstanding Minnesota Statutes, section 297A.99, subdivision 2, paragraph (d),  
114.9 \$40,000,000, plus associated bonding costs for flood control and water quality; and

114.10 (4) \$65,000,000, plus associated bonding costs for a Regional Community and Recreation  
114.11 Complex.

114.12 **EFFECTIVE DATE.** This section is effective the day after compliance by the governing  
114.13 body of the city of Rochester with Minnesota Statutes, section 645.021.

114.14 Sec. 5. Laws 1998, chapter 389, article 8, section 43, as amended by Laws 2005, First  
114.15 Special Session chapter 3, article 5, sections 28, 29, and 30, Laws 2011, First Special Session  
114.16 chapter 7, article 4, sections 5, 6, and 7, and Laws 2013, chapter 143, article 10, sections  
114.17 11, 12, and 13, is amended by adding a subdivision to read:

114.18 Subd. 4a. **Bonding authority; additional projects and extension of tax.** (a) The city  
114.19 of Rochester may issue bonds under Minnesota Statutes, chapter 475, to finance all or a  
114.20 portion of the costs of the projects authorized in subdivision 3a and approved by the voters  
114.21 as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a). The  
114.22 aggregate principal amount of bonds issued under this subdivision may not exceed  
114.23 \$205,000,000 for the projects described in subdivision 3a, plus an amount to be applied to  
114.24 the payment of the costs of issuing the bonds.

114.25 (b) The bonds may be paid from or secured by any funds available to the city of  
114.26 Rochester, including the tax authorized under subdivision 1a and the full faith and credit  
114.27 of the city. The issuance of bonds under this subdivision is not subject to Minnesota Statutes,  
114.28 sections 275.60 and 275.61.

114.29 (c) The bonds are not included in computing any debt limitation applicable to the city  
114.30 of Rochester, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal  
114.31 and interest on the bonds is not subject to any levy limitation. A separate election to approve  
114.32 the bonds under Minnesota Statutes, section 475.58, is not required.

115.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
115.2 city of Rochester and its chief clerical officer comply with Minnesota Statutes, section  
115.3 645.021, subdivisions 2 and 3.

115.4 Sec. 6. Laws 1998, chapter 389, article 8, section 43, subdivision 5, as amended by Laws  
115.5 2005, First Special Session chapter 3, article 5, section 30, Laws 2011, First Special Session  
115.6 chapter 7, article 4, section 7, and Laws 2013, chapter 143, article 10, section 13, is amended  
115.7 to read:

115.8 Subd. 5. **Termination of taxes.** (a) The taxes imposed under subdivisions 1 and 2 expire  
115.9 at the later of (1) December 31, 2009, or (2) when the city council determines that sufficient  
115.10 funds have been received from the taxes to finance the first \$71,500,000 of capital  
115.11 expenditures and bonds for the projects authorized in subdivision 3, including the amount  
115.12 to prepay or retire at maturity the principal, interest, and premium due on any bonds issued  
115.13 for the projects under subdivision 4, unless the taxes are extended as allowed in paragraph  
115.14 (b). Any funds remaining after completion of the project and retirement or redemption of  
115.15 the bonds shall also be used to fund the projects under subdivision 3. The taxes imposed  
115.16 under subdivisions 1 and 2 may expire at an earlier time if the city so determines by  
115.17 ordinance.

115.18 (b) Notwithstanding Minnesota Statutes, sections 297A.99 and 477A.016, or any other  
115.19 contrary provision of law, ordinance, or city charter, the city of Rochester may, by ordinance,  
115.20 extend the taxes authorized in subdivisions 1 and 2 beyond December 31, 2009, if approved  
115.21 by the voters of the city at a special election in 2005 or the general election in 2006. The  
115.22 question put to the voters must indicate that an affirmative vote would allow up to an  
115.23 additional \$40,000,000 of sales tax revenues be raised and up to \$40,000,000 of bonds to  
115.24 be issued above the amount authorized in the June 23, 1998, referendum for the projects  
115.25 specified in subdivision 3. If the taxes authorized in subdivisions 1 and 2 are extended under  
115.26 this paragraph, the taxes expire when the city council determines that sufficient funds have  
115.27 been received from the taxes to finance the projects and to prepay or retire at maturity the  
115.28 principal, interest, and premium due on any bonds issued for the projects under subdivision  
115.29 4. Any funds remaining after completion of the project and retirement or redemption of the  
115.30 bonds may be placed in the general fund of the city.

115.31 (c) Notwithstanding Minnesota Statutes, sections 297A.99 and 477A.016, or any other  
115.32 contrary provision of law, ordinance, or city charter, the city of Rochester may, by ordinance,  
115.33 extend the taxes authorized in subdivisions 1, paragraph (a), and 2, up to December 31,  
115.34 2049, provided that all additional revenues above those necessary to fund the projects and

116.1 associated financing costs listed in subdivision 3, paragraphs (a) to (e), are committed to  
 116.2 fund public infrastructure projects contained in the development plan adopted under  
 116.3 Minnesota Statutes, section 469.43, including all financing costs; otherwise the taxes  
 116.4 terminate when the city council determines that sufficient funds have been received from  
 116.5 the taxes to finance expenditures and bonds for the projects authorized in subdivision 3,  
 116.6 paragraphs (a) to (e), plus an amount equal to the costs of issuance of the bonds and including  
 116.7 the amount to prepay or retire at maturity the principal, interest, and premiums due on any  
 116.8 bonds issued for the projects under subdivision 4.

116.9 (d) The tax imposed under subdivision 1, paragraph (b), expires at the earlier of December  
 116.10 31, 2049, or when the city council determines that sufficient funds have been raised from  
 116.11 the tax plus all other city funding sources authorized in this article to meet the city obligation  
 116.12 for financing the public infrastructure projects contained in the development plan adopted  
 116.13 under Minnesota Statutes, section 469.43, including all financing costs.

116.14 (e) The tax imposed under subdivision 1a expires at the earlier of (1) 16-1/2 years after  
 116.15 first imposed, or (2) when the city council determines that the amount of revenues received  
 116.16 from the tax is sufficient to pay for the project costs authorized under subdivision 3a for  
 116.17 projects approved by the voters as required under Minnesota Statutes, section 297A.99,  
 116.18 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance  
 116.19 of the bonds under subdivision 4a, including interest on the bonds. Except as otherwise  
 116.20 provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds  
 116.21 remaining after payment of the allowed costs due to the timing of the termination of the tax  
 116.22 under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general  
 116.23 fund of the city. The tax imposed under subdivision 1a may expire at an earlier time if the  
 116.24 city so determines by ordinance.

116.25 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
 116.26 city of Rochester and its chief clerical officer comply with Minnesota Statutes, section  
 116.27 645.021, subdivisions 2 and 3.

116.28 Sec. 7. Laws 2008, chapter 366, article 7, section 17, is amended to read:

116.29 Sec. 17. **COOK COUNTY; LODGING AND ADMISSIONS TAXES TAX.**

116.30 Subdivision 1. **Lodging tax.** Notwithstanding Minnesota Statutes, section 477A.016,  
 116.31 or any other provision of law, ordinance, or city charter, the Board of Commissioners of  
 116.32 Cook County may impose, by ordinance, a tax of up to one percent on the gross receipts  
 116.33 subject to the lodging tax under Minnesota Statutes, section 469.190. This tax is in addition

117.1 to any tax imposed under Minnesota Statutes, section 469.190, and the total tax imposed  
117.2 under that section and this provision must not exceed four percent.

117.3 ~~Subd. 2. **Admissions and recreation tax.** Notwithstanding Minnesota Statutes, section~~  
117.4 ~~477A.016, or any other provision of law, ordinance, or city charter, the Board of~~  
117.5 ~~Commissioners of Cook County may impose, by ordinance, a tax of up to three percent on~~  
117.6 ~~admissions to entertainment and recreational facilities and rental of recreation equipment.~~

117.7 Subd. 3. **Use of taxes.** The ~~taxes~~ tax imposed in ~~subdivisions~~ subdivision 1 and 2 must  
117.8 be used to fund a new Cook County Event and Visitors Bureau as established by the Board  
117.9 of Commissioners of Cook County. The Board of Commissioners of Cook County must  
117.10 annually review the budget of the Cook County Event and Visitors Bureau. The event and  
117.11 visitors bureau may not receive revenues raised from the ~~taxes~~ tax imposed in ~~subdivisions~~  
117.12 subdivision 1 and 2 until the board of commissioners approves the annual budget.

117.13 Subd. 4. **Termination.** The ~~taxes~~ tax imposed in ~~subdivisions~~ subdivision 1 and 2  
117.14 ~~terminate 15~~ terminates 30 years after ~~they are~~ it is first imposed.

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

117.16 Sec. 8. Laws 2011, First Special Session chapter 7, article 4, section 14, is amended to  
117.17 read:

117.18 Sec. 14. **CITY OF MARSHALL; SALES AND USE TAX.**

117.19 Subdivision 1. **Authorization.** Notwithstanding Minnesota Statutes, section 297A.99,  
117.20 subdivisions 1 and 2, or 477A.016, or any other law, ordinance, or city charter, the city of  
117.21 Marshall, if approved by the voters at a general election held within two years of the date  
117.22 of final enactment of this section, may impose the tax authorized under subdivision 2. Two  
117.23 separate ballot questions must be presented to the voters, one for each of the two facility  
117.24 projects named in subdivision 3.

117.25 Subd. 2. **Sales and use tax authorized.** The city of Marshall may impose by ordinance  
117.26 a sales and use tax of up to one-half of one percent for the purposes specified in subdivision  
117.27 3. The provisions of Minnesota Statutes, section 297A.99, except subdivisions 1 and 2,  
117.28 govern the imposition, administration, collection, and enforcement of the tax authorized  
117.29 under this subdivision.

117.30 **Subd. 2a. Authorization; extension.** Notwithstanding Minnesota Statutes, section  
117.31 297A.99, subdivision 3, paragraph (d), or 477A.016, or any other law, ordinance, or city  
117.32 charter, after payment of the bonds authorized under subdivision 4, and if approved by the

118.1 voters at a general election as required under Minnesota Statutes, section 297A.99,  
 118.2 subdivision 3, the city of Marshall may extend the sales and use tax of one-half of one  
 118.3 percent authorized under subdivision 2 for the purposes specified in subdivision 3a. Except  
 118.4 as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,  
 118.5 govern the imposition, administration, collection, and enforcement of the tax authorized  
 118.6 under this subdivision. The tax imposed under this subdivision is in addition to any local  
 118.7 sales and use tax imposed under any other special law.

118.8       **Subd. 3. Use of sales and use tax revenues.** The revenues derived from the tax authorized  
 118.9 under subdivision 2 must be used by the city of Marshall to pay the costs of collecting and  
 118.10 administering the sales and use tax and to pay all or part of the costs of the new and existing  
 118.11 facilities of the Minnesota Emergency Response and Industry Training Center and all or  
 118.12 part of the costs of the new facilities of the Southwest Minnesota Regional Amateur Sports  
 118.13 Center. Authorized expenses include, but are not limited to, acquiring property, predesign,  
 118.14 design, and paying construction, furnishing, and equipment costs related to these facilities  
 118.15 and paying debt service on bonds or other obligations issued by the city of Marshall under  
 118.16 subdivision 4 to finance the capital costs of these facilities.

118.17       **Subd. 3a. Use of sales and use tax revenues; aquatic center.** The revenues derived  
 118.18 from the extension of the tax authorized under subdivision 2a must be used by the city of  
 118.19 Marshall to pay the costs of collecting and administering the tax and paying for \$16,000,000  
 118.20 plus associated bonding costs for the construction of a new municipal aquatic center in the  
 118.21 city, including securing and paying debt service on bonds issued to finance the project.

118.22       **Subd. 4. Bonds.** (a) If the imposition of a sales and use tax is approved by the voters,  
 118.23 the city of Marshall may issue bonds under Minnesota Statutes, chapter 475, to finance all  
 118.24 or a portion of the costs of the facilities authorized in subdivision 3, and may issue bonds  
 118.25 to refund bonds previously issued. The aggregate principal amount of bonds issued under  
 118.26 this subdivision may not exceed \$17,290,000, plus an amount to be applied to the payment  
 118.27 of the costs of issuing the bonds. The bonds may be paid from or secured by any funds  
 118.28 available to the city of Marshall, including the tax authorized under subdivision 2.

118.29       (b) The bonds are not included in computing any debt limitation applicable to the city  
 118.30 of Marshall, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal  
 118.31 and interest on the bonds, is not subject to any levy limitation. A separate election to approve  
 118.32 the bonds under Minnesota Statutes, section 475.58, is not required.

118.33       **Subd. 4a. Bonds; additional use and extension of tax.** (a) After payment of the bonds  
 118.34 authorized under subdivision 4, the city of Marshall may issue bonds under Minnesota

119.1 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in  
 119.2 subdivision 2a and approved by the voters as required under Minnesota Statutes, section  
 119.3 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued  
 119.4 under this subdivision may not exceed \$16,000,000, plus an amount to be applied to the  
 119.5 payment of the costs of issuing the bonds.

119.6 (b) The bonds may be paid from or secured by any funds available to the city of Marshall,  
 119.7 including the tax authorized under subdivision 2a. The issuance of bonds under this  
 119.8 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

119.9 (c) The bonds are not included in computing any debt limitation applicable to the city  
 119.10 of Marshall, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal  
 119.11 and interest on the bonds is not subject to any levy limitation. A separate election to approve  
 119.12 the bonds under Minnesota Statutes, section 475.58, is not required.

119.13 **Subd. 5. Termination of taxes.** (a) The tax imposed under subdivision 2 expires at the  
 119.14 earlier of (1) 15 years after the tax is first imposed, or (2) when the city council determines  
 119.15 that the amount of revenues received from the tax to pay for the capital and administrative  
 119.16 costs of the facilities under subdivision 3 first equals or exceeds the amount authorized to  
 119.17 be spent for the facilities plus the additional amount needed to pay the costs related to  
 119.18 issuance of the bonds under subdivision 4, including interest on the bonds. Any funds  
 119.19 remaining after payment of all such costs and retirement or redemption of the bonds shall  
 119.20 be placed in the general fund of the city. The tax imposed under subdivision 2 may expire  
 119.21 at an earlier time if the city so determines by ordinance.

119.22 (b) The tax imposed under subdivision 2a expires at the earlier of (1) 30 years after the  
 119.23 tax under subdivision 2 is first imposed, or (2) when the city council determines that the  
 119.24 amount of revenues received from the tax is sufficient to pay for the project costs authorized  
 119.25 under subdivision 3a for the project approved by the voters as required under Minnesota  
 119.26 Statutes, section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay  
 119.27 the costs related to issuance of the bonds under subdivision 4a, including interest on the  
 119.28 bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision  
 119.29 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing  
 119.30 of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12,  
 119.31 shall be placed in the general fund of the city. The tax imposed under subdivision 2a may  
 119.32 expire at an earlier time if the city so determines by ordinance.

120.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
120.2 city of Marshall and its chief clerical officer comply with Minnesota Statutes, section  
120.3 645.021, subdivisions 2 and 3.

120.4 Sec. 9. Laws 2021, First Special Session chapter 14, article 8, section 14, subdivision 4,  
120.5 is amended to read:

120.6 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
120.7 earlier of: (1) ~~22~~ 30 years after the tax is first imposed; or (2) when the city council  
120.8 determines that the amount received from the tax is sufficient to pay for the project costs  
120.9 authorized under subdivision 2 for the project approved by voters as required under  
120.10 Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient  
120.11 to pay the costs related to issuance of any bonds authorized under subdivision 3, including  
120.12 interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99,  
120.13 subdivision 3, paragraph (f), any funds remaining after payment of allowed costs due to the  
120.14 timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision  
120.15 12, shall be placed in the general fund of the city. The tax imposed under subdivision 1 may  
120.16 expire at an earlier time if the city so determines by ordinance.

120.17 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
120.18 city of Moorhead and its chief clerical officer comply with Minnesota Statutes, section  
120.19 645.021, subdivisions 2 and 3.

120.20 Sec. 10. Laws 2021, First Special Session chapter 14, article 8, section 15, is amended to  
120.21 read:

120.22 Sec. 15. **CITY OF OAKDALE; TAXES AUTHORIZED.**

120.23 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
120.24 section 477A.016, or any other ordinance or city charter, and if approved by the voters at  
120.25 a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,  
120.26 the city of Oakdale may impose, by ordinance, a sales and use tax of one-half of one percent  
120.27 for the purposes specified in subdivision 2. Except as otherwise provided in this section,  
120.28 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
120.29 collection, and enforcement of the tax authorized under this subdivision. The tax imposed  
120.30 under this subdivision is in addition to any local sales and use tax imposed under any other  
120.31 special law.



121.1 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
121.2 under subdivision 1 must be used by the city of Oakdale to pay the costs of collecting and  
121.3 administering the tax and paying for the following projects in the city, including securing  
121.4 and paying debt service on bonds issued to finance all or part of the following projects:

121.5 (1) \$22,000,000 plus associated bonding costs for construction of a new public works  
121.6 facility; and

121.7 (2) \$15,000,000 plus associated bonding costs for construction and rehabilitation, and  
121.8 associated building costs of the police department facility.

121.9 Subd. 3. **Bonding authority.** (a) The city of Oakdale may issue bonds under Minnesota  
121.10 Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in  
121.11 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may  
121.12 not exceed: (1) \$22,000,000 for the project listed in subdivision 2, clause (1), plus an amount  
121.13 applied to the payment of costs of issuing the bonds; and (2) \$15,000,000 for the projects  
121.14 listed in subdivision 2, clause (2), plus an amount applied to the payment of costs of issuing  
121.15 the bonds. The bonds may be paid from or secured by any funds available to the city of  
121.16 Oakdale, including the tax authorized under subdivision 1. The issuance of bonds under  
121.17 this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

121.18 (b) The bonds are not included in computing any debt limitation applicable to the city.  
121.19 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest  
121.20 on the bonds is not subject to any levy limitation. A separate election to approve the bonds  
121.21 under Minnesota Statutes, section 475.58, is not required.

121.22 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
121.23 earlier of: (1) ~~25~~ 30 years after the tax is first imposed; or (2) when the city council  
121.24 determines that the city has received from this tax \$37,000,000 to fund the projects listed  
121.25 in subdivision 2, plus an amount sufficient to pay costs related to issuance of any bonds  
121.26 authorized in subdivision 3, including interest on the bonds. Except as otherwise provided  
121.27 under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining  
121.28 after payment of the allowed costs due to timing of the termination under Minnesota Statutes,  
121.29 section 297A.99, shall be placed in the city's general fund. The tax imposed under subdivision  
121.30 1 may expire at an earlier time if the city so determines by ordinance.

121.31 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
121.32 city of Oakdale and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
121.33 subdivisions 2 and 3.

122.1 Sec. 11. Laws 2021, First Special Session chapter 14, article 8, section 20, subdivision 2,  
122.2 is amended to read:

122.3 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
122.4 under subdivision 1 must be used by the city of Waite Park to pay the costs of collecting  
122.5 and administering the tax and for the following projects in the city, including securing and  
122.6 paying debt service on bonds issued to finance all or part of the following projects:

122.7 (1) up to \$7,500,000 plus associated bonding costs for regional trail connections; ~~and~~

122.8 (2) up to \$20,000,000 plus associated bonding costs for construction and equipping of  
122.9 a public safety facility; and

122.10 (3) notwithstanding Minnesota Statutes, section 297A.99, subdivision 2, paragraph (d),  
122.11 up to \$15,500,000 plus associated bonding costs for the 10th Avenue regional corridor  
122.12 project.

122.13 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
122.14 city of Waite Park and its chief clerical officer comply with Minnesota Statutes, section  
122.15 645.021, subdivisions 2 and 3.

122.16 Sec. 12. Laws 2021, First Special Session chapter 14, article 8, section 20, subdivision 3,  
122.17 is amended to read:

122.18 Subd. 3. **Bonding authority.** (a) The city of Waite Park may issue bonds under Minnesota  
122.19 Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in  
122.20 subdivision 2 and approved by the voters as required under Minnesota Statutes, section  
122.21 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued  
122.22 under this subdivision may not exceed:

122.23 ~~(1) \$7,500,000~~ \$43,000,000 for the ~~project~~ projects listed in subdivision 2, ~~clause (1),~~  
122.24 plus an amount needed to pay capitalized interest and an amount to be applied to the payment  
122.25 of the costs of issuing the bonds; ~~and~~

122.26 ~~(2) \$20,000,000 for the project listed in subdivision 2, clause (2), plus an amount needed~~  
122.27 ~~to pay capitalized interest and an amount to be applied to the payment of the costs of issuing~~  
122.28 ~~the bonds.~~

122.29 (b) The bonds may be paid from or secured by any funds available to the city of Waite  
122.30 Park, including the tax authorized under subdivision 1. The issuance of bonds under this  
122.31 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

123.1        ~~(b)~~ (c) The bonds are not included in computing any debt limitation applicable to the  
123.2 city of Waite Park, and any levy of taxes under Minnesota Statutes, section 475.61, to pay  
123.3 principal and interest on the bonds is not subject to any levy limitation. A separate election  
123.4 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

123.5        **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
123.6 city of Waite Park and its chief clerical officer comply with Minnesota Statutes, section  
123.7 645.021, subdivisions 2 and 3.

123.8        Sec. 13. Laws 2021, First Special Session chapter 14, article 8, section 20, subdivision 4,  
123.9 is amended to read:

123.10        Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,  
123.11 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) ~~19~~ 20 years  
123.12 after the tax is first imposed, or (2) when the city council determines that the amount received  
123.13 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for  
123.14 projects approved by voters as required under Minnesota Statutes, section 297A.99,  
123.15 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance  
123.16 of any bonds authorized under subdivision 3, including interest on the bonds. Except as  
123.17 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),  
123.18 any funds remaining after payment of the allowed costs due to the timing of the termination  
123.19 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the  
123.20 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time  
123.21 if the city so determines by ordinance.

123.22        **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
123.23 city of Waite Park and its chief clerical officer comply with Minnesota Statutes, section  
123.24 645.021, subdivisions 2 and 3.

123.25        Sec. 14. **CITY OF AITKIN; TAXES AUTHORIZED.**

123.26        Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
123.27 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters  
123.28 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,  
123.29 the city of Aitkin may impose by ordinance a sales and use tax of one percent for the purposes  
123.30 specified in subdivision 2. Except as otherwise provided in this section, the provisions of  
123.31 Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and  
123.32 enforcement of the tax authorized under this subdivision. The tax imposed under this

124.1 subdivision is in addition to any local sales and use tax imposed under any other special  
124.2 law.

124.3 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
124.4 under subdivision 1 must be used by the city of Aitkin to pay the costs of collecting and  
124.5 administering the tax and paying for the following projects in the city, including securing  
124.6 and paying debt service on bonds issued to finance all or part of the following projects:

124.7 (1) \$8,300,000 plus associated bonding costs for construction of a new municipal  
124.8 building; and

124.9 (2) \$1,000,000 plus associated bonding costs for improvements to parks and trails.

124.10 Subd. 3. **Bonding authority.** (a) The city of Aitkin may issue bonds under Minnesota  
124.11 Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in  
124.12 subdivision 2 and approved by the voters as required under Minnesota Statutes, section  
124.13 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued  
124.14 under this subdivision may not exceed \$9,300,000 for the projects listed in subdivision 2,  
124.15 plus an amount to be applied to the payment of the costs of issuing the bonds.

124.16 (b) The bonds may be paid from or secured by any funds available to the city of Aitkin,  
124.17 including the tax authorized under subdivision 1. The issuance of bonds under this  
124.18 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

124.19 (c) The bonds are not included in computing any debt limitation applicable to the city  
124.20 of Aitkin, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal  
124.21 and interest on the bonds is not subject to any levy limitation. A separate election to approve  
124.22 the bonds under Minnesota Statutes, section 475.58, is not required.

124.23 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,  
124.24 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 19 years  
124.25 after being first imposed, or (2) when the city council determines that the amount received  
124.26 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for  
124.27 projects approved by voters as required under Minnesota Statutes, section 297A.99,  
124.28 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance  
124.29 of any bonds authorized under subdivision 3, including interest on the bonds. Except as  
124.30 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),  
124.31 any funds remaining after payment of the allowed costs due to the timing of the termination  
124.32 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the  
124.33 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time  
124.34 if the city so determines by ordinance.

125.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
125.2 city of Aitkin and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
125.3 subdivisions 2 and 3.

125.4 Sec. 15. **CITY OF BLACKDUCK; TAXES AUTHORIZED.**

125.5 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
125.6 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters  
125.7 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,  
125.8 the city of Blackduck may impose by ordinance a sales and use tax of one-half of one percent  
125.9 for the purposes specified in subdivision 2. Except as otherwise provided in this section,  
125.10 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
125.11 collection, and enforcement of the tax authorized under this subdivision. The tax imposed  
125.12 under this subdivision is in addition to any local sales and use tax imposed under any other  
125.13 special law.

125.14 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
125.15 under subdivision 1 must be used by the city of Blackduck to pay the costs of collecting  
125.16 and administering the tax and paying for the following projects in the city, including securing  
125.17 and paying debt service on bonds issued to finance all or part of the following projects:

- 125.18 (1) \$200,000 plus associated bonding costs for improvements to a city campground;  
125.19 (2) \$300,000 plus associated bonding costs for improvements to a walking trail;  
125.20 (3) \$250,000 plus associated bonding costs for improvements to a wayside rest;  
125.21 (4) \$150,000 plus associated bonding costs for golf course irrigation improvements; and  
125.22 (5) \$100,000 plus associated bonding costs for reconstruction of a library.

125.23 Subd. 3. **Bonding authority.** (a) The city of Blackduck may issue bonds under Minnesota  
125.24 Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in  
125.25 subdivision 2 and approved by the voters as required under Minnesota Statutes, section  
125.26 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued  
125.27 under this subdivision may not exceed \$1,000,000 for the projects listed in subdivision 2,  
125.28 plus an amount to be applied to the payment of the costs of issuing the bonds.

125.29 (b) The bonds may be paid from or secured by any funds available to the city of  
125.30 Blackduck, including the tax authorized under subdivision 1. The issuance of bonds under  
125.31 this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

126.1 (c) The bonds are not included in computing any debt limitation applicable to the city  
126.2 of Blackduck, and any levy of taxes under Minnesota Statutes, section 475.61, to pay  
126.3 principal and interest on the bonds is not subject to any levy limitation. A separate election  
126.4 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

126.5 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,  
126.6 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 20 years  
126.7 after being first imposed, or (2) when the city council determines that the amount received  
126.8 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for  
126.9 projects approved by voters as required under Minnesota Statutes, section 297A.99,  
126.10 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance  
126.11 of any bonds authorized under subdivision 3, including interest on the bonds. Except as  
126.12 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),  
126.13 any funds remaining after payment of the allowed costs due to the timing of the termination  
126.14 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the  
126.15 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time  
126.16 if the city so determines by ordinance.

126.17 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
126.18 city of Blackduck and its chief clerical officer comply with Minnesota Statutes, section  
126.19 645.021, subdivisions 2 and 3.

126.20 Sec. 16. **CITY OF BLOOMINGTON; TAXES AUTHORIZED.**

126.21 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
126.22 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters  
126.23 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,  
126.24 the city of Bloomington may impose by ordinance a sales and use tax of one-half of one  
126.25 percent for the purposes specified in subdivision 2. Except as otherwise provided in this  
126.26 section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition,  
126.27 administration, collection, and enforcement of the tax authorized under this subdivision.  
126.28 The tax imposed under this subdivision is in addition to any local sales and use tax imposed  
126.29 under any other special law.

126.30 Subd. 2. **Use of sales and use tax revenues.** (a) The revenues derived from the tax  
126.31 authorized under subdivision 1 must be used by the city of Bloomington to pay the costs of  
126.32 collecting and administering the tax and paying for the following projects in the city,  
126.33 including securing and paying debt service on bonds issued to finance all or part of the  
126.34 following projects:

127.1 (1) \$32,000,000 plus associated bonding costs for construction of improvements and  
127.2 rehabilitation of the Bloomington Ice Garden and associated infrastructure;

127.3 (2) \$70,000,000 plus associated bonding costs for construction of a new Community  
127.4 Health and Wellness Center and associated infrastructure;

127.5 (3) \$33,000,000 plus associated bonding costs for construction of an expansion to the  
127.6 Bloomington Center for the Arts Concert Hall and associated infrastructure; and

127.7 (4) \$15,000,000 plus associated bonding costs for construction of and improvements to  
127.8 the Dwan Golf Course and associated infrastructure.

127.9 (b)(1) For purposes of this subdivision, "associated infrastructure" includes any or all  
127.10 of the following activities: demolition, reconstruction, expansion, improvement, construction,  
127.11 or rehabilitation, related to the existing facility or the new project, or both.

127.12 (2) Associated infrastructure activities described in clause (1) include but are not limited  
127.13 to the following activities associated with the capital project or projects that are needed for  
127.14 safe access or use: facilities, roads, lighting, sidewalks, parking, landscaping, or utilities.

127.15 (3) Costs include all the costs associated with delivering the projects.

127.16 Subd. 3. **Bonding authority.** (a) The city of Bloomington may issue bonds under  
127.17 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities  
127.18 authorized in subdivision 2 and approved by the voters as required under Minnesota Statutes,  
127.19 section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds  
127.20 issued under this subdivision may not exceed \$150,000,000 for the projects listed in  
127.21 subdivision 2, plus an amount to be applied to the payment of the costs of issuing the bonds.

127.22 (b) The bonds may be paid from or secured by any funds available to the city of  
127.23 Bloomington, including the tax authorized under subdivision 1. The issuance of bonds under  
127.24 this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

127.25 (c) The bonds are not included in computing any debt limitation applicable to the city  
127.26 of Bloomington, and any levy of taxes under Minnesota Statutes, section 475.61, to pay  
127.27 principal and interest on the bonds is not subject to any levy limitation. A separate election  
127.28 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

127.29 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,  
127.30 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 20 years  
127.31 after being first imposed, or (2) when the city council determines that the amount received  
127.32 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for  
127.33 projects approved by voters as required under Minnesota Statutes, section 297A.99,

128.1 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance  
 128.2 of any bonds authorized under subdivision 3, including interest on the bonds. Except as  
 128.3 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),  
 128.4 any funds remaining after payment of the allowed costs due to the timing of the termination  
 128.5 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the  
 128.6 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time  
 128.7 if the city so determines by ordinance.

128.8 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
 128.9 city of Bloomington and its chief clerical officer comply with Minnesota Statutes, section  
 128.10 645.021, subdivisions 2 and 3.

128.11 Sec. 17. **CITY OF BROOKLYN CENTER; TAXES AUTHORIZED.**

128.12 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
 128.13 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters  
 128.14 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,  
 128.15 the city of Brooklyn Center may impose by ordinance a sales and use tax of one-half of one  
 128.16 percent for the purposes specified in subdivision 2. Except as otherwise provided in this  
 128.17 section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition,  
 128.18 administration, collection, and enforcement of the tax authorized under this subdivision.  
 128.19 The tax imposed under this subdivision is in addition to any local sales and use tax imposed  
 128.20 under any other special law.

128.21 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
 128.22 under subdivision 1 must be used by the city of Brooklyn Center to pay the costs of collecting  
 128.23 and administering the tax and to finance up to \$55,000,000, plus associated bonding costs,  
 128.24 for the renovation and expansion of the Brooklyn Center Community Center.

128.25 Subd. 3. **Bonding authority.** (a) The city of Brooklyn Center may issue bonds under  
 128.26 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities  
 128.27 authorized in subdivision 2. The aggregate principal amount of bonds issued under this  
 128.28 subdivision may not exceed \$55,000,000 plus an amount to be applied to the payment of  
 128.29 the costs of issuing the bonds.

128.30 (b) The bonds may be paid from or secured by any funds available to the city of Brooklyn  
 128.31 Center, including the tax authorized under subdivision 1 and the full faith and credit of the  
 128.32 city. The issuance of bonds under this subdivision is not subject to Minnesota Statutes,  
 128.33 sections 275.60 and 275.61.



129.1 (c) The bonds are not included in computing any debt limitation applicable to the city  
 129.2 of Brooklyn Center and any levy of taxes under Minnesota Statutes, section 475.61, to pay  
 129.3 principal and interest on the bonds is not subject to any levy limitation. A separate election  
 129.4 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

129.5 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,  
 129.6 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 20 years  
 129.7 after being first imposed, or (2) when the city council determines that the amount received  
 129.8 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for  
 129.9 projects approved by voters as required under Minnesota Statutes, section 297A.99,  
 129.10 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance  
 129.11 of any bonds authorized under subdivision 3, including interest on the bonds. Except as  
 129.12 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),  
 129.13 any funds remaining after payment of the allowed costs due to the timing of the termination  
 129.14 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the  
 129.15 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time  
 129.16 if the city so determines by ordinance.

129.17 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
 129.18 city of Brooklyn Center and its chief clerical officer comply with Minnesota Statutes, section  
 129.19 645.021, subdivisions 2 and 3.

129.20 Sec. 18. **CITY OF EAST GRAND FORKS; TAXES AUTHORIZED.**

129.21 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
 129.22 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters  
 129.23 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,  
 129.24 the city of East Grand Forks may impose by ordinance a sales and use tax of 1.25 percent  
 129.25 for the purposes specified in subdivision 2. Except as otherwise provided in this section,  
 129.26 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
 129.27 collection, and enforcement of the tax authorized under this subdivision. The tax imposed  
 129.28 under this subdivision is in addition to any local sales and use tax imposed under any other  
 129.29 special law.

129.30 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
 129.31 under subdivision 1 must be used by the city of East Grand Forks to pay the costs of  
 129.32 collecting and administering the tax and paying for the following projects in the city,  
 129.33 including securing and paying debt service on bonds issued to finance all or part of the  
 129.34 following projects:

130.1 (1) \$15,500,000 plus associated bonding costs for reconstruction and remodeling of,  
130.2 and upgrades and additions to, the Civic Center Sports Complex; and

130.3 (2) \$6,000,000 plus associated bonding costs for reconstruction and remodeling of, and  
130.4 upgrades and additions to, the VFW Memorial and Blue Line Arena.

130.5 Subd. 3. **Bonding authority.** (a) The city of East Grand Forks may issue bonds under  
130.6 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities  
130.7 authorized in subdivision 2 and approved by the voters as required under Minnesota Statutes,  
130.8 section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds  
130.9 issued under this subdivision may not exceed \$21,000,000 for the projects listed in  
130.10 subdivision 2, plus an amount to be applied to the payment of the costs of issuing the bonds.

130.11 (b) The bonds may be paid from or secured by any funds available to the city of East  
130.12 Grand Forks, including the tax authorized under subdivision 1 and the full faith and credit  
130.13 of the city. The issuance of bonds under this subdivision is not subject to Minnesota Statutes,  
130.14 sections 275.60 and 275.61.

130.15 (c) The bonds are not included in computing any debt limitation applicable to the city  
130.16 of East Grand Forks and any levy of taxes under Minnesota Statutes, section 475.61, to pay  
130.17 principal and interest on the bonds is not subject to any levy limitation. A separate election  
130.18 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

130.19 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,  
130.20 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 20 years  
130.21 after being first imposed, or (2) when the city council determines that the amount received  
130.22 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for  
130.23 projects approved by voters as required under Minnesota Statutes, section 297A.99,  
130.24 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance  
130.25 of any bonds authorized under subdivision 3, including interest on the bonds. Except as  
130.26 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),  
130.27 any funds remaining after payment of the allowed costs due to the timing of the termination  
130.28 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the  
130.29 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time  
130.30 if the city so determines by ordinance.

130.31 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
130.32 city of East Grand Forks and its chief clerical officer comply with Minnesota Statutes,  
130.33 section 645.021, subdivisions 2 and 3.

131.1 **Sec. 19. CITY OF GOLDEN VALLEY; TAXES AUTHORIZED.**

131.2 **Subdivision 1. Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
131.3 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters  
131.4 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,  
131.5 the city of Golden Valley may impose by ordinance a sales and use tax of three-quarters of  
131.6 one percent for the purposes specified in subdivision 2. Except as otherwise provided in  
131.7 this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition,  
131.8 administration, collection, and enforcement of the tax authorized under this subdivision.  
131.9 The tax imposed under this subdivision is in addition to any local sales and use tax imposed  
131.10 under any other special law.

131.11 **Subd. 2. Use of sales and use tax revenues.** The revenues derived from the tax authorized  
131.12 under subdivision 1 must be used by the city of Golden Valley to pay the costs of collecting  
131.13 and administering the tax and paying for the following projects in the city, including securing  
131.14 and paying debt service on bonds issued to finance all or part of the following projects:

131.15 (1) \$38,000,000 plus associated bonding costs for construction of a new public works  
131.16 facility; and

131.17 (2) \$35,000,000 plus associated bonding costs for construction of a new public safety  
131.18 facility.

131.19 **Subd. 3. Bonding authority.** (a) The city of Golden Valley may issue bonds under  
131.20 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the projects  
131.21 authorized in subdivision 2 and approved by the voters as required under Minnesota Statutes,  
131.22 section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds  
131.23 issued under this subdivision may not exceed \$73,000,000 for the projects listed in  
131.24 subdivision 2, plus an amount to be applied to the payment of the costs of issuing the bonds.

131.25 (b) The bonds may be paid from or secured by any funds available to the city of Golden  
131.26 Valley, including the tax authorized under subdivision 1. The issuance of bonds under this  
131.27 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

131.28 (c) The bonds are not included in computing any debt limitation applicable to the city  
131.29 of Golden Valley, and any levy of taxes under Minnesota Statutes, section 475.61, to pay  
131.30 principal and interest on the bonds is not subject to any levy limitation. A separate election  
131.31 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

131.32 **Subd. 4. Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,  
131.33 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 30 years

132.1 after the tax is first imposed, or (2) when the city council determines that the amount received  
 132.2 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for  
 132.3 projects approved by voters as required under Minnesota Statutes, section 297A.99,  
 132.4 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance  
 132.5 of any bonds authorized under subdivision 3, including interest on the bonds. Except as  
 132.6 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),  
 132.7 any funds remaining after payment of the allowed costs due to the timing of the termination  
 132.8 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, must be placed in the  
 132.9 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time  
 132.10 if the city so determines by ordinance.

132.11 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
 132.12 city of Golden Valley and its chief clerical officer comply with Minnesota Statutes, section  
 132.13 645.021, subdivisions 2 and 3.

132.14 Sec. 20. **CITY OF HENDERSON; TAXES AUTHORIZED.**

132.15 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
 132.16 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters  
 132.17 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,  
 132.18 the city of Henderson may impose by ordinance a sales and use tax of one-half of one percent  
 132.19 for the purposes specified in subdivision 2. Except as otherwise provided in this section,  
 132.20 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
 132.21 collection, and enforcement of the tax authorized under this subdivision. The tax imposed  
 132.22 under this subdivision is in addition to any local sales and use tax imposed under any other  
 132.23 special law.

132.24 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
 132.25 under subdivision 1 must be used by the city of Henderson to pay the costs of collecting  
 132.26 and administering the tax, and to finance up to \$240,000 plus associated bonding costs for  
 132.27 the Allanson's Park Campground and Trail project. Authorized project costs include  
 132.28 improvements to trails, improvements to the park campground and related facilities, utility  
 132.29 improvements, handicap access improvements, and other improvements related to linkage  
 132.30 to other local trails, as well as the associated bond costs for any bonds issued under  
 132.31 subdivision 3.

132.32 Subd. 3. **Bonding authority.** (a) The city of Henderson may issue bonds under Minnesota  
 132.33 Statutes, chapter 475, to finance up to \$240,000 of the portion of the costs of the project  
 132.34 authorized in subdivision 2, and approved by the voters as required under Minnesota Statutes,

133.1 section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds  
 133.2 issued under this subdivision may not exceed \$240,000 plus an amount to be applied to the  
 133.3 payment of the costs of issuing the bonds.

133.4 (b) The bonds may be paid from or secured by any funds available to the city of  
 133.5 Henderson, including the tax authorized under subdivision 1. The issuance of bonds under  
 133.6 this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

133.7 (c) The bonds are not included in computing any debt limitation applicable to the city  
 133.8 of Henderson, and any levy of taxes under Minnesota Statutes, section 475.61, to pay  
 133.9 principal and interest on the bonds is not subject to any levy limitation. A separate election  
 133.10 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

133.11 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,  
 133.12 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of: (1) 15 years  
 133.13 after the tax is first imposed; or (2) when the city council determines that the amount received  
 133.14 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for  
 133.15 projects approved by voters as required under Minnesota Statutes, section 297A.99,  
 133.16 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance  
 133.17 of any bonds authorized under subdivision 3, including interest on the bonds. Except as  
 133.18 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),  
 133.19 any funds remaining after payment of the allowed costs due to the timing of the termination  
 133.20 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the  
 133.21 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time  
 133.22 if the city so determines by ordinance.

133.23 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
 133.24 city of Henderson and its chief clerical officer comply with Minnesota Statutes, section  
 133.25 645.021, subdivisions 2 and 3.

133.26 Sec. 21. **LAKE OF THE WOODS COUNTY LODGING TAX AUTHORIZED.**

133.27 (a) Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of  
 133.28 law, ordinance, or city charter, and subject to the limitation in paragraph (b), the Board of  
 133.29 Commissioners of Lake of the Woods County may impose, by ordinance, a tax of up to  
 133.30 three percent on gross receipts in Lake of the Woods County subject to the lodging tax  
 133.31 provisions under Minnesota Statutes, section 469.190.

133.32 (b) The provisions of paragraph (a) do not apply to the city of Baudette or any statutory  
 133.33 or home rule city or town located in Lake of the Woods County that imposes a lodging tax

134.1 under Minnesota Statutes, section 469.190. The total tax imposed under Minnesota Statutes,  
134.2 section 469.190, and this section must not exceed three percent.

134.3 (c) To the extent not inconsistent with Minnesota Statutes, section 469.190, this section  
134.4 is governed by Minnesota Statutes, section 469.190.

134.5 (d) Revenues derived from taxes imposed under this section must be used to fund a new  
134.6 Lake of the Woods County Event and Visitors Bureau, as established by the Board of  
134.7 Commissioners of Lake of the Woods County, for purposes of marketing Lake of the Woods  
134.8 County. The Board of Commissioners must annually review the budget of the Event and  
134.9 Visitors Bureau. The Event and Visitors Bureau may receive revenues raised from the taxes  
134.10 imposed under this section only upon annual approval by the Board of Commissioners of  
134.11 the Event and Visitors Bureau budget.

134.12 **EFFECTIVE DATE.** This section is effective the day after the governing body of Lake  
134.13 of the Woods County and its chief clerical officer comply with Minnesota Statutes, section  
134.14 645.021, subdivisions 2 and 3.

134.15 Sec. 22. **CITY OF PARK RAPIDS; TAXES AUTHORIZED.**

134.16 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
134.17 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,  
134.18 and if approved by the voters at a general election as required under Minnesota Statutes,  
134.19 section 297A.99, subdivision 3, the city of Park Rapids may impose by ordinance a sales  
134.20 and use tax of one-half of one percent for the purposes specified in subdivision 2. Except  
134.21 as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,  
134.22 govern the imposition, administration, collection, and enforcement of the tax authorized  
134.23 under this subdivision. The tax imposed under this subdivision is in addition to any local  
134.24 sales and use tax imposed under any other special law.

134.25 Subd. 2. **Use of sales and use tax revenues.** Notwithstanding the requirements of  
134.26 Minnesota Statutes, section 297A.99, subdivision 2, paragraph (d), the revenues derived  
134.27 from the tax authorized under subdivision 1 must be used by the city of Park Rapids to pay  
134.28 the costs of collecting and administering the tax and paying for the following arterial roadway  
134.29 improvement projects in the city, including securing and paying debt service on bonds issued  
134.30 to finance all or part of the following projects:

134.31 (1) \$3,201,000, plus associated bonding costs, for improvements to 12th Street and  
134.32 Eastern Avenue from the southeast into the city;

135.1 (2) \$2,377,000, plus associated bonding costs, for improvements to 8th Street and  
135.2 Fishhook Avenue from the south into the city;

135.3 (3) \$1,309,500, plus associated bonding costs, for improvements to Kaywood Drive on  
135.4 the north side into the city and the Walmart retail area;

135.5 (4) \$1,261,000, plus associated bonding costs, for improvements to Huntsinger Avenue  
135.6 on the east side into the city and near Park Rapids High School; and

135.7 (5) \$651,500, plus associated bonding costs, for improvements to Main Avenue South  
135.8 into the city's downtown business district.

135.9 Subd. 3. **Bonding authority.** (a) The city of Park Rapids may issue bonds under  
135.10 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the projects  
135.11 authorized in subdivision 2 and approved by the voters as required under Minnesota Statutes,  
135.12 section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds  
135.13 issued under this subdivision may not exceed \$8,799,500 for the projects listed in subdivision  
135.14 2, plus an amount to be applied to the payment of the costs of issuing the bonds.

135.15 (b) The bonds may be paid from or secured by any funds available to the city of Park  
135.16 Rapids, including the tax authorized under subdivision 1. The issuance of bonds under this  
135.17 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

135.18 (c) The bonds are not included in computing any debt limitation applicable to the city  
135.19 of Park Rapids, and any levy of taxes under Minnesota Statutes, section 475.61, to pay  
135.20 principal and interest on the bonds is not subject to any levy limitation. A separate election  
135.21 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

135.22 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,  
135.23 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 20 years  
135.24 after the tax is first imposed, or (2) when the city council determines that the amount received  
135.25 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for  
135.26 projects approved by voters as required under Minnesota Statutes, section 297A.99,  
135.27 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance  
135.28 of any bonds authorized under subdivision 3, including interest on the bonds. Except as  
135.29 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),  
135.30 any funds remaining after payment of the allowed costs due to the timing of the termination  
135.31 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, must be placed in the  
135.32 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time  
135.33 if the city so determines by ordinance.

136.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
136.2 city of Park Rapids and its chief clerical officer comply with Minnesota Statutes, section  
136.3 645.021, subdivisions 2 and 3.

136.4 Sec. 23. **CITY OF PROCTOR; TAXES AUTHORIZED.**

136.5 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
136.6 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters  
136.7 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,  
136.8 the city of Proctor may impose by ordinance a sales and use tax of one-half of one percent  
136.9 for the purposes specified in subdivision 2. Except as otherwise provided in this section,  
136.10 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
136.11 collection, and enforcement of the tax authorized under this subdivision. The tax imposed  
136.12 under this subdivision is in addition to any local sales and use tax imposed under any other  
136.13 special law.

136.14 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
136.15 under subdivision 1 must be used by the city of Proctor to pay the costs of collecting and  
136.16 administering the tax and to finance up to \$3,850,000 plus associated bonding costs for  
136.17 construction of a new regional and statewide trail spur in the city, including securing and  
136.18 paying debt service on bonds issued to finance all or part of the project.

136.19 Subd. 3. **Bonding authority.** (a) The city of Proctor may issue bonds under Minnesota  
136.20 Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in  
136.21 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may  
136.22 not exceed \$3,850,000, plus an amount to be applied to the payment of the costs of issuing  
136.23 the bonds.

136.24 (b) The bonds may be paid from or secured by any funds available to the city of Proctor,  
136.25 including the tax authorized under subdivision 1. The issuance of bonds under this  
136.26 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

136.27 (c) The bonds are not included in computing any debt limitation applicable to the city  
136.28 of Proctor, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal  
136.29 and interest on the bonds is not subject to any levy limitation. A separate election to approve  
136.30 the bonds under Minnesota Statutes, section 475.58, is not required.

136.31 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,  
136.32 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 20 years  
136.33 after being first imposed, or (2) when the city council determines that the amount received



137.1 from the tax is sufficient to pay for the project costs authorized under subdivision 2, plus  
137.2 an amount sufficient to pay the costs related to issuance of any bonds authorized under  
137.3 subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota  
137.4 Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment  
137.5 of the allowed costs due to the timing of the termination of the tax under Minnesota Statutes,  
137.6 section 297A.99, subdivision 12, shall be placed in the general fund of the city. The tax  
137.7 imposed under subdivision 1 may expire at an earlier time if the city so determines by  
137.8 ordinance.

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

137.12 **Sec. 24. RICE COUNTY; TAXES AUTHORIZED.**

137.13 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
137.14 section 477A.016, or any other law or ordinance, and if approved by the voters at a general  
137.15 election as required under Minnesota Statutes, section 297A.99, subdivision 3, Rice County  
137.16 may impose by ordinance a sales and use tax of three-eighths of one percent for the purposes  
137.17 specified in subdivision 2. Except as otherwise provided in this section, the provisions of  
137.18 Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and  
137.19 enforcement of the tax authorized under this subdivision. The tax imposed under this  
137.20 subdivision is in addition to any local sales and use tax imposed under any other special  
137.21 law.

137.22 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
137.23 under subdivision 1 must be used by Rice County to pay the costs of collecting and  
137.24 administering the tax and paying for up to \$77,000,000 plus associated bonding costs for  
137.25 construction of a public safety facility in the county, including associated bond costs for  
137.26 any bonds issued under subdivision 3.

137.27 Subd. 3. **Bonding authority.** (a) Rice County may issue bonds under Minnesota Statutes,  
137.28 chapter 475, to finance all or a portion of the costs of the facilities authorized in subdivision  
137.29 2 and approved by the voters as required under Minnesota Statutes, section 297A.99,  
137.30 subdivision 3, paragraph (a). The aggregate principal amount of bonds issued under this  
137.31 subdivision may not exceed \$77,000,000, plus an amount to be applied to the payment of  
137.32 the costs of issuing the bonds.

138.1 (b) The bonds may be paid from or secured by any funds available to Rice County,  
 138.2 including the tax authorized under subdivision 1. The issuance of bonds under this  
 138.3 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

138.4 (c) The bonds are not included in computing any debt limitation applicable to Rice  
 138.5 County, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal  
 138.6 and interest on the bonds is not subject to any levy limitation. A separate election to approve  
 138.7 the bonds under Minnesota Statutes, section 475.58, is not required.

138.8 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,  
 138.9 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 30 years  
 138.10 after being first imposed, or (2) when the county board of commissioners determines that  
 138.11 the amount received from the tax is sufficient to pay for the project costs authorized under  
 138.12 subdivision 2, plus an amount sufficient to pay the costs related to issuance of any bonds  
 138.13 authorized under subdivision 3, including interest on the bonds. Except as otherwise provided  
 138.14 in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining  
 138.15 after payment of the allowed costs due to the timing of the termination of the tax under  
 138.16 Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of  
 138.17 the county. The tax imposed under subdivision 1 may expire at an earlier time if the county  
 138.18 so determines by ordinance.

138.19 **EFFECTIVE DATE.** This section is effective the day after the governing body of Rice  
 138.20 County and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
 138.21 subdivisions 2 and 3.

138.22 Sec. 25. **CITY OF ROSEVILLE; TAXES AUTHORIZED.**

138.23 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
 138.24 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters  
 138.25 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,  
 138.26 the city of Roseville may impose by ordinance a sales and use tax of one-half of one percent  
 138.27 for the purposes specified in subdivision 2. Except as otherwise provided in this section,  
 138.28 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
 138.29 collection, and enforcement of the tax authorized under this subdivision. The tax imposed  
 138.30 under this subdivision is in addition to any local sales and use tax imposed under any other  
 138.31 special law.

138.32 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
 138.33 under subdivision 1 must be used by the city of Roseville to pay the costs of collecting and

139.1 administering the tax and paying for the following projects in the city, including securing  
139.2 and paying debt service on bonds issued to finance all or part of the following projects:

139.3 (1) \$42,000,000 plus associated bonding costs for construction of a new maintenance  
139.4 facility;

139.5 (2) \$7,000,000 plus associated bonding costs for construction of a new license and  
139.6 passport center; and

139.7 (3) \$16,000,000 plus associated bonding costs for construction of a pedestrian bridge.

139.8 Subd. 3. **Bonding authority.** (a) The city of Roseville may issue bonds under Minnesota  
139.9 Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in  
139.10 subdivision 2 and approved by the voters as required under Minnesota Statutes, section  
139.11 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued  
139.12 under this subdivision may not exceed \$65,000,000 for the projects listed in subdivision 2,  
139.13 plus an amount to be applied to the payment of the costs of issuing the bonds.

139.14 (b) The bonds may be paid from or secured by any funds available to the city of Roseville,  
139.15 including the tax authorized under subdivision 1. The issuance of bonds under this  
139.16 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

139.17 (c) The bonds are not included in computing any debt limitation applicable to the city  
139.18 of Roseville, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal  
139.19 and interest on the bonds is not subject to any levy limitation. A separate election to approve  
139.20 the bonds under Minnesota Statutes, section 475.58, is not required.

139.21 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,  
139.22 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 16 years  
139.23 after the tax is first imposed, or (2) when the city council determines that the amount received  
139.24 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for  
139.25 projects approved by voters as required under Minnesota Statutes, section 297A.99,  
139.26 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance  
139.27 of any bonds authorized under subdivision 3, including interest on the bonds. Except as  
139.28 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),  
139.29 any funds remaining after payment of the allowed costs due to the timing of the termination  
139.30 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the  
139.31 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time  
139.32 if the city so determines by ordinance.

140.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
140.2 city of Roseville and its chief clerical officer comply with Minnesota Statutes, section  
140.3 645.021, subdivisions 2 and 3.

140.4 Sec. 26. **WINONA COUNTY; TAXES AUTHORIZED.**

140.5 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
140.6 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters  
140.7 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,  
140.8 Winona County may impose, by ordinance, a sales and use tax of one-quarter of one percent  
140.9 for the purposes specified in subdivision 2. Except as otherwise provided in this section,  
140.10 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
140.11 collection, and enforcement of the tax authorized under this subdivision. The tax imposed  
140.12 under this subdivision is in addition to any local sales and use tax imposed under any other  
140.13 special law.

140.14 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
140.15 under subdivision 1 must be used by Winona County to pay the costs of collecting and  
140.16 administering the tax, and to finance up to \$28,000,000 plus associated bonding costs for  
140.17 construction of a new correctional facility or upgrades to an existing correctional facility,  
140.18 as well as the associated bond costs for any bonds issued under subdivision 3.

140.19 Subd. 3. **Bonding authority.** (a) Winona County may issue bonds under Minnesota  
140.20 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in  
140.21 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may  
140.22 not exceed \$28,000,000, plus an amount applied to the payment of costs of issuing the  
140.23 bonds.

140.24 (b) The bonds may be paid from or secured by any funds available to the county, including  
140.25 the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not  
140.26 subject to Minnesota Statutes, sections 275.60 and 275.61.

140.27 (c) The bonds are not included in computing any debt limitation applicable to the county.  
140.28 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest  
140.29 on the bonds is not subject to any levy limitation. A separate election to approve the bonds  
140.30 under Minnesota Statutes, section 475.58, is not required.

140.31 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
140.32 earlier of: (1) 25 years after the tax is first imposed; or (2) when the county determines that  
140.33 it has received from this tax \$28,000,000 to fund the project listed in subdivision 2, plus an

141.1 amount sufficient to pay costs related to issuance of any bonds authorized under subdivision  
141.2 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes,  
141.3 section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the  
141.4 allowed costs due to timing of the termination of the tax under Minnesota Statutes, section  
141.5 297A.99, subdivision 12, shall be placed in the county's general fund. The tax imposed  
141.6 under subdivision 1 may expire at an earlier time if the county determines by ordinance.

141.7 **EFFECTIVE DATE.** This section is effective the day after the governing body of  
141.8 Winona County and its chief clerical officer comply with Minnesota Statutes, section  
141.9 645.021, subdivisions 2 and 3.

141.10 Sec. 27. **PANDEMIC-RELATED CONSTRUCTION COSTS; TEMPORARY**  
141.11 **AUTHORITY FOR INCREASE.**

141.12 (a) This section is intended as a response to pandemic-related increases in construction  
141.13 costs for projects funded by local sales taxes governed under Minnesota Statutes, section  
141.14 297A.99.

141.15 (b) Notwithstanding Minnesota Statutes, section 297A.99, subdivision 2, the amount  
141.16 authorized to finance projects authorized in Laws 2021, First Special Session chapter 14,  
141.17 article 8, may be increased by up to \$3,000,000. This limitation applies to the total amount  
141.18 for all projects included in the authorization for a political subdivision and does not apply  
141.19 to each project authorized. The governing body of the political subdivision shall adopt a  
141.20 resolution indicating approval of the increased amount for each project and submit the  
141.21 resolution to the state auditor no later than August 31 of the year the political subdivision  
141.22 presents the tax for voter approval as required under Minnesota Statutes, section 297A.99,  
141.23 subdivision 3, paragraph (a). The increase allowed under this section applies only to political  
141.24 subdivisions that have not held an election as required under Minnesota Statutes, section  
141.25 297A.99, subdivision 3, paragraph (a). The question to approve the tax must indicate the  
141.26 amount approved in the resolution.

141.27 (c) Notwithstanding Minnesota Statutes, section 297A.99, subdivision 2, the amount  
141.28 authorized to finance a project authorized in this act may be increased by up to ten percent  
141.29 if the governing body of the political subdivision adopts a resolution indicating approval  
141.30 of the increased amount for each project and submits the resolution to the state auditor no  
141.31 later than August 31 of the year the political subdivision presents the tax for voter approval  
141.32 as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a). The  
141.33 question to approve the tax as required under Minnesota Statutes, section 297A.99,  
141.34 subdivision 3, paragraph (a), must indicate the amount approved in the resolution.

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

142.2 **ARTICLE 8**

142.3 **TAX INCREMENT FINANCING**

142.4 Section 1. Minnesota Statutes 2020, section 469.174, subdivision 14, is amended to read:

142.5 Subd. 14. **Administrative expenses.** (a) "Administrative expenses" or "administrative  
142.6 costs" means all documented expenditures of an authority other than or municipality,  
142.7 including but not limited to:

142.8 (1) amounts paid for services provided by bond counsel, fiscal consultants, and economic  
142.9 development consultants;

142.10 (2) allocated expenses and staff time of the authority or municipality for administering  
142.11 a project, including but not limited to preparing the tax increment financing plan, negotiating  
142.12 and preparing agreements, accounting for segregated funds of the district, preparing and  
142.13 submitting required reporting for the district, and reviewing and monitoring compliance  
142.14 with sections 469.174 to 469.1794;

142.15 (3) amounts paid to publish annual disclosures and provide notices under section 469.175;

142.16 (4) amounts to provide for the usual and customary maintenance and operation of  
142.17 properties purchased with tax increments, including necessary reserves for repairs and the  
142.18 cost of any insurance;

142.19 (5) amounts allocated or paid to prepare a development action response plan for a soils  
142.20 condition district or hazardous substance subdistrict; and

142.21 (6) amounts used to pay bonds, interfund loans, or other financial obligations to the  
142.22 extent those obligations were used to finance costs described in clauses (1) to (5).

142.23 (b) Administrative expenses and administrative costs do not include:

142.24 (1) amounts paid for the purchase of land and buildings;

142.25 (2) amounts paid to contractors or others providing materials and services, including  
142.26 architectural and engineering services, directly connected with the physical development  
142.27 of the real property in the project, including architectural and engineering services and  
142.28 materials and services for demolition, soil correction, and the construction or installation  
142.29 of public improvements;

142.30 (3) relocation benefits paid to or services provided for persons residing or businesses  
142.31 located in the project;

143.1 ~~(4) amounts used to pay principal or interest on, fund a reserve for, or sell at a discount~~  
143.2 ~~bonds issued pursuant to section 469.178; or~~

143.3 ~~(5) (4) amounts paid for property taxes or payments in lieu of taxes; and~~

143.4 (5) amounts used to pay principal or interest on, fund a reserve for, or sell at a discount  
143.5 bonds issued pursuant to section 469.178 or other financial obligations to the extent those  
143.6 obligations were used to finance costs described in clauses (1) to (3) (4).

143.7 ~~For districts for which the requests for certifications were made before August 1, 1979,~~  
143.8 ~~or after June 30, 1982, "administrative expenses" includes amounts paid for services provided~~  
143.9 ~~by bond counsel, fiscal consultants, and planning or economic development consultants.~~

143.10 This definition does not apply to administrative expenses or administrative costs referenced  
143.11 under section 469.176, subdivision 4h.

143.12 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
143.13 applies to all districts, regardless of when the request for certification was made.

143.14 Sec. 2. Minnesota Statutes 2020, section 469.174, is amended by adding a subdivision to  
143.15 read:

143.16 Subd. 30. **Pay-as-you-go contract and note.** "Pay-as-you-go contract and note" means  
143.17 a written note or contractual obligation under which all of the following apply:

143.18 (1) the note or contractual obligation evidences an authority's commitment to reimburse  
143.19 a developer, property owner, or note holder for the payment of costs of activities, including  
143.20 any interest on unreimbursed costs;

143.21 (2) the reimbursement is made from tax increment revenues identified in the note or  
143.22 contractual obligation as received by a municipality or authority as taxes are paid; and

143.23 (3) the risk that available tax increments may be insufficient to fully reimburse the costs  
143.24 is borne by the developer, property owner, or note holder.

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

143.26 Sec. 3. Minnesota Statutes 2020, section 469.176, subdivision 3, is amended to read:

143.27 Subd. 3. **Limitation on administrative expenses.** (a) For districts for which certification  
143.28 was requested before August 1, 2001, no tax increment shall be used to pay any  
143.29 administrative expenses for a project which exceed ten percent of the total estimated tax  
143.30 increment expenditures authorized by the tax increment financing plan or ten percent of the  
143.31 total tax increment expenditures for the project net of any amounts returned to the county

144.1 auditor as excess increment; as returned increment under section 469.1763, subdivision 4,  
144.2 paragraph (g); or as remedies under section 469.1771, subdivision 2, whichever is less.

144.3 (b) For districts for which certification was requested after July 31, 2001, no tax increment  
144.4 may be used to pay any administrative expenses for a project which exceed ten percent of  
144.5 total estimated tax increment expenditures authorized by the tax increment financing plan  
144.6 or ten percent of the total tax increments, as defined in section 469.174, subdivision 25,  
144.7 clause (1), ~~from~~ received for the district net of any amounts returned to the county auditor  
144.8 as excess increment; as returned increment under section 469.1763, subdivision 4, paragraph  
144.9 (g); or as remedies under section 469.1771, subdivision 2, whichever is less.

144.10 (c) Increments used to pay the county's administrative expenses under subdivision 4h  
144.11 are not subject to the percentage limits in this subdivision.

144.12 (d) Increments defined under section 469.174, subdivision 25, clause (2), used for  
144.13 administrative expenses described under section 469.174, subdivision 14, paragraph (a),  
144.14 clause (4), are not subject to the percentage limits in this subdivision.

144.15 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
144.16 applies to all districts, regardless of when the request for certification was made.

144.17 Sec. 4. Minnesota Statutes 2020, section 469.176, subdivision 4, is amended to read:

144.18 Subd. 4. **Limitation on use of tax increment; general rule.** All revenues derived from  
144.19 tax increment shall be used in accordance with the tax increment financing plan. The revenues  
144.20 shall be used solely for the following purposes: (1) to pay the principal of and interest on  
144.21 bonds issued to finance a project; (2) by a rural development financing authority for the  
144.22 purposes stated in section 469.142<sub>2</sub>; by a port authority or municipality exercising the powers  
144.23 of a port authority to finance or otherwise pay the cost of redevelopment pursuant to sections  
144.24 469.048 to 469.068<sub>2</sub>; by an economic development authority to finance or otherwise pay  
144.25 the cost of redevelopment pursuant to sections 469.090 to 469.108<sub>2</sub>; by a housing and  
144.26 redevelopment authority or economic development authority to finance or otherwise pay  
144.27 public redevelopment costs pursuant to sections 469.001 to 469.047<sub>2</sub>; by a municipality or  
144.28 economic development authority to finance or otherwise pay the capital and administration  
144.29 costs of a development district pursuant to sections 469.124 to 469.133<sub>2</sub>; by a municipality  
144.30 or authority to finance or otherwise pay the costs of developing and implementing a  
144.31 development action response plan<sub>2</sub>; by a municipality or redevelopment agency to finance  
144.32 or otherwise pay premiums for insurance or other security guaranteeing the payment when  
144.33 due of principal of and interest on the bonds pursuant to chapter 462C, sections 469.152 to  
144.34 469.165, or both, or to accumulate and maintain a reserve securing the payment when due



145.1 of the principal of and interest on the bonds pursuant to chapter 462C, sections 469.152 to  
145.2 469.165, or both, which revenues in the reserve shall not exceed, subsequent to the fifth  
145.3 anniversary of the date of issue of the first bond issue secured by the reserve, an amount  
145.4 equal to 20 percent of the aggregate principal amount of the outstanding and nondefeased  
145.5 bonds secured by the reserve; and (3) to pay administrative expenses.

145.6 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
145.7 applies to all districts, regardless of when the request for certification was made.

145.8 Sec. 5. Minnesota Statutes 2020, section 469.176, subdivision 4c, is amended to read:

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

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

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

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

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

145.20 (5) tourism facilities;

145.21 (6) space necessary for and related to the activities listed in clauses (1) to (5); or

145.22 (7) a workforce housing project that satisfies the requirements of paragraph (d).

145.23 (b) Notwithstanding the provisions of this subdivision, revenues derived from tax  
145.24 increment from an economic development district may be used to provide improvements,  
145.25 loans, subsidies, grants, interest rate subsidies, or assistance in any form for up to 15,000  
145.26 square feet of any separately owned commercial facility located within the municipal  
145.27 jurisdiction of a small city, if the revenues derived from increments are spent only to assist  
145.28 the facility directly or for administrative expenses, the assistance is necessary to develop  
145.29 the facility, and all of the increments, except those for administrative expenses, are spent  
145.30 only for activities within the district. If the separately owned commercial facility is a  
145.31 multilevel facility, the 15,000 square feet limitation under this paragraph shall apply to the  
145.32 first floor only. For purposes of this paragraph, "first floor" means the floor at street level.

146.1 (c) A city is a small city for purposes of this subdivision if the city was a small city in  
146.2 the year in which the request for certification was made and applies for the rest of the  
146.3 duration of the district, regardless of whether the city qualifies or ceases to qualify as a  
146.4 small city.

146.5 (d) A project qualifies as a workforce housing project under this subdivision if:

146.6 (1) increments from the district are used exclusively to assist in the acquisition of  
146.7 property; construction of improvements; and provision of loans or subsidies, grants, interest  
146.8 rate subsidies, public infrastructure, and related financing costs for rental housing  
146.9 developments in the municipality;

146.10 (2) the governing body of the municipality made the findings for the project required  
146.11 by section 469.175, subdivision 3, paragraph (f); and

146.12 (3) the governing bodies of the county and the school district, following receipt, review,  
146.13 and discussion of the materials required by section 469.175, subdivision 2, for the tax  
146.14 increment financing district, have each approved the tax increment financing plan, by  
146.15 resolution.

146.16 **EFFECTIVE DATE.** This section is effective for districts for which the request for  
146.17 certification was made after December 31, 2021.

146.18 Sec. 6. Minnesota Statutes 2021 Supplement, section 469.1763, subdivision 2, is amended  
146.19 to read:

146.20 Subd. 2. **Expenditures outside district.** (a) For each tax increment financing district,  
146.21 an amount equal to at least 75 percent of the total revenue derived from tax increments paid  
146.22 by properties in the district must be expended on activities in the district or to pay bonds,  
146.23 to the extent that the proceeds of the bonds were used to finance activities in the district or  
146.24 to pay, or secure payment of, debt service on credit enhanced bonds. For districts, other  
146.25 than redevelopment districts for which the request for certification was made after June 30,  
146.26 1995, the in-district percentage for purposes of the preceding sentence is 80 percent. Not  
146.27 more than 25 percent of the total revenue derived from tax increments paid by properties  
146.28 in the district may be expended, through a development fund or otherwise, on activities  
146.29 outside of the district but within the defined geographic area of the project except to pay,  
146.30 or secure payment of, debt service on credit enhanced bonds. For districts, other than  
146.31 redevelopment districts for which the request for certification was made after June 30, 1995,  
146.32 the pooling percentage for purposes of the preceding sentence is 20 percent. The revenues  
146.33 derived from tax increments paid by properties in the district that are expended on costs

147.1 under section 469.176, subdivision 4h, paragraph (b), may be deducted first before calculating  
147.2 the percentages that must be expended within and without the district.

147.3 (b) In the case of a housing district, a housing project, as defined in section 469.174,  
147.4 subdivision 11, is an activity in the district.

147.5 (c) All administrative expenses are considered to be expenditures for activities outside  
147.6 of the district, except that if the only expenses for activities outside of the district under this  
147.7 subdivision are for the purposes described in paragraph (d), administrative expenses will  
147.8 be considered as expenditures for activities in the district.

147.9 (d) The authority may elect, in the tax increment financing plan for the district, to increase  
147.10 by up to ten percentage points the permitted amount of expenditures for activities located  
147.11 outside the geographic area of the district under paragraph (a). As permitted by section  
147.12 469.176, subdivision 4k, the expenditures, including the permitted expenditures under  
147.13 paragraph (a), need not be made within the geographic area of the project. Expenditures  
147.14 that meet the requirements of this paragraph are legally permitted expenditures of the district,  
147.15 notwithstanding section 469.176, subdivisions 4b, 4c, and 4j. To qualify for the increase  
147.16 under this paragraph, the expenditures must:

147.17 (1) be used exclusively to assist housing that meets the requirement for a qualified  
147.18 low-income building, as that term is used in section 42 of the Internal Revenue Code; and

147.19 (2) not exceed the qualified basis of the housing, as defined under section 42(c) of the  
147.20 Internal Revenue Code, less the amount of any credit allowed under section 42 of the Internal  
147.21 Revenue Code; and

147.22 (3) be used to:

147.23 (i) acquire and prepare the site of the housing;

147.24 (ii) acquire, construct, or rehabilitate the housing; or

147.25 (iii) make public improvements directly related to the housing; or

147.26 (4) be used to develop housing:

147.27 (i) if the market value of the housing does not exceed the lesser of:

147.28 (A) 150 percent of the average market value of single-family homes in that municipality;

147.29 or

147.30 (B) \$200,000 for municipalities located in the metropolitan area, as defined in section  
147.31 473.121, or \$125,000 for all other municipalities; and

148.1 (ii) if the expenditures are used to pay the cost of site acquisition, relocation, demolition  
148.2 of existing structures, site preparation, and pollution abatement on one or more parcels, if  
148.3 the parcel contains a residence containing one to four family dwelling units that has been  
148.4 vacant for six or more months and is in foreclosure as defined in section 325N.10, subdivision  
148.5 7, but without regard to whether the residence is the owner's principal residence, and only  
148.6 after the redemption period has expired; or

148.7 (5) to assist owner-occupied housing that meets the requirements of section 469.1761,  
148.8 subdivision 2.

148.9 (e) The authority under paragraph (d), clause (4), expires on December 31, 2016.  
148.10 Increments may continue to be expended under this authority after that date, if they are used  
148.11 to pay bonds or binding contracts that would qualify under subdivision 3, paragraph (a), if  
148.12 December 31, 2016, is considered to be the last date of the five-year period after certification  
148.13 under that provision.

148.14 (f) For purposes of determining whether the minimum percentage of expenditures for  
148.15 activities in the district and maximum percentages of expenditures allowed on activities  
148.16 outside the district have been met under this subdivision, any amounts returned to the county  
148.17 auditor as excess increment, as returned increment under subdivision 4, paragraph (g), or  
148.18 as remedies under section 469.1771, subdivision 2, shall first be subtracted from the total  
148.19 revenues derived from tax increments paid by properties in the district. Any other amounts  
148.20 returned to the county auditor for purposes other than a remedy under section 469.1771,  
148.21 subdivision 3, are considered to be expenditures for activities in the district.

148.22 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
148.23 applies to all districts with a request for certification date after April 30, 1990, except that  
148.24 paragraph (f) shall apply to districts decertifying after December 31, 2022.

148.25 Sec. 7. Minnesota Statutes 2021 Supplement, section 469.1763, subdivision 3, is amended  
148.26 to read:

148.27 Subd. 3. **Five-year rule.** (a) Revenues derived from tax increments paid by properties  
148.28 in the district that are considered to have been expended on an activity within the district  
148.29 under will instead be considered to have been expended on an activity outside the district  
148.30 for purposes of subdivision 2 only if one of the following occurs unless:

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

149.1 (2) bonds, the proceeds of which must be used to finance the activity, are issued and  
149.2 sold to a third party before or within five years after certification of the district, the revenues  
149.3 are spent to repay the bonds, and the proceeds of the bonds either are, on the date of issuance,  
149.4 reasonably expected to be spent before the end of the later of (i) the five-year period, or (ii)  
149.5 a reasonable temporary period within the meaning of the use of that term under section  
149.6 148(c)(1) of the Internal Revenue Code, or are deposited in a reasonably required reserve  
149.7 or replacement fund;

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

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

149.14 (5) ~~expenditures are made~~ revenues are spent for housing purposes as permitted described  
149.15 by subdivision 2, paragraphs paragraph (b) and (d), or for public infrastructure purposes  
149.16 within a zone as permitted by subdivision 2, paragraph (e).

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

149.19 (c) For a redevelopment district or a renewal and renovation district certified after June  
149.20 30, 2003, and before April 20, 2009, the five-year periods described in paragraph (a) are  
149.21 extended to ten years after certification of the district. For a redevelopment district certified  
149.22 after April 20, 2009, and before June 30, 2012, the five-year periods described in paragraph  
149.23 (a) are extended to eight years after certification of the district. This extension is provided  
149.24 primarily to accommodate delays in development activities due to unanticipated economic  
149.25 circumstances.

149.26 (d) For a redevelopment district that was certified after December 31, 2017, and before  
149.27 June 30, 2020, the five-year periods described in paragraph (a) are extended to eight years  
149.28 after certification of the district.

149.29 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
149.30 applies to all districts with a request for certification date after April 30, 1990.

150.1 Sec. 8. Minnesota Statutes 2021 Supplement, section 469.1763, subdivision 4, is amended  
150.2 to read:

150.3 Subd. 4. **Use of revenues for decertification.** ~~(a) In each year beginning with the sixth~~  
150.4 ~~year following certification of the district, or beginning with the ninth year following~~  
150.5 ~~certification of the district for districts whose five-year rule is extended to eight years under~~  
150.6 ~~subdivision 3, paragraph (d), if the applicable in-district percent of the revenues derived~~  
150.7 ~~from tax increments paid by properties in the district exceeds the amount of expenditures~~  
150.8 ~~that have been made for costs permitted under subdivision 3, an amount equal to the~~  
150.9 ~~difference between the in-district percent of the revenues derived from tax increments paid~~  
150.10 ~~by properties in the district and the amount of expenditures that have been made for costs~~  
150.11 ~~permitted under subdivision 3 must be used and only used to pay or defease the following~~  
150.12 ~~or be set aside to pay the following:~~

150.13 ~~(1) outstanding bonds, as defined in subdivision 3, paragraphs (a), clause (2), and (b);~~

150.14 ~~(2) contracts, as defined in subdivision 3, paragraph (a), clauses (3) and (4);~~

150.15 ~~(3) credit enhanced bonds to which the revenues derived from tax increments are pledged,~~  
150.16 ~~but only to the extent that revenues of the district for which the credit enhanced bonds were~~  
150.17 ~~issued are insufficient to pay the bonds and to the extent that the increments from the~~  
150.18 ~~applicable pooling percent share for the district are insufficient; or~~

150.19 ~~(4) the amount provided by the tax increment financing plan to be paid under subdivision~~  
150.20 ~~2, paragraphs (b), (d), and (e).~~

150.21 ~~(b) The~~ (a) Beginning with the sixth year following certification of the district, or  
150.22 beginning with the year following the extended period for districts whose five-year period  
150.23 is extended under subdivision 3, paragraphs (c) and (d), a district must be decertified and  
150.24 the pledge of tax increment discharged when the outstanding bonds have been defeased and  
150.25 when sufficient money has been set aside to pay, based on the product of the applicable  
150.26 in-district percentage multiplied by the increment to be cumulative revenues derived from  
150.27 tax increments paid by properties in the district that have been collected through the end of  
150.28 the calendar year, equals or exceeds an amount sufficient to pay the following amounts:

150.29 ~~(1) contractual~~ any costs and obligations as defined described in subdivision 3, paragraph  
150.30 paragraphs (a), clauses (3) and (4); and (b), excluding those under a qualifying pay-as-you-go  
150.31 contract and note;

151.1 ~~(2) the amount specified in the tax increment financing plan for activities qualifying~~  
151.2 ~~under subdivision 2, paragraph (b), that have not been funded with the proceeds of bonds~~  
151.3 ~~qualifying under paragraph (a), clause (1); and~~

151.4 ~~(3) the additional expenditures permitted by the tax increment financing plan for housing~~  
151.5 ~~activities under an election under subdivision 2, paragraph (d), that have not been funded~~  
151.6 ~~with the proceeds of bonds qualifying under paragraph (a), clause (1).~~

151.7 (2) any accrued interest on the costs and obligations in clause (1), payable in accordance  
151.8 with the terms thereof; and

151.9 (3) any administrative expenses falling within the exception in subdivision 2, paragraph  
151.10 (c).

151.11 (b) For districts with an outstanding qualifying pay-as-you-go contract and note, the  
151.12 required decertification under paragraph (a) is deferred until the end of the remaining term  
151.13 of the last outstanding qualifying pay-as-you-go contract and note, and the applicable  
151.14 in-district percentage of cumulative revenues derived from tax increments paid by properties  
151.15 in the district are sufficient to pay the obligations identified in subdivision 3, paragraphs  
151.16 (a) and (b), provided that the deferral shall not exceed the district's duration limit under  
151.17 section 469.176. During the deferral, beginning at the time paragraph (a) would otherwise  
151.18 require decertification, the authority must annually either:

151.19 (1) remove from the district, by the end of the year, all parcels that will no longer have  
151.20 their tax increment revenue pledged or subject to a qualifying pay-as-you-go contract and  
151.21 note or other costs and obligations described in subdivision 3, paragraphs (a) and (b), after  
151.22 the end of the year; or

151.23 (2) use the applicable in-district percentage of revenues derived from tax increments  
151.24 paid by those parcels to prepay an outstanding qualifying pay-as-you-go contract and note  
151.25 of the district or other costs and obligations described in subdivision 3, paragraphs (a) and  
151.26 (b), or to accumulate and use revenues derived from tax increments paid by those parcels  
151.27 as permitted under paragraph (i).

151.28 The authority must remove any parcels as required by this paragraph by modification  
151.29 of the tax increment financing plan and notify the county auditor of the removed parcels by  
151.30 the end of the same calendar year. Notwithstanding section 469.175, subdivision 4,  
151.31 paragraphs (b), clause (1), and (e), the notice, discussion, public hearing, and findings  
151.32 required for approval of the original plan are not required for such a modification.

152.1 (c) Notwithstanding paragraph (a) or (b), if tax increment was pledged prior to August  
152.2 1, 2022, to a bond other than a pay-as-you-go contract and note or interfund loan, and the  
152.3 proceeds of the bond were used solely or in part to pay authorized costs for activities outside  
152.4 the district, the requirement to decertify under paragraph (a) or remove parcels under  
152.5 paragraph (b) shall not apply prior to the bond being fully paid or defeased.

152.6 (d) For purposes of this subdivision, "applicable in-district percentage" means the  
152.7 percentage of tax increment revenue that is restricted for expenditures within the district,  
152.8 as determined under subdivision 2, paragraphs (a) and (d), for the district.

152.9 (e) For purposes of this subdivision, "qualifying pay-as-you-go contract and note" means  
152.10 a pay-as-you-go contract and note that is considered to be for activities within the district  
152.11 under subdivision 3, paragraph (a).

152.12 (f) For purposes of this subdivision, the reference in paragraph (a) to cumulative revenues  
152.13 derived from tax increments paid by properties in the district through the end of the calendar  
152.14 year shall include any final settlement distributions made in the following January. For  
152.15 purposes of the calculation in paragraph (a), any amounts returned to the county auditor as  
152.16 excess increment or as remedies under section 469.1771, subdivision 2, shall first be  
152.17 subtracted from the cumulative revenues derived from tax increments paid by properties in  
152.18 the district.

152.19 (g) The timing and implementation of a decertification pursuant to paragraphs (a) and  
152.20 (b) shall be subject to the following:

152.21 (1) when a decertification is required under paragraph (a) and not deferred under  
152.22 paragraph (b), the authority must, as soon as practical and no later than the final settlement  
152.23 distribution date of January 25 as identified in section 276.111 for the property taxes payable  
152.24 in the calendar year identified in paragraph (a), make the decertification by resolution  
152.25 effective for the end of the calendar year identified in paragraph (a), and communicate the  
152.26 decertification to the county auditor;

152.27 (2) when a decertification is deferred under paragraph (b), the authority must, by  
152.28 December 31 of the year in which the last qualifying pay-as-you-go contract and note reaches  
152.29 termination, make the decertification by resolution effective for the end of that calendar  
152.30 year and communicate the decertification to the county auditor;

152.31 (3) if the county auditor is unable to prevent tax increments from being calculated for  
152.32 taxes payable in the year following the year for which the decertification is made effective,  
152.33 the county auditor may redistribute the tax increments in the same manner as excess



153.1 increments under section 469.176, subdivision 2, paragraph (c), clause (4), without first  
153.2 distributing them to the authority; and

153.3 (4) if tax increments are distributed to an authority for a taxes payable year after the year  
153.4 for which the decertification was required to be effective, the authority must return the  
153.5 amount of the distributions to the county auditor for redistribution in the same manner as  
153.6 excess increments under section 469.176, subdivision 2, paragraph (c), clause (4).

153.7 (h) The provisions of this subdivision do not apply to a housing district.

153.8 (i) Notwithstanding anything to the contrary in paragraph (a) or (b), if an authority has  
153.9 made the election in the tax increment financing plan for the district under subdivision 2,  
153.10 paragraph (d), then the requirement to decertify under paragraph (a) or remove parcels under  
153.11 paragraph (b) shall not apply prior to such time that the accumulated revenues derived from  
153.12 tax increments paid by properties in the district that are eligible to be expended for housing  
153.13 purposes described under subdivision 2, paragraph (d), equals the lesser of the amount the  
153.14 authority is permitted to expend for housing purposes described under subdivision 2,  
153.15 paragraph (d), or the amount authorized for such purposes in the tax increment financing  
153.16 plan. Increment revenues collected after the district would have decertified under paragraph  
153.17 (a) or from parcels which otherwise would be subject to removal under paragraph (b), absent  
153.18 the exception of this paragraph, shall be used solely for housing purposes as described in  
153.19 subdivision 2, paragraph (d).

153.20 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
153.21 applies to all districts with a request for certification after April 30, 1990, except that the  
153.22 requirements under paragraph (b) to remove parcels or use revenues from such parcels as  
153.23 prescribed in paragraph (b) apply only to districts for which the request for certification  
153.24 was made after the day following final enactment.

153.25 Sec. 9. Minnesota Statutes 2020, section 469.1763, subdivision 6, is amended to read:

153.26 Subd. 6. **Pooling permitted for deficits.** (a) This subdivision applies only to districts  
153.27 for which the request for certification was made before August 1, 2001, and without regard  
153.28 to whether the request for certification was made prior to August 1, 1979.

153.29 (b) The municipality for the district may transfer available increments from another tax  
153.30 increment financing district located in the municipality, if the transfer is necessary to  
153.31 eliminate a deficit in the district to which the increments are transferred. The municipality  
153.32 may transfer increments as provided by this subdivision without regard to whether the  
153.33 transfer or expenditure is authorized by the tax increment financing plan for the district

154.1 from which the transfer is made. A deficit in the district for purposes of this subdivision  
154.2 means the lesser of the following two amounts:

154.3 (1)~~(i)~~ the amount due during the calendar year to pay preexisting obligations of the  
154.4 district; minus the sum of

154.5 ~~(ii)~~ (i) the total increments collected or to be collected from properties located within  
154.6 the district that are available for the calendar year including amounts collected in prior years  
154.7 that are currently available; plus

154.8 ~~(iii)~~ (ii) total increments from properties located in other districts in the municipality  
154.9 including amounts collected in prior years that are available to be used to meet the district's  
154.10 obligations under this section, excluding this subdivision, or other provisions of law; or

154.11 (2) the reduction in increments collected from properties located in the district for the  
154.12 calendar year as a result of the changes in classification rates in Laws 1997, chapter 231,  
154.13 article 1; Laws 1998, chapter 389, article 2; and Laws 1999, chapter 243, and Laws 2001,  
154.14 First Special Session chapter 5, or the elimination of the general education tax levy under  
154.15 Laws 2001, First Special Session chapter 5.

154.16 The authority may compute the deficit amount under clause (1) only (without regard to  
154.17 the limit under clause (2)) if the authority makes an irrevocable commitment, by resolution,  
154.18 to use increments from the district to which increments are to be transferred and any  
154.19 transferred increments are only used to pay preexisting obligations and administrative  
154.20 expenses for the district that are required to be paid under section 469.176, subdivision 4h,  
154.21 paragraph (a).

154.22 (c) A preexisting obligation means:

154.23 (1) bonds issued and sold before August 1, 2001, or bonds issued pursuant to a binding  
154.24 contract requiring the issuance of bonds entered into before July 1, 2001, and bonds issued  
154.25 to refund such bonds or to reimburse expenditures made in conjunction with a signed  
154.26 contractual agreement entered into before August 1, 2001, to the extent that the bonds are  
154.27 secured by a pledge of increments from the tax increment financing district; and

154.28 (2) binding contracts entered into before August 1, 2001, to the extent that the contracts  
154.29 require payments secured by a pledge of increments from the tax increment financing district.

154.30 (d) The municipality may require a development authority, other than a seaway port  
154.31 authority, to transfer available increments including amounts collected in prior years that  
154.32 are currently available for any of its tax increment financing districts in the municipality to  
154.33 make up an insufficiency in another district in the municipality, regardless of whether the

155.1 district was established by the development authority or another development authority.

155.2 This authority applies notwithstanding any law to the contrary, but applies only to a  
155.3 development authority that:

155.4 (1) was established by the municipality; or

155.5 (2) the governing body of which is appointed, in whole or part, by the municipality or  
155.6 an officer of the municipality or which consists, in whole or part, of members of the  
155.7 governing body of the municipality. The municipality may use this authority only after it  
155.8 has first used all available increments of the receiving development authority to eliminate  
155.9 the insufficiency and exercised any permitted action under section 469.1792, subdivision  
155.10 3, for preexisting districts of the receiving development authority to eliminate the  
155.11 insufficiency.

155.12 (e) The authority under this subdivision to spend tax increments outside of the area of  
155.13 the district from which the tax increments were collected:

155.14 (1) is an exception to the restrictions under section 469.176, subdivisions 4b, 4c, 4d, 4e,  
155.15 4i, and 4j; the expenditure limits under section 469.176, subdivision 1c; and the other  
155.16 provisions of this section; and the percentage restrictions under subdivision 2 must be  
155.17 calculated after deducting increments spent under this subdivision from the total increments  
155.18 for the district; and

155.19 (2) applies notwithstanding the provisions of the Tax Increment Financing Act in effect  
155.20 for districts for which the request for certification was made before June 30, 1982, or any  
155.21 other law to the contrary.

155.22 (f) If a preexisting obligation requires the development authority to pay an amount that  
155.23 is limited to the increment from the district or a specific development within the district and  
155.24 if the obligation requires paying a higher amount to the extent that increments are available,  
155.25 the municipality may determine that the amount due under the preexisting obligation equals  
155.26 the higher amount and may authorize the transfer of increments under this subdivision to  
155.27 pay up to the higher amount. The existence of a guarantee of obligations by the individual  
155.28 or entity that would receive the payment under this paragraph is disregarded in the  
155.29 determination of eligibility to pool under this subdivision. The authority to transfer increments  
155.30 under this paragraph may only be used to the extent that the payment of all other preexisting  
155.31 obligations in the municipality due during the calendar year have been satisfied.

155.32 (g) For transfers of increments made in calendar year 2005 and later, the reduction in  
155.33 increments as a result of the elimination of the general education tax levy for purposes of  
155.34 paragraph (b), clause (2), for a taxes payable year equals the general education tax rate for

156.1 the school district under Minnesota Statutes 2000, section 273.1382, subdivision 1, for taxes  
156.2 payable in 2001, multiplied by the captured tax capacity of the district for the current taxes  
156.3 payable year.

156.4 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
156.5 applies only to districts for which the request for certification was made before August 1,  
156.6 2001, and without regard to whether the request for certification was made prior to August  
156.7 1, 1979.

156.8 Sec. 10. Minnesota Statutes 2020, section 469.1771, subdivision 2, is amended to read:

156.9 Subd. 2. **Collection of increment.** If an authority includes or retains a parcel of property  
156.10 in a tax increment financing district that does not qualify for inclusion or retention within  
156.11 the district, the authority must pay to the county auditor an amount of money equal to the  
156.12 increment collected from the property for the year or years. The property must be eliminated  
156.13 from the original and captured tax capacity of the district effective for the current property  
156.14 tax assessment year. ~~This subdivision does not apply to a failure to decertify a district at~~  
156.15 ~~the end of the duration limit specified in the tax increment financing plan.~~

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

156.17 Sec. 11. Minnesota Statutes 2020, section 469.1771, subdivision 2a, is amended to read:

156.18 Subd. 2a. **Suspension of distribution of tax increment.** (a) If an authority fails to make  
156.19 a disclosure or to submit a report containing the information required by section 469.175,  
156.20 subdivisions 5 and 6, regarding a tax increment financing district within the time provided  
156.21 in section 469.175, subdivisions 5 and 6, the state auditor shall mail to the authority a written  
156.22 notice that it or the municipality has failed to make the required disclosure or to submit a  
156.23 required report with respect to a particular district. The state auditor shall mail the notice  
156.24 on or before the third Tuesday of August of the year in which the disclosure or report was  
156.25 required to be made or submitted. The notice must describe the consequences of failing to  
156.26 disclose or submit a report as provided in paragraph (b). If the state auditor has not received  
156.27 a copy of a disclosure or a report described in this paragraph on or before the first day of  
156.28 October of the year in which the disclosure or report was required to be made or submitted,  
156.29 the state auditor shall mail a written notice to the county auditor to hold the distribution of  
156.30 tax increment from a particular district.

156.31 (b) Upon receiving written notice from the state auditor to hold the distribution of tax  
156.32 increment, the county auditor shall hold all tax increment that otherwise would be distributed  
156.33 after receipt of the notice, until further notified under paragraph (c).

157.1 ~~(1) 100 percent of the amount of tax increment that otherwise would be distributed, if~~  
157.2 ~~the distribution is made after the first day of October but during the year in which the~~  
157.3 ~~disclosure or report was required to be made or submitted; or~~

157.4 ~~(2) 100 percent of the amount of tax increment that otherwise would be distributed, if~~  
157.5 ~~the distribution is made after December 31 of the year in which the disclosure or report was~~  
157.6 ~~required to be made or submitted.~~

157.7 (c) Upon receiving the copy of the disclosure and all of the reports described in paragraph  
157.8 (a) with respect to a district regarding which the state auditor has mailed to the county  
157.9 auditor a written notice to hold distribution of tax increment, the state auditor shall mail to  
157.10 the county auditor a written notice lifting the hold and authorizing the county auditor to  
157.11 distribute to the authority or municipality any tax increment that the county auditor had held  
157.12 pursuant to paragraph (b). The state auditor shall mail the written notice required by this  
157.13 paragraph within five working days after receiving the last outstanding item. The county  
157.14 auditor shall distribute the tax increment to the authority or municipality within 15 working  
157.15 days after receiving the written notice required by this paragraph.

157.16 (d) Notwithstanding any law to the contrary, any interest that accrues on tax increment  
157.17 while it is being held by the county auditor pursuant to paragraph (b) is not tax increment  
157.18 and may be retained by the county.

157.19 (e) For purposes of sections 469.176, subdivisions 1a to 1g, and 469.177, subdivision  
157.20 11, tax increment being held by the county auditor pursuant to paragraph (b) is considered  
157.21 distributed to or received by the authority or municipality as of the time that it would have  
157.22 been distributed or received but for paragraph (b).

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

157.24 Sec. 12. Minnesota Statutes 2020, section 469.1771, subdivision 3, is amended to read:

157.25 Subd. 3. **Expenditure of increment.** If an authority expends revenues derived from tax  
157.26 increments, including the proceeds of tax increment bonds, (1) for a purpose that is not a  
157.27 permitted project under ~~section 469.176~~ sections 469.174 to 469.1794, (2) for a purpose  
157.28 that is not permitted under ~~section 469.176~~ sections 469.174 to 469.1794 for the district  
157.29 from which the increment was received, or (3) on activities outside of the geographic area  
157.30 in which the revenues may be expended under this chapter, the authority must pay to the  
157.31 county auditor an amount equal to the expenditures made in violation of the law.

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

158.1 Sec. 13. Laws 2014, chapter 308, article 6, section 12, subdivision 2, is amended to read:

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

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

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

158.12 (2) soils or terrain that require substantial filling in order to permit the development of  
158.13 commercial buildings or infrastructure;

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

158.15 (4) quarries or similar resource extraction sites;

158.16 (5) floodway; and

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

158.19 (c) For the purposes of paragraph (b), clauses (1) to (5), a parcel is characterized by the  
158.20 relevant condition if at least 70 percent of the area of the parcel contains the relevant  
158.21 condition. For the purposes of paragraph (b), clause (6), a parcel is characterized by  
158.22 substandard buildings if substandard buildings occupy at least 30 percent of the area of the  
158.23 parcel.

158.24 (d) The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, is  
158.25 extended to ~~eight~~ 11 years for any district; the five-year period under Minnesota Statutes,  
158.26 section 469.175, subdivision 4, paragraph (f), is extended to eight years for any district; and  
158.27 Minnesota Statutes, section 469.1763, subdivision 4, does not apply to any district.

158.28 (e) Notwithstanding any provision to the contrary in Minnesota Statutes, section 469.1763,  
158.29 subdivision 2, paragraph (a), not more than 40 percent of the total revenue derived from tax  
158.30 increments paid by properties in any district, measured over the life of the district, may be  
158.31 expended on activities outside the district but within the project area.

158.32 (f) For a soil deficiency district:

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

159.3 (2) increments may be used only to:

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

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

159.7 (iii) pay for the administrative expenses of the authority allocable to the district; and

159.8 (3) any parcel acquired with increments from the district must be sold at no less than  
159.9 their fair market value.

159.10 (g) Increments spent for any infrastructure costs, whether inside a district or outside a  
159.11 district but within the project area, are deemed to satisfy the requirements of Minnesota  
159.12 Statutes, section 469.176, subdivision 4j.

159.13 (h) The authority to approve tax increment financing plans to establish tax increment  
159.14 financing districts under this section expires June 30, 2020.

159.15 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
159.16 city of Savage and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
159.17 subdivisions 2 and 3.

159.18 Sec. 14. **CITY OF SHAKOPEE; TAX INCREMENT FINANCING DISTRICT.**

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

159.21 (b) "City" means the city of Shakopee.

159.22 (c) "Project area" means the following parcels, identified by parcel identification number:  
159.23 279160102, 279160110, 279170020, and 279160120.

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

159.27 (1) unusual terrain or soil deficiencies that occurred over 70 percent of the acreage in  
159.28 the district require substantial filling, grading, or other physical preparation for use; and

159.29 (2) the estimated cost of the physical preparation under clause (1), excluding costs  
159.30 directly related to roads as defined in Minnesota Statutes, section 160.01, and local  
159.31 improvements as described in Minnesota Statutes, sections 429.021, subdivision 1, other

160.1 than clauses (8) to (10), and 430.01, exceeds the fair market value of the land before  
160.2 completion of the preparation.

160.3 Subd. 2. **Special rules.** (a) If the city elects, upon the adoption of the tax increment  
160.4 financing plan for a district, the rules under this section apply to a redevelopment district,  
160.5 renewal and renovation district, soil condition district, or soil deficiency district established  
160.6 by the city or a development authority of the city in the project area. The city, or a  
160.7 development authority acting on its behalf, may establish one or more soil deficiency districts  
160.8 within the project area.

160.9 (b) Prior to or upon the adoption of the first tax increment plan subject to the special  
160.10 rules under this subdivision, the city must find by resolution that parcels consisting of at  
160.11 least 70 percent of the acreage of the project area, excluding street and railroad rights-of-way,  
160.12 are characterized by one or more of the following conditions:

160.13 (1) peat or other soils with geotechnical deficiencies that impair development of  
160.14 residential or commercial buildings or infrastructure;

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

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

160.18 (4) quarries or similar resource extraction sites;

160.19 (5) floodways; and

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

160.22 (c) For the purposes of paragraph (b), clauses (1) to (5), a parcel is characterized by the  
160.23 relevant condition if at least 60 percent of the area of the parcel contains the relevant  
160.24 condition. For the purposes of paragraph (b), clause (6), a parcel is characterized by  
160.25 substandard buildings if substandard buildings occupy at least 30 percent of the area of the  
160.26 parcel.

160.27 (d) The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, is  
160.28 extended to ten years for any district, and the period under Minnesota Statutes, section  
160.29 469.1763, subdivision 4, is extended to 11 years.

160.30 (e) Notwithstanding any provision to the contrary in Minnesota Statutes, section 469.1763,  
160.31 subdivision 2, paragraph (a), not more than 80 percent of the total revenue derived from tax



161.1 increments paid by properties in any district, measured over the life of the district, may be  
161.2 expended on activities outside the district but within the project area.

161.3 (f) For a soil deficiency district:

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

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

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

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

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

161.11 (g) The authority to approve tax increment financing plans to establish tax increment  
161.12 financing districts under this section expires December 31, 2026.

161.13 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
161.14 city of Shakopee and its chief clerical officer comply with the requirements of Minnesota  
161.15 Statutes, section 645.021, subdivisions 2 and 3.

161.16 **Sec. 15. CITY OF WOODBURY; TIF DISTRICT NO. 13; EXPENDITURES**  
161.17 **ALLOWED; DURATION EXTENSION.**

161.18 (a) Notwithstanding Minnesota Statutes, section 469.1763, subdivision 2, or any other  
161.19 law to the contrary, the city of Woodbury may expend increments generated from Tax  
161.20 Increment Financing District No. 13 for the maintenance and facility and infrastructure  
161.21 upgrades to Central Park. All such expenditures are deemed expended on activities within  
161.22 the district.

161.23 (b) Notwithstanding Minnesota Statutes, section 469.176, subdivision 1b, the city of  
161.24 Woodbury may elect to extend the duration of Tax Increment Financing District No. 13 by  
161.25 five years.

161.26 **EFFECTIVE DATE.** Paragraph (a) is effective the day after the governing body of the  
161.27 city of Woodbury and its chief clerical officer comply with the requirements of Minnesota  
161.28 Statutes, section 645.021, subdivisions 2 and 3. Paragraph (b) is effective upon compliance  
161.29 by the city of Woodbury, Washington County, and Independent School District No. 833  
161.30 with the requirements of Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021,  
161.31 subdivisions 2 and 3.

162.1 **ARTICLE 9**

162.2 **MISCELLANEOUS**

162.3 Section 1. Minnesota Statutes 2021 Supplement, section 3.192, is amended to read:

162.4 **3.192 REQUIREMENTS FOR NEW OR RENEWED TAX EXPENDITURES.**

162.5 (a) ~~Any~~ Within 60 days after final enactment of a bill that creates, renews, or continues  
162.6 a tax expenditure must include, the chairs of the house of representatives and senate  
162.7 committees with primary jurisdiction over taxes must submit to the Tax Expenditure Review  
162.8 Commission a statement of intent that clearly provides the purpose of the tax expenditure  
162.9 and a standard or goal against which its effectiveness may be measured.

162.10 (b) For purposes of this section, "tax expenditure" has the meaning given in section  
162.11 270C.11, subdivision 6, and "Tax Expenditure Review Commission" has the meaning given  
162.12 in section 3.855.

162.13 (c) ~~Any bill that creates a new tax expenditure or continues an expiring tax expenditure~~  
162.14 ~~must include an expiration date for the tax expenditure that is no more than eight years from~~  
162.15 ~~the day the provision takes effect~~ Compliance with paragraphs (a) and (b) is not subject to  
162.16 judicial review.

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

162.18 Sec. 2. Minnesota Statutes 2020, section 270C.11, is amended by adding a subdivision to  
162.19 read:

162.20 **Subd. 2a. Report of expiring tax expenditures.** By October 1 of each year, the  
162.21 commissioner shall provide a report to the chairs and ranking minority members of the  
162.22 house of representatives and senate committees with jurisdiction over taxation listing each  
162.23 tax expenditure that, absent legislative action, will expire before July 1 of the following  
162.24 year.

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

162.26 Sec. 3. Minnesota Statutes 2021 Supplement, section 290.92, subdivision 20, is amended  
162.27 to read:

162.28 **Subd. 20. Miscellaneous withholding arrangements.** (a) For purposes of this section,  
162.29 any payment or distribution to an individual as defined under section 3405(e)(2) or (3) of  
162.30 the Internal Revenue Code shall be ~~treated as if it were a payment of wages by an employer~~  
162.31 ~~to an employee for a payroll period~~ subject to withholding at a rate of 6.25 percent, or any

163.1 rate specified by the recipient. Any payment to an individual of sick pay which does not  
163.2 constitute wages, determined without regard to this subdivision, shall be treated as if it were  
163.3 a payment of wages by an employer to an employee for a payroll period, if, at the time the  
163.4 payment is made a request that such sick pay be subject to withholding under this section  
163.5 is in effect. Sick pay means any amount which:

163.6 (1) is paid to an employee pursuant to a plan to which the employer is a party, and

163.7 (2) constitutes remuneration or a payment in lieu of remuneration for any period during  
163.8 which the employee is temporarily absent from work on account of sickness or personal  
163.9 injuries.

163.10 (b) A request for withholding, the amount withheld, and sick pay paid pursuant to certain  
163.11 collective bargaining agreements shall conform with the provisions of section 3402(o)(3),  
163.12 (4), and (5) of the Internal Revenue Code.

163.13 (c) The commissioner is authorized by rules to provide for withholding:

163.14 (1) from remuneration for services performed by an employee for the employer which,  
163.15 without regard to this subdivision, does not constitute wages, and

163.16 (2) from any other type of payment with respect to which the commissioner finds that  
163.17 withholding would be appropriate under the provisions of this section, if the employer and  
163.18 the employee, or in the case of any other type of payment the person making and the person  
163.19 receiving the payment, agree to such withholding. Such agreement shall be made in such  
163.20 form and manner as the commissioner may by rules provide. For purposes of this section  
163.21 remuneration or other payments with respect to which such agreement is made shall be  
163.22 treated as if they were wages paid by an employer to an employee to the extent that such  
163.23 remuneration is paid or other payments are made during the period for which the agreement  
163.24 is in effect.

163.25 (d) An individual receiving a payment or distribution under paragraph (a) may elect to  
163.26 have paragraph (a) not apply to the payment or distribution ~~as follows:~~

163.27 ~~(1) For payments defined under section 3405(e)(2) of the Internal Revenue Code, and~~  
163.28 an election remains in effect until revoked by such individual.

163.29 ~~(2) For distributions defined under section 3405(e)(3) of the Internal Revenue Code, the~~  
163.30 ~~election is on a distribution-by-distribution basis.~~

163.31 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
163.32 31, 2021.

164.1 Sec. 4. Minnesota Statutes 2021 Supplement, section 297E.02, subdivision 3, is amended  
164.2 to read:

164.3 Subd. 3. **Collection; disposition.** (a) Taxes imposed by this section are due and payable  
164.4 to the commissioner when the gambling tax return is required to be filed. Distributors must  
164.5 file their monthly sales figures with the commissioner on a form prescribed by the  
164.6 commissioner. Returns covering the taxes imposed under this section must be filed with  
164.7 the commissioner on or before the 20th day of the month following the close of the previous  
164.8 calendar month. The commissioner shall prescribe the content, format, and manner of returns  
164.9 or other documents pursuant to section 270C.30. The proceeds, along with the revenue  
164.10 received from all license fees and other fees under sections 349.11 to 349.191, 349.211,  
164.11 and 349.213, must be paid to the commissioner of management and budget for deposit in  
164.12 the general fund.

164.13 (b) The sales tax imposed by chapter 297A on the sale of pull-tabs and tipboards by the  
164.14 distributor is imposed on the retail sales price. The retail sale of pull-tabs or tipboards by  
164.15 the organization is exempt from taxes imposed by chapter 297A and is exempt from all  
164.16 local taxes and license fees except a fee authorized under section 349.16, subdivision 8.

164.17 (c)(1) One-half of one percent of the revenue deposited in the general fund under  
164.18 paragraph (a), is appropriated to the commissioner of human services for the compulsive  
164.19 gambling treatment program established under section 245.98. One-half of one percent of  
164.20 the revenue deposited in the general fund under paragraph (a), is appropriated to the  
164.21 commissioner of human services for a grant to the state affiliate recognized by the National  
164.22 Council on Problem Gambling to increase public awareness of problem gambling, education  
164.23 and training for individuals and organizations providing effective treatment services to  
164.24 problem gamblers and their families, and research relating to problem gambling. Money  
164.25 appropriated by this paragraph must supplement and must not replace existing state funding  
164.26 for these programs.

164.27 (2) For fiscal years 2024 and 2025 only, the appropriations under clause (1) must be  
164.28 calculated without regard to the changes to the combined net receipts tax brackets in section  
164.29 297E.02, subdivision 6.

164.30 (d) The commissioner of human services must provide to the state affiliate recognized  
164.31 by the National Council on Problem Gambling a monthly statement of the amounts deposited  
164.32 under paragraph (c). Beginning January 1, 2022, the commissioner of human services must  
164.33 provide to the chairs and ranking minority members of the legislative committees with  
164.34 jurisdiction over treatment for problem gambling and to the state affiliate recognized by the

165.1 National Council on Problem Gambling an annual reconciliation of the amounts deposited  
 165.2 under paragraph (c). The annual reconciliation under this paragraph must include the amount  
 165.3 allocated to the commissioner of human services for the compulsive gambling treatment  
 165.4 program established under section 245.98, and the amount allocated to the state affiliate  
 165.5 recognized by the National Council on Problem Gambling.

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

165.7 Sec. 5. Minnesota Statutes 2020, section 297E.02, subdivision 6, is amended to read:

165.8 Subd. 6. **Combined net receipts tax.** (a) In addition to the taxes imposed under  
 165.9 subdivision 1, a tax is imposed on the combined net receipts of the organization. As used  
 165.10 in this section, "combined net receipts" is the sum of the organization's gross receipts from  
 165.11 lawful gambling less gross receipts directly derived from the conduct of paper bingo, raffles,  
 165.12 and paddlewheels, as defined in section 297E.01, subdivision 8, and less the net prizes  
 165.13 actually paid, other than prizes actually paid for paper bingo, raffles, and paddlewheels, for  
 165.14 the fiscal year. The combined net receipts of an organization are subject to a tax computed  
 165.15 according to the following schedule:

165.16	If the combined net receipts	The tax is:
165.17	for the fiscal year are:	
165.18	Not over <del>\$87,500</del> <u>\$100,000</u>	<del>nine</del> <u>five</u> percent
165.19	Over <del>\$87,500</del> <u>\$100,000</u> , but	<del>\$7,875</del> <u>\$5,000</u> plus 18 percent of the
165.20	not over \$122,500	amount over <del>\$87,500</del> <u>\$100,000</u> , but
165.21		not over \$122,500
165.22	Over \$122,500, but not	<del>\$14,175</del> <u>\$9,050</u> plus 27 percent of the
165.23	over \$157,500	amount over \$122,500, but not over
165.24		\$157,500
165.25	Over \$157,500	<del>\$23,625</del> <u>\$18,500</u> plus 36 percent of
165.26		the amount over \$157,500

165.27 (b) Gross receipts derived from sports-themed tipboards are exempt from taxation under  
 165.28 this section. For purposes of this paragraph, a sports-themed tipboard means a sports-themed  
 165.29 tipboard as defined in section 349.12, subdivision 34, under which the winning numbers  
 165.30 are determined by the numerical outcome of a professional sporting event.

165.31 **EFFECTIVE DATE.** This section is effective for games reported as played after June  
 165.32 30, 2023.

165.33 Sec. 6. Minnesota Statutes 2020, section 297E.021, subdivision 2, is amended to read:

165.34 Subd. 2. **Determination of revenue increase.** By March 15 of each fiscal year, the  
 165.35 commissioner of management and budget, in consultation with the commissioner, shall

166.1 determine the estimated increase in revenues received from taxes imposed under this chapter  
166.2 over ~~the estimated revenues under the February 2012 state budget forecast for that fiscal~~  
166.3 ~~year. For fiscal years after fiscal year 2015, the commissioner of management and budget~~  
166.4 ~~shall use the February 2012 state budget forecast for fiscal year 2015 as the~~ a baseline of:  
166.5 (1) \$30,100,000 in fiscal year 2024; and (2) \$29,200,000 in fiscal year 2025 and thereafter.  
166.6 All calculations under this subdivision must be made net of estimated refunds of the taxes  
166.7 required to be paid.

166.8 **EFFECTIVE DATE.** This section is effective for fiscal year 2024 and thereafter.

166.9 Sec. 7. Minnesota Statutes 2020, section 298.28, subdivision 5, is amended to read:

166.10 Subd. 5. **Counties.** (a) ~~21.05 cents per taxable ton for distributions in 2015 through 2023,~~  
166.11 ~~and 26.05 cents per taxable ton for distributions beginning in 2024,~~ is allocated to counties  
166.12 to be distributed, based upon certification by the commissioner of revenue, under paragraphs  
166.13 (b) to (d).

166.14 (b) 10.525 cents per taxable ton shall be distributed to the county in which the taconite  
166.15 is mined or quarried or in which the concentrate is produced, less any amount which is to  
166.16 be distributed pursuant to paragraph (c). The apportionment formula prescribed in subdivision  
166.17 2 is the basis for the distribution.

166.18 (c) 1.0 cent per taxable ton of the tax distributed to the counties under paragraph (b)  
166.19 shall be paid to a county that received a distribution under this section in 2000 because there  
166.20 was located in the county an electric power plant owned by and providing the primary source  
166.21 of power for a taxpayer mining and concentrating taconite in a different county.

166.22 (d) ~~10.525 cents per taxable ton for distributions in 2015 through 2023, and 15.525 cents~~  
166.23 ~~per taxable ton for distributions beginning in 2024,~~ shall be paid to the county from which  
166.24 the taconite was mined, quarried or concentrated to be deposited in the county road and  
166.25 bridge fund. If the mining, quarrying and concentrating, or separate steps in any of those  
166.26 processes are carried on in more than one county, the commissioner shall follow the  
166.27 apportionment formula prescribed in subdivision 2.

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

166.29 Sec. 8. Minnesota Statutes 2020, section 298.28, subdivision 7a, is amended to read:

166.30 Subd. 7a. **Iron Range school consolidation and cooperatively operated school**  
166.31 **account.** (a) The following amounts must be allocated to the commissioner of Iron Range

167.1 resources and rehabilitation to be deposited in the Iron Range school consolidation and  
167.2 cooperatively operated school account that is hereby created:

167.3 (1)(i) for distributions in 2015 through ~~2023~~ 2033, ten cents per taxable ton of the tax  
167.4 imposed under section 298.24; and

167.5 (ii) for distributions beginning in ~~2024~~ 2034, five cents per taxable ton of the tax imposed  
167.6 under section 298.24;

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

167.8 (3) any other amount as provided by law.

167.9 (b) Expenditures from this account may be approved as ongoing annual expenditures  
167.10 and shall be made only to provide disbursements to assist school districts with the payment  
167.11 of bonds that were issued for qualified school projects, or for any other school disbursement  
167.12 as approved by the commissioner of Iron Range resources and rehabilitation after consultation  
167.13 with the Iron Range Resources and Rehabilitation Board. For purposes of this section,  
167.14 "qualified school projects" means school projects within the taconite assistance area as  
167.15 defined in section 273.1341, that were (1) approved, by referendum, after April 3, 2006;  
167.16 and (2) approved by the commissioner of education pursuant to section 123B.71.

167.17 (c) Beginning in fiscal year 2019, the disbursement to school districts for payments for  
167.18 bonds issued under section 123A.482, subdivision 9, must be increased each year to offset  
167.19 any reduction in debt service equalization aid that the school district qualifies for in that  
167.20 year, under section 123B.53, subdivision 6, compared with the amount the school district  
167.21 qualified for in fiscal year 2018.

167.22 (d) No expenditure under this section shall be made unless approved by the commissioner  
167.23 of Iron Range resources and rehabilitation after consultation with the Iron Range Resources  
167.24 and Rehabilitation Board.

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

167.26 Sec. 9. Minnesota Statutes 2020, section 298.28, subdivision 9b, is amended to read:

167.27 Subd. 9b. **Taconite environmental fund.** Five cents per ton through distributions in  
167.28 2033 must be paid to the taconite environmental fund for use under section 298.2961,  
167.29 subdivision 4. Beginning with distributions in 2034, ten cents per ton must be paid to the  
167.30 taconite environmental fund of which five cents per ton must be used as provided under  
167.31 section 298.2961, subdivision 4.

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

168.1

**ARTICLE 10**

168.2

**DEPARTMENT OF REVENUE POLICY AND TECHNICAL: PARTNERSHIP  
TAXES**

168.3

168.4

Section 1. Minnesota Statutes 2021 Supplement, section 289A.08, subdivision 7a, is

168.5

amended to read:

168.6

Subd. 7a. **Pass-through entity tax.** (a) For the purposes of this subdivision, the following

168.7

terms have the meanings given:

168.8

(1) "income" has the meaning given in subdivision 7, paragraph (j), modified by the

168.9

addition provided in section 290.0131, subdivision 5, and the subtraction provided in section

168.10

290.0132, subdivision 3, except that the provisions that apply to a partnership apply to a

168.11

qualifying entity and the provisions that apply to a partner apply to a qualifying owner. The

168.12

income of both a resident and nonresident qualifying owner is allocated and assigned to

168.13

this state as provided for nonresident partners and shareholders under sections 290.17,

168.14

290.191, and 290.20;

168.15

(2) "qualifying entity" means a partnership, limited liability company taxed as a

168.16

partnership or S corporation, or S corporation including a qualified subchapter S subsidiary

168.17

organized under section 1361(b)(3)(B) of the Internal Revenue Code. Qualifying entity does

168.18

not include a partnership, limited liability company, or corporation that has a partnership,

168.19

limited liability company other than a disregarded entity, or corporation as a partner, member,

168.20

or shareholder; and

168.21

(3) "qualifying owner" means:

168.22

(i) a resident or nonresident individual or estate that is a partner, member, or shareholder

168.23

of a qualifying entity; or

168.24

(ii) a resident or nonresident trust that is a shareholder of a qualifying entity that is an

168.25

S corporation.

168.26

(b) For taxable years beginning after December 31, 2020, in which the taxes of a

168.27

qualifying owner are limited under section 164(b)(6)(B) of the Internal Revenue Code, a

168.28

qualifying entity may elect to file a return and pay the pass-through entity tax imposed under

168.29

paragraph (c). The election:

168.30

(1) must be made on or before the due date or extended due date of the qualifying entity's

168.31

pass-through entity tax return;

168.32

(2) may only be made by qualifying owners who collectively hold more than a 50 percent

168.33

ownership interest in the qualifying entity;



169.1 (3) is binding on all qualifying owners who have an ownership interest in the qualifying  
169.2 entity; and

169.3 (4) once made is irrevocable for the taxable year.

169.4 (c) Subject to the election in paragraph (b), a pass-through entity tax is imposed on a  
169.5 qualifying entity in an amount equal to the sum of the tax liability of each qualifying owner.

169.6 (d) The amount of a qualifying owner's tax liability under paragraph (c) is the amount  
169.7 of the qualifying owner's income multiplied by the highest tax rate for individuals under  
169.8 section 290.06, subdivision 2c. When making this determination:

169.9 (1) nonbusiness deductions, standard deductions, or personal exemptions are not allowed;  
169.10 and

169.11 (2) a credit or deduction is allowed only to the extent allowed to the qualifying owner.

169.12 (e) The amount of each credit and deduction used to determine a qualifying owner's tax  
169.13 liability under paragraph (d) must also be used to determine that qualifying owner's income  
169.14 tax liability under chapter 290.

169.15 (f) This subdivision does not negate the requirement that a qualifying owner pay estimated  
169.16 tax if the qualifying owner's tax liability would exceed the requirements set forth in section  
169.17 289A.25. The qualifying owner's liability to pay estimated tax on the qualifying owner's  
169.18 tax liability as determined under paragraph (d) is, however, satisfied when the qualifying  
169.19 entity pays estimated tax in the manner prescribed in section 289A.25 for composite estimated  
169.20 tax.

169.21 (g) A qualifying owner's adjusted basis in the interest in the qualifying entity, and the  
169.22 treatment of distributions, is determined as if the election to pay the pass-through entity tax  
169.23 under paragraph (b) is not made.

169.24 (h) To the extent not inconsistent with this subdivision, for purposes of this chapter, a  
169.25 pass-through entity tax return must be treated as a composite return and a qualifying entity  
169.26 filing a pass-through entity tax return must be treated as a partnership filing a composite  
169.27 return.

169.28 (i) The provisions of subdivision 17 apply to the election to pay the pass-through entity  
169.29 tax under this subdivision.

169.30 (j) If a nonresident qualifying owner of a qualifying entity making the election to file  
169.31 and pay the tax under this subdivision has no other Minnesota source income, filing of the  
169.32 pass-through entity tax return is a return for purposes of subdivision 1, provided that the

170.1 nonresident qualifying owner must not have any Minnesota source income other than the  
170.2 income from the qualifying entity, other electing qualifying entities, and other partnerships  
170.3 electing to file a composite return under subdivision 7. If it is determined that the nonresident  
170.4 qualifying owner has other Minnesota source income, the inclusion of the income and tax  
170.5 liability for that owner under this provision will not constitute a return to satisfy the  
170.6 requirements of subdivision 1. The tax paid for the qualifying owner as part of the  
170.7 pass-through entity tax return is allowed as a payment of the tax by the qualifying owner  
170.8 on the date on which the pass-through entity tax return payment was made.

170.9 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
170.10 after December 31, 2020.

170.11 Sec. 2. Minnesota Statutes 2021 Supplement, section 289A.382, subdivision 2, is amended  
170.12 to read:

170.13 Subd. 2. **Reporting and payment requirements for partnerships and tiered**  
170.14 **partners.** (a) Except for when an audited partnership makes the election in subdivision 3,  
170.15 and except for negative federal adjustments required under federal law taken into account  
170.16 by the partnership in the partnership return for the adjustment or other year, all final federal  
170.17 adjustments of an audited partnership must comply with paragraph (b) and each direct  
170.18 partner of the audited partnership, other than a tiered partner, must comply with paragraph  
170.19 (c).

170.20 (b) No later than 90 days after the final determination date, the audited partnership must:

170.21 (1) file a completed federal adjustments report, including all partner-level information  
170.22 required under section 289A.12, subdivision 3, with the commissioner;

170.23 (2) notify each of its direct partners of their distributive share of the final federal  
170.24 adjustments;

170.25 (3) file an amended composite report for all direct partners who were included in a  
170.26 composite return under section 289A.08, subdivision 7, in the reviewed year, and pay the  
170.27 additional amount that would have been due had the federal adjustments been reported  
170.28 properly as required; ~~and~~

170.29 (4) file amended withholding reports for all direct partners who were or should have  
170.30 been subject to nonresident withholding under section 290.92, subdivision 4b, in the reviewed  
170.31 year, and pay the additional amount that would have been due had the federal adjustments  
170.32 been reported properly as required; and

171.1 (5) file an amended pass-through entity tax report for all direct partners who were  
171.2 included in a pass-through entity tax return under section 289A.08, subdivision 7a, in the  
171.3 reviewed year, and pay the additional amount that would have been due had the federal  
171.4 adjustments been reported properly as required.

171.5 (c) No later than 180 days after the final determination date, each direct partner, other  
171.6 than a tiered partner, that is subject to a tax administered under this chapter, other than the  
171.7 sales tax, must:

171.8 (1) file a federal adjustments report reporting their distributive share of the adjustments  
171.9 reported to them under paragraph (b), clause (2); and

171.10 (2) pay any additional amount of tax due as if the final federal adjustment had been  
171.11 properly reported, plus any penalty and interest due under this chapter, and less any credit  
171.12 for related amounts paid or withheld and remitted on behalf of the direct partner under  
171.13 paragraph (b), clauses (3) and (4).

171.14 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
171.15 after December 31, 2020.

171.16 **ARTICLE 11**

171.17 **DEPARTMENT OF REVENUE POLICY AND TECHNICAL: SALES AND USE**  
171.18 **TAXES AND SPECIAL TAXES**

171.19 Section 1. Minnesota Statutes 2020, section 296A.083, subdivision 3, is amended to read:

171.20 Subd. 3. **Surcharge rate.** (a) ~~By July 16, 2008, and each April 1 thereafter~~ May 1 each  
171.21 year, the commissioner of revenue shall calculate and publish a surcharge as provided in  
171.22 ~~paragraphs~~ paragraph (b) and (e). The surcharge is imposed ~~from August 1, 2008, through~~  
171.23 ~~June 30, 2009, and each new surcharge thereafter is imposed the following~~ beginning July  
171.24 1 of the year it is published through June 30 of the following year.

171.25 (b) ~~For fiscal years 2009 through 2012, the commissioner shall set the surcharge as~~  
171.26 ~~specified in the following surcharge rate schedule.~~

171.27 **Surcharge Rate Schedule**

171.28	Fiscal Year	Rate (in cents per gallon)
171.29	2009	0.5
171.30	2010	2.1
171.31	2011	2.5
171.32	2012	3.0

172.1 ~~(e) For fiscal year 2013 and thereafter,~~ (b) The commissioner shall set the surcharge at  
172.2 the lesser of (1) 3.5 cents, or (2) an amount calculated so that the total proceeds from the  
172.3 surcharge deposited in the trunk highway fund from fiscal year 2009 to the upcoming fiscal  
172.4 year equals the total amount of debt service from fiscal years 2009 to 2039, and the surcharge  
172.5 is rounded to the nearest 0.1 cent.

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

172.7 Sec. 2. Minnesota Statutes 2020, section 297A.61, subdivision 29, is amended to read:

172.8 Subd. 29. **State.** Unless specifically provided otherwise, "state" means any state of the  
172.9 United States, ~~the Commonwealth of Puerto Rico, and the District of Columbia, and any~~  
172.10 territory of the United States, including American Samoa, Guam, Northern Mariana Islands,  
172.11 Puerto Rico, and the U.S. Virgin Islands.

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

172.13 **ARTICLE 12**

172.14 **DEPARTMENT OF REVENUE POLICY AND TECHNICAL: FIRE AND POLICE**  
172.15 **STATE AIDS**

172.16 Section 1. Minnesota Statutes 2020, section 6.495, subdivision 3, is amended to read:

172.17 Subd. 3. ~~Report~~ **Reports to commissioner of revenue.** (a) On or before September 15,  
172.18 November 1, March 1, and June 1, the state auditor ~~shall~~ must file with the commissioner  
172.19 of revenue a financial compliance report certifying for each relief association:

172.20 (1) the completion of the annual financial report required under section 424A.014 and  
172.21 the auditing or certification of those financial reports under subdivision 1; and

172.22 (2) the receipt of any actuarial valuations required under section 424A.093 or Laws  
172.23 2013, chapter 111, article 5, sections 31 to 42.

172.24 (b) The commissioner of revenue shall prescribe the content, format, and manner of the  
172.25 financial compliance reports required by paragraph (a), pursuant to section 270C.30.

172.26 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
172.27 and thereafter.

172.28 Sec. 2. Minnesota Statutes 2020, section 477B.01, is amended by adding a subdivision to  
172.29 read:

172.30 Subd. 1a. **Apportionment agreement.** "Apportionment agreement" means an agreement  
172.31 between two or more fire departments that provide contracted fire protection service to the

173.1 same municipality and establishes the percentage of the population and the percentage of  
173.2 the estimated market value within the municipality serviced by each fire department.

173.3 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
173.4 and thereafter.

173.5 Sec. 3. Minnesota Statutes 2020, section 477B.01, subdivision 5, is amended to read:

173.6 Subd. 5. **Fire department.** (a) "Fire department" ~~includes~~ means:

173.7 (1) a municipal fire department ~~and~~;

173.8 (2) an independent nonprofit firefighting corporation;

173.9 (3) a fire department established as or operated by a joint powers entity; or

173.10 (4) a fire protection special taxing district established under chapter 144F or special law.

173.11 (b) This subdivision only applies to this chapter.

173.12 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
173.13 and thereafter.

173.14 Sec. 4. Minnesota Statutes 2020, section 477B.01, is amended by adding a subdivision to  
173.15 read:

173.16 Subd. 7a. **Joint powers entity.** "Joint powers entity" means a joint powers entity created  
173.17 under section 471.59.

173.18 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
173.19 and thereafter.

173.20 Sec. 5. Minnesota Statutes 2020, section 477B.01, subdivision 10, is amended to read:

173.21 Subd. 10. **Municipality.** (a) "Municipality" means:

173.22 (1) a home rule charter or statutory city;

173.23 (2) an organized town;

173.24 (3) ~~a park district subject to chapter 398~~ a joint powers entity;

173.25 (4) ~~the University of Minnesota~~ a fire protection special taxing district; and or

173.26 (5) an American Indian tribal government entity located within a federally recognized  
173.27 American Indian reservation.

173.28 (b) This subdivision only applies to this chapter ~~477B~~.

174.1 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
174.2 and thereafter.

174.3 Sec. 6. Minnesota Statutes 2020, section 477B.01, subdivision 11, is amended to read:

174.4 Subd. 11. **Secretary.** (a) "Secretary" means:

174.5 (1) the secretary of an independent nonprofit firefighting corporation that has a subsidiary  
174.6 incorporated firefighters' relief association or whose firefighters participate in the statewide  
174.7 volunteer firefighter plan; or

174.8 (2) the secretary of a joint powers entity or fire protection special taxing district or, if  
174.9 there is no such person, the person primarily responsible for managing the finances of a  
174.10 joint powers entity or fire protection special taxing district.

174.11 (b) This subdivision only applies to this chapter.

174.12 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
174.13 and thereafter.

174.14 Sec. 7. Minnesota Statutes 2020, section 477B.02, subdivision 2, is amended to read:

174.15 Subd. 2. **Establishment of fire department.** (a) An independent nonprofit firefighting  
174.16 corporation must be created under the nonprofit corporation act of this state operating for  
174.17 the exclusive purpose of firefighting, or the governing body of a municipality must officially  
174.18 establish a fire department.

174.19 (b) The fire department must have provided firefighting services for at least one calendar  
174.20 year, and must have a current fire department identification number issued by the state fire  
174.21 marshal.

174.22 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
174.23 and thereafter.

174.24 Sec. 8. Minnesota Statutes 2020, section 477B.02, subdivision 3, is amended to read:

174.25 Subd. 3. ~~Personnel and Benefits requirements.~~ (a) ~~A fire department must have a~~  
174.26 ~~minimum of ten paid or volunteer firefighters, including a fire chief and assistant fire chief.~~

174.27 (b) ~~The fire department must have regular scheduled meetings and frequent drills that~~  
174.28 ~~include instructions in firefighting tactics and in the use, care, and operation of all fire~~  
174.29 ~~apparatus and equipment.~~

175.1 ~~(e)~~ (a) The fire department must have a separate subsidiary incorporated firefighters'  
175.2 relief association that provides retirement benefits or must participate in the statewide  
175.3 volunteer firefighter plan; or if the municipality solely employs full-time firefighters as  
175.4 defined in section 299N.03, subdivision 5, retirement coverage must be provided by the  
175.5 public employees police and fire retirement plan. For purposes of retirement benefits, a fire  
175.6 department may be associated with only one volunteer firefighters' relief association or one  
175.7 account in the voluntary statewide volunteer firefighter retirement plan at one time.

175.8 ~~(d)~~ (b) Notwithstanding paragraph ~~(e)~~ (a), a municipality without a relief association as  
175.9 described under section 424A.08, paragraph (a), may still qualify to receive fire state aid if  
175.10 all other requirements of this section are met.

175.11 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
175.12 and thereafter.

175.13 Sec. 9. Minnesota Statutes 2020, section 477B.02, is amended by adding a subdivision to  
175.14 read:

175.15 **Subd. 4a. Public safety answering point requirement.** The fire department must be  
175.16 dispatched by a public safety answering point as defined in section 403.02, subdivision 19.

175.17 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
175.18 and thereafter.

175.19 Sec. 10. Minnesota Statutes 2020, section 477B.02, subdivision 5, is amended to read:

175.20 **Subd. 5. Fire service contract or agreement; apportionment agreement filing**  
175.21 **requirement requirements.** (a) Every municipality or independent nonprofit firefighting  
175.22 corporation must file a copy of any duly executed and valid fire service contract or agreement  
175.23 with the commissioner (1) a copy of any duly executed and valid fire service contracts, (2)  
175.24 written notification of any fire service contract terminations, and (3) written notification of  
175.25 any dissolution of a fire department, within 60 days of contract execution or termination,  
175.26 or department dissolution.

175.27 (b) If more than one fire department provides service to a municipality, the fire  
175.28 departments furnishing service must enter into an agreement apportioning among themselves  
175.29 the percentage of the population and the percentage of the estimated market value of each  
175.30 shared service fire department service area. The agreement must be in writing and must be  
175.31 filed file an apportionment agreement with the commissioner.

176.1 (c) When a municipality is a joint powers entity, it must file its joint powers agreement  
 176.2 with the commissioner. If the joint powers agreement does not include sufficient information  
 176.3 defining the fire department service area of the joint powers entity for the purposes of  
 176.4 calculating fire state aid, the secretary must file a written statement with the commissioner  
 176.5 defining the fire department service area.

176.6 (d) When a municipality is a fire protection special taxing district, it must file its  
 176.7 resolution establishing the fire protection special taxing district, and any agreements required  
 176.8 for the establishment of the fire protection special taxing district, with the commissioner.  
 176.9 If the resolution or agreement does not include sufficient information defining the fire  
 176.10 department service area of the fire protection special taxing district, the secretary must file  
 176.11 a written statement with the commissioner defining the fire department service area.

176.12 (e) The commissioner shall prescribe the content, format, and manner of the notifications,  
 176.13 apportionment agreements, and written statements under paragraphs (a) to (d), pursuant to  
 176.14 section 270C.30, except that copies of fire service contracts, joint powers agreements, and  
 176.15 resolutions establishing fire protection special taxing districts shall be filed in their existing  
 176.16 form.

176.17 (f) A document filed with the commissioner under this subdivision must be refiled any  
 176.18 time it is updated within 60 days of the update. An apportionment agreement must be refiled  
 176.19 only when a change in the averaged sum of the percentage of population and percentage of  
 176.20 estimated market value serviced by a fire department subject to the apportionment agreement  
 176.21 is at least one percent. The percentage amount must be rounded to the nearest whole  
 176.22 percentage.

176.23 (g) Upon the request of the commissioner, the county auditor must provide information  
 176.24 that the commissioner requires to accurately apportion the estimated market value of a fire  
 176.25 department service area for a fire department providing service to an unorganized territory  
 176.26 located in the county.

176.27 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
 176.28 and thereafter.

176.29 Sec. 11. Minnesota Statutes 2020, section 477B.02, subdivision 8, is amended to read:

176.30 **Subd. 8. PERA certification to commissioner.** On or before February 1 each year, if  
 176.31 ~~retirement coverage for a fire department is provided by the statewide volunteer firefighter~~  
 176.32 ~~plan,~~ the executive director of the Public Employees Retirement Association must certify  
 176.33 ~~the existence of retirement coverage.~~ to the commissioner the fire departments that transferred



177.1 retirement coverage to, or terminated participation in, the voluntary statewide volunteer  
177.2 firefighter retirement plan since the previous certification under this paragraph. This  
177.3 certification must include the number of active volunteer firefighters under section 477B.03,  
177.4 subdivision 5, paragraph (e).

177.5 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
177.6 and thereafter.

177.7 Sec. 12. Minnesota Statutes 2020, section 477B.02, subdivision 9, is amended to read:

177.8 Subd. 9. **Fire department certification to commissioner.** On or before March 15 of  
177.9 each year, the municipal clerk or the secretary, ~~and the fire chief,~~ must jointly certify to the  
177.10 commissioner ~~that the fire department exists and meets the qualification requirements of~~  
177.11 ~~this section~~ the fire department service area as of December 31 of the previous year, and  
177.12 that the fire department meets the qualification requirements of this section. The municipal  
177.13 clerk or the secretary must provide the commissioner with documentation that the  
177.14 commissioner deems necessary for determining eligibility for fire state aid or for calculating  
177.15 and apportioning fire state aid under section 477B.03. The commissioner shall prescribe  
177.16 the content, format, and manner of the certification ~~must be on a form prescribed by the~~  
177.17 ~~commissioner and must include all other information that the commissioner requires pursuant~~  
177.18 to section 270C.30. The municipal clerk or the secretary must send a copy of the certification  
177.19 filed under this subdivision to the fire chief within five business days of the date the  
177.20 certification was filed with the commissioner.

177.21 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
177.22 and thereafter.

177.23 Sec. 13. Minnesota Statutes 2020, section 477B.03, subdivision 2, is amended to read:

177.24 Subd. 2. **Apportionment of fire state aid.** (a) The amount of fire state aid available for  
177.25 apportionment, before the addition of the minimum fire state aid allocation amount under  
177.26 subdivision 5, is equal to 107 percent of the amount of premium taxes paid to the state upon  
177.27 the fire, lightning, sprinkler leakage, and extended coverage premiums reported to the  
177.28 commissioner by companies or insurance companies on the Minnesota Fire Premium Report,  
177.29 except that credits claimed under section 297I.20, subdivisions 3, 4, and 5, do not affect the  
177.30 calculation of the amount of fire state aid available for apportionment. This amount must  
177.31 be reduced by the amount required to pay the state auditor's costs and expenses of the audits  
177.32 or exams of the firefighters' relief associations.

178.1 (b) The total amount available for apportionment must not be less than two percent of  
178.2 the premiums less return premiums reported to the commissioner by companies or insurance  
178.3 companies on the Minnesota Fire Premium Report after subtracting the following amounts:

178.4 (1) the amount required to pay the state auditor's costs and expenses of the audits or  
178.5 exams of the firefighters' relief associations; and

178.6 (2) one percent of the premiums reported by township mutual insurance companies and  
178.7 mutual property and casualty companies with total assets of \$5,000,000 or less.

178.8 (c) The commissioner must apportion the fire state aid to each municipality or independent  
178.9 nonprofit firefighting corporation qualified under section 477B.02 relative to the premiums  
178.10 reported on the Minnesota Fire Premium Reports filed under this chapter.

178.11 (d) The commissioner must calculate the percentage of increase or decrease reflected in  
178.12 the apportionment over or under the previous year's available state aid using the same  
178.13 premiums as a basis for comparison.

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

178.15 Sec. 14. Minnesota Statutes 2020, section 477B.03, subdivision 3, is amended to read:

178.16 Subd. 3. **Population and estimated market value.** (a) ~~Official statewide federal census~~  
178.17 ~~figures~~ The most recent population estimates made by the state demographer pursuant to  
178.18 section 4A.02, paragraph (d), must be used in calculations requiring the use of population  
178.19 figures under this chapter. ~~Increases or decreases in population disclosed by reason of any~~  
178.20 ~~special census must not be taken into consideration.~~

178.21 (b) The ~~latest available~~ estimated market value property figures for the assessment year  
178.22 immediately preceding the year the aid is distributed must be used in calculations requiring  
178.23 the use of estimated market value property figures under this chapter.

178.24 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
178.25 and thereafter.

178.26 Sec. 15. Minnesota Statutes 2020, section 477B.03, subdivision 4, is amended to read:

178.27 Subd. 4. **Initial fire state aid allocation amount.** (a) The initial fire state aid allocation  
178.28 amount is the amount available for apportionment as fire state aid under subdivision 2,  
178.29 without the inclusion of any additional funding amount to support a minimum fire state aid  
178.30 amount under section 423A.02, subdivision 3. The initial fire state aid allocation amount  
178.31 is allocated one-half in proportion to the population for each fire department service area

179.1 and one-half in proportion to the estimated market value of each fire department service  
179.2 area, including (1) the estimated market value of tax-exempt property, and (2) the estimated  
179.3 market value of natural resources lands receiving in lieu payments under sections 477A.11  
179.4 to 477A.14 and 477A.17. The estimated market value of minerals is excluded.

179.5 (b) In the case of a municipality or independent nonprofit firefighting corporation  
179.6 furnishing fire protection to other municipalities as evidenced by valid fire service contracts,  
179.7 joint powers agreements, resolutions, and other supporting documents filed with the  
179.8 commissioner under section 477B.02, subdivision 5, the distribution must be adjusted  
179.9 proportionately to take into consideration the crossover fire protection service. Necessary  
179.10 adjustments must be made to subsequent apportionments.

179.11 (c) In the case of municipalities or independent nonprofit firefighting corporations  
179.12 qualifying for aid, the commissioner must calculate the state aid for the municipality or  
179.13 independent nonprofit firefighting corporation on the basis of the population and the estimated  
179.14 market value of the area furnished fire protection service by the fire department as evidenced  
179.15 by valid fire service agreements contracts, joint powers agreements, resolutions, and other  
179.16 supporting documents filed with the commissioner under section 477B.02, subdivision 5.

179.17 (d) In the case of more than one fire department furnishing contracted fire service to a  
179.18 municipality, the population and estimated market value in the apportionment agreement  
179.19 filed with the commissioner under section 477B.02, subdivision 5, must be used in calculating  
179.20 the state aid.

179.21 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
179.22 and thereafter.

179.23 Sec. 16. Minnesota Statutes 2020, section 477B.03, subdivision 5, is amended to read:

179.24 Subd. 5. **Minimum fire state aid allocation amount.** (a) The minimum fire state aid  
179.25 allocation amount is the amount derived from any additional funding amount to support a  
179.26 minimum fire state aid amount under section 423A.02, subdivision 3. The minimum fire  
179.27 state aid allocation amount is allocated to municipalities or independent nonprofit firefighting  
179.28 corporations with volunteer firefighters' relief associations or covered by the statewide  
179.29 volunteer firefighter plan. The amount is based on the number of active volunteer firefighters  
179.30 who are (1) members of the relief association as reported to the Office of the State Auditor  
179.31 in a specific annual financial reporting year as specified in paragraphs (b) to (d), or (2)  
179.32 covered by the statewide volunteer firefighter plan as specified in paragraph (e).

180.1 (b) For relief associations established in calendar year 1993 or a prior year, the number  
180.2 of active volunteer firefighters equals the number of active volunteer firefighters who were  
180.3 members of the relief association as reported in the annual financial reporting for calendar  
180.4 year 1993, but not to exceed 30 active volunteer firefighters.

180.5 (c) For relief associations established in calendar year 1994 through calendar year 1999,  
180.6 the number of active volunteer firefighters equals the number of active volunteer firefighters  
180.7 who were members of the relief association as reported in the annual financial reporting for  
180.8 calendar year 1998 to the Office of the State Auditor, but not to exceed 30 active volunteer  
180.9 firefighters.

180.10 (d) For relief associations established after calendar year 1999, the number of active  
180.11 volunteer firefighters equals the number of active volunteer firefighters who are members  
180.12 of the relief association as reported in the first annual financial reporting submitted to the  
180.13 Office of the State Auditor, but not to exceed 20 active volunteer firefighters.

180.14 (e) ~~If a relief association is terminated as a result of~~ For a municipality or independent  
180.15 nonprofit firefighting corporation that is providing retirement coverage for volunteer  
180.16 firefighters by the statewide volunteer firefighter plan under chapter 353G, the number of  
180.17 active volunteer firefighters equals the number of active volunteer firefighters of the  
180.18 municipality or independent nonprofit firefighting corporation covered by the statewide  
180.19 plan as certified by the executive director of the Public Employees Retirement Association  
180.20 to the commissioner and the state auditor by February 1 immediately following the date the  
180.21 municipality or independent nonprofit firefighting corporation begins coverage in the plan,  
180.22 but not to exceed 30 active firefighters.

180.23 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
180.24 and thereafter.

180.25 Sec. 17. Minnesota Statutes 2020, section 477B.03, subdivision 7, is amended to read:

180.26 Subd. 7. **Appeal.** A municipality, an independent nonprofit firefighting corporation, a  
180.27 fire relief association, or the statewide volunteer firefighter plan may object to the amount  
180.28 of fire state aid apportioned to it by filing a written request with the commissioner to review  
180.29 and adjust the apportionment of funds within the state. The objection of a municipality, an  
180.30 independent nonprofit firefighting corporation, a fire relief association, or the voluntary  
180.31 statewide volunteer firefighter retirement plan must be filed with the commissioner within  
180.32 60 days of the date the amount of apportioned fire state aid is paid. The decision of the  
180.33 commissioner is subject to appeal, review, and adjustment by the district court in the county  
180.34 in which the applicable municipality or independent nonprofit firefighting corporation is

181.1 located or by the Ramsey County District Court with respect to the statewide volunteer  
181.2 firefighter plan.

181.3 EFFECTIVE DATE. This section is effective for aids payable in calendar year 2023  
181.4 and thereafter.

181.5 Sec. 18. Minnesota Statutes 2020, section 477B.04, subdivision 1, is amended to read:

181.6 Subdivision 1. **Payments.** (a) The commissioner must make payments to the Public  
181.7 Employees Retirement Association for deposit in the statewide volunteer firefighter fund  
181.8 on behalf of a municipality or independent nonprofit firefighting corporation that is a member  
181.9 of the statewide volunteer firefighter plan under chapter 353G, ~~or directly to a municipality~~  
181.10 ~~or county designated by an independent nonprofit firefighting corporation.~~ The commissioner  
181.11 must directly pay all other municipalities qualifying for fire state aid, except as provided in  
181.12 paragraph (d). The payment is equal to the amount of fire state aid apportioned to the  
181.13 applicable fire state aid recipient under section 477B.03.

181.14 (b) Fire state aid is payable on October 1 annually. The amount of state aid due and not  
181.15 paid by October 1 accrues interest payable to the recipient at the rate of one percent for each  
181.16 month or part of a month that the amount remains unpaid after October 1.

181.17 (c) If the commissioner of revenue does not receive a financial compliance report  
181.18 described in section 6.495, subdivision 3, for a relief association, the amount of fire state  
181.19 aid apportioned to a municipality or independent nonprofit firefighting corporation under  
181.20 section 477B.03 for that relief association must be withheld from payment to the Public  
181.21 Employees Retirement Association or the municipality. The commissioner of revenue must  
181.22 issue a withheld payment within ten business days of receipt of a financial compliance report  
181.23 under section 6.495, subdivision 3. The interest under paragraph (b) does not apply ~~when~~  
181.24 ~~to a payment has not been made by October 1 due to noncompliance with sections 424A.014~~  
181.25 ~~and 477B.02, subdivision 7~~ withheld under this paragraph.

181.26 (d) The commissioner must make payments directly to the largest municipality in  
181.27 population located within any area included in a joint powers entity that does not have a  
181.28 designated agency under section 471.59, subdivision 3, or within the fire department service  
181.29 area of an eligible independent nonprofit firefighting corporation. If there is no city or town  
181.30 within the fire department service area of an eligible independent nonprofit firefighting  
181.31 corporation, fire state aid must be paid to the county where the independent nonprofit  
181.32 firefighting corporation is located.

182.1 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
182.2 and thereafter.

182.3 Sec. 19. Minnesota Statutes 2020, section 477B.04, is amended by adding a subdivision  
182.4 to read:

182.5 Subd. 4. **Aid amount corrections.** (a) An adjustment needed to correct a fire state aid  
182.6 overpayment or underpayment due to a clerical error must be made to subsequent fire state  
182.7 aid payments as provided in paragraphs (b) and (c). The authority to correct an aid payment  
182.8 under this subdivision is limited to three years after the payment was issued.

182.9 (b) If an overpayment equals more than ten percent of the most recently paid aid amount,  
182.10 the commissioner must reduce the aid a municipality or independent nonprofit firefighting  
182.11 corporation is to receive by the amount overpaid over a period of no more than three years.  
182.12 If an overpayment equals or is less than ten percent of the most recently paid aid amount,  
182.13 the commissioner must reduce the next aid payment occurring in 30 days or more by the  
182.14 amount overpaid.

182.15 (c) In the event of an underpayment, the commissioner must distribute the amount of  
182.16 underpaid funds to the municipality or independent nonprofit firefighting corporation over  
182.17 a period of no more than three years. An additional distribution to a municipality or  
182.18 independent nonprofit firefighting corporation must be paid from the general fund and must  
182.19 not diminish the payments made to other municipalities or independent nonprofit firefighting  
182.20 corporations under this chapter.

182.21 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
182.22 and thereafter.

182.23 Sec. 20. Minnesota Statutes 2020, section 477C.03, subdivision 2, is amended to read:

182.24 Subd. 2. **Apportionment of police state aid.** (a) The total amount available for  
182.25 apportionment as police state aid is equal to 104 percent of the amount of premium taxes  
182.26 paid to the state on the premiums reported to the commissioner by companies or insurance  
182.27 companies on the Minnesota Aid to Police Premium Report, except that credits claimed  
182.28 under section 297I.20, subdivisions 3, 4, and 5, do not affect the calculation of the total  
182.29 amount of police state aid available for apportionment. The total amount for apportionment  
182.30 for the police state aid program must not be less than two percent of the amount of premiums  
182.31 reported to the commissioner by companies or insurance companies on the Minnesota Aid  
182.32 to Police Premium Report.

183.1 (b) The commissioner must calculate the percentage of increase or decrease reflected in  
183.2 the apportionment over or under the previous year's available state aid using the same  
183.3 premiums as a basis for comparison.

183.4 (c) In addition to the amount for apportionment of police state aid under paragraph (a),  
183.5 each year \$100,000 must be apportioned for police state aid. An amount sufficient to pay  
183.6 this increase is annually appropriated from the general fund.

183.7 (d) The commissioner must apportion police state aid to all municipalities in proportion  
183.8 to the relationship that the total number of peace officers employed by that municipality for  
183.9 the prior calendar year and the proportional or fractional number who were employed less  
183.10 than a calendar year as credited under section 477C.02, subdivision 1, paragraph (c), bears  
183.11 to the total number of peace officers employed by all municipalities subject to any reduction  
183.12 under subdivision 3.

183.13 ~~(e) Any necessary additional adjustments must be made to subsequent police state aid~~  
183.14 ~~apportionments.~~

183.15 **EFFECTIVE DATE.** (a) The amendment to paragraph (a) is effective the day following  
183.16 final enactment.

183.17 (b) The amendment striking paragraph (e) is effective for aids payable in calendar year  
183.18 2023 and thereafter.

183.19 Sec. 21. Minnesota Statutes 2020, section 477C.03, subdivision 5, is amended to read:

183.20 Subd. 5. **Appeal.** A municipality may object to the amount of police state aid apportioned  
183.21 to it by filing a written request with the commissioner to review and adjust the apportionment  
183.22 of funds to the municipality. The objection of a municipality must be filed with the  
183.23 commissioner within 60 days of the date the amount of apportioned police state aid is paid.  
183.24 The decision of the commissioner is subject to appeal, review, and adjustment by the district  
183.25 court in the county in which the applicable municipality is located or by the Ramsey County  
183.26 District Court with respect to the Departments of Natural Resources or Public Safety.

183.27 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
183.28 and thereafter.

183.29 Sec. 22. Minnesota Statutes 2020, section 477C.04, is amended by adding a subdivision  
183.30 to read:

183.31 **Subd. 4. Aid amount corrections.** (a) An adjustment needed to correct a police state  
183.32 aid overpayment or underpayment due to a clerical error must be made to subsequent police

184.1 state aid payments as provided in paragraphs (b) and (c). The authority to correct an aid  
184.2 payment under this subdivision is limited to three years after the payment was issued.

184.3 (b) If an overpayment equals more than ten percent of the most recently paid aid amount,  
184.4 the commissioner must reduce the aid a municipality is to receive by the amount overpaid  
184.5 over a period of no more than three years. If an overpayment equals or is less than ten  
184.6 percent of the most recently paid aid amount, the commissioner must reduce the next aid  
184.7 payment occurring in 30 days or more by the amount overpaid.

184.8 (c) In the event of an underpayment, the commissioner must distribute the amount of  
184.9 underpaid funds to the municipality over a period of no more than three years. An additional  
184.10 distribution to a municipality must be paid from the general fund and must not diminish the  
184.11 payments made to other municipalities under this chapter.

184.12 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
184.13 and thereafter.

184.14 Sec. 23. **REPEALER.**

184.15 Minnesota Statutes 2020, sections 477B.02, subdivision 4; and 477B.03, subdivision 6,  
184.16 are repealed.

184.17 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
184.18 and thereafter.

184.19

### ARTICLE 13

184.20 **DEPARTMENT OF REVENUE POLICY AND TECHNICAL: MISCELLANEOUS**  
184.21 **TAX PROVISIONS**

184.22 Section 1. Minnesota Statutes 2020, section 290A.03, subdivision 13, is amended to read:

184.23 Subd. 13. **Property taxes payable.** "Property taxes payable" means the property tax  
184.24 exclusive of special assessments, penalties, and interest payable on a claimant's homestead  
184.25 after deductions made under sections 273.135, 273.1384, 273.1391, 273.42, subdivision 2,  
184.26 and any other state paid property tax credits in any calendar year, and after any refund  
184.27 claimed and allowable under section 290A.04, subdivision 2h, that is first payable in the  
184.28 year that the property tax is payable. In the case of a claimant who makes ground lease  
184.29 payments, "property taxes payable" includes the amount of the payments directly attributable  
184.30 to the property taxes assessed against the parcel on which the house is located. Regardless  
184.31 of the limitations in section 280A(c)(5) of the Internal Revenue Code, "property taxes  
184.32 payable" must be apportioned or reduced for the use of a portion of the claimant's homestead



185.1 for a business purpose if the claimant deducts any business depreciation expenses for the  
 185.2 use of a portion of the homestead or deducts expenses under section 280A of the Internal  
 185.3 Revenue Code for a business operated in the claimant's homestead. For homesteads which  
 185.4 are manufactured homes as defined in section 273.125, subdivision 8, including manufactured  
 185.5 homes located in a manufactured home community owned by a cooperative organized under  
 185.6 chapter 308A or 308B, and park trailers taxed as manufactured homes under section 168.012,  
 185.7 subdivision 9, "property taxes payable" shall also include 17 percent of the gross rent paid  
 185.8 in the preceding year for the site on which the homestead is located. When a homestead is  
 185.9 owned by two or more persons as joint tenants or tenants in common, such tenants shall  
 185.10 determine between them which tenant may claim the property taxes payable on the  
 185.11 homestead. If they are unable to agree, the matter shall be referred to the commissioner of  
 185.12 revenue whose decision shall be final. Property taxes are considered payable in the year  
 185.13 prescribed by law for payment of the taxes.

185.14 In the case of a claim relating to "property taxes payable," the claimant must have owned  
 185.15 and occupied the homestead on January 2 of the year in which the tax is payable and (i) the  
 185.16 property must have been classified as homestead property pursuant to section 273.124, on  
 185.17 or before December ~~15~~ 31 of the assessment year to which the "property taxes payable"  
 185.18 relate; or (ii) the claimant must provide documentation from the local assessor that application  
 185.19 for homestead classification has been made on or before December ~~15~~ 31 of the year in  
 185.20 which the "property taxes payable" were payable and that the assessor has approved the  
 185.21 application.

185.22 **EFFECTIVE DATE.** This section is effective for refund claims based on property taxes  
 185.23 payable in 2022 and thereafter.

185.24 Sec. 2. Minnesota Statutes 2020, section 290A.19, is amended to read:

185.25 **290A.19 OWNER OR MANAGING AGENT TO FURNISH RENT CERTIFICATE.**

185.26 (a) The owner or managing agent of any property for which rent is paid for occupancy  
 185.27 as a homestead must furnish a certificate of rent paid to a person who is a renter on December  
 185.28 31, in the form prescribed by the commissioner. If the renter moves before December 31,  
 185.29 the owner or managing agent may give the certificate to the renter at the time of moving,  
 185.30 or mail the certificate to the forwarding address if an address has been provided by the  
 185.31 renter. The certificate must be made available to the renter before February 1 of the year  
 185.32 following the year in which the rent was paid. The owner or managing agent must retain a  
 185.33 duplicate of each certificate or an equivalent record showing the same information for a

186.1 period of three years. The duplicate or other record must be made available to the  
186.2 commissioner upon request.

186.3 (b) The commissioner may require the owner or managing agent, through a simple  
186.4 process, to furnish to the commissioner on or before March 1 a copy of each certificate of  
186.5 rent paid furnished to a renter for rent paid in the prior year. The commissioner shall prescribe  
186.6 the content, format, and manner of the form pursuant to section 270C.30. The commissioner  
186.7 may require the Social Security number, individual taxpayer identification number, federal  
186.8 employer identification number, or Minnesota taxpayer identification number of the owner  
186.9 or managing agent who is required to furnish a certificate of rent paid under this paragraph.  
186.10 Prior to implementation, the commissioner, after consulting with representatives of owners  
186.11 or managing agents, shall develop an implementation and administration plan for the  
186.12 requirements of this paragraph that attempts to minimize financial burdens, administration  
186.13 and compliance costs, and takes into consideration existing systems of owners and managing  
186.14 agents.

186.15 (c) For the purposes of this section, "owner" includes a park owner as defined under  
186.16 section 327C.01, subdivision 6, and "property" includes a lot as defined under section  
186.17 327C.01, subdivision 3.

186.18 **EFFECTIVE DATE.** This section is effective for refund claims based on rent paid in  
186.19 2022 and thereafter.

**290.0131 INDIVIDUALS; ADDITIONS TO FEDERAL TAXABLE INCOME.**

Subd. 15. **529 plan addition.** The lesser of the following amounts is an addition:

(1) the total distributions for the taxable year from a qualified plan under section 529 of the Internal Revenue Code, owned by the taxpayer, that are expended for qualified higher education expenses under section 529(c)(7) of the Internal Revenue Code (expenses for tuition for elementary or secondary public, private, or religious school); or

(2) the total amount required to be reported to the taxpayer by any trustee of a qualified tuition plan under section 529 of the Internal Revenue Code as earnings on Internal Revenue Service Form 1099Q for the taxable year.

**290.0674 MINNESOTA EDUCATION CREDIT.**

Subd. 2a. **Income.** (a) For purposes of this section, "income" means the sum of the following:

(1) federal adjusted gross income as defined in section 62 of the Internal Revenue Code; and

(2) the sum of the following amounts to the extent not included in clause (1):

(i) all nontaxable income;

(ii) the amount of a passive activity loss that is not disallowed as a result of section 469, paragraph (i) or (m) of the Internal Revenue Code and the amount of passive activity loss carryover allowed under section 469(b) of the Internal Revenue Code;

(iii) an amount equal to the total of any discharge of qualified farm indebtedness of a solvent individual excluded from gross income under section 108(g) of the Internal Revenue Code;

(iv) cash public assistance and relief;

(v) any pension or annuity (including railroad retirement benefits, all payments received under the federal Social Security Act, Supplemental Security Income, and veterans benefits), which was not exclusively funded by the claimant or spouse, or which was funded exclusively by the claimant or spouse and which funding payments were excluded from federal adjusted gross income in the years when the payments were made;

(vi) interest received from the federal or a state government or any instrumentality or political subdivision thereof;

(vii) workers' compensation;

(viii) nontaxable strike benefits;

(ix) the gross amounts of payments received in the nature of disability income or sick pay as a result of accident, sickness, or other disability, whether funded through insurance or otherwise;

(x) a lump-sum distribution under section 402(e)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1995;

(xi) contributions made by the claimant to an individual retirement account, including a qualified voluntary employee contribution; simplified employee pension plan; self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal Revenue Code;

(xii) nontaxable scholarship or fellowship grants;

(xiii) the amount of deduction allowed under section 199 of the Internal Revenue Code;

(xiv) the amount of deduction allowed under section 220 or 223 of the Internal Revenue Code;

(xv) the amount deducted for tuition expenses under section 222 of the Internal Revenue Code; and

(xvi) the amount deducted for certain expenses of elementary and secondary school teachers under section 62(a)(2)(D) of the Internal Revenue Code.

In the case of an individual who files an income tax return on a fiscal year basis, the term "federal adjusted gross income" means federal adjusted gross income reflected in the fiscal year ending in the next calendar year. Federal adjusted gross income may not be reduced by the amount of a net operating loss carryback or carryforward or a capital loss carryback or carryforward allowed for the year.

APPENDIX  
Repealed Minnesota Statutes: UEH3669-2

(b) "Income" does not include:

- (1) amounts excluded pursuant to the Internal Revenue Code, sections 101(a) and 102;
- (2) amounts of any pension or annuity that were exclusively funded by the claimant or spouse if the funding payments were not excluded from federal adjusted gross income in the years when the payments were made;
- (3) surplus food or other relief in kind supplied by a governmental agency;
- (4) relief granted under chapter 290A;
- (5) child support payments received under a temporary or final decree of dissolution or legal separation; and
- (6) restitution payments received by eligible individuals and excludable interest as defined in section 803 of the Economic Growth and Tax Relief Reconciliation Act of 2001, Public Law 107-16.

**290.0681 CREDIT FOR HISTORIC STRUCTURE REHABILITATION.**

Subd. 10. **Sunset.** This section expires after fiscal year 2022, except that the office's authority to issue credit certificates under subdivision 4 based on allocation certificates that were issued before fiscal year 2023 remains in effect through 2025, and the reporting requirements in subdivision 9 remain in effect through the year following the year in which all allocation certificates have either been canceled or resulted in issuance of credit certificates, or 2026, whichever is earlier.

**477B.02 QUALIFYING FOR FIRE STATE AID.**

Subd. 4. **Equipment requirements.** The fire department must have all of the following equipment, or the equivalent as determined by the state fire marshal, by December 31 of the year preceding the certification required in subdivision 8:

- (1) a motorized fire truck equipped with:
  - (i) a motorized pump;
  - (ii) a 250-gallon or larger water tank;
  - (iii) 300 feet of one inch or larger fire hose in two lines with combination spray and straight stream nozzles;
  - (iv) five-gallon hand pumps - tank extinguisher or equivalent;
  - (v) a dry chemical extinguisher or equivalent;
  - (vi) ladders;
  - (vii) extension ladders;
  - (viii) pike poles;
  - (ix) crowbars;
  - (x) axes;
  - (xi) lanterns; and
  - (xii) fire coats, helmets, and boots;
- (2) the items in clause (1) suitably housed in a building of good construction with facilities for care of hoses and equipment;
- (3) a reliable and adequate method of receiving fire alarms by telephone or with electric siren and suitable means of sounding an alarm; and
- (4) if response is to be provided outside the corporate limits of the municipality where the fire department is located, another piece of motorized apparatus to make the response.

**477B.03 CALCULATION OF FIRE STATE AID; APPEAL.**

Subd. 6. **Corrective aid adjustments.** Any adjustments needed to correct prior misallocations must be made to subsequent fire state aid apportionments.