

UNOFFICIAL ENGROSSMENT

SENATE
STATE OF MINNESOTA
EIGHTY-NINTH SESSION

H.F. No. 3931**(SENATE AUTHORS: GAROFALO)**

DATE	D-PG	OFFICIAL STATUS
04/28/2016	6515	Received from House
	6516	Introduction and first reading
	6516	Laid on table
05/02/2016	6570	Taken from table
		Referred to Taxes
05/10/2016	6887a	Comm report: To pass as amended
	6968	Second reading
05/11/2016	6976a	Special Order: Amended
	6981	Third reading Passed

A bill for an act

1.1 relating to financing of state and local government; making changes to individual
 1.2 income and corporate franchise, property, sales and use, special, local, and
 1.3 other taxes and tax-related provisions; providing for and expanding credits;
 1.4 authorizing riparian protection aid; providing property tax exemptions and
 1.5 refunds; authorizing sales and use tax exemptions; modifying sales and use tax
 1.6 remittances; providing for and modifying certain local development projects;
 1.7 modifying special taxing districts; authorizing issuance of bonds; providing for
 1.8 paid family and medical leave benefits; transferring approval authority from Iron
 1.9 Range Resources and Rehabilitation Board to the commissioner of Iron Range
 1.10 resources and rehabilitation; authorizing early separation incentive program;
 1.11 appropriating money; amending Minnesota Statutes 2014, sections 13.719, by
 1.12 adding a subdivision; 15.38, subdivision 7; 116J.424; 116J.8737, subdivision
 1.13 2; 181.940, subdivisions 2, 4; 181.941, subdivision 4; 181.942, subdivision 1;
 1.14 181.943; 216B.161, subdivision 1; 256J.561, by adding a subdivision; 256J.95,
 1.15 subdivisions 3, 11; 268.19, subdivision 1; 270B.14, subdivision 2; 272.162;
 1.16 276A.01, subdivisions 8, 17; 282.38, subdivision 1; 290.01, subdivisions 19a,
 1.17 19b, 19c; 290.06, by adding a subdivision; 290.091, subdivision 2; 297A.66,
 1.18 subdivisions 1, 3, 4, by adding subdivisions; 297A.71, by adding subdivisions;
 1.19 297A.75, subdivisions 1, 2, 3; 298.001, subdivision 8; 298.22, subdivisions 1a,
 1.20 5a, 6, 8, 10, 11; 298.221; 298.2211, subdivision 3; 298.2213, subdivisions 4, 5,
 1.21 6; 298.223, subdivisions 1, 2; 298.227; 298.28, subdivisions 7a, 9d; 298.292,
 1.22 subdivision 2; 298.294; 298.296, subdivisions 1, 2, 4; 298.2961, subdivisions 2,
 1.23 4; 298.298; 298.46, subdivision 2; 473.39, by adding a subdivision; Minnesota
 1.24 Statutes 2015 Supplement, sections 256P.01, subdivision 3; 289A.02, subdivision
 1.25 7; 290.01, subdivisions 19, 31; 290.0671, subdivision 1; 290A.03, subdivision
 1.26 15; 291.005, subdivision 1; Laws 1988, chapter 645, section 3, as amended;
 1.27 Laws 2008, chapter 154, article 9, section 21, subdivision 2; Laws 2009, chapter
 1.28 88, article 2, section 46, subdivisions 1, as amended, 2, 3, as amended, 4, 5;
 1.29 Laws 2014, chapter 308, article 6, section 9; proposing coding for new law in
 1.30 Minnesota Statutes, chapters 181; 216B; 270C; 290; 469; 477A; proposing
 1.31 coding for new law as Minnesota Statutes, chapter 268B.

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

2.1 **ARTICLE 1**2.2 **INCOME AND CORPORATE FRANCHISE TAXES**

2.3 Section 1. Minnesota Statutes 2014, section 116J.8737, subdivision 2, is amended to
2.4 read:

2.5 Subd. 2. **Certification of qualified small businesses.** (a) Businesses may apply
2.6 to the commissioner for certification as a qualified small business or qualified greater
2.7 Minnesota small business for a calendar year. The application must be in the form
2.8 and be made under the procedures specified by the commissioner, accompanied by an
2.9 application fee of \$150. Application fees are deposited in the small business investment
2.10 tax credit administration account in the special revenue fund. The application for
2.11 certification for 2010 must be made available on the department's Web site by August 1,
2.12 2010. Applications for subsequent years' certification must be made available on the
2.13 department's Web site by November 1 of the preceding year.

2.14 (b) Within 30 days of receiving an application for certification under this subdivision,
2.15 the commissioner must either certify the business as satisfying the conditions required
2.16 of a qualified small business or qualified greater Minnesota small business, request
2.17 additional information from the business, or reject the application for certification. If
2.18 the commissioner requests additional information from the business, the commissioner
2.19 must either certify the business or reject the application within 30 days of receiving the
2.20 additional information. If the commissioner neither certifies the business nor rejects
2.21 the application within 30 days of receiving the original application or within 30 days of
2.22 receiving the additional information requested, whichever is later, then the application is
2.23 deemed rejected, and the commissioner must refund the \$150 application fee. A business
2.24 that applies for certification and is rejected may reapply.

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

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

2.28 (2) at least: (i) 51 percent of the business's employees are employed in Minnesota;
2.29 ~~and; (ii) 51 percent of the business's total payroll is paid or incurred in the state; and (iii)~~
2.30 51 percent of the total value of all contractual agreements to which the business is a party
2.31 in connection with its primary business activity is for services performed under contract in
2.32 Minnesota, unless the business obtains a waiver under paragraph (i);

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

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

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

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

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

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

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

3.16 (6) the business must pay its employees annual wages of at least 175 percent of the
3.17 federal poverty guideline for the year for a family of four and must pay its interns annual
3.18 wages of at least 175 percent of the federal minimum wage used for federally covered
3.19 employers, except that this requirement must be reduced proportionately for employees
3.20 and interns who work less than full-time, and does not apply to an executive, officer, or
3.21 member of the board of the business, or to any employee who owns, controls, or holds
3.22 power to vote more than 20 percent of the outstanding securities of the business;

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

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

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

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

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

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

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

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

4.5 (3) the business must not issue securities that are traded on a public exchange within
 4.6 180 days after the date on which the qualified investment was made; and

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

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

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

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

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

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

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

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

4.26 (2) at least: (i) 51 percent of the business's employees are employed in greater
 4.27 Minnesota; and; (ii) 51 percent of the business's total payroll is paid or incurred in greater
 4.28 Minnesota; and (iii) 51 percent of the total value of all contractual agreements to which
 4.29 the business is a party in connection with its primary business activity is for services
 4.30 performed under contract in greater Minnesota, unless the business obtains a waiver
 4.31 under paragraph (i).

4.32 (i) The commissioner must exempt a business from the requirement under paragraph
 4.33 (c), clause (2), item (iii), if the business certifies to the commissioner that the services
 4.34 required under a contract in connection with the primary business activity cannot be
 4.35 performed in Minnesota if the business otherwise qualifies as a qualified small business,
 4.36 or in greater Minnesota if the business otherwise qualifies as a qualified greater Minnesota

5.1 business. The business must submit the certification required under this paragraph every
5.2 six months from the month the exemption was granted. The exemption allowed under this
5.3 paragraph must be submitted in a form and manner prescribed by the commissioner.

5.4 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
5.5 December 31, 2015.

5.6 Sec. 2. **[270C.22] TAX TIME SAVINGS GRANT PROGRAM.**

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

5.9 (b) "Financial capability services" means any of the following:

5.10 (1) assistance with opening a savings or transactional account that meets the Federal
5.11 Deposit Insurance Corporation's model safe accounts template standards;

5.12 (2) assistance with depositing all or part of a tax refund into a savings or transactional
5.13 account;

5.14 (3) assistance with obtaining and reviewing a consumer report or credit score, as
5.15 those terms are defined in United States Code, title 15, section 1681a;

5.16 (4) assistance with obtaining and reviewing a banking history report;

5.17 (5) financial coaching, or referral to financial coaching services, as provided in
5.18 section 256E.35, subdivision 4a;

5.19 (6) National Foundation for Credit Counseling certified consumer credit and debt
5.20 counseling or referral to these services;

5.21 (7) enrollment in a matched or incentivized savings program, including the provision
5.22 of matching or incentive funds;

5.23 (8) assistance with purchasing federal retirement savings bonds, as described in
5.24 Code of Federal Regulations, title 31, part 347; or

5.25 (9) assistance with purchasing a Series I United States Savings Bond with all or
5.26 part of a tax refund.

5.27 (c) "Transactional account" means a traditional demand deposit account or a general
5.28 purpose reloadable prepaid card offered by a bank or credit union.

5.29 (d) "TCE" means the Tax Counseling for the Elderly program established by the
5.30 Internal Revenue Service.

5.31 (e) "VITA" means the Volunteer Income Tax Assistance program established by the
5.32 Internal Revenue Service.

5.33 Subd. 2. **Creation.** The commissioner of revenue shall establish a tax time
5.34 savings grant program to make grants to one or more nonprofit organizations to fund the

6.1 integration of financial capability services into the delivery of taxpayer assistance services
6.2 funded by grants under section 270C.21.

6.3 Subd. 3. **Qualified applicant.** To be eligible to receive a grant under the tax time
6.4 savings grant program, an applicant must:

6.5 (1) qualify under section 501(c)(3) of the Internal Revenue Code and be registered
6.6 with the Internal Revenue Service as part of either the VITA or TCE programs; and

6.7 (2) commit to dedicate at least one staff or volunteer position to coordinate financial
6.8 capability services at a VITA or TCE program site and to offer VITA or TCE program
6.9 participants free assistance with the initiation through completion of:

6.10 (i) opening a savings and a transactional account that meet the Federal Deposit
6.11 Insurance Corporation's model safe accounts template standards;

6.12 (ii) depositing all or part of a tax refund into a savings or transactional account; and

6.13 (iii) purchasing a Series I United States Savings Bond with all or part of a tax refund.

6.14 Subd. 4. **Conflict of interest.** (a) No applicant may receive direct compensation
6.15 from a bank, credit union, other financial services provider, or vendor in exchange for the
6.16 applicant offering to program participants the products or services of that bank, credit
6.17 union, other financial services provider, or vendor.

6.18 (b) No applicant may receive funding from a bank, credit union, other financial
6.19 services provider, or vendor that is contingent on the applicant offering products or
6.20 services of that bank, credit union, other financial services provider, or vendor to program
6.21 participants.

6.22 (c) An applicant may receive funding from a bank, credit union, other financial
6.23 services provider, or vendor that is not in exchange for or contingent upon the applicant
6.24 offering products or services of that bank, credit union, other financial services provider,
6.25 or vendor to program participants.

6.26 Subd. 5. **Permitted use of grant funds.** (a) A grant recipient may use grant funds
6.27 to dedicate a staff or volunteer position to coordinate financial capability services at a
6.28 VITA or TCE site and to offer VITA or TCE program participants free assistance with the
6.29 initiation through completion of:

6.30 (1) opening a savings and a transactional account that meet the Federal Deposit
6.31 Insurance Corporation's model safe accounts template standards;

6.32 (2) depositing all or part of a tax refund into a savings or transactional account; and

6.33 (3) purchasing a Series I United States Savings Bond with all or part of a tax refund.

6.34 (b) A grant recipient who offers all of the financial capability services enumerated
6.35 in paragraph (a) may also use grant funds to provide one or more additional financial
6.36 capability services to VITA or TCE program participants at no cost to the participant.

7.1 Sec. 3. Minnesota Statutes 2015 Supplement, section 289A.02, subdivision 7, is
7.2 amended to read:

7.3 Subd. 7. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal
7.4 Revenue Code" means the Internal Revenue Code of 1986, as amended through December
7.5 31, ~~2014~~ 2015.

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

7.7 Sec. 4. Minnesota Statutes 2015 Supplement, section 290.01, subdivision 19, is
7.8 amended to read:

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

7.15 In the case of a regulated investment company or a fund thereof, as defined in section
7.16 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment
7.17 company taxable income as defined in section 852(b)(2) of the Internal Revenue Code,
7.18 except that:

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

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

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

7.28 The net income of a real estate investment trust as defined and limited by section
7.29 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust
7.30 taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

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

7.34 The Internal Revenue Code of 1986, as amended through December 31, ~~2014~~ 2015,
7.35 shall be in effect for taxable years beginning after December 31, 1996.

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

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

8.7 Sec. 5. Minnesota Statutes 2014, section 290.01, subdivision 19a, is amended to read:

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

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

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

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

8.18 (B) the portion of the exempt-interest dividends derived from interest income
8.19 on obligations of the state of Minnesota or its political or governmental subdivisions,
8.20 municipalities, governmental agencies or instrumentalities, but only if the portion of the
8.21 exempt-interest dividends from such Minnesota sources paid to all shareholders represents
8.22 95 percent or more of the exempt-interest dividends, including any dividends exempt
8.23 under subitem (A), that are paid by the regulated investment company as defined in section
8.24 851(a) of the Internal Revenue Code, or the fund of the regulated investment company as
8.25 defined in section 851(g) of the Internal Revenue Code, making the payment; and

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

8.29 (2) the amount of income, sales and use, motor vehicle sales, or excise taxes paid or
8.30 accrued within the taxable year under this chapter and the amount of taxes based on net
8.31 income paid, sales and use, motor vehicle sales, or excise taxes paid to any other state or
8.32 to any province or territory of Canada, to the extent allowed as a deduction under section
8.33 63(d) of the Internal Revenue Code, but the addition may not be more than the amount
8.34 by which the state itemized deduction exceeds the amount of the standard deduction as
8.35 defined in section 63(c) of the Internal Revenue Code, minus any addition that would have

9.1 been required under clause (17) if the taxpayer had claimed the standard deduction. For
9.2 the purpose of this clause, income, sales and use, motor vehicle sales, or excise taxes are
9.3 the last itemized deductions disallowed under clause (15);

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

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

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

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

9.17 (7) 80 percent of the depreciation deduction allowed under section 168(k) of the
9.18 Internal Revenue Code. For purposes of this clause, if the taxpayer has an activity that
9.19 in the taxable year generates a deduction for depreciation under section 168(k) and the
9.20 activity generates a loss for the taxable year that the taxpayer is not allowed to claim for
9.21 the taxable year, "the depreciation allowed under section 168(k)" for the taxable year is
9.22 limited to excess of the depreciation claimed by the activity under section 168(k) over the
9.23 amount of the loss from the activity that is not allowed in the taxable year. In succeeding
9.24 taxable years when the losses not allowed in the taxable year are allowed, the depreciation
9.25 under section 168(k) is allowed;

9.26 (8) 80 percent of the amount by which the deduction allowed by section 179 of the
9.27 Internal Revenue Code exceeds the deduction allowable by under the dollar limits of
9.28 section 179 of the Internal Revenue Code of 1986, as amended through December 31, 2003;

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

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

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

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

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

10.6 (14) changes to federal taxable income attributable to a net operating loss that the
10.7 taxpayer elected to carry back for more than two years for federal purposes but for which
10.8 the losses can be carried back for only two years under section 290.095, subdivision
10.9 11, paragraph (c);

10.10 (15) the amount of disallowed itemized deductions, but the amount of disallowed
10.11 itemized deductions plus the addition required under clause (2) may not be more than the
10.12 amount by which the itemized deductions as allowed under section 63(d) of the Internal
10.13 Revenue Code exceeds the amount of the standard deduction as defined in section 63(c) of
10.14 the Internal Revenue Code, and reduced by any addition that would have been required
10.15 under clause (17) if the taxpayer had claimed the standard deduction:

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

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

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

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

10.24 (A) such dollar amount, multiplied by

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

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

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

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

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

11.1 (16) the amount of disallowed personal exemptions for taxpayers with federal
11.2 adjusted gross income over the threshold amount:

11.3 (i) the disallowed personal exemption amount is equal to the number of personal
11.4 exemptions allowed under section 151(b) and (c) of the Internal Revenue Code multiplied
11.5 by the dollar amount for personal exemptions under section 151(d)(1) and (2) of the
11.6 Internal Revenue Code, as adjusted for inflation by section 151(d)(4) of the Internal
11.7 Revenue Code, and by the applicable percentage;

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

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

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

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

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

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

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

11.20 (A) such dollar amount, multiplied by

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

11.24 (17) to the extent deducted in the computation of federal taxable income, for taxable
11.25 years beginning after December 31, 2010, and before January 1, 2014, the difference
11.26 between the standard deduction allowed under section 63(c) of the Internal Revenue Code
11.27 and the standard deduction allowed for 2011, 2012, and 2013 under the Internal Revenue
11.28 Code as amended through December 1, 2010; and

11.29 (18) to the extent deducted in the computation of federal taxable income, the amount
11.30 of charitable contributions under section 170 of the Internal Revenue Code used to claim
11.31 the credit under section 290.06, subdivision 37.

11.32 **EFFECTIVE DATE.** The change to clause (8) is effective the day following final
11.33 enactment, except the changes incorporated by federal changes are effective retroactively
11.34 at the same time as the changes were effective for federal purposes. Clause (18) is
11.35 effective for taxable years beginning after December 31, 2015.

12.1 Sec. 6. Minnesota Statutes 2014, section 290.01, subdivision 19b, is amended to read:

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

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

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

12.10 (3) the amount paid to others, less the amount used to claim the credit allowed under
12.11 section 290.0674, not to exceed \$1,625 for each qualifying child in grades kindergarten
12.12 to 6 and \$2,500 for each qualifying child in grades 7 to 12, for tuition, textbooks, and
12.13 transportation of each qualifying child in attending an elementary or secondary school
12.14 situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a
12.15 resident of this state may legally fulfill the state's compulsory attendance laws, which
12.16 is not operated for profit, and which adheres to the provisions of the Civil Rights Act
12.17 of 1964 and chapter 363A. For the purposes of this clause, "tuition" includes fees or
12.18 tuition as defined in section 290.0674, subdivision 1, clause (1). As used in this clause,
12.19 "textbooks" includes books and other instructional materials and equipment purchased
12.20 or leased for use in elementary and secondary schools in teaching only those subjects
12.21 legally and commonly taught in public elementary and secondary schools in this state.
12.22 Equipment expenses qualifying for deduction includes expenses as defined and limited in
12.23 section 290.0674, subdivision 1, clause (3). "Textbooks" does not include instructional
12.24 books and materials used in the teaching of religious tenets, doctrines, or worship, the
12.25 purpose of which is to instill such tenets, doctrines, or worship, nor does it include books
12.26 or materials for, or transportation to, extracurricular activities including sporting events,
12.27 musical or dramatic events, speech activities, driver's education, or similar programs. No
12.28 deduction is permitted for any expense the taxpayer incurred in using the taxpayer's or
12.29 the qualifying child's vehicle to provide such transportation for a qualifying child. For
12.30 purposes of the subtraction provided by this clause, "qualifying child" has the meaning
12.31 given in section 32(c)(3) of the Internal Revenue Code;

12.32 (4) income as provided under section 290.0802;

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

12.35 (6) to the extent not deducted or not deductible pursuant to section 408(d)(8)(E)
12.36 of the Internal Revenue Code in determining federal taxable income by an individual

13.1 who does not itemize deductions for federal income tax purposes for the taxable year, an
13.2 amount equal to 50 percent of the excess of charitable contributions over \$500 allowable
13.3 as a deduction for the taxable year under section 170(a) of the Internal Revenue Code,
13.4 under the provisions of Public Law 109-1 and Public Law 111-126;

13.5 (7) for individuals who are allowed a federal foreign tax credit for taxes that do not
13.6 qualify for a credit under section 290.06, subdivision 22, an amount equal to the carryover
13.7 of subnational foreign taxes for the taxable year, but not to exceed the total subnational
13.8 foreign taxes reported in claiming the foreign tax credit. For purposes of this clause,
13.9 "federal foreign tax credit" means the credit allowed under section 27 of the Internal
13.10 Revenue Code, and "carryover of subnational foreign taxes" equals the carryover allowed
13.11 under section 904(c) of the Internal Revenue Code minus national level foreign taxes to
13.12 the extent they exceed the federal foreign tax credit;

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

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

13.22 (10) to the extent included in federal taxable income, the amount of compensation
13.23 paid to members of the Minnesota National Guard or other reserve components of the
13.24 United States military for active service, including compensation for services performed
13.25 under the Active Guard Reserve (AGR) program. For purposes of this clause, "active
13.26 service" means (i) state active service as defined in section 190.05, subdivision 5a, clause
13.27 (1); or (ii) federally funded state active service as defined in section 190.05, subdivision
13.28 5b, and "active service" includes service performed in accordance with section 190.08,
13.29 subdivision 3;

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

13.34 (12) an amount, not to exceed \$10,000, equal to qualified expenses related to a
13.35 qualified donor's donation, while living, of one or more of the qualified donor's organs
13.36 to another person for human organ transplantation. For purposes of this clause, "organ"

14.1 means all or part of an individual's liver, pancreas, kidney, intestine, lung, or bone marrow;
14.2 "human organ transplantation" means the medical procedure by which transfer of a human
14.3 organ is made from the body of one person to the body of another person; "qualified
14.4 expenses" means unreimbursed expenses for both the individual and the qualified donor
14.5 for (i) travel, (ii) lodging, and (iii) lost wages net of sick pay, except that such expenses
14.6 may be subtracted under this clause only once; and "qualified donor" means the individual
14.7 or the individual's dependent, as defined in section 152 of the Internal Revenue Code. An
14.8 individual may claim the subtraction in this clause for each instance of organ donation for
14.9 transplantation during the taxable year in which the qualified expenses occur;

14.10 (13) in each of the five tax years immediately following the tax year in which an
14.11 addition is required under subdivision 19a, clause (8), or 19c, clause (13), in the case of a
14.12 shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the
14.13 addition made by the taxpayer under subdivision 19a, clause (8), or 19c, clause (13), in the
14.14 case of a shareholder of a corporation that is an S corporation, minus the positive value of
14.15 any net operating loss under section 172 of the Internal Revenue Code generated for the
14.16 tax year of the addition. If the net operating loss exceeds the addition for the tax year, a
14.17 subtraction is not allowed under this clause;

14.18 (14) to the extent included in the federal taxable income of a nonresident of
14.19 Minnesota, compensation paid to a service member as defined in United States Code, title
14.20 10, section 101(a)(5), for military service as defined in the Servicemembers Civil Relief
14.21 Act, Public Law 108-189, section 101(2);

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

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

14.31 (17) the amount of the net operating loss allowed under section 290.095, subdivision
14.32 11, paragraph (c);

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

15.1 (19) the amount of the limitation on itemized deductions under section 68(b) of
 15.2 the Internal Revenue Code; and

15.3 (20) the amount of the phaseout of personal exemptions under section 151(d) of
 15.4 the Internal Revenue Code; and

15.5 ~~(21) to the extent included in federal taxable income, the amount of qualified~~
 15.6 ~~transportation fringe benefits described in section 132(f)(1)(A) and (B) of the Internal~~
 15.7 ~~Revenue Code. The subtraction is limited to the lesser of the amount of qualified~~
 15.8 ~~transportation fringe benefits received in excess of the limitations under section~~
 15.9 ~~132(f)(2)(A) of the Internal Revenue Code for the year or the difference between the~~
 15.10 ~~maximum qualified parking benefits excludable under section 132(f)(2)(B) of the Internal~~
 15.11 ~~Revenue Code minus the amount of transit benefits excludable under section 132(f)(2)(A)~~
 15.12 ~~of the Internal Revenue Code.~~

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

15.16 Sec. 7. Minnesota Statutes 2014, section 290.01, subdivision 19c, is amended to read:

15.17 Subd. 19c. **Corporations; additions to federal taxable income.** For corporations,
 15.18 there shall be added to federal taxable income:

15.19 (1) the amount of any deduction taken for federal income tax purposes for income,
 15.20 excise, or franchise taxes based on net income or related minimum taxes, including but not
 15.21 limited to the tax imposed under section 290.0922, paid by the corporation to Minnesota,
 15.22 another state, a political subdivision of another state, the District of Columbia, or any
 15.23 foreign country or possession of the United States;

15.24 (2) interest not subject to federal tax upon obligations of: the United States, its
 15.25 possessions, its agencies, or its instrumentalities; the state of Minnesota or any other
 15.26 state, any of its political or governmental subdivisions, any of its municipalities, or any
 15.27 of its governmental agencies or instrumentalities; the District of Columbia; or Indian
 15.28 tribal governments;

15.29 (3) exempt-interest dividends received as defined in section 852(b)(5) of the Internal
 15.30 Revenue Code;

15.31 (4) the amount of any net operating loss deduction taken for federal income tax
 15.32 purposes under section 172 or 832(c)(10) of the Internal Revenue Code or operations loss
 15.33 deduction under section 810 of the Internal Revenue Code;

15.34 (5) the amount of any special deductions taken for federal income tax purposes
 15.35 under sections 241 to 247 and 965 of the Internal Revenue Code;

16.1 (6) losses from the business of mining, as defined in section 290.05, subdivision 1,
16.2 clause (a), that are not subject to Minnesota income tax;

16.3 (7) the amount of any capital losses deducted for federal income tax purposes under
16.4 sections 1211 and 1212 of the Internal Revenue Code;

16.5 (8) the amount of percentage depletion deducted under sections 611 through 614 and
16.6 291 of the Internal Revenue Code;

16.7 (9) for certified pollution control facilities placed in service in a taxable year
16.8 beginning before December 31, 1986, and for which amortization deductions were elected
16.9 under section 169 of the Internal Revenue Code of 1954, as amended through December
16.10 31, 1985, the amount of the amortization deduction allowed in computing federal taxable
16.11 income for those facilities;

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

16.15 (11) any increase in subpart F income, as defined in section 952(a) of the Internal
16.16 Revenue Code, for the taxable year when subpart F income is calculated without regard to
16.17 the provisions of Division C, title III, section 303(b) of Public Law 110-343;

16.18 (12) 80 percent of the depreciation deduction allowed under section 168(k)(1)(A)
16.19 and (k)(4)(A) of the Internal Revenue Code. For purposes of this clause, if the taxpayer
16.20 has an activity that in the taxable year generates a deduction for depreciation under
16.21 section 168(k)(1)(A) and (k)(4)(A) and the activity generates a loss for the taxable year
16.22 that the taxpayer is not allowed to claim for the taxable year, "the depreciation allowed
16.23 under section 168(k)(1)(A) and (k)(4)(A)" for the taxable year is limited to excess of the
16.24 depreciation claimed by the activity under section 168(k)(1)(A) and (k)(4)(A) over the
16.25 amount of the loss from the activity that is not allowed in the taxable year. In succeeding
16.26 taxable years when the losses not allowed in the taxable year are allowed, the depreciation
16.27 under section 168(k)(1)(A) and (k)(4)(A) is allowed;

16.28 (13) 80 percent of the amount by which the deduction allowed by section 179 of
16.29 the Internal Revenue Code exceeds the deduction allowable by under the dollar limits of
16.30 section 179 of the Internal Revenue Code of 1986, as amended through December 31, 2003;

16.31 (14) to the extent deducted in computing federal taxable income, the amount of the
16.32 deduction allowable under section 199 of the Internal Revenue Code;

16.33 (15) the amount of expenses disallowed under section 290.10, subdivision 2; ~~and~~

16.34 (16) discharge of indebtedness income resulting from reacquisition of business
16.35 indebtedness and deferred under section 108(i) of the Internal Revenue Code; and

17.1 (17) to the extent deducted in the computation of federal taxable income, the amount
17.2 of charitable contributions under section 170 of the Internal Revenue Code used to claim
17.3 the credit under section 290.06, subdivision 37.

17.4 **EFFECTIVE DATE.** The change to clause (13) is effective the day following final
17.5 enactment, except the changes incorporated by federal changes are effective retroactively
17.6 at the same time as the changes were effective for federal purposes. Clause (17) is
17.7 effective for taxable years beginning after December 31, 2015.

17.8 Sec. 8. Minnesota Statutes 2015 Supplement, section 290.01, subdivision 31, is
17.9 amended to read:

17.10 Subd. 31. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal
17.11 Revenue Code" means the Internal Revenue Code of 1986, as amended through December
17.12 31, ~~2014~~ 2015. Internal Revenue Code also includes any uncodified provision in federal
17.13 law that relates to provisions of the Internal Revenue Code that are incorporated into
17.14 Minnesota law. When used in this chapter, the reference to "subtitle A, chapter 1,
17.15 subchapter N, part 1, of the Internal Revenue Code" is to the Internal Revenue Code as
17.16 amended through March 18, 2010.

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

17.20 Sec. 9. Minnesota Statutes 2014, section 290.06, is amended by adding a subdivision
17.21 to read:

17.22 Subd. 37. **Prepared food donation credit.** (a) A qualifying taxpayer is allowed a
17.23 credit against the tax imposed by this chapter equal to 20 percent of the taxpayer's eligible
17.24 charitable food donation. The credit may not exceed the taxpayer's liability for tax and
17.25 may not be carried forward to any other taxable year.

17.26 (b) For purposes of this subdivision, the following terms have the meanings given:

17.27 (1) "eligible charitable food donation" means a contribution of prepared food
17.28 allowable as a charitable deduction for the taxable year under section 170(a) of the Internal
17.29 Revenue Code, subject to the limitations of section 170(b) of the Internal Revenue Code,
17.30 and determined without regard to whether or not the taxpayer itemizes deductions;

17.31 (2) "prepared food" means food that meets all quality and labeling standards
17.32 imposed by federal, state, and local laws and regulations even though the food may not

18.1 be readily marketable due to appearance, age, freshness, grade, size, surplus, or other
 18.2 conditions, and includes:

18.3 (i) food which is cooked or heated by the qualifying taxpayer;

18.4 (ii) two or more ingredients mixed together to be eaten as a single item; and

18.5 (iii) any ingredients supplied for ingestion or chewing by humans that are consumed
 18.6 for their taste or nutritional value;

18.7 (3) "qualifying taxpayer" means any restaurant making a charitable food donation
 18.8 in Minnesota; and

18.9 (4) "restaurant" means any facility:

18.10 (i) which is operated for profit;

18.11 (ii) where the usual and customary business is the serving of meals to consumers;

18.12 (iii) which has a kitchen within the facility; and

18.13 (iv) which receives at least 70 percent of its gross receipts from the sale of prepared
 18.14 food.

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

18.17 (d) Credits allowed to a partnership, a limited liability company taxed as a
 18.18 partnership, an S corporation, or multiple owners of property are passed through to the
 18.19 partners, members, shareholders, or owners, respectively, pro rata to each partner, member,
 18.20 shareholder, or owner based on their share of the entity's income for the taxable year.

18.21 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
 18.22 December 31, 2015.

18.23 Sec. 10. Minnesota Statutes 2015 Supplement, section 290.0671, subdivision 1,
 18.24 is amended to read:

18.25 Subdivision 1. **Credit allowed.** (a) An individual who is a resident of Minnesota is
 18.26 allowed a credit against the tax imposed by this chapter equal to a percentage of earned
 18.27 income. To receive a credit, a taxpayer must be eligible for a credit under section 32
 18.28 of the Internal Revenue Code without regard to the earned income or adjusted gross
 18.29 income limitations.

18.30 (b) For individuals with no qualifying children, the credit equals ~~2.10~~ 3.0 percent
 18.31 of the first ~~\$6,180~~ \$6,500 of earned income. The credit is reduced by ~~2.01~~ 3.0 percent
 18.32 of earned income or adjusted gross income, whichever is greater, in excess of ~~\$8,130~~
 18.33 \$12,000, but in no case is the credit less than zero. For individuals qualifying under
 18.34 this paragraph, the taxpayer must have been at least 21 years of age, but under 65 years
 18.35 of age, at the end of the tax year.

19.1 (c) For individuals with one qualifying child, the credit equals ~~9.35~~ 12.71 percent
19.2 of the first ~~\$11,120~~ \$8,350 of earned income. The credit is reduced by ~~6.02~~ 5.2 percent
19.3 of earned income or adjusted gross income, whichever is greater, in excess of ~~\$21,190~~
19.4 \$21,620, but in no case is the credit less than zero.

19.5 (d) For individuals with two or more qualifying children, the credit equals ~~11~~ 14.94
19.6 percent of the first ~~\$18,240~~ \$13,700 of earned income. The credit is reduced by ~~10.82~~
19.7 9.2 percent of earned income or adjusted gross income, whichever is greater, in excess of
19.8 ~~\$25,130~~ \$25,640, but in no case is the credit less than zero.

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

19.11 (f) For a person who was a resident for the entire tax year and has earned income
19.12 not subject to tax under this chapter, including income excluded under section 290.01,
19.13 subdivision 19b, clause (9), the credit must be allocated based on the ratio of federal
19.14 adjusted gross income reduced by the earned income not subject to tax under this chapter
19.15 over federal adjusted gross income. For purposes of this paragraph, the subtractions
19.16 for military pay under section 290.01, subdivision 19b, clauses (10) and (11), are not
19.17 considered "earned income not subject to tax under this chapter."

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

19.21 (g) ~~For tax years beginning after December 31, 2007, and before December 31,~~
19.22 ~~2010, and for tax years beginning after December 31, 2017, the \$8,130 in paragraph (b),~~
19.23 ~~the \$21,190 in paragraph (c), and the \$25,130 in paragraph (d), after being adjusted for~~
19.24 ~~inflation under subdivision 7, are each increased by \$3,000 for married taxpayers filing joint~~
19.25 ~~returns. For tax years beginning after December 31, 2008, the commissioner shall annually~~
19.26 ~~adjust the \$3,000 by the percentage determined pursuant to the provisions of section 1(f)~~
19.27 ~~of the Internal Revenue Code, except that in section 1(f)(3)(B), the word "2007" shall be~~
19.28 ~~substituted for the word "1992." For 2009, the commissioner shall then determine the~~
19.29 ~~percent change from the 12 months ending on August 31, 2007, to the 12 months ending on~~
19.30 ~~August 31, 2008, and in each subsequent year, from the 12 months ending on August 31,~~
19.31 ~~2007, to the 12 months ending on August 31 of the year preceding the taxable year. The~~
19.32 ~~earned income thresholds as adjusted for inflation must be rounded to the nearest \$10. If the~~
19.33 ~~amount ends in \$5, the amount is rounded up to the nearest \$10. The determination of the~~
19.34 ~~commissioner under this subdivision is not a rule under the Administrative Procedure Act.~~

19.35 (h)(1) ~~For tax years beginning after December 31, 2012, and before January 1, 2014,~~
19.36 ~~the \$5,770 in paragraph (b), the \$15,080 in paragraph (c), and the \$17,890 in paragraph~~

20.1 ~~(d), after being adjusted for inflation under subdivision 7, are increased by \$5,340 for~~
 20.2 ~~married taxpayers filing joint returns; and (2) For tax years beginning after December 31,~~
 20.3 ~~2013 2015, and before January 1, 2018, the \$8,130 \$12,000 in paragraph (b), the \$21,190~~
 20.4 ~~\$21,620 in paragraph (c), and the \$25,130 \$25,640 in paragraph (d), after being adjusted for~~
 20.5 ~~inflation under subdivision 7, are each increased by \$5,000 \$5,550 for married taxpayers~~
 20.6 ~~filing joint returns. For tax years beginning after December 31, 2010, and before January~~
 20.7 ~~1, 2012, and for tax years beginning after December 31, 2013 2016, and before January~~
 20.8 ~~1, 2018, the commissioner shall annually adjust the \$5,000 \$5,550 by the percentage~~
 20.9 ~~determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except~~
 20.10 ~~that in section 1(f)(3)(B), the word "2008" "2015" shall be substituted for the word "1992."~~
 20.11 ~~For 2011 2017, the commissioner shall then determine the percent change from the 12~~
 20.12 ~~months ending on August 31, 2008 2015, to the 12 months ending on August 31, 2010~~
 20.13 ~~2016, and in each subsequent year, from the 12 months ending on August 31, 2008 2015,~~
 20.14 ~~to the 12 months ending on August 31 of the year preceding the taxable year. The earned~~
 20.15 ~~income thresholds as adjusted for inflation must be rounded to the nearest \$10. If the~~
 20.16 ~~amount ends in \$5, the amount is rounded up to the nearest \$10. The determination of the~~
 20.17 ~~commissioner under this subdivision is not a rule under the Administrative Procedure Act.~~

20.18 (i) The commissioner shall construct tables showing the amount of the credit at
 20.19 various income levels and make them available to taxpayers. The tables shall follow
 20.20 the schedule contained in this subdivision, except that the commissioner may graduate
 20.21 the transition between income brackets.

20.22 **EFFECTIVE DATE.** This section is effective for tax years beginning after
 20.23 December 31, 2015.

20.24 Sec. 11. **[290.0693] CITIZENSHIP CREDIT.**

20.25 **Subdivision 1. Credit allowed.** An individual is allowed a credit against the tax
 20.26 imposed by this chapter equal to qualified citizenship expenses paid for a qualified citizen
 20.27 applicant. The maximum credit per qualified citizen applicant is \$700.

20.28 **Subd. 2. Limitations on credit.** (a) The credit is not allowed if the sum of an
 20.29 individual's income and the individual's spouse's income exceeds 200 percent of the
 20.30 federal poverty guideline.

20.31 (b) For an individual who is not a Minnesota resident for the entire year, the credit
 20.32 must be apportioned using the percentage calculated in section 290.06, subdivision 2c,
 20.33 paragraph (e).

20.34 (c) The credit is not allowed to an individual who is eligible to be claimed as a
 20.35 dependent.

21.1 (d) The credit is not allowed for a qualified citizenship applicant who qualifies for a
 21.2 federal waiver of qualified citizenship expenses.

21.3 Subd. 3. **Definitions.** (a) For purposes of this section, the following terms have
 21.4 the meanings given.

21.5 (b) "Dependent" has the meaning given in sections 151 and 152 of the Internal
 21.6 Revenue Code.

21.7 (c) "Federal poverty guideline" means the guideline most recently published in the
 21.8 Federal Register, adjusted for family size.

21.9 (d) "Income" has the meaning given in section 290.067, subdivision 2a.

21.10 (e) "Qualified citizenship expenses" means filing fees, including both application and
 21.11 biometric fingerprint fees, paid to the United States Citizenship and Immigration Services
 21.12 in connection with an N-400 naturalization application for a qualified citizenship applicant.

21.13 (f) "Qualified citizenship applicant" means the individual, the individual's spouse,
 21.14 or a dependent of the individual.

21.15 Subd. 4. **Credit refundable.** If the amount of credit that the claimant is eligible to
 21.16 receive under this section exceeds the claimant's liability for tax under this chapter, the
 21.17 commissioner of revenue shall refund the excess to the claimant.

21.18 Subd. 5. **Appropriation.** An amount sufficient to pay the refunds required by this
 21.19 section is appropriated from the general fund to the commissioner of revenue.

21.20 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
 21.21 December 31, 2015.

21.22 Sec. 12. **[290.0694] CREDIT FOR NAMELESS JOB APPLICATION REVIEW**
 21.23 **PROCESS IMPLEMENTATION.**

21.24 Subdivision 1. **Definitions.** (a) For purposes of this section, the following definitions
 21.25 apply.

21.26 (b) "Nameless job application review process" means a system or process that:

21.27 (1) removes the name of job applicants prior to review of the applicant's application
 21.28 or request for interview, whether submitted in writing or online; and

21.29 (2) prevents any person reviewing job applications or requests for interview from
 21.30 knowing the name of the applicant prior to or during review of the applicant's job
 21.31 application or request for interview.

21.32 (c) "Qualified employer" means an employer that maintains a nameless job
 21.33 application review process registered with the commissioner of human rights under
 21.34 subdivision 3.

22.1 Subd. 2. **Credit allowed.** (a) A qualified employer who is required to file a return
22.2 under section 289A.08, subdivision 1, 2, or 3, is allowed a credit against the tax due
22.3 under this chapter equal to \$100 per employee employed in Minnesota, up to \$40,000 per
22.4 taxable year. The number of employees equals the average number of full-time equivalent
22.5 employees employed by the qualified employer in the 12 months immediately preceding
22.6 registration with the commissioner of human rights.

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

22.9 Subd. 3. **Credit refundable.** (a) If the amount of credit that an individual is
22.10 allowed under this section exceeds the individual's tax liability under this chapter, the
22.11 commissioner shall refund the excess to the individual.

22.12 (b) The total amount of credits allocated in a calendar year must not exceed
22.13 \$1,000,000. Credits must be processed and issued in the order that complete and accurate
22.14 returns are filed by the claimant.

22.15 Subd. 4. **Registration requirement.** (a) An employer must register with the
22.16 commissioner of human rights to become a qualified employer. The registration must be
22.17 in a form and manner prescribed by the commissioner of human rights in consultation
22.18 with the commissioner of revenue.

22.19 (b) The commissioner of human rights must implement procedures to verify the
22.20 information in an employer's registration to become a qualified employer and to monitor a
22.21 qualified employer's compliance in maintaining a nameless job application review process.

22.22 (c) A qualified employer must annually renew its registration with the commissioner
22.23 of human rights. An employer that ceases to be a qualified employer at any time during a
22.24 taxable year is not allowed the credit under this section.

22.25 Subd. 5. **Appropriation.** An amount sufficient to pay the refunds required by this
22.26 section is appropriated to the commissioner from the general fund.

22.27 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
22.28 December 31, 2015.

22.29 Sec. 13. **[290.0695] STUDENT LOAN CREDIT.**

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

22.32 (b) "Education profession" means:

22.33 (1) a full-time job in public education; early childhood education, including licensed
22.34 or regulated child care, Head Start, and state-funded prekindergarten; school-based library
22.35 sciences; and other school-based services; or

23.1 (2) a full-time job as a faculty member at a tribal college or university as defined in
23.2 section 1059c(b) of the Internal Revenue Code, and other faculty teaching in high-needs
23.3 subject areas or areas of shortage, including nurse faculty, foreign language faculty, and
23.4 part-time faculty at community colleges, as determined by the United States Secretary
23.5 of Education.

23.6 (c) "Eligible individual" means an individual who has one or more qualified
23.7 education loans related to an undergraduate or graduate degree program at a postsecondary
23.8 educational institution.

23.9 (d) "Eligible loan payments" means the amount the eligible individual paid during
23.10 the taxable year to pay principal and interest on qualified education loans.

23.11 (e) "Modified adjusted gross income" has the meaning given in section 221(b)(2)(C)
23.12 of the Internal Revenue Code.

23.13 (f) "Postsecondary educational institution" means a postsecondary institution eligible
23.14 for state student aid under section 136A.103 or, if the institution is not located in this state,
23.15 a postsecondary institution participating in the federal Pell Grant program under Title IV
23.16 of the Higher Education Act of 1965, Public Law 89-329, as amended.

23.17 (g) "Public service job" means a full-time job in emergency management;
23.18 government, excluding time served as a member of Congress; military service; public
23.19 safety; law enforcement; public health, including nurses, nurse practitioners, nurses
23.20 in a clinical setting, and full-time professionals engaged in health care practitioner
23.21 occupations and health care support occupations, as such terms are defined by the Bureau
23.22 of Labor Statistics; social work in a public child or family service agency; public interest
23.23 law services including prosecution or public defense or legal advocacy on behalf of
23.24 low-income communities at a nonprofit organization; public service for individuals with
23.25 disabilities or public service for the elderly; public library sciences; or at an organization
23.26 that is described in section 501(c)(3) of the Internal Revenue Code and exempt from
23.27 taxation under section 501(a) of the Internal Revenue Code.

23.28 (h) "Qualified education loan" has the meaning given in section 221 of the Internal
23.29 Revenue Code, but is limited to indebtedness incurred on behalf of the eligible individual
23.30 or the eligible individual's spouse.

23.31 Subd. 2. Credit allowed. (a) An eligible individual or the parent of an eligible
23.32 individual is allowed a credit against the tax due under this chapter. The credit equals a
23.33 percentage of eligible loan payments in excess of ten percent of adjusted gross income,
23.34 up to \$1,000, as follows:

23.35 (1) for eligible individuals, 50 percent;

23.36 (2) for eligible individuals in a public service job, 65 percent; and

24.1 (3) for eligible individuals in an education profession, 75 percent.

24.2 (b) The credit for the parent of an eligible individual, eligible individual in a public
 24.3 service job, or eligible individual in an education profession equals the amount of eligible
 24.4 loan payments made by the parent of the eligible individual, eligible individual in a public
 24.5 service job, or eligible individual in an education profession during the taxable year, up to
 24.6 \$1,000, less the amount of credit allowed to the eligible individual, eligible individual in a
 24.7 public service job, or eligible individual in an education profession under paragraph (a).

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

24.10 (d) An eligible individual or the parent of an eligible individual may receive the
 24.11 credit under this section without regard to the individual's eligibility for the public service
 24.12 loan forgiveness program under United States Code, title 20, section 1087e(m).

24.13 Subd. 3. **Credit refundable.** If the amount of credit that an individual who is a
 24.14 resident or part-year resident of Minnesota is eligible to receive under this section exceeds
 24.15 the individual's tax liability under this chapter, the commissioner shall refund the excess
 24.16 to the individual. For a nonresident taxpayer, the credit may not exceed the taxpayer's
 24.17 liability for tax under this chapter.

24.18 Subd. 4. **Appropriation.** An amount sufficient to pay the refunds required by this
 24.19 section is appropriated to the commissioner from the general fund.

24.20 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
 24.21 December 31, 2015.

24.22 Sec. 14. **[290.0696] READING CREDIT.**

24.23 Subdivision 1. **Reading credit.** (a) A taxpayer is allowed a credit, up to \$3,000,
 24.24 against the tax imposed by this chapter. The credit amount equals 75 percent of the amount
 24.25 of eligible expenses paid by a taxpayer who is a parent or guardian of a qualifying child:

24.26 (1) who has been evaluated for determination of a specific learning disability under
 24.27 Minnesota Rules, part 3525.1341, or by a licensed psychologist; and

24.28 (2) for whom the evaluation indicated a determination of dyslexia, a specific
 24.29 learning disability, or a deficit in basic reading skills, reading comprehension, reading
 24.30 fluency, or spelling.

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

24.32 (1) "eligible expenses" means actual expenses, less the amount of expenses used to
 24.33 claim the credit under section 290.0674, subdivision 1, paid by the taxpayer for tutoring,
 24.34 instruction, treatment by an instructor, or an evaluation under paragraph (a), clause (1),

25.1 and not compensated by insurance, pretax account, or otherwise, for purposes of meeting
25.2 the academic standards required under section 120B.021;

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

25.5 (3) "treatment" means instruction that:

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

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

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

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

25.12 (c) A taxpayer claiming the credit under this subdivision must provide documentation
25.13 of eligibility for the credit in a form and manner prescribed by the commissioner in
25.14 consultation with the commissioner of education. The documentation under this paragraph
25.15 must not disclose any information other than that necessary to prove eligibility for the
25.16 credit allowed under this subdivision.

25.17 (d) For a nonresident or part-year resident, the credit determined under this section
25.18 must be allocated based on the percentage calculated under section 290.06, subdivision
25.19 2c, paragraph (e).

25.20 (e) The amount used to claim the credit under this section must be excluded from
25.21 any amount subtracted from federal taxable income under section 290.01, subdivision
25.22 19b, clause (3).

25.23 Subd. 2. **Assignment of refunds.** The provisions of section 290.0679, except
25.24 for subdivision 1, paragraphs (a) and (b), apply to the assignment of refunds authorized
25.25 under this section. For purposes of assignment of refund under this section, "qualifying
25.26 taxpayer" means a taxpayer qualified to receive a credit under this section. In no case shall
25.27 any condition for assignment require disclosure of the specific findings of an evaluation
25.28 for a specific learning disability.

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

25.32 Subd. 4. **Appropriation.** An amount sufficient to pay the refunds authorized under
25.33 this section is appropriated to the commissioner from the general fund.

25.34 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
25.35 December 31, 2015.

26.1 Sec. 15. [290.0697] CREDIT FOR PARENTS OF STILLBORN CHILDREN.

26.2 Subdivision 1. Credit allowed. (a) An individual is allowed a credit against the
26.3 tax imposed by this chapter equal to \$2,000 for each birth for which a certificate of
26.4 birth resulting in stillbirth has been issued under section 144.2151. The credit under
26.5 this section is allowed only in the taxable year in which the stillbirth occurred and if
26.6 the child would have been a dependent of the taxpayer as defined in section 152 of the
26.7 Internal Revenue Code.

26.8 (b) For a part-year resident, the credit must be allocated based on the percentage
26.9 calculated under section 290.06, subdivision 2c, paragraph (e).

26.10 Subd. 2. Credit refundable. If the amount of credit that an individual is
26.11 allowed under this section exceeds the individual's tax liability under this chapter, the
26.12 commissioner shall refund the excess to the individual.

26.13 Subd. 3. Appropriation. An amount sufficient to pay the refunds required by this
26.14 section is appropriated to the commissioner from the general fund.

26.15 EFFECTIVE DATE. This section is effective for taxable years beginning after
26.16 December 31, 2015.

26.17 Sec. 16. Minnesota Statutes 2014, section 290.091, subdivision 2, is amended to read:

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

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

26.22 (1) the taxpayer's federal alternative minimum taxable income as defined in section
26.23 55(b)(2) of the Internal Revenue Code;

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

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

26.28 (ii) the medical expense deduction;

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

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

26.31 (3) for depletion allowances computed under section 613A(c) of the Internal
26.32 Revenue Code, with respect to each property (as defined in section 614 of the Internal
26.33 Revenue Code), to the extent not included in federal alternative minimum taxable income,
26.34 the excess of the deduction for depletion allowable under section 611 of the Internal

27.1 Revenue Code for the taxable year over the adjusted basis of the property at the end of the
 27.2 taxable year (determined without regard to the depletion deduction for the taxable year);

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

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

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

27.10 (7) the amount of the addition required by section 290.01, subdivision 19a, clause
 27.11 (18);

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

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

27.14 (2) an overpayment of state income tax as provided by section 290.01, subdivision
 27.15 19b, clause (2), to the extent included in federal alternative minimum taxable income;

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

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

27.22 (5) the amount of the net operating loss allowed under section 290.095, subdivision
 27.23 11, paragraph (c).

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

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

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

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

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

27.34 **EFFECTIVE DATE.** Paragraph (a), clause (7), is effective for taxable years
 27.35 beginning after December 31, 2015. The change to paragraph (a), the second clause
 27.36 (4), is effective the day following final enactment, except the changes incorporated by

28.1 federal changes are effective retroactively at the same time as the changes were effective
28.2 for federal purposes.

28.3 Sec. 17. Minnesota Statutes 2015 Supplement, section 290A.03, subdivision 15,
28.4 is amended to read:

28.5 Subd. 15. **Internal Revenue Code.** "Internal Revenue Code" means the Internal
28.6 Revenue Code of 1986, as amended through December 31, ~~2014~~ 2015.

28.7 **EFFECTIVE DATE.** This section is effective retroactively for property tax refunds
28.8 based on property taxes payable after December 31, 2015, and rent paid after December
28.9 31, 2014.

28.10 Sec. 18. Minnesota Statutes 2015 Supplement, section 291.005, subdivision 1, is
28.11 amended to read:

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

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

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

28.21 (3) "Internal Revenue Code" means the United States Internal Revenue Code of
28.22 1986, as amended through December 31, ~~2014~~ 2015.

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

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

28.30 (6) "Personal representative" means the executor, administrator or other person
28.31 appointed by the court to administer and dispose of the property of the decedent. If there
28.32 is no executor, administrator or other person appointed, qualified, and acting within this
28.33 state, then any person in actual or constructive possession of any property having a situs in
28.34 this state which is included in the federal gross estate of the decedent shall be deemed

29.1 to be a personal representative to the extent of the property and the Minnesota estate tax
29.2 due with respect to the property.

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

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

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

29.7 (ii) tangible personal property, the state or country in which it was normally kept
29.8 or located at the time of the decedent's death or for a gift of tangible personal property
29.9 within three years of death, the state or country in which it was normally kept or located
29.10 when the gift was executed;

29.11 (iii) a qualified work of art, as defined in section 2503(g)(2) of the Internal Revenue
29.12 Code, owned by a nonresident decedent and that is normally kept or located in this state
29.13 because it is on loan to an organization, qualifying as exempt from taxation under section
29.14 501(c)(3) of the Internal Revenue Code, that is located in Minnesota, the situs of the art is
29.15 deemed to be outside of Minnesota, notwithstanding the provisions of item (ii); and

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

29.19 For a nonresident decedent with an ownership interest in a pass-through entity with
29.20 assets that include real or tangible personal property, situs of the real or tangible personal
29.21 property, including qualified works of art, is determined as if the pass-through entity does
29.22 not exist and the real or tangible personal property is personally owned by the decedent.
29.23 If the pass-through entity is owned by a person or persons in addition to the decedent,
29.24 ownership of the property is attributed to the decedent in proportion to the decedent's
29.25 capital ownership share of the pass-through entity.

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

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

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

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

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

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

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

30.5 Sec. 19. **AMENDED RETURNS.**

30.6 **Subdivision 1. Certain IRA rollovers.** An individual who excludes an amount
 30.7 from net income in a prior taxable year through rollover of an airline payment amount to
 30.8 a traditional IRA, as authorized under Public Law 114-113, division Q, title III, section
 30.9 307, may file an amended individual income tax return and claim for refund of state taxes
 30.10 as provided under Minnesota Statutes, section 289A.40, subdivision 1, or, if later, by
 30.11 September 1, 2016.

30.12 **Subd. 2. Exclusion for certain incarcerated individuals.** An individual who
 30.13 excludes from net income in a prior taxable year civil damages, restitution, or other
 30.14 monetary award received as compensation for a wrongful incarceration, as authorized
 30.15 under Public Law 114-113, division Q, title III, section 304, may file an amended
 30.16 individual income tax return and claim for refund of state taxes as provided under
 30.17 Minnesota Statutes, section 289A.40, subdivision 1, or, if later, by September 1, 2016.

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

30.19 Sec. 20. **TAX TIME SAVINGS GRANT PROGRAM APPROPRIATION.**

30.20 (a) \$400,000 is appropriated in fiscal year 2017 from the general fund to the
 30.21 commissioner of revenue to make grants under the tax time savings grant program under
 30.22 Minnesota Statutes, section 270C.22. Of this amount, up to five percent may be used for
 30.23 the administration of the tax time savings grant program.

30.24 (b) The base funding for the grant program authorized under paragraph (a) is
 30.25 \$400,000 each year.

30.26 Sec. 21. **TAXPAYER ASSISTANCE GRANTS APPROPRIATION.**

30.27 (a) \$400,000 is appropriated in fiscal year 2017 from the general fund to the
 30.28 commissioner of revenue for the provision of taxpayer assistance grants under Minnesota
 30.29 Statutes, section 270C.21, in addition to the current base funding for the program. Of the
 30.30 amount appropriated under this paragraph and the current base funding for the provision
 30.31 of taxpayer assistance grants, up to five percent may be used for the administration of the
 30.32 taxpayer assistance grants program.

31.1 (b) After fiscal year 2017, the base funding for the program under paragraph (a) is
 31.2 \$800,000 each year.

31.3 **ARTICLE 2**

31.4 **SALES AND USE**

31.5 Section 1. Minnesota Statutes 2014, section 297A.66, subdivision 1, is amended to read:

31.6 Subdivision 1. **Definitions.** (a) To the extent allowed by the United States
 31.7 Constitution and the laws of the United States, "retailer maintaining a place of business in
 31.8 this state," or a similar term, means a retailer:

31.9 (1) having or maintaining within this state, directly or by a subsidiary or an affiliate,
 31.10 an office, place of distribution, sales, storage, or sample room or place, warehouse, or
 31.11 other place of business, including the employment of a resident of this state who works
 31.12 from a home office in this state; or

31.13 (2) having a representative, including, but not limited to, an affiliate, agent,
 31.14 salesperson, canvasser, ~~or~~ marketplace provider, solicitor, or other third party operating in
 31.15 this state under the authority of the retailer or its subsidiary, for any purpose, including the
 31.16 repairing, selling, delivering, installing, facilitating sales, processing sales, or soliciting
 31.17 of orders for the retailer's goods or services, or the leasing of tangible personal property
 31.18 located in this state, whether the place of business or agent, representative, affiliate,
 31.19 salesperson, canvasser, or solicitor is located in the state permanently or temporarily, or
 31.20 whether or not the retailer, subsidiary, or affiliate is authorized to do business in this state.

31.21 (b) "Destination of a sale" means the location to which the retailer makes delivery of
 31.22 the property sold, or causes the property to be delivered, to the purchaser of the property,
 31.23 or to the agent or designee of the purchaser. The delivery may be made by any means,
 31.24 including the United States Postal Service or a for-hire carrier.

31.25 Sec. 2. Minnesota Statutes 2014, section 297A.66, subdivision 3, is amended to read:

31.26 Subd. 3. **Retailer not maintaining place of business in this state.** (a) To the
 31.27 extent allowed by the United States Constitution and in accordance with the terms and
 31.28 conditions of federal remote seller law, a retailer making retail sales from outside this state
 31.29 to a destination within this state and not maintaining a place of business in this state shall
 31.30 collect sales and use taxes and remit them to the commissioner under section 297A.77.

31.31 (b) To the extent allowed by the United States Constitution and the laws of the
 31.32 United States, a retailer making retail sales from outside this state to a destination within
 31.33 this state and not maintaining a place of business in this state shall collect sales and use

32.1 taxes and remit them to the commissioner under section 297A.77, if the retailer engages in
 32.2 the regular or systematic soliciting of sales from potential customers in this state by:

32.3 (1) distribution, by mail or otherwise, of catalogs, periodicals, advertising flyers, or
 32.4 other written solicitations of business to customers in this state;

32.5 (2) display of advertisements on billboards or other outdoor advertising in this state;

32.6 (3) advertisements in newspapers published in this state;

32.7 (4) advertisements in trade journals or other periodicals the circulation of which is
 32.8 primarily within this state;

32.9 (5) advertisements in a Minnesota edition of a national or regional publication or
 32.10 a limited regional edition in which this state is included as part of a broader regional or
 32.11 national publication which are not placed in other geographically defined editions of the
 32.12 same issue of the same publication;

32.13 (6) advertisements in regional or national publications in an edition which is not
 32.14 by its contents geographically targeted to Minnesota but which is sold over the counter
 32.15 in Minnesota or by subscription to Minnesota residents;

32.16 (7) advertisements broadcast on a radio or television station located in Minnesota; ~~or~~

32.17 (8) any other solicitation by telegraphy, telephone, computer database, cable, optic,
 32.18 microwave, or other communication system;

32.19 (9) engaging in direct response marketing in this state, either directly or indirectly
 32.20 through a marketplace provider or other third party. For purposes of this section, "direct
 32.21 response marketing" includes but is not limited to the following:

32.22 (i) sending, transmitting, or broadcasting of flyers, newsletters, telephone calls,
 32.23 targeted e-mail, text messages, social media messages, or targeted mailings;

32.24 (ii) collecting, analyzing, and utilizing individual data on purchasers or potential
 32.25 purchasers in this state;

32.26 (iii) using information or software, including cached files, cached software, cookies,
 32.27 or other data-tracking tools, that are stored in or distributed within this state; or

32.28 (iv) conducting any other actions that use persons, tangible property, intangibles,
 32.29 digital files or information, or software in this state in an effort to enhance the probability
 32.30 that a person's contact with a customer in this state will result in a sale to that customer;

32.31 (10) conducting any part of the sale process in the state, regardless of whether that
 32.32 part of the process has been subcontracted to an affiliate or third party, including listing
 32.33 products or services for sale, soliciting, branding products, selling products, processing
 32.34 orders, fulfilling orders, providing customer service, or accepting or assisting with returns
 32.35 or exchanges. The sale process does not include shipping via a common carrier; or

33.1 (11) offering its products for sale through one or more marketplaces operated by
 33.2 any marketplace provider required to collect and remit sales and use taxes in this state
 33.3 under this section.

33.4 This paragraph must be construed without regard to the state from which distribution
 33.5 of the materials originated or in which they were prepared.

33.6 (c) The location within or without this state of independent vendors that provide
 33.7 products or services to the retailer in connection with its solicitation of customers within this
 33.8 state, including such products and services as creation of copy, printing, distribution, and
 33.9 recording, is not considered in determining whether the retailer is required to collect tax.

33.10 (d) A retailer not maintaining a place of business in this state is presumed, subject to
 33.11 rebuttal, to be engaged in regular solicitation within this state if it engages in any of the
 33.12 activities in paragraph (b) and:

33.13 (1) makes 100 or more retail sales from outside this state to destinations in this state
 33.14 during a period of 12 consecutive months; or

33.15 (2) makes ten or more retail sales totaling more than \$100,000 from outside this state
 33.16 to destinations in this state during a period of 12 consecutive months.

33.17 Sec. 3. Minnesota Statutes 2014, section 297A.66, subdivision 4, is amended to read:

33.18 Subd. 4. **Affiliated entities.** (a) An entity is an "affiliate" of the retailer for purposes
 33.19 of subdivision 1, paragraph (a), if the entity is a related party to the retailer and meets
 33.20 any of the following conditions:

33.21 (1) ~~the entity~~ uses its facilities or employees in this state to advertise, promote, or
 33.22 facilitate the establishment or maintenance of a market for sales of items by the retailer
 33.23 to purchasers in this state or for the provision of services to the retailer's purchasers in
 33.24 this state, such as accepting returns of purchases for the retailer, providing assistance in
 33.25 resolving customer complaints of the retailer, or providing other services; ~~and~~

33.26 (2) ~~the retailer and the entity are related parties.~~ sells under the same or a similar
 33.27 business name tangible personal property or taxable services similar to that sold by the
 33.28 person against whom the presumption is asserted;

33.29 (3) maintains an office, distribution facility, salesroom, warehouse, storage place, or
 33.30 other similar place of business in this state to facilitate the delivery of tangible personal
 33.31 property or taxable services sold by the person against whom the presumption is asserted
 33.32 to that person's in-state customers;

33.33 (4) uses, with consent or knowledge of the person against whom the presumption
 33.34 is asserted, trademarks, service marks, or trade names in this state that are the same or
 33.35 substantially similar to those used by the person against whom the presumption is asserted;

34.1 (5) delivers, installs, or assembles tangible personal property in this state, or
34.2 performs maintenance or repair services on tangible personal property in this state, if the
34.3 tangible personal property is sold to in-state customers by the person against whom the
34.4 presumption is asserted;

34.5 (6) facilitates the delivery of tangible personal property to in-state customers of the
34.6 person against whom the presumption is asserted by allowing the customers to pick up
34.7 tangible personal property sold by the person at an office, distribution facility, salesroom,
34.8 warehouse, storage place, or other similar place of business maintained in this state; or

34.9 (7) shares management, business systems, business practices, or employees with the
34.10 person against whom the presumption is asserted, or engages in intercompany transactions
34.11 with the person against whom the presumption is asserted related to the activities that
34.12 establish or maintain the market in this state of the person against whom the presumption
34.13 is asserted.

34.14 (b) Two entities are related parties under this section if one of the entities meets at
34.15 least one of the following tests with respect to the other entity:

34.16 (1) one or both entities is a corporation, and one entity and any party related to that
34.17 entity in a manner that would require an attribution of stock from the corporation to the
34.18 party or from the party to the corporation under the attribution rules of section 318 of the
34.19 Internal Revenue Code owns directly, indirectly, beneficially, or constructively at least 50
34.20 percent of the value of the corporation's outstanding stock;

34.21 (2) one or both entities is a partnership, estate, or trust and any partner or beneficiary,
34.22 and the partnership, estate, or trust and its partners or beneficiaries own directly, indirectly,
34.23 beneficially, or constructively, in the aggregate, at least 50 percent of the profits, capital,
34.24 stock, or value of the other entity or both entities; or

34.25 (3) an individual stockholder and the members of the stockholder's family (as
34.26 defined in section 318 of the Internal Revenue Code) owns directly, indirectly, beneficially,
34.27 or constructively, in the aggregate, at least 50 percent of the value of both entities'
34.28 outstanding stock;

34.29 (4) the entities are related within the meaning of subsections (b) and (c) of section
34.30 267 or 707(b)(1) of the Internal Revenue Code; or

34.31 (5) the entities have one or more ownership relationships and the relationships were
34.32 designed with a principal purpose of avoiding the application of this section.

34.33 (c) An entity is an affiliate under the provisions of this subdivision if the requirements
34.34 of paragraphs (a) and (b) are met during any part of the 12-month period ending on the
34.35 first day of the month before the month in which the sale was made.

35.1 Sec. 4. Minnesota Statutes 2014, section 297A.66, is amended by adding a subdivision
35.2 to read:

35.3 Subd. 4b. **Marketplace provider and marketplace seller.** (a) For purposes of
35.4 subdivisions 1, paragraph (a), and 4c, "marketplace provider" means any person who
35.5 facilitates a retail sale by a seller. A marketplace provider facilitates a retail sale when
35.6 the marketplace provider:

35.7 (1) lists or advertises in any forum tangible personal property for sale or taxable
35.8 services for sale; and

35.9 (2) either directly or indirectly through agreements or arrangements with third parties
35.10 collects payment from the customer and transmits that payment to a seller, regardless
35.11 of whether the marketplace provider receives compensation or other consideration in
35.12 exchange for its services.

35.13 (b) "Marketplace seller" means a seller that has any sales facilitated by a marketplace
35.14 provider.

35.15 (c) A seller is presumed to have a marketplace provider in this state if the seller
35.16 enters into an agreement with a marketplace provider that maintains a place of business in
35.17 the state for the facilitation of retail sales.

35.18 (d) This subdivision applies only if the seller's total gross receipts are at least
35.19 \$10,000 in the 12-month period ending on the last day of the most recent calendar quarter
35.20 before the calendar quarter in which the sale is made. For purposes of this paragraph,
35.21 "gross receipts" means receipts from sales to customers located in the state that were
35.22 facilitated by the marketplace provider.

35.23 (e) Nothing in this subdivision shall be construed to narrow the scope of the terms
35.24 affiliate, agent, salesperson, canvasser, solicitor, or other representative for purposes
35.25 of subdivision 1, paragraph (a).

35.26 (f) This subdivision does not apply to chapter 290 and does not expand or contract
35.27 the jurisdiction to tax a trade or business under chapter 290.

35.28 Sec. 5. Minnesota Statutes 2014, section 297A.66, is amended by adding a subdivision
35.29 to read:

35.30 Subd. 4c. **Collection and remittance requirements for marketplace providers**
35.31 **and marketplace sellers.** (a) A marketplace provider that facilitates sales to customers
35.32 in this state shall collect sales and use taxes and remit them to the commissioner under
35.33 section 297A.77.

35.34 (b) The requirement under paragraph (a) does not apply to a marketplace provider if
35.35 the marketplace seller for whom the marketplace provider facilitates a sale either:

36.1 (1) provides a copy of the seller's registration to collect sales and use tax in this state
36.2 to the marketplace provider before the marketplace provider facilitates a sale; or

36.3 (2) the marketplace seller appears on a list published by the commissioner of revenue
36.4 of the entities registered to collect sales and use taxes in this state.

36.5 (c) The commissioner of revenue shall promulgate regulations regarding the content
36.6 and publication of the list under paragraph (b), clause (2). Nothing in this subdivision
36.7 shall be construed to interfere with the ability of a marketplace provider and a marketplace
36.8 seller to enter into an agreement regarding fulfillment of the requirements of this chapter.

36.9 (d) A marketplace provider is relieved of liability under this subdivision for failure
36.10 to collect and remit sales and use taxes to the extent that the marketplace provider
36.11 demonstrates that the error was due to incorrect or insufficient information given to the
36.12 marketplace provider by the marketplace seller. This paragraph does not apply if the
36.13 marketplace provider and the marketplace seller are related as defined in subdivision 4,
36.14 paragraph (b).

36.15 Sec. 6. Minnesota Statutes 2014, section 297A.71, is amended by adding a subdivision
36.16 to read:

36.17 Subd. 49. **Siding production facility materials.** Building materials and supplies
36.18 for constructing a siding production facility that can produce at least 400,000,000 square
36.19 feet of siding per year are exempt. The tax must be imposed and collected as if the rate
36.20 under section 297A.62, subdivision 1, applied, and then refunded in the manner provided
36.21 in section 297A.75.

36.22 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
36.23 June 30, 2016.

36.24 Sec. 7. Minnesota Statutes 2014, section 297A.71, is amended by adding a subdivision
36.25 to read:

36.26 Subd. 50. **Properties destroyed by fire.** Building materials, equipment, and
36.27 supplies for constructing or replacing real property that is located in Madelia affected by
36.28 the fire on February 3, 2016, are exempt. The tax must be imposed and collected as if
36.29 the rate under section 297A.62, subdivision 1, applied and then refunded in the manner
36.30 provided in section 297A.75.

36.31 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
36.32 June 30, 2016, and before July 1, 2018.

37.1 Sec. 8. Minnesota Statutes 2014, section 297A.71, is amended by adding a subdivision
37.2 to read:

37.3 Subd. 51. **Former Duluth Central High School.** Materials and supplies used
37.4 in and equipment incorporated into a private redevelopment project on the site of the
37.5 former Duluth Central High School are exempt, provided the resulting development is
37.6 subject to property taxes. The tax must be imposed and collected as if the rate under
37.7 section 297A.62, subdivision 1, applied and then refunded in the manner provided in
37.8 section 297A.75. The commissioner must not pay more than \$5,000,000 in refunds for
37.9 purchases exempt under this section. Refunds must be processed and issued in the order
37.10 that complete and accurate applications are received by the commissioner.

37.11 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
37.12 June 30, 2016, and before January 1, 2018.

37.13 Sec. 9. Minnesota Statutes 2014, section 297A.75, subdivision 1, is amended to read:

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

37.17 (1) building materials for an agricultural processing facility exempt under section
37.18 297A.71, subdivision 13;

37.19 (2) building materials for mineral production facilities exempt under section
37.20 297A.71, subdivision 14;

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

37.22 (4) building materials used in a residence for disabled veterans exempt under section
37.23 297A.71, subdivision 11;

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

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

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

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

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

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

38.1 (11) materials, supplies, and equipment for construction, improvement, or expansion
38.2 of:

38.3 (i) an aerospace defense manufacturing facility exempt under section 297A.71,
38.4 subdivision 42;

38.5 (ii) a biopharmaceutical manufacturing facility exempt under section 297A.71,
38.6 subdivision 45;

38.7 (iii) a research and development facility exempt under section 297A.71, subdivision
38.8 46; and

38.9 (iv) an industrial measurement manufacturing and controls facility exempt under
38.10 section 297A.71, subdivision 47;

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

38.13 (13) materials, supplies, and equipment for qualifying capital projects under section
38.14 297A.71, subdivision 44;

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

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

38.19 (16) building materials and supplies for constructing a siding facility exempt under
38.20 section 297A.71, subdivision 49;

38.21 (17) building materials, equipment, and supplies for constructing or replacing real
38.22 property exempt under section 297A.71, subdivision 50; and

38.23 (18) materials and supplies used in and equipment incorporated into a private
38.24 redevelopment project exempt under section 297A.71, subdivision 51.

38.25 **EFFECTIVE DATE.** Clause (16) is effective for sales and purchases made after
38.26 June 30, 2016. Clause (17) is effective for sales and purchases made after June 30, 2016,
38.27 and before July 1, 2018. Clause (18) is effective for sales and purchases made after June
38.28 30, 2016, and before January 1, 2018.

38.29 Sec. 10. Minnesota Statutes 2014, section 297A.75, subdivision 2, is amended to read:

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

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

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

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

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

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

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

39.9 (7) for subdivision 1, clauses (8), (11), (12), ~~and (15)~~, and (16), the owner of the
 39.10 qualifying business; ~~and~~

39.11 (8) for subdivision 1, clauses (9), (10), and (13), the applicant must be the
 39.12 governmental entity that owns or contracts for the project or facility; and

39.13 (9) for subdivision 1, clauses (17) and (18), the applicant must be the owner or
 39.14 developer of the building or project.

39.15 **EFFECTIVE DATE.** The change to clause (7) is effective for sales and purchases
 39.16 made after June 30, 2016. Clause (9) is effective for sales and purchases made after June
 39.17 30, 2016, and before July 1, 2018, as it pertains to Minnesota Statutes, section 297A.71,
 39.18 subdivision 1, clause (17), and for sales and purchases made after June 30, 2016, and
 39.19 before January 1, 2018, as it pertains to Minnesota Statutes, section 297A.71, subdivision
 39.20 1, clause (18).

39.21 Sec. 11. Minnesota Statutes 2014, section 297A.75, subdivision 3, is amended to read:

39.22 Subd. 3. **Application.** (a) The application must include sufficient information
 39.23 to permit the commissioner to verify the tax paid. If the tax was paid by a contractor,
 39.24 subcontractor, or builder, under subdivision 1, clauses (3) to (13), or (15); to (18), the
 39.25 contractor, subcontractor, or builder must furnish to the refund applicant a statement
 39.26 including the cost of the exempt items and the taxes paid on the items unless otherwise
 39.27 specifically provided by this subdivision. The provisions of sections 289A.40 and
 39.28 289A.50 apply to refunds under this section.

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

39.31 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
 39.32 June 30, 2016.

39.33 Sec. 12. **SEVERABILITY.**

40.1 If any provision of sections 1 to 5 or 13 or the application thereof is held invalid,
 40.2 such invalidity shall not affect the provisions or applications of the sections which can be
 40.3 given effect without the invalid provisions or applications.

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

40.5 Sec. 13. **EFFECTIVE DATE.**

40.6 (a) The provisions of sections 1 to 5 of this article are effective upon a decision by
 40.7 the United States Supreme Court overturning or expanding its decision in Quill Corp. v.
 40.8 North Dakota, 504 U.S. 298 (1992), allowing a state to require retailers without a physical
 40.9 presence in the state to collect and remit sales tax.

40.10 (b) Notwithstanding paragraph (a) or the provisions of sections 1 to 5, if a federal
 40.11 law is enacted authorizing a state to impose a requirement to collect and remit sales tax
 40.12 on retailers without a physical presence in the state, the commissioner must enforce the
 40.13 provisions of this section and sections 1 to 5 to the extent allowed under federal law.

40.14 (c) The commissioner of revenue shall notify the revisor of statutes when either of
 40.15 the provisions in paragraphs (a) or (b) apply.

40.16 **ARTICLE 3**

40.17 **PROPERTY TAX**

40.18 Section 1. **[216B.1647] PROPERTY TAX ADJUSTMENT; COOPERATIVE**
 40.19 **ASSOCIATION.**

40.20 A cooperative electric association that has elected to be subject to rate regulation
 40.21 under section 216B.026 is eligible to file with the commission for approval of an
 40.22 adjustment for real and personal property taxes, fees, and permits.

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

40.24 Sec. 2. Minnesota Statutes 2014, section 272.162, is amended to read:

40.25 **272.162 RESTRICTIONS ON TRANSFERS OF SPECIFIC PARTS.**

40.26 Subdivision 1. **Conditions restricting transfer.** When a deed or other instrument
 40.27 conveying a parcel of land is presented to the county auditor for transfer or division under
 40.28 sections 272.12, 272.16, and 272.161, the auditor shall not transfer or divide the land or its
 40.29 net tax capacity in the official records and shall not certify the instrument as provided in
 40.30 section 272.12, if:

40.31 (a) The land conveyed is less than a whole parcel of land as charged in the tax lists;

41.1 (b) The part conveyed appears within the area of application of municipal or
41.2 county subdivision regulations adopted and filed under section 394.35 or section 462.36,
41.3 subdivision 1; and

41.4 (c) The part conveyed is part of or constitutes a subdivision as defined in section
41.5 462.352, subdivision 12.

41.6 Subd. 2. **Conditions allowing transfer.** (a) Notwithstanding the provisions of
41.7 subdivision 1, the county auditor may transfer or divide the land and its net tax capacity
41.8 and may certify the instrument if the instrument contains a certification by the clerk of
41.9 the municipality or designated county planning official:

41.10 (a) (1) that the municipality's or county's subdivision regulations do not apply;

41.11 (b) (2) that the subdivision has been approved by the governing body of the
41.12 municipality or county; or

41.13 (c) (3) that the restrictions on the division of taxes and filing and recording have
41.14 been waived by resolution of the governing body of the municipality or county in the
41.15 particular case because compliance would create an unnecessary hardship and failure to
41.16 comply would not interfere with the purpose of the regulations.

41.17 (b) If any of the conditions for certification by the municipality or county as provided
41.18 in this subdivision exist and the municipality or county does not certify that they exist
41.19 within 24 hours after the instrument of conveyance has been presented to the clerk of
41.20 the municipality or designated county planning official, the provisions of subdivision 1
41.21 do not apply.

41.22 (c) If an unexecuted instrument is presented to the municipality or county and
41.23 any of the conditions for certification by the municipality or county as provided in
41.24 this subdivision exist, the unexecuted instrument must be certified by the clerk of the
41.25 municipality or the designated county planning official.

41.26 Subd. 3. **Applicability of restrictions.** (a) This section does not apply to the
41.27 exceptions set forth in section 272.12.

41.28 (b) This section applies only to land within municipalities or counties which choose
41.29 to be governed by its provisions. A municipality or county may choose to have this
41.30 section apply to the property within its boundaries by filing a certified copy of a resolution
41.31 of its governing body making that choice with the auditor and recorder of the county in
41.32 which it is located.

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

41.34 Sec. 3. **[469.501] STATE GENERAL TAX REFUND.**

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

42.3 (b) "Commissioner" means the commissioner of employment and economic
42.4 development.

42.5 (c) "Job creation zone" means an area including one or more contiguous census
42.6 tracts, as determined and measured by the United States Census Bureau, where the
42.7 unemployment rate average is at least 75 percent higher than the statewide average
42.8 unemployment rate as estimated by the United States Census Bureau using data collected
42.9 in the most recent American Community Survey.

42.10 (d) "Employee" and "wages" have the meanings given in section 290.92, subdivision
42.11 1.

42.12 Subd. 2. **Eligible business.** (a) An eligible business located within the seven-county
42.13 metropolitan area, or located outside the seven-county metropolitan area but in a city with
42.14 a population greater than 40,000, is an employer that: (1) is located in a job creation zone
42.15 as defined in subdivision 1; (2) pays at least 50 percent of the business's total wages to
42.16 employees who reside either within the job creation zone where the business is located or
42.17 any contiguous census tract; and (3) is a for-profit business.

42.18 (b) An eligible business located outside the seven-county metropolitan area and in a
42.19 city or township with a population less than 40,000 is an employer that: (1) pays at least
42.20 50 percent of the business's total wages to employees who reside in any job creation
42.21 zone not located in either the seven-county metropolitan area or in a city located outside
42.22 the seven-county metropolitan area with a population greater than 40,000; and (2) is a
42.23 for-profit business.

42.24 (c) If a business received a refund under this section in the immediately preceding
42.25 year, but does not qualify for a refund in the current year because the business is located
42.26 in an area that no longer meets the requirements of a job creation zone, as defined in
42.27 subdivision 1, the business may apply for a onetime refund in the current year equal to
42.28 one-half the amount of the refund issued to the business in the immediately preceding
42.29 year. A business that relocates outside of a job creation zone shall not be eligible for a
42.30 refund under this paragraph.

42.31 Subd. 3. **Refund; authorized.** The commissioner may approve an application for a
42.32 refund of the state general tax paid under section 275.025 applicable to that portion of
42.33 the property occupied by an eligible business. The owner of an eligible business must
42.34 apply annually to the commissioner by July 1 of each year on a form prescribed by the
42.35 commissioner in order to receive a refund for that year. Upon approval, the commissioner
42.36 shall notify the commissioner of revenue by September 1. The refund is equal to the state

43.1 general tax payable on the property where the eligible business is located multiplied by a
 43.2 ratio, the numerator of which is the area of the property occupied by the eligible business
 43.3 and the denominator of which is the total area of the property where the business is
 43.4 located. The commissioner of revenue shall pay the amount determined under this section
 43.5 to the eligible business owner by December 1.

43.6 Subd. 4. **Appropriation.** The amount necessary to make the refunds under this
 43.7 section is appropriated annually from the general fund to the commissioner of revenue.

43.8 Subd. 5. **Report.** By January 15, 2023, the commissioner of employment and
 43.9 economic development must provide a written report to the chairs and ranking minority
 43.10 members of the legislative committees with jurisdiction over taxes and employment
 43.11 including information regarding the refunds issued under this section. The report must
 43.12 include, at a minimum, the number of refunds issued, the amount of each refund, the
 43.13 identification and location of each business that received a refund, and employment data
 43.14 used to determine eligibility under this section. The report must comply with sections
 43.15 3.195 and 3.197.

43.16 Subd. 6. **Sunset.** This section applies to refunds for state general tax payments made
 43.17 for taxes payable in 2016 through taxes payable in 2026.

43.18 **EFFECTIVE DATE.** This section is effective for applications filed in calendar year
 43.19 2016 for refunds of the state general tax payable in 2016 through 2026.

43.20 Sec. 4. Minnesota Statutes 2014, section 473.39, is amended by adding a subdivision
 43.21 to read:

43.22 Subd. 1u. **Obligations.** (a) In addition to other authority in this section, the council
 43.23 may issue certificates of indebtedness, bonds, or other obligations under this section in an
 43.24 amount not exceeding \$82,100,000 for capital expenditures as prescribed in the council's
 43.25 transit capital improvement program and for related costs, including the costs of issuance
 43.26 and sale of the obligations. Of this authorization, after July 1, 2016, the council may
 43.27 issue certificates of indebtedness, bonds, or other obligations in an amount not exceeding
 43.28 \$40,100,000, and after July 1, 2017, the council may issue certificates of indebtedness,
 43.29 bonds, or other obligations in an additional amount not exceeding \$42,000,000.

43.30 (b) This section applies in the counties of Anoka, Carver, Dakota, Hennepin,
 43.31 Ramsey, Scott, and Washington.

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

43.33 Sec. 5. **[477A.21] RIPARIAN PROTECTION AID.**

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

44.3 (b) "Public water basins" has the meaning provided in section 103G.005, subdivision
44.4 15, clauses (1) to (8) and (11).

44.5 (c) "Public watercourses" has the meaning provided in section 103G.005,
44.6 subdivision 15, clauses (9) and (10).

44.7 Subd. 2. **Distribution.** (a) Each county is eligible to receive aid under this section to
44.8 enforce and implement the riparian protection and water quality practices under section
44.9 103F.48. Aid to each county shall equal: (1) each county's share of the total number of
44.10 acres in the state classified as class 2a under section 273.13, subdivision 23, divided by
44.11 two; plus (2) each county's share of the number of miles of shoreline of public water
44.12 basins, each county's share of the number of centerline miles of public watercourses, and
44.13 each county's share of the number of miles of public drainage system ditches established
44.14 under chapter 103E, divided by two; multiplied by (3) \$10,000,000.

44.15 (b) Aid to a county shall not be greater than \$200,000 or less than \$25,000. If the
44.16 sum of aids payable to counties under paragraph (a) is greater or less than the limit under
44.17 subdivision 4, the commissioner of revenue shall calculate the percentage adjustment
44.18 necessary so that the total of the aid under paragraph (a) equals the total amount available
44.19 for aid under subdivision 4.

44.20 Subd. 3. **Payments.** The commissioner of revenue must compute the amount of
44.21 riparian protection aid payable to each county under this section. On or before July 1 of
44.22 each year, the commissioner of natural resources shall certify to the commissioner of
44.23 revenue the statewide and countywide total of miles of shoreline of public waters basins,
44.24 the number of centerline miles of public watercourses, and the miles of public drainage
44.25 system ditches. On or before August 1 of each year, the commissioner shall certify
44.26 the amount to be paid to each county in the following year. The commissioner shall
44.27 pay riparian protection aid to counties in the same manner and at the same time as aid
44.28 payments under section 477A.015.

44.29 Subd. 4. **Appropriation.** \$10,000,000 for aids payable in 2017 and each year
44.30 thereafter is appropriated from the general fund to the commissioner of revenue to make
44.31 the payments required under this section.

44.32 **EFFECTIVE DATE.** This section is effective beginning with aids payable in 2017
44.33 and thereafter.

45.1 Sec. 6. Laws 1988, chapter 645, section 3, as amended by Laws 1999, chapter 243,
45.2 article 6, section 9, Laws 2000, chapter 490, article 6, section 15, Laws 2008, chapter 154,
45.3 article 2, section 30, and Laws 2013, chapter 143, article 4, section 33, is amended to read:

45.4 **Sec. 3. TAX; PAYMENT OF EXPENSES.**

45.5 (a) The tax levied by the hospital district under Minnesota Statutes, section 447.34,
45.6 must not be levied at a rate that exceeds the amount authorized to be levied under that
45.7 section. The proceeds of the tax may be used for all purposes of the hospital district,
45.8 except as provided in paragraph (b).

45.9 (b) 0.015 percent of taxable market value of the tax in paragraph (a) may be used by
45.10 the Cook ambulance service and the Orr ambulance service for the purpose of:

45.11 (1) ambulance acquisitions for the Cook ambulance service and the Orr ambulance
45.12 service;

45.13 (2) attached and portable equipment for use in and for the ambulances; and

45.14 (3) parts and replacement parts for maintenance and repair of the ambulances, and
45.15 administrative, operation, or salary expenses for the Cook ambulance service and the
45.16 Orr ambulance service.

45.17 ~~The money may not be used for administrative, operation, or salary expenses.~~

45.18 (c) The part of the levy referred to in paragraph (b) must be administered by the
45.19 Cook Hospital and passed on in equal amounts directly to the Cook area ambulance
45.20 service board and the city of Orr to be used for the purposes in paragraph (b).

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

45.22 Sec. 7. Laws 2009, chapter 88, article 2, section 46, subdivision 1, as amended by
45.23 Laws 2013, chapter 143, article 4, section 36, is amended to read:

45.24 Subdivision 1. **Agreement.** The city of Cloquet and Perch Lake Township, by
45.25 resolution of each of their governing bodies, may establish the Cloquet Area Fire and
45.26 Ambulance Special Taxing District for the purpose of providing fire or ambulance
45.27 services, or both, throughout the district. In this section, "municipality" means home rule
45.28 charter and statutory cities, towns, and Indian tribes. The district may exercise all the
45.29 powers relating to fire and ambulance services of the municipalities that receive fire or
45.30 ambulance services, or both, from the district. Upon application, any other municipality
45.31 may join the district with the agreement of the municipalities that comprise the district at
45.32 the time of its application to join.

46.1 **EFFECTIVE DATE.** This section is effective in Cloquet and Perch Lake Township
46.2 the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the
46.3 governing body of each.

46.4 Sec. 8. Laws 2009, chapter 88, article 2, section 46, subdivision 2, is amended to read:

46.5 Subd. 2. **Board.** The Cloquet Area Fire and Ambulance Special Taxing District
46.6 Board is governed by a board made up initially of one or more elected officials of the
46.7 governing body of each participating municipality in the proportions set out in the
46.8 establishing resolution, subject to change as provided in the district's charter, if any, or
46.9 in the district's bylaws. Each municipality's representatives serve at the pleasure of that
46.10 municipality's governing body.

46.11 **EFFECTIVE DATE.** This section is effective in Cloquet and Perch Lake Township
46.12 the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the
46.13 governing body of each.

46.14 Sec. 9. Laws 2009, chapter 88, article 2, section 46, subdivision 3, as amended by
46.15 Laws 2013, chapter 143, article 4, section 37, is amended to read:

46.16 Subd. 3. **Tax.** (a) The district board may impose a property tax on taxable property
46.17 as provided in this subdivision to pay the costs of providing fire or ambulance services,
46.18 or both, throughout the district. The board shall annually determine the total amount of
46.19 the levy that is attributable to the cost of providing fire services and the cost of providing
46.20 ambulance services within the primary service area. For those municipalities that only
46.21 receive ambulance services, the costs for the provision of ambulance services shall
46.22 be levied against taxable property within those municipalities at a rate necessary not to
46.23 exceed 0.019 percent of the estimated market value. For those municipalities that receive
46.24 both fire and ambulance services, the tax shall be imposed at a rate that does not exceed
46.25 0.2835 percent of estimated market value.

46.26 (b) When a member municipality opts to receive fire service from the district or
46.27 an additional municipality becomes a member of the district, the cost of providing fire
46.28 services to that community shall be determined by the board and added to the maximum
46.29 levy amount.

46.30 (c) Each county auditor of a county that contains a municipality subject to the tax
46.31 under this section must collect the tax and pay it to the Fire and Ambulance Special Taxing
46.32 District. The district may also impose other fees or charges as allowed by law for the
46.33 provision of fire and ambulance services.

47.1 **EFFECTIVE DATE.** This section is effective in Cloquet and Perch Lake Township
 47.2 the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the
 47.3 governing body of each.

47.4 Sec. 10. Laws 2009, chapter 88, article 2, section 46, subdivision 4, is amended to read:

47.5 Subd. 4. **Public indebtedness.** (a) The district may incur debt in the manner
 47.6 provided for a municipality by Minnesota Statutes, chapter 475, and may issue certificates
 47.7 of indebtedness or capital notes in the manner provided for a city by Minnesota Statutes,
 47.8 section 412.301, when necessary to accomplish its duties, except that the district may
 47.9 not incur debt or issue obligations until first obtaining the approval of a majority of the
 47.10 electors voting on the question of issuing the obligation. The debt service for debt used to
 47.11 finance capital costs for ambulance service shall be levied against taxable property within
 47.12 the municipalities in the primary service area. The debt service for debt used to finance
 47.13 capital costs for fire service shall be levied against taxable property within municipalities
 47.14 receiving fire services. The district board shall pledge its full faith and credit and taxing
 47.15 power without limitation as to rate or amount for the payment of the district's debt.

47.16 (b) For purposes of this subdivision, "municipality" has the definition given in
 47.17 Minnesota Statutes, sections 475.51, subdivision 2, and 475.521, subdivision 1, paragraph
 47.18 (c).

47.19 **EFFECTIVE DATE.** This section is effective in Cloquet and Perch Lake Township
 47.20 the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the
 47.21 governing body of each.

47.22 Sec. 11. Laws 2009, chapter 88, article 2, section 46, subdivision 5, is amended to read:

47.23 Subd. 5. **Withdrawal.** Notice of intent to withdraw from participation in the district
 47.24 may be given only in the month of January, with a minimum of twelve months notice of
 47.25 intent to withdraw. Withdrawal becomes effective for taxes levied pursuant to subdivision
 47.26 3 in the year when the notice is given. A property tax on taxable property located in a
 47.27 withdrawing municipality that has been levied by the district pursuant to subdivision 4
 47.28 remains in effect until the obligations outstanding on the date of withdrawal are satisfied,
 47.29 including any property tax levied in connection with refunding such obligations. The
 47.30 district and its members may also develop and agree upon other continuing obligations
 47.31 after withdrawal of a municipality.

48.1 **EFFECTIVE DATE.** This section is effective in Cloquet and Perch Lake Township
48.2 the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the
48.3 governing body of each.

48.4 Sec. 12. **2016 TOWNSHIP BOARD APPEALS AND EQUALIZATION COURSE**
48.5 **WAIVER.**

48.6 If a city or town that conducts local board of appeal and equalization meetings
48.7 certified by February 1, 2016, that it was in compliance with the requirements of
48.8 Minnesota Statutes, section 274.014, subdivision 2, but no member of the local board
48.9 who has attended an appeal and equalization course training within the preceding four
48.10 years attended the local board's meeting for 2016, that local board shall have its powers
48.11 reinstated for the 2017 assessment by resolution of the governing body of the city or
48.12 town, and by certifying it is in compliance with the requirements of Minnesota Statutes,
48.13 section 274.014, subdivision 2. The resolution and certification must be provided to
48.14 the county assessor by February 1, 2017.

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

48.16 Sec. 13. **LAKE MILLE LACS AREA PROPERTY TAX ABATEMENT**
48.17 **RECOMMENDATION.**

48.18 The commissioner of revenue must prepare a written recommendation to the house
48.19 of representatives and senate taxes committees regarding the potential use of property tax
48.20 abatements in providing economic relief for businesses in the vicinity of Lake Mille Lacs
48.21 that were negatively affected by early closing of the walleye fishing season in 2015. The
48.22 recommendations must include:

- 48.23 (1) a proposed definition of an economic relief area in the vicinity of the lake;
48.24 (2) an overview of the impact of the early closing on businesses in the relief area;
48.25 (3) a discussion of the economic benefits a property tax abatement program would
48.26 provide to businesses in the relief area; and
48.27 (4) parameters for an abatement program.

48.28 The recommendation required under this section is due by January 2, 2017.

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

48.30 Sec. 14. **SOCCER STADIUM PROPERTY TAX EXEMPTION; SPECIAL**
48.31 **ASSESSMENT.**

49.1 Any real or personal property acquired, owned, leased, controlled, used, or occupied
 49.2 by the city of St. Paul for the primary purpose of providing a stadium for a Major League
 49.3 Soccer team is declared to be acquired, owned, leased, controlled, used, and occupied for
 49.4 public, governmental, and municipal purposes, and is exempt from ad valorem taxation by
 49.5 the state or any political subdivision of the state, provided that the properties are subject to
 49.6 special assessments levied by a political subdivision for a local improvement in amounts
 49.7 proportionate to and not exceeding the special benefit received by the properties from the
 49.8 improvement. In determining the special benefit received by the properties, no possible
 49.9 use of any of the properties in any manner different from their intended use for providing a
 49.10 Major League Soccer stadium at the time may be considered. Notwithstanding Minnesota
 49.11 Statutes, section 272.01, subdivision 2, or 273.19, real or personal property subject to a
 49.12 lease or use agreement between the city and another person for uses related to the purposes
 49.13 of the operation of the stadium and related parking facilities is exempt from taxation
 49.14 regardless of the length of the lease or use agreement. This section, insofar as it provides
 49.15 an exemption or special treatment, does not apply to any real property that is leased for
 49.16 residential, business, or commercial development or other purposes different from those
 49.17 necessary to the provision and operation of the stadium.

49.18 **EFFECTIVE DATE.** This section is effective upon approval by the St. Paul City
 49.19 Council and compliance with Minnesota Statutes, section 645.021.

49.20 Sec. 15. **APPROPRIATION.**

49.21 \$1,200,000 in fiscal year 2016 is appropriated from the general fund to the
 49.22 commissioner of revenue for a grant to the city of Madelia that shall be paid by June
 49.23 30, 2016. This appropriation is onetime.

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

49.25 **ARTICLE 4**

49.26 **LOCAL DEVELOPMENT**

49.27 Section 1. Laws 2008, chapter 154, article 9, section 21, subdivision 2, is amended to
 49.28 read:

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

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

50.5 (1) peat or other soils with geotechnical deficiencies that impair development of
50.6 residential or commercial buildings or infrastructure;

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

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

50.10 (4) quarries or similar resource extraction sites;

50.11 (5) floodway; and

50.12 (6) substandard buildings within the meaning of Minnesota Statutes, section
50.13 469.174, subdivision 10.

50.14 (c) For the purposes of paragraph (b), clauses (1) through (5), a parcel is deemed to
50.15 be characterized by the relevant condition if at least 70 percent of the area of the parcel
50.16 contains the relevant condition. For the purposes of paragraph (b), clause (6), a parcel is
50.17 deemed to be characterized by substandard buildings if the buildings occupy at least 30
50.18 percent of the area of the parcel.

50.19 (d) The four-year rule under Minnesota Statutes, section 469.176, subdivision 6,
50.20 is extended to nine years for any district. The five-year rule under Minnesota Statutes,
50.21 section 469.1763, subdivision 3, is extended to ten years for any district, and section
50.22 469.1763, subdivision 4, does not apply to any district.

50.23 (e) Notwithstanding anything to the contrary in section 469.1763, subdivision 2,
50.24 paragraph (a), not more than 80 percent of the total revenue derived from tax increments
50.25 paid by properties in any district (measured over the life of the district) may be expended
50.26 on activities outside the district but within the project area.

50.27 (f) For a soil deficiency district:

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

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

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

50.32 (ii) pay for the cost of correcting the unusual terrain or soil deficiencies and the

50.33 additional cost of installing public improvements directly caused by the deficiencies; and

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

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

51.4 (h) Increments from any district may not be used to pay the costs of landfill closure or
 51.5 public infrastructure located on the following parcels within the plat known as Burnsville
 51.6 Amphitheater: Lot 1, Block 1; Lots 1 and 2, Block 2; and Outlots A, B, C and D.

51.7 (i) The authority to approve tax increment financing plans to establish tax increment
 51.8 financing districts under this section expires on December 31, ~~2018~~ 2020.

51.9 **EFFECTIVE DATE.** This section is effective upon approval by the governing body
 51.10 of the city of Burnsville and compliance with the requirements of Minnesota Statutes,
 51.11 section 645.021.

51.12 Sec. 2. Laws 2014, chapter 308, article 6, section 9, is amended to read:

51.13 Sec. 9. **CITY OF MAPLE GROVE; TAX INCREMENT FINANCING**
 51.14 **DISTRICT.**

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

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

51.18 (c) "Project area" means all or a portion of the area in the city commencing at a point
 51.19 130 feet East and 120 feet North of the southwest corner of the Southeast Quarter of
 51.20 Section 23, Township 119, Range 22, Hennepin County, said point being on the easterly
 51.21 right-of-way line of Hemlock Lane; thence northerly along said easterly right-of-way line
 51.22 of Hemlock Lane to a point on the west line of the east one-half of the Southeast Quarter of
 51.23 section 23, thence south along said west line a distance of 1,200 feet; thence easterly to the
 51.24 east line of Section 23, 1,030 feet North from the southeast corner thereof; thence South
 51.25 74 degrees East 1,285 feet; thence East a distance of 1,000 feet; thence North 59 degrees
 51.26 West a distance of 650 feet; thence northerly to a point on the northerly right-of-way line
 51.27 of 81st Avenue North, 650 feet westerly measured at right angles, from the east line of
 51.28 the Northwest Quarter of Section 24; thence North 13 degrees West a distance of 795
 51.29 feet; thence West to the west line of the Southeast Quarter of the Northwest Quarter of
 51.30 Section 24; thence North 55 degrees West to the south line of the Northwest Quarter of the
 51.31 Northwest Quarter of Section 24; thence West along said south line to the east right-of-way
 51.32 line of Zachary Lane; thence North along the east right-of-way line of Zachary Lane to
 51.33 the southwest corner of Lot 1, Block 1, Metropolitan Industrial Park 5th Addition; thence
 51.34 East along the south line of said Lot 1 to the northeast corner of Outlot A, Metropolitan
 51.35 Industrial Park 5th Addition; thence South along the east line of said Outlot A and its

52.1 southerly extension to the south right-of-way line of County State-Aid Highway (CSAH)
 52.2 109; thence easterly along the south right-of-way line of CSAH 109 to the east line of the
 52.3 Northwest Quarter of the Northeast Quarter of Section 24; thence South along said east
 52.4 line to the north line of the South Half of the Northeast Quarter of Section 24; thence East
 52.5 along said north line to the westerly right-of-way line of Jefferson Highway North; thence
 52.6 southerly along the westerly right-of-way line of Jefferson Highway to the centerline of
 52.7 CSAH 130; thence continuing South along the west right-of-way line of Pilgrim Lane
 52.8 North to the westerly extension of the north line of Outlot A, Park North Fourth Addition;
 52.9 thence easterly along the north line of Outlot A, Park North Fourth Addition to the
 52.10 northeast corner of said Outlot A; thence southerly along the east line of said Outlot A
 52.11 to the southeast corner of said Outlot A; thence easterly along the south line of Lot 1,
 52.12 Block 1, Park North Fourth Addition to the westerly right-of-way line of State Highway
 52.13 169; thence southerly, southwesterly, westerly, and northwesterly along the westerly
 52.14 right-of-way line of State Highway 169 and the northerly right-of-way line of Interstate
 52.15 694 to its intersection with the southerly extension of the easterly right-of-way line of
 52.16 Zachary Lane North; thence northerly along the easterly right-of-way line of Zachary
 52.17 Lane North and its northerly extension to the north right-of-way line of CSAH 130; thence
 52.18 westerly, southerly, northerly, southwesterly, and northwesterly to the point of beginning
 52.19 and there terminating, provided that the project area includes the rights-of-way for all
 52.20 present and future highway interchanges abutting the area described in this paragraph, and
 52.21 may include any additional property necessary to cause the property included in the tax
 52.22 increment financing district to consist of complete parcels.

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

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

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

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

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

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

53.7 (2) soils or terrain that require substantial filling in order to permit the development
53.8 of commercial buildings or infrastructure;

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

53.10 (4) quarries or similar resource extraction sites;

53.11 (5) floodway; and

53.12 (6) substandard buildings, within the meaning of Minnesota Statutes, section
53.13 469.174, subdivision 10.

53.14 (c) For the purposes of paragraph (b), clauses (1) to (5), a parcel is characterized by
53.15 the relevant condition if at least 70 percent of the area of the parcel contains the relevant
53.16 condition. For the purposes of paragraph (b), clause (6), a parcel is characterized by
53.17 substandard buildings if substandard buildings occupy at least 30 percent of the area
53.18 of the parcel.

53.19 (d) The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3,
53.20 is extended to eight years for any district, and Minnesota Statutes, section 469.1763,
53.21 subdivision 4, does not apply to any district.

53.22 (e) Notwithstanding any provision to the contrary in Minnesota Statutes, section
53.23 469.1763, subdivision 2, paragraph (a), not more than 40 percent of the total revenue
53.24 derived from tax increments paid by properties in any district, measured over the life of
53.25 the district, may be expended on activities outside the district but within the project area.

53.26 (f) For a soil deficiency district:

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

53.29 (2) increments may be used only to:

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

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

53.33 (iii) pay for the administrative expenses of the authority allocable to the district; and

53.34 (3) any parcel acquired with increments from the district must be sold at no less
53.35 than their fair market value.

54.1 (g) Increments spent for any infrastructure costs, whether inside a district or outside
 54.2 a district but within the project area, are deemed to satisfy the requirements of Minnesota
 54.3 Statutes, section 469.176, subdivision 4j.

54.4 (h) The authority to approve tax increment financing plans to establish tax increment
 54.5 financing districts under this section expires June 30, 2020.

54.6 **EFFECTIVE DATE.** This section is effective upon approval by the governing
 54.7 body of the city of Maple Grove and compliance with the requirements of Minnesota
 54.8 Statutes, section 645.021.

54.9 **Sec. 3. CITY OF ANOKA; TIF DISTRICT.**

54.10 For purposes of Minnesota Statutes, section 469.1763, subdivision 3, paragraph (c),
 54.11 the city of Anoka's Greens of Anoka redevelopment tax increment financing district is
 54.12 deemed to be certified on June 29, 2012, rather than its actual certification date of July 2,
 54.13 2012, and the provisions of Minnesota Statutes, section 469.1763, subdivisions 3 and 4,
 54.14 apply as if the district were certified on that date.

54.15 **EFFECTIVE DATE.** This section is effective upon approval by the governing body
 54.16 of the city of Anoka and upon compliance by the city with Minnesota Statutes, section
 54.17 645.021, subdivisions 2 and 3.

54.18 **Sec. 4. CITY OF EDINA; APPROVAL OF 2014 SPECIAL LAW.**

54.19 Notwithstanding the provisions of Minnesota Statutes, section 645.021, subdivision
 54.20 3, the chief clerical officer of the city of Edina may file the city's certificate of its approval
 54.21 of Laws 2014, chapter 308, article 6, section 8, by June 30, 2016, and, if the certificate
 54.22 is so filed and the requirements of Minnesota Statutes, section 645.021, subdivision 3,
 54.23 are otherwise complied with, the special law is deemed approved, and all actions taken
 54.24 by the city prior to the effective date of this section in reliance on Laws 2014, chapter
 54.25 308, article 6, section 8, are deemed consistent with Laws 2014, chapter 308, article
 54.26 6, section 8, and this act.

54.27 **EFFECTIVE DATE.** This section is effective the day following final enactment
 54.28 without local approval as an amendment to the provisions of Laws 2014, chapter 308,
 54.29 article 6, section 8.

54.30 **Sec. 5. CITY OF NORTHFIELD; TAX INCREMENT FINANCING.**

54.31 The requirements of Minnesota Statutes, section 469.1763, subdivision 3, that
 54.32 activities must be undertaken within a five-year period from the date of certification of a

55.1 tax increment financing district, are considered to be met for the Riverfront Tax Increment
 55.2 Financing District in the city of Northfield, if the activities are undertaken prior to July
 55.3 12, 2017.

55.4 **EFFECTIVE DATE.** This section is effective the day after the governing body of
 55.5 the city of Northfield and its chief clerical officer comply with Minnesota Statutes, section
 55.6 645.021, subdivisions 2 and 3.

55.7 **ARTICLE 5**

55.8 **IRON RANGE RESOURCES AND REHABILITATION BOARD**

55.9 Section 1. Minnesota Statutes 2014, section 15.38, subdivision 7, is amended to read:

55.10 Subd. 7. **Iron Range resources and rehabilitation Board.** After seeking
 55.11 a recommendation from the Iron Range Resources and Rehabilitation Board, the
 55.12 commissioner of Iron Range resources and rehabilitation Board may purchase insurance it
 55.13 considers the commissioner deems necessary and appropriate to insure facilities operated
 55.14 by the board.

55.15 Sec. 2. Minnesota Statutes 2014, section 116J.424, is amended to read:

55.16 **116J.424 IRON RANGE RESOURCES AND REHABILITATION BOARD** 55.17 **CONTRIBUTION.**

55.18 The commissioner of the Iron Range resources and rehabilitation Board ~~with~~
 55.19 ~~approval by the board,~~ shall provide an equal match for any loan or equity investment
 55.20 made for a facility located in the tax relief area defined in section 273.134, paragraph (b),
 55.21 by the Minnesota minerals 21st century fund created by section 116J.423. The match may
 55.22 be in the form of a loan or equity investment, notwithstanding whether the fund makes
 55.23 a loan or equity investment. The state shall not acquire an equity interest because of an
 55.24 equity investment or loan ~~by the board under this section and the board at its sole discretion~~
 55.25 commissioner, after consultation with the Iron Range Resources and Rehabilitation Board,
 55.26 shall have the sole discretion to decide what interest it the board acquires in a project. The
 55.27 commissioner of employment and economic development may require a commitment
 55.28 from the ~~board~~ commissioner to make the match prior to disbursing money from the fund.

55.29 Sec. 3. Minnesota Statutes 2014, section 216B.161, subdivision 1, is amended to read:

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

56.1 (b) "Area development rate" means a rate schedule established by a utility that
56.2 provides customers within an area development zone service under a base utility rate
56.3 schedule, except that charges may be reduced from the base rate as agreed upon by the
56.4 utility and the customer consistent with this section.

56.5 (c) "Area development zone" means a contiguous or noncontiguous area designated
56.6 by an authority or municipality for development or redevelopment and within which one
56.7 of the following conditions exists:

56.8 (1) obsolete buildings not suitable for improvement or conversion or other identified
56.9 hazards to the health, safety, and general well-being of the community;

56.10 (2) buildings in need of substantial rehabilitation or in substandard condition; or

56.11 (3) low values and damaged investments.

56.12 (d) "Authority" means a rural development financing authority established under
56.13 sections 469.142 to 469.151; a housing and redevelopment authority established under
56.14 sections 469.001 to 469.047; a port authority established under sections 469.048 to
56.15 469.068; an economic development authority established under sections 469.090
56.16 to 469.108; a redevelopment agency as defined in sections 469.152 to 469.165; the
56.17 commissioner of Iron Range resources and rehabilitation, acting after consultation
56.18 with the board established under section 298.22; a municipality that is administering a
56.19 development district created under sections 469.124 to 469.133 or any special law; a
56.20 municipality that undertakes a project under sections 469.152 to 469.165, except a town
56.21 located outside the metropolitan area as defined in section 473.121, subdivision 2, or with
56.22 a population of 5,000 persons or less; or a municipality that exercises the powers of a port
56.23 authority under any general or special law.

56.24 (e) "Municipality" means a city, however organized, and, with respect to a project
56.25 undertaken under sections 469.152 to 469.165, "municipality" has the meaning given in
56.26 sections 469.152 to 469.165, and, with respect to a project undertaken under sections
56.27 469.142 to 469.151 or a county or multicounty project undertaken under sections 469.004
56.28 to 469.008, also includes any county.

56.29 Sec. 4. Minnesota Statutes 2014, section 276A.01, subdivision 8, is amended to read:

56.30 Subd. 8. **Municipality.** "Municipality" means a city, town, or township located
56.31 in whole or part within the area. If a municipality is located partly within and partly
56.32 without the area, the references in sections 276A.01 to 276A.09 to property or any portion
56.33 thereof subject to taxation or taxing jurisdiction within the municipality are to the property
56.34 or portion thereof that is located in that portion of the municipality within the area,
56.35 except that the fiscal capacity of the municipality must be computed upon the basis of the

57.1 valuation and population of the entire municipality. A municipality shall be excluded from
 57.2 the area if its municipal comprehensive zoning and planning policies conscientiously
 57.3 exclude most commercial-industrial development, for reasons other than preserving an
 57.4 agricultural use. The commissioner of Iron Range resources and rehabilitation Board and
 57.5 the commissioner of revenue shall jointly make this determination annually and shall
 57.6 notify those municipalities that are ineligible to participate in the tax base sharing program
 57.7 provided in this chapter for the following year. Before making the joint determination, the
 57.8 commissioner of Iron Range resources and rehabilitation shall seek a recommendation
 57.9 from the Iron Range Resources and Rehabilitation Board.

57.10 Sec. 5. Minnesota Statutes 2014, section 276A.01, subdivision 17, is amended to read:

57.11 Subd. 17. **School fund allocation.** (a) "School fund allocation" means an amount up
 57.12 to 25 percent of the areawide levy certified by the commissioner of Iron Range resources
 57.13 and rehabilitation, after seeking a recommendation from the Iron Range Resources and
 57.14 Rehabilitation Board, to be used for the purposes of the Iron Range school consolidation
 57.15 and cooperatively operated school account under section 298.28, subdivision 7a.

57.16 (b) The allocation under paragraph (a) shall only be made after the commissioner of
 57.17 Iron Range resources and rehabilitation, after seeking a recommendation from the Iron
 57.18 Range Resources and Rehabilitation Board, has certified by June 30 that the Iron Range
 57.19 school consolidation and cooperatively operated account has insufficient funds to make
 57.20 payments as authorized under section 298.28, subdivision 7a.

57.21 Sec. 6. Minnesota Statutes 2014, section 282.38, subdivision 1, is amended to read:

57.22 Subdivision 1. **Development.** In any county where the county board by proper
 57.23 resolution sets aside funds for forest development pursuant to section 282.08, clause (5),
 57.24 item (i), or section 459.06, subdivision 2, the commissioner of Iron Range resources
 57.25 and rehabilitation ~~with the approval of the,~~ after seeking a recommendation from the
 57.26 Iron Range Resources and Rehabilitation Board, may upon request of the county board
 57.27 assist said county in carrying out any project for the long range development of its forest
 57.28 resources through matching of funds or otherwise.

57.29 Sec. 7. Minnesota Statutes 2014, section 298.001, subdivision 8, is amended to read:

57.30 Subd. 8. **Commissioner.** "Commissioner" means the commissioner of revenue
 57.31 of the state of Minnesota, except that when used in sections 298.22 to 298.227, and
 57.32 298.291 to 298.298, "commissioner" means the commissioner of Iron Range resources
 57.33 and rehabilitation.

58.1 Sec. 8. Minnesota Statutes 2014, section 298.22, subdivision 1a, is amended to read:

58.2 Subd. 1a. **Iron Range Resources and Rehabilitation Board.** The Iron Range
 58.3 Resources and Rehabilitation Board consists of the state senators and representatives
 58.4 elected from state senatorial or legislative districts in which one-third or more of the
 58.5 residents reside in a taconite assistance area as defined in section 273.1341. One additional
 58.6 state senator shall also be appointed by the senate Subcommittee on Committees of the
 58.7 Committee on Rules and Administration. All expenditures and projects made by the
 58.8 commissioner shall first be submitted to the board ~~for approval~~. The board shall recommend
 58.9 approval or disapproval or modification of the expenditures and projects. The expenses
 58.10 of the board shall be paid by the state from the funds raised pursuant to this section.
 58.11 Members of the board may be reimbursed for expenses in the manner provided in sections
 58.12 3.099, subdivision 1, and 3.101, and may receive per diem payments during the interims
 58.13 between legislative sessions in the manner provided in section 3.099, subdivision 1.

58.14 The members shall be appointed in January of every odd-numbered year, and shall
 58.15 serve until January of the next odd-numbered year. Vacancies on the board shall be filled
 58.16 in the same manner as original members were chosen.

58.17 Sec. 9. Minnesota Statutes 2014, section 298.22, subdivision 5a, is amended to read:

58.18 Subd. 5a. **Forest trust.** The commissioner, ~~upon approval by~~ after requesting a
 58.19 recommendation from the board, may purchase forest lands in the taconite assistance area
 58.20 defined in under section 273.1341 with funds specifically authorized for the purchase. The
 58.21 acquired forest lands must be held in trust for the benefit of the citizens of the taconite
 58.22 assistance area as the Iron Range Miners' Memorial Forest. The forest trust lands shall
 58.23 be managed and developed for recreation and economic development purposes. The
 58.24 commissioner, ~~upon approval by~~ after requesting a recommendation from the board,
 58.25 may sell forest lands purchased under this subdivision if the ~~board finds~~ commissioner
 58.26 determines that the sale advances the purposes of the trust. Proceeds derived from the
 58.27 management or sale of the lands and from the sale of timber or removal of gravel or
 58.28 other minerals from these forest lands shall be deposited into an Iron Range Miners'
 58.29 Memorial Forest account that is established within the state financial accounts. Funds may
 58.30 be expended from the account ~~upon approval by~~ after the commissioner has sought a
 58.31 recommendation from the board, to purchase, manage, administer, convey interests in,
 58.32 and improve the forest lands. ~~With approval by~~ After the commissioner has sought a
 58.33 recommendation from the board, money in the Iron Range Miners' Memorial Forest
 58.34 account may be transferred into the corpus of the Douglas J. Johnson economic protection
 58.35 trust fund established under sections 298.291 to 298.294. The property acquired under

59.1 the authority granted by this subdivision and income derived from the property or the
 59.2 operation or management of the property are exempt from taxation by the state or its
 59.3 political subdivisions while held by the forest trust.

59.4 Sec. 10. Minnesota Statutes 2014, section 298.22, subdivision 6, is amended to read:

59.5 Subd. 6. **Private entity participation.** After seeking a recommendation from the
 59.6 board, the commissioner may acquire an equity interest in any project for which ~~it~~ the
 59.7 commissioner provides funding. The commissioner may establish, participate in the
 59.8 management of, and dispose of the assets of charitable foundations, nonprofit limited
 59.9 liability companies, and nonprofit corporations associated with any project for which it
 59.10 provides funding, including specifically, but without limitation, a corporation within the
 59.11 meaning of section 317A.011, subdivision 6.

59.12 Sec. 11. Minnesota Statutes 2014, section 298.22, subdivision 8, is amended to read:

59.13 Subd. 8. **Spending priority.** In making or ~~approving~~ recommending any
 59.14 expenditures on programs or projects, the commissioner and the board shall give the
 59.15 highest priority to programs and projects that target relief to those areas of the taconite
 59.16 assistance area as defined in section 273.1341, that have the largest percentages of job
 59.17 losses and population losses directly attributable to the economic downturn in the taconite
 59.18 industry since the 1980s. The commissioner and the board shall compare the 1980
 59.19 population and employment figures with the 2000 population and employment figures,
 59.20 and shall specifically consider the job losses in 2000 and 2001 resulting from the closure
 59.21 of LTV Steel Mining Company, in making or ~~approving~~ recommending expenditures
 59.22 consistent with this subdivision, as well as the areas of residence of persons who suffered
 59.23 job loss for which relief is to be targeted under this subdivision. The commissioner
 59.24 may lease, for a term not exceeding 50 years and upon the terms determined by the
 59.25 commissioner ~~and approved~~ after seeking review by the board, surface and mineral
 59.26 interests owned or acquired by the state of Minnesota acting by and through the office of
 59.27 the commissioner of Iron Range resources and rehabilitation within those portions of the
 59.28 taconite assistance area affected by the closure of the LTV Steel Mining Company facility
 59.29 near Hoyt Lakes. The payments and royalties from these leases must be deposited into the
 59.30 fund established in section 298.292. This subdivision supersedes any other conflicting
 59.31 provisions of law and does not preclude the commissioner ~~and the board~~ from making
 59.32 expenditures for programs and projects in other areas after seeking review by the board.

59.33 Sec. 12. Minnesota Statutes 2014, section 298.22, subdivision 10, is amended to read:

60.1 Subd. 10. **Sale or privatization of functions.** The commissioner of Iron
60.2 Range resources and rehabilitation may not sell or privatize the Ironworld Discovery
60.3 Center or Giants Ridge Golf and Ski Resort without ~~prior approval by~~ first seeking a
60.4 recommendation from the board.

60.5 Sec. 13. Minnesota Statutes 2014, section 298.22, subdivision 11, is amended to read:

60.6 Subd. 11. **Budgeting.** The commissioner of Iron Range resources and rehabilitation
60.7 shall annually prepare a budget for operational expenditures, programs, and projects, and
60.8 submit it to the Iron Range Resources and Rehabilitation Board for a recommendation.

60.9 After the budget is approved by ~~the board and~~ the governor, the commissioner may spend
60.10 money in accordance with the approved budget.

60.11 Sec. 14. Minnesota Statutes 2014, section 298.221, is amended to read:

60.12 **298.221 RECEIPTS FROM CONTRACTS; APPROPRIATION.**

60.13 (a) Except as provided in paragraph (c), all money paid to the state of Minnesota
60.14 pursuant to the terms of any contract entered into by the state under authority of section
60.15 298.22 and any fees which may, in the discretion of the commissioner of Iron Range
60.16 resources and rehabilitation, be charged in connection with any project pursuant to that
60.17 section as amended, shall be deposited in the state treasury to the credit of the Iron Range
60.18 Resources and Rehabilitation Board account in the special revenue fund and are hereby
60.19 appropriated for the purposes of section 298.22.

60.20 (b) Notwithstanding section 16A.013, merchandise may be accepted by the
60.21 commissioner of the Iron Range Resources and Rehabilitation Board for payment of
60.22 advertising contracts if the commissioner determines that the merchandise can be used
60.23 for special event prizes or mementos at facilities operated by the board. Nothing in this
60.24 paragraph authorizes the commissioner or a member of the board to receive merchandise
60.25 for personal use.

60.26 (c) All fees charged by the commissioner in connection with public use of the
60.27 state-owned ski and golf facilities at the Giants Ridge Recreation Area and all other
60.28 revenues derived by the commissioner from the operation or lease of those facilities
60.29 and from the lease, sale, or other disposition of undeveloped lands at the Giants Ridge
60.30 Recreation Area must be deposited into an Iron Range Resources and Rehabilitation
60.31 Board account that is created within the state enterprise fund. All funds deposited in the
60.32 enterprise fund account are appropriated to the commissioner to be expended, ~~subject to~~
60.33 ~~approval by~~ after seeking a recommendation from the board, as follows:

61.1 (1) to pay costs associated with the construction, equipping, operation, repair, or
 61.2 improvement of the Giants Ridge Recreation Area facilities or lands;

61.3 (2) to pay principal, interest and associated bond issuance, reserve, and servicing
 61.4 costs associated with the financing of the facilities; and

61.5 (3) to pay the costs of any other project authorized under section 298.22.

61.6 Sec. 15. Minnesota Statutes 2014, section 298.2211, subdivision 3, is amended to read:

61.7 Subd. 3. **Project approval.** All projects authorized by this section shall be submitted
 61.8 by the commissioner to the Iron Range Resources and Rehabilitation Board for ~~approval~~
 61.9 by a recommendation from the board. Prior to the commencement of a project involving
 61.10 the exercise by the commissioner of any authority of sections 469.174 to 469.179, the
 61.11 governing body of each municipality in which any part of the project is located and the
 61.12 county board of any county containing portions of the project not located in an incorporated
 61.13 area shall by majority vote approve or disapprove the project. Any project approved by
 61.14 the ~~board~~ commissioner and the applicable governing bodies, if any, together with detailed
 61.15 information concerning the project, its costs, the sources of its funding, and the amount of
 61.16 any bonded indebtedness to be incurred in connection with the project, shall be transmitted
 61.17 to the governor, who shall approve, disapprove, or return the proposal for additional
 61.18 consideration within 30 days of receipt. No project authorized under this section shall be
 61.19 undertaken, and no obligations shall be issued and no tax increments shall be expended for
 61.20 a project authorized under this section until the project has been approved by the governor.

61.21 Sec. 16. Minnesota Statutes 2014, section 298.2213, subdivision 4, is amended to read:

61.22 Subd. 4. **Project approval.** After seeking a recommendation from the board and,
 61.23 the commissioner shall by August 1 each year prepare a list of projects to be funded from
 61.24 the money appropriated in this section with necessary supporting information including
 61.25 descriptions of the projects, plans, and cost estimates. A project must not be approved by
 61.26 the ~~board~~ commissioner unless it the commissioner finds that:

61.27 (1) the project will materially assist, directly or indirectly, the creation of additional
 61.28 long-term employment opportunities;

61.29 (2) the prospective benefits of the expenditure exceed the anticipated costs; and

61.30 (3) in the case of assistance to private enterprise, the project will serve a sound
 61.31 business purpose.

61.32 Each project must be approved by the ~~board and~~ the commissioner of Iron Range
 61.33 resources and rehabilitation. The list of projects must be submitted to the governor,
 61.34 who shall, by November 15 of each year, approve, disapprove, or return for further

62.1 consideration, each project. The money for a project may be spent only upon approval of
 62.2 the project by the governor. The ~~board~~ commissioner may submit supplemental projects
 62.3 for approval at any time, after seeking a recommendation from the board.

62.4 Sec. 17. Minnesota Statutes 2014, section 298.2213, subdivision 5, is amended to read:

62.5 Subd. 5. **Advisory committees.** ~~Before submission to the board of a proposal for~~
 62.6 ~~a project for expenditure of money appropriated under this section,~~ The commissioner
 62.7 of Iron Range resources and rehabilitation shall appoint a technical advisory committee
 62.8 consisting of at least seven persons who are knowledgeable in areas related to the
 62.9 objectives of the proposal. If the project involves investment in a scientific research
 62.10 proposal, at least four of the committee members must be knowledgeable in the specific
 62.11 scientific research area relating to the project. Members of the committees must be
 62.12 compensated as provided in section 15.059, subdivision 3. The ~~board~~ commissioner shall
 62.13 not act on a proposal for a request for expenditure of money appropriated under this
 62.14 section until it has received the commissioner has sought review from the board of the
 62.15 evaluation and recommendations of the technical advisory committee.

62.16 Sec. 18. Minnesota Statutes 2014, section 298.2213, subdivision 6, is amended to read:

62.17 Subd. 6. **Use of repayments and earnings.** Principal and interest received in
 62.18 repayment of loans made under this section must be deposited in the ~~state treasury~~
 62.19 ~~and are appropriated to the board for the purposes of this section~~ northeast Minnesota
 62.20 economic development fund account in the special revenue fund in the state treasury. The
 62.21 commissioner of Iron Range resources and rehabilitation must seek a recommendation
 62.22 from the Iron Range Resources and Rehabilitation Board for any use of funds appropriated
 62.23 under this section.

62.24 Sec. 19. Minnesota Statutes 2014, section 298.223, subdivision 1, is amended to read:

62.25 Subdivision 1. **Creation; purposes.** A fund called the taconite environmental
 62.26 protection fund is created for the purpose of reclaiming, restoring and enhancing those
 62.27 areas of northeast Minnesota located within the taconite assistance area defined in section
 62.28 273.1341, that are adversely affected by the environmentally damaging operations
 62.29 involved in mining taconite and iron ore and producing iron ore concentrate and for the
 62.30 purpose of promoting the economic development of northeast Minnesota. The taconite
 62.31 environmental protection fund shall be used for the following purposes:

63.1 (1) to initiate investigations into matters the Iron Range Resources and Rehabilitation
63.2 Board determines are in need of study and which will determine the environmental
63.3 problems requiring remedial action;

63.4 (2) reclamation, restoration, or reforestation of mine lands not otherwise provided
63.5 for by state law;

63.6 (3) local economic development projects but only if those projects are approved by
63.7 the ~~board~~ commissioner after seeking a recommendation of the projects from the board,
63.8 and public works, including construction of sewer and water systems located within the
63.9 taconite assistance area defined in section 273.1341;

63.10 (4) monitoring of mineral industry related health problems among mining employees;

63.11 (5) local public works projects under section 298.227, paragraph (c); and

63.12 (6) local public works projects as provided under this clause. The following amounts
63.13 shall be distributed in 2009 based upon the taxable tonnage of production in 2008:

63.14 (i) .4651 cent per ton to the city of Aurora for street repair and renovation;

63.15 (ii) .4264 cent per ton to the city of Biwabik for street and utility infrastructure
63.16 improvements to the south side industrial site;

63.17 (iii) .6460 cent per ton to the city of Buhl for street repair;

63.18 (iv) 1.0336 cents per ton to the city of Hoyt Lakes for public utility improvements;

63.19 (v) 1.1628 cents per ton to the city of Eveleth for water and sewer infrastructure
63.20 upgrades;

63.21 (vi) 1.0336 cents per ton to the city of Gilbert for water and sewer infrastructure
63.22 upgrades;

63.23 (vii) .7752 cent per ton to the city of Mountain Iron for water and sewer infrastructure;

63.24 (viii) 1.2920 cents per ton to the city of Virginia for utility upgrades and accessibility
63.25 modifications for the miners' memorial;

63.26 (ix) .6460 cent per ton to the town of White for Highway 135 road upgrades;

63.27 (x) 1.9380 cents per ton to the city of Hibbing for public infrastructure projects;

63.28 (xi) 1.1628 cents per ton to the city of Chisholm for water and sewer repair;

63.29 (xii) .6460 cent per ton to the town of Balkan for community center repairs;

63.30 (xiii) .9044 cent per ton to the city of Babbitt for city garage construction;

63.31 (xiv) .5168 cent per ton to the city of Cook for public infrastructure projects;

63.32 (xv) .5168 cent per ton to the city of Ely for reconstruction of 2nd Avenue West;

63.33 (xvi) .6460 cent per ton to the city of Tower for water infrastructure upgrades;

63.34 (xvii) .1292 cent per ton to the city of Orr for water infrastructure upgrades;

63.35 (xviii) .1292 cent per ton to the city of Silver Bay for emergency cleanup;

63.36 (xix) .3230 cent per ton to Lake County for trail construction;

- 64.1 (xx) .1292 cent per ton to Cook County for construction of tennis courts in Grand
 64.2 Marais;
- 64.3 (xxi) .3101 cent per ton to the city of Two Harbors for water infrastructure
 64.4 improvements;
- 64.5 (xxii) .1938 cent per ton for land acquisition for phase one of Cook Airport project;
 64.6 (xxiii) 1.0336 cents per ton to the city of Coleraine for water and sewer
 64.7 improvements along Gayley Avenue;
- 64.8 (xxiv) .3876 cent per ton to the city of Marble for construction of a city
 64.9 administration facility;
- 64.10 (xxv) .1292 cent per ton to the city of Calumet for repairs at city hall and the
 64.11 community center;
- 64.12 (xxvi) .6460 cent per ton to the city of Nashwauk for electrical infrastructure
 64.13 upgrades;
- 64.14 (xxvii) 1.0336 cents per ton to the city of Keewatin for water and sewer upgrades
 64.15 along Depot Street;
- 64.16 (xxviii) .2584 cent per ton to the city of Aitkin for water, sewer, street, and gutter
 64.17 improvements;
- 64.18 (xxix) 1.1628 cents per ton to the city of Grand Rapids for water and sewer
 64.19 infrastructure upgrades at Pokegema Golf Course and Park Place;
- 64.20 (xxx) .1809 cent per ton to the city of Grand Rapids for water and sewer upgrades
 64.21 for 1st Avenue from River Road to 3rd Street SE; and
- 64.22 (xxxi) .9044 cent per ton to the city of Cohasset for upgrades to the railroad crossing
 64.23 at Highway 2 and County Road 62.

64.24 Sec. 20. Minnesota Statutes 2014, section 298.223, subdivision 2, is amended to read:

64.25 Subd. 2. **Administration.** (a) The taconite area environmental protection fund shall
 64.26 be administered by the commissioner of the Iron Range Resources and Rehabilitation
 64.27 Board. The commissioner shall by September 1 of each year submit to the board a list
 64.28 of projects to be funded from the taconite area environmental protection fund, with such
 64.29 supporting information including description of the projects, plans, and cost estimates as
 64.30 may be necessary.

64.31 (b) Each year no less than one-half of the amounts deposited into the taconite
 64.32 environmental protection fund must be used for public works projects, including
 64.33 construction of sewer and water systems, as specified under subdivision 1, clause (3).
 64.34 After seeking a recommendation from the Iron Range Resources and Rehabilitation Board,
 64.35 the commissioner may waive the requirements of this paragraph.

65.1 (c) ~~Upon approval by the board,~~ The list of projects approved by the commissioner
65.2 under this subdivision, after the commissioner has sought review of the projects by the
65.3 board, shall be submitted to the governor by November 1 of each year. By December 1 of
65.4 each year, the governor shall approve or disapprove, or return for further consideration,
65.5 each project. Funds for a project may be expended only upon approval of the project by
65.6 the ~~board~~ commissioner and the governor. The commissioner may submit supplemental
65.7 projects ~~to the board and for approval from the governor for approval~~ after seeking review
65.8 of the supplemental projects from the board at any time.

65.9 Sec. 21. Minnesota Statutes 2014, section 298.227, is amended to read:

65.10 **298.227 TACONITE ECONOMIC DEVELOPMENT FUND.**

65.11 (a) An amount equal to that distributed pursuant to each taconite producer's taxable
65.12 production and qualifying sales under section 298.28, subdivision 9a, shall be held by
65.13 the Iron Range Resources and Rehabilitation Board in a separate taconite economic
65.14 development fund for each taconite and direct reduced ore producer. Money from the
65.15 fund for each producer shall be released by the commissioner after review by a joint
65.16 committee consisting of an equal number of representatives of the salaried employees and
65.17 the nonsalaried production and maintenance employees of that producer. The District 11
65.18 director of the United States Steelworkers of America, on advice of each local employee
65.19 president, shall select the employee members. In nonorganized operations, the employee
65.20 committee shall be elected by the nonsalaried production and maintenance employees. The
65.21 review must be completed no later than six months after the producer presents a proposal
65.22 for expenditure of the funds to the committee. The funds held pursuant to this section may
65.23 be released only for workforce development and associated public facility improvement,
65.24 or for acquisition of plant and stationary mining equipment and facilities for the producer
65.25 or for research and development in Minnesota on new mining, or taconite, iron, or steel
65.26 production technology, but only if the producer provides a matching expenditure equal to
65.27 the amount of the distribution to be used for the same purpose beginning with distributions
65.28 in 2014. Effective for proposals for expenditures of money from the fund beginning May
65.29 26, 2007, the commissioner may not release the funds before the next scheduled meeting
65.30 of the board. If a proposed expenditure is not approved by the commissioner, after
65.31 seeking a recommendation from the board, the funds must be deposited in the Taconite
65.32 Environmental Protection Fund under sections 298.222 to 298.225. If a producer uses
65.33 money which has been released from the fund prior to May 26, 2007 to procure haulage
65.34 trucks, mobile equipment, or mining shovels, and the producer removes the piece of
65.35 equipment from the taconite tax relief area defined in section 273.134 within ten years

66.1 from the date of receipt of the money from the fund, a portion of the money granted
66.2 from the fund must be repaid to the taconite economic development fund. The portion
66.3 of the money to be repaid is 100 percent of the grant if the equipment is removed from
66.4 the taconite tax relief area within 12 months after receipt of the money from the fund,
66.5 declining by ten percent for each of the subsequent nine years during which the equipment
66.6 remains within the taconite tax relief area. If a taconite production facility is sold after
66.7 operations at the facility had ceased, any money remaining in the fund for the former
66.8 producer may be released to the purchaser of the facility on the terms otherwise applicable
66.9 to the former producer under this section. If a producer fails to provide matching funds
66.10 for a proposed expenditure within six months after the commissioner approves release
66.11 of the funds, the funds are available for release to another producer in proportion to the
66.12 distribution provided and under the conditions of this section. Any portion of the fund
66.13 which is not released by the commissioner within one year of its deposit in the fund shall
66.14 be divided between the taconite environmental protection fund created in section 298.223
66.15 and the Douglas J. Johnson economic protection trust fund created in section 298.292 for
66.16 placement in their respective special accounts. Two-thirds of the unreleased funds shall be
66.17 distributed to the taconite environmental protection fund and one-third to the Douglas J.
66.18 Johnson economic protection trust fund.

66.19 (b)(i) Notwithstanding the requirements of paragraph (a), setting the amount of
66.20 distributions and the review process, an amount equal to ten cents per taxable ton of
66.21 production in 2007, for distribution in 2008 only, that would otherwise be distributed
66.22 under paragraph (a), may be used for a loan or grant for the cost of providing for a
66.23 value-added wood product facility located in the taconite tax relief area and in a county
66.24 that contains a city of the first class. This amount must be deducted from the distribution
66.25 under paragraph (a) for which a matching expenditure by the producer is not required. The
66.26 granting of the loan or grant is subject to approval by the board. If the money is provided
66.27 as a loan, interest must be payable on the loan at the rate prescribed in section 298.2213,
66.28 subdivision 3. (ii) Repayments of the loan and interest, if any, must be deposited in the
66.29 taconite environment protection fund under sections 298.222 to 298.225. If a loan or
66.30 grant is not made under this paragraph by July 1, 2012, the amount that had been made
66.31 available for the loan under this paragraph must be transferred to the taconite environment
66.32 protection fund under sections 298.222 to 298.225. (iii) Money distributed in 2008 to the
66.33 fund established under this section that exceeds ten cents per ton is available to qualifying
66.34 producers under paragraph (a) on a pro rata basis.

66.35 (c) Repayment or transfer of money to the taconite environmental protection fund
66.36 under paragraph (b), item (ii), must be allocated by the commissioner of Iron Range

67.1 resources and rehabilitation, after seeking a recommendation from the Iron Range
 67.2 Resources and Rehabilitation Board for public works projects in house legislative districts
 67.3 in the same proportion as taxable tonnage of production in 2007 in each house legislative
 67.4 district, for distribution in 2008, bears to total taxable tonnage of production in 2007, for
 67.5 distribution in 2008. Notwithstanding any other law to the contrary, expenditures under
 67.6 this paragraph do not require approval by the governor. For purposes of this paragraph,
 67.7 "house legislative districts" means the legislative districts in existence on May 15, 2009.

67.8 Sec. 22. Minnesota Statutes 2014, section 298.28, subdivision 7a, is amended to read:

67.9 Subd. 7a. **Iron Range school consolidation and cooperatively operated school**
 67.10 **account.** The following amounts must be allocated to the Iron Range Resources and
 67.11 Rehabilitation Board to be deposited in the Iron Range school consolidation and
 67.12 cooperatively operated school account that is hereby created:

67.13 (1)(i) for distributions in 2015 through 2023, ten cents per taxable ton of the tax
 67.14 imposed under section 298.24; and (ii) for distributions beginning in 2024, five cents per
 67.15 taxable ton of the tax imposed under section 298.24;

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

67.17 (3)(i) for distributions in 2015, an amount equal to two-thirds of the increased tax
 67.18 proceeds attributable to the increase in the implicit price deflator as provided in section
 67.19 298.24, subdivision 1, with the remaining one-third to be distributed to the Douglas J.
 67.20 Johnson economic protection trust fund;

67.21 (ii) for distributions in 2016, an amount equal to two-thirds of the sum of the
 67.22 increased tax proceeds attributable to the increase in the implicit price deflator as provided
 67.23 in section 298.24, subdivision 1, for distribution years 2015 and 2016, with the remaining
 67.24 one-third to be distributed to the Douglas J. Johnson economic protection trust fund; and

67.25 (iii) for distributions in 2017, an amount equal to two-thirds of the sum of the
 67.26 increased tax proceeds attributable to the increase in the implicit price deflator as provided
 67.27 in section 298.24, subdivision 1, for distribution years 2015, 2016, and 2017, with the
 67.28 remaining one-third to be distributed to the Douglas J. Johnson economic protection
 67.29 trust fund; and

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

67.31 Expenditures from this account may be approved as ongoing annual expenditures and
 67.32 shall be made only to provide disbursements to assist school districts with the payment of
 67.33 bonds that were issued for qualified school projects, or for any other school disbursement
 67.34 as approved by the commissioner after the commissioner has sought review of the
 67.35 expenditures by the Iron Range Resources and Rehabilitation Board. For purposes of this

68.1 section, "qualified school projects" means school projects within the taconite assistance
 68.2 area as defined in section 273.1341, that were (1) approved, by referendum, after April 3,
 68.3 2006; and (2) approved by the commissioner of education pursuant to section 123B.71.

68.4 Beginning in fiscal year 2019, the disbursement to school districts for payments for
 68.5 bonds issued under section 123A.482, subdivision 9, must be increased each year to
 68.6 offset any reduction in debt service equalization aid that the school district qualifies for in
 68.7 that year, under section 123B.53, subdivision 6, compared with the amount the school
 68.8 district qualified for in fiscal year 2018.

68.9 No expenditure under this section shall be made unless approved by ~~seven members~~
 68.10 of the commissioner after seeking review of the expenditure from the Iron Range
 68.11 Resources and Rehabilitation Board.

68.12 Sec. 23. Minnesota Statutes 2014, section 298.28, subdivision 9d, is amended to read:

68.13 Subd. 9d. **Iron Range higher education account.** Five cents per taxable ton must
 68.14 be allocated to the Iron Range Resources and Rehabilitation Board to be deposited in
 68.15 an Iron Range higher education account that is hereby created, to be used for higher
 68.16 education programs conducted at educational institutions in the taconite assistance area
 68.17 defined in section 273.1341. The Iron Range Higher Education committee under section
 68.18 298.2214, and the ~~Iron Range Resources and Rehabilitation Board~~ commissioner must
 68.19 approve all expenditures from the account, after seeking review and recommendation of
 68.20 the expenditures from the Iron Range Resources and Rehabilitation Board.

68.21 Sec. 24. Minnesota Statutes 2014, section 298.292, subdivision 2, is amended to read:

68.22 Subd. 2. **Use of money.** Money in the Douglas J. Johnson economic protection trust
 68.23 fund may be used for the following purposes:

68.24 (1) to provide loans, loan guarantees, interest buy-downs and other forms of
 68.25 participation with private sources of financing, but a loan to a private enterprise shall be
 68.26 for a principal amount not to exceed one-half of the cost of the project for which financing
 68.27 is sought, and the rate of interest on a loan to a private enterprise shall be no less than the
 68.28 lesser of eight percent or an interest rate three percentage points less than a full faith
 68.29 and credit obligation of the United States government of comparable maturity, at the
 68.30 time that the loan is approved;

68.31 (2) to fund reserve accounts established to secure the payment when due of the
 68.32 principal of and interest on bonds issued pursuant to section 298.2211;

68.33 (3) to pay in periodic payments or in a lump-sum payment any or all of the interest
 68.34 on bonds issued pursuant to chapter 474 for the purpose of constructing, converting,

69.1 or retrofitting heating facilities in connection with district heating systems or systems
69.2 utilizing alternative energy sources;

69.3 (4) to invest in a venture capital fund or enterprise that will provide capital to other
69.4 entities that are engaging in, or that will engage in, projects or programs that have the
69.5 purposes set forth in subdivision 1. No investments may be made in a venture capital fund
69.6 or enterprise unless at least two other unrelated investors make investments of at least
69.7 \$500,000 in the venture capital fund or enterprise, and the investment by the Douglas
69.8 J. Johnson economic protection trust fund may not exceed the amount of the largest
69.9 investment by an unrelated investor in the venture capital fund or enterprise. For purposes
69.10 of this subdivision, an "unrelated investor" is a person or entity that is not related to
69.11 the entity in which the investment is made or to any individual who owns more than 40
69.12 percent of the value of the entity, in any of the following relationships: spouse, parent,
69.13 child, sibling, employee, or owner of an interest in the entity that exceeds ten percent of
69.14 the value of all interests in it. For purposes of determining the limitations under this
69.15 clause, the amount of investments made by an investor other than the Douglas J. Johnson
69.16 economic protection trust fund is the sum of all investments made in the venture capital
69.17 fund or enterprise during the period beginning one year before the date of the investment
69.18 by the Douglas J. Johnson economic protection trust fund; and

69.19 (5) to purchase forest land in the taconite assistance area defined in section 273.1341
69.20 to be held and managed as a public trust for the benefit of the area for the purposes
69.21 authorized in section 298.22, subdivision 5a. Property purchased under this section may
69.22 be sold by the commissioner ~~upon approval by~~ after seeking a recommendation from
69.23 the board. The net proceeds must be deposited in the trust fund for the purposes and
69.24 uses of this section.

69.25 Money from the trust fund shall be expended only in or for the benefit of the taconite
69.26 assistance area defined in section 273.1341.

69.27 Sec. 25. Minnesota Statutes 2014, section 298.294, is amended to read:

69.28 **298.294 INVESTMENT OF FUND.**

69.29 (a) The trust fund established by section 298.292 shall be invested pursuant to law
69.30 by the State Board of Investment and the net interest, dividends, and other earnings arising
69.31 from the investments shall be transferred, except as provided in paragraph (b), on the first
69.32 day of each month to the trust and shall be included and become part of the trust fund.
69.33 The amounts transferred, including the interest, dividends, and other earnings earned
69.34 prior to July 13, 1982, together with the additional amount of \$10,000,000 for fiscal year
69.35 1983, which is appropriated April 21, 1983, are appropriated from the trust fund to the

70.1 commissioner of Iron Range resources and rehabilitation for deposit in a separate account
 70.2 for expenditure for the purposes set forth in section 298.292. Amounts appropriated
 70.3 pursuant to this section shall not cancel but shall remain available unless expended.

70.4 (b) For fiscal years 2010 and 2011 only, \$1,500,000 of the net interest, dividends,
 70.5 and other earnings under paragraph (a) shall be transferred to a special account. Funds
 70.6 in the special account are available for loans or grants to businesses, with priority given
 70.7 to businesses with 25 or fewer employees. Funds may be used for wage subsidies for
 70.8 up to 52 weeks of up to \$5 per hour or other activities, including, but not limited to,
 70.9 short-term operating expenses and purchase of equipment and materials by businesses
 70.10 under financial duress, that will create additional jobs in the taconite assistance area
 70.11 under section 273.1341. Expenditures from the special account must be approved by the
 70.12 commissioner after seeking a recommendation from the board.

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

70.16 Sec. 26. Minnesota Statutes 2014, section 298.296, subdivision 1, is amended to read:

70.17 Subdivision 1. **Project approval.** (a) The commissioner of Iron Range resources and
 70.18 rehabilitation, after seeking a recommendation from the board and commissioner, shall by
 70.19 August 1 of each year prepare a list of projects to be funded from the Douglas J. Johnson
 70.20 economic protection trust with necessary supporting information including description of
 70.21 the projects, plans, and cost estimates. These projects shall be consistent with the priorities
 70.22 established in section 298.292 and shall not be approved by the ~~board~~ commissioner
 70.23 unless ~~if~~ the commissioner, after seeking a recommendation from the board, finds that:

70.24 (a) (1) the project will materially assist, directly or indirectly, the creation of
 70.25 additional long-term employment opportunities;

70.26 (b) (2) the prospective benefits of the expenditure exceed the anticipated costs; and

70.27 (c) (3) in the case of assistance to private enterprise, the project will serve a sound
 70.28 business purpose.

70.29 (b) Each project must be approved by ~~over one-half of all of the members of the~~
 70.30 ~~board and the commissioner of Iron Range resources and rehabilitation~~ after seeking a
 70.31 recommendation from the board for the project. The list of projects shall be submitted to
 70.32 the governor, who shall, by November 15 of each year, approve or disapprove, or return
 70.33 for further consideration, each project. The money for a project may be expended only
 70.34 upon approval of the project by the governor. The ~~board~~ commissioner may submit a

71.1 supplemental ~~projects~~ project for approval at any time after seeking a recommendation for
 71.2 the project from the board.

71.3 Sec. 27. Minnesota Statutes 2014, section 298.296, subdivision 2, is amended to read:

71.4 Subd. 2. **Expenditure of funds.** (a) Before January 1, 2028, funds may be expended
 71.5 on projects and for administration of the trust fund only from the net interest, earnings,
 71.6 and dividends arising from the investment of the trust at any time, including net interest,
 71.7 earnings, and dividends that have arisen prior to July 13, 1982, plus \$10,000,000 made
 71.8 available for use in fiscal year 1983, except that any amount required to be paid out of the
 71.9 trust fund to provide the property tax relief specified in Laws 1977, chapter 423, article
 71.10 X, section 4, and to make school bond payments and payments to recipients of taconite
 71.11 production tax proceeds pursuant to section 298.225, may be taken from the corpus of
 71.12 the trust.

71.13 (b) Additionally, upon recommendation by the commissioner after seeking a
 71.14 recommendation from the board, up to \$13,000,000 from the corpus of the trust may be
 71.15 made available for use as provided in subdivision 4, and up to \$10,000,000 from the
 71.16 corpus of the trust may be made available for use as provided in section 298.2961.

71.17 (c) Additionally, an amount equal to 20 percent of the value of the corpus of the trust
 71.18 on May 18, 2002, not including the funds authorized in paragraph (b), plus the amounts
 71.19 made available under section 298.28, subdivision 4, and Laws 2002, chapter 377, article
 71.20 8, section 17, may be expended on projects. Funds may be expended for projects under
 71.21 this paragraph only if the project:

71.22 (1) is for the purposes established under section 298.292, subdivision 1, clause
 71.23 (1) or (2); and

71.24 (2) is approved by ~~two-thirds of all of the members of~~ the commissioner after
 71.25 seeking a recommendation from the board.

71.26 No money made available under this paragraph or paragraph (d) can be used for
 71.27 administrative or operating expenses of the Iron Range Resources and Rehabilitation Board
 71.28 or expenses relating to any facilities owned or operated by the board on May 18, 2002.

71.29 (d) Upon recommendation by ~~a unanimous vote of all members~~ the commissioner
 71.30 after seeking a unanimous recommendation of the board, amounts in addition to those
 71.31 authorized under paragraphs (a), (b), and (c) may be expended on projects described in
 71.32 section 298.292, subdivision 1.

71.33 (e) Annual administrative costs, not including detailed engineering expenses for the
 71.34 projects, shall not exceed five percent of the net interest, dividends, and earnings arising
 71.35 from the trust in the preceding fiscal year.

72.1 (f) Principal and interest received in repayment of loans made pursuant to this
 72.2 section, and earnings on other investments made under section 298.292, subdivision 2,
 72.3 clause (4), shall be deposited in the state treasury and credited to the trust. These receipts
 72.4 are appropriated to the board for the purposes of sections 298.291 to 298.298.

72.5 (g) Additionally, notwithstanding section 298.293, upon the approval of the
 72.6 commissioner of Iron Range resources and rehabilitation, after seeking a recommendation
 72.7 from the board, money from the corpus of the trust may be expanded to purchase forest
 72.8 lands within the taconite assistance area as provided in sections 298.22, subdivision 5a,
 72.9 and 298.292, subdivision 2, clause (5).

72.10 Sec. 28. Minnesota Statutes 2014, section 298.296, subdivision 4, is amended to read:

72.11 Subd. 4. **Temporary loan authority.** (a) After seeking a recommendation from the
 72.12 board, the commissioner of Iron Range resources and rehabilitation may recommend that
 72.13 use up to \$7,500,000 from the corpus of the trust may be used for loans, loan guarantees,
 72.14 grants, or equity investments as provided in this subdivision. The money would be
 72.15 available for loans for construction and equipping of facilities constituting (1) a value
 72.16 added iron products plant, which may be either a new plant or a facility incorporated into
 72.17 an existing plant that produces iron upgraded to a minimum of 75 percent iron content or
 72.18 any iron alloy with a total minimum metallic content of 90 percent; or (2) a new mine
 72.19 or minerals processing plant for any mineral subject to the net proceeds tax imposed
 72.20 under section 298.015. A loan or loan guarantee under this paragraph may not exceed
 72.21 \$5,000,000 for any facility.

72.22 (b) Additionally, the ~~board~~ commissioner of Iron Range resources and rehabilitation
 72.23 must reserve the first \$2,000,000 of the net interest, dividends, and earnings arising
 72.24 from the investment of the trust after June 30, 1996, to be used for grants, loans, loan
 72.25 guarantees, or equity investments for the purposes set forth in paragraph (a). This amount
 72.26 must be reserved until it is used as described in this subdivision.

72.27 (c) Additionally, the ~~board~~ commissioner may recommend that up to \$5,500,000
 72.28 from the corpus of the trust may be used for additional grants, loans, loan guarantees, or
 72.29 equity investments for the purposes set forth in paragraph (a).

72.30 (d) The commissioner of Iron Range resources and rehabilitation, after seeking a
 72.31 recommendation from the board, may require that ~~it~~ the board receive an equity percentage
 72.32 in any project to which it contributes under this section.

72.33 Sec. 29. Minnesota Statutes 2014, section 298.2961, subdivision 2, is amended to read:

72.34 Subd. 2. **Projects; approval.** (a) Projects funded must be for:

73.1 (1) environmentally unique reclamation projects; or
 73.2 (2) pit or plant repairs, expansions, or modernizations other than for a value added
 73.3 iron products plant.

73.4 (b) ~~To be proposed by the board, a project must be approved by~~ Before the
 73.5 commissioner may propose a project, the commissioner must seek a recommendation
 73.6 from the board. The money for a project may be spent only upon approval of the project
 73.7 by the governor. ~~The board~~ commissioner may submit ~~a supplemental projects project~~
 73.8 approval at any time after seeking a recommendation for the project from the board.

73.9 (c) ~~The board~~ commissioner may require that ~~it the board~~ receive an equity
 73.10 percentage in any project to which it contributes under this section.

73.11 Sec. 30. Minnesota Statutes 2014, section 298.2961, subdivision 4, is amended to read:

73.12 Subd. 4. **Grant and loan fund.** (a) A fund is established to receive distributions
 73.13 under section 298.28, subdivision 9b, and to make grants or loans as provided in this
 73.14 subdivision. Any grant or loan made under this subdivision must first be approved by
 73.15 the commissioner after seeking a recommendation from the board, established under
 73.16 section 298.22.

73.17 (b) Distributions received in calendar year 2005 are allocated to the city of Virginia
 73.18 for improvements and repairs to the city's steam heating system.

73.19 (c) Distributions received in calendar year 2006 are allocated to a project of the
 73.20 public utilities commissions of the cities of Hibbing and Virginia to convert their electrical
 73.21 generating plants to the use of biomass products, such as wood.

73.22 (d) Distributions received in calendar year 2007 must be paid to the city of Tower to
 73.23 be used for the East Two Rivers project in or near the city of Tower.

73.24 (e) For distributions received in 2008, the first \$2,000,000 of the 2008 distribution
 73.25 must be paid to St. Louis County for deposit in its county road and bridge fund to be
 73.26 used for relocation of St. Louis County Road 715, commonly referred to as Pike River
 73.27 Road. The remainder of the 2008 distribution must be paid to St. Louis County for a
 73.28 grant to the city of Virginia for connecting sewer and water lines to the St. Louis County
 73.29 maintenance garage on Highway 135, further extending the lines to interconnect with the
 73.30 city of Gilbert's sewer and water lines. All distributions received in 2009 and subsequent
 73.31 years are allocated for projects under section 298.223, subdivision 1.

73.32 Sec. 31. Minnesota Statutes 2014, section 298.298, is amended to read:

73.33 **298.298 LONG-RANGE PLAN.**

74.1 Consistent with the policy established in sections 298.291 to 298.298, the Iron
 74.2 Range Resources and Rehabilitation Board shall prepare and present to the governor and
 74.3 the legislature by December 31, 2006, a long-range plan for the use of the Douglas J.
 74.4 Johnson economic protection trust fund for the economic development and diversification
 74.5 of the taconite assistance area defined in section 273.1341. No project shall be ~~approved~~
 74.6 recommended by the Iron Range Resources and Rehabilitation Board ~~which~~ if the board
 74.7 finds that the project is not consistent with the goals and objectives established in the
 74.8 long-range plan.

74.9 Sec. 32. Minnesota Statutes 2014, section 298.46, subdivision 2, is amended to read:

74.10 Subd. 2. **Unmined iron ore; valuation petition.** When in the opinion of the duly
 74.11 constituted authorities of a taxing district there are in existence reserves of unmined iron
 74.12 ore located in such district, these authorities may petition the commissioner of Iron Range
 74.13 resources and rehabilitation Board for authority to petition the county assessor to verify
 74.14 the existence of such reserves and to ascertain the value thereof by drilling in a manner
 74.15 consistent with established engineering and geological exploration methods, in order that
 74.16 such taxing district may be able to forecast in a proper manner its future economic and
 74.17 fiscal potentials. The commissioner may grant the authority to petition after seeking a
 74.18 recommendation from the Iron Range Resources and Rehabilitation Board.

74.19 Sec. 33. **IRON RANGE RESOURCES AND REHABILITATION BOARD;**
 74.20 **EARLY SEPARATION INCENTIVE PROGRAM AUTHORIZATION.**

74.21 (a) "Commissioner" as used in this section means the commissioner of the Iron
 74.22 Range Resources and Rehabilitation Board unless otherwise specified.

74.23 (b) Notwithstanding any law to the contrary, the commissioner, in consultation
 74.24 with the commissioner of management and budget, shall offer a targeted early separation
 74.25 incentive program for employees of the commissioner who have attained the age of 60
 74.26 years or who have received credit for at least 30 years of allowable service under the
 74.27 provisions of Minnesota Statutes, chapter 352. The commissioner shall also offer a
 74.28 targeted separation incentive program for employees of the commissioner whose positions
 74.29 are in support of operations at Giants Ridge and will be eliminated if the agency no longer
 74.30 directly manages Giants Ridge operations.

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

74.32 (1) employer-paid postseparation health, medical, and dental insurance until age
 74.33 65; and

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

75.4 (d) The commissioner shall establish eligibility requirements for employees to
 75.5 receive an incentive.

75.6 (e) The commissioner, consistent with the established program provisions under
 75.7 paragraph (b), and with the eligibility requirements under paragraph (f), may designate
 75.8 specific programs or employees as eligible to be offered the incentive program.

75.9 (f) Acceptance of the offered incentive must be voluntary on the part of the
 75.10 employee and must be in writing. The incentive may only be offered at the sole discretion
 75.11 of the commissioner.

75.12 (g) The cost of the incentive is payable solely by funds made available to the
 75.13 commissioner by law, but only on prior approval of the expenditures by the commissioner,
 75.14 after seeking a recommendation from the Iron Range Resources and Rehabilitation Board.

75.15 (h) Unilateral implementation of this section by the commissioner is not an unfair
 75.16 labor practice under Minnesota Statutes, chapter 179A.

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

75.18 This section is repealed June 30, 2017.

75.19 Sec. 34. **REVISOR'S INSTRUCTION.**

75.20 The revisor of statutes shall identify and propose necessary changes to Minnesota
 75.21 Statutes and Minnesota Rules that are consistent with the goals of this act to (i) transfer
 75.22 discretionary approval authority for all expenditures and projects from the Iron Range
 75.23 Resources and Rehabilitation Board to the commissioner of Iron Range resources and
 75.24 rehabilitation, and (ii) provide that the commissioner must, in good faith, seek the review
 75.25 and recommendation of the board, as required, before exercising approval authority. The
 75.26 revisor shall submit the proposal, in a form ready for introduction, during the 2017 regular
 75.27 legislative session to the chairs and ranking minority members of the senate and house of
 75.28 representatives committees with jurisdiction over taxes.

75.29 **ARTICLE 6**

75.30 **FAMILY AND MEDICAL BENEFITS**

75.31 Section 1. Minnesota Statutes 2014, section 13.719, is amended by adding a
 75.32 subdivision to read:

76.1 Subd. 7. **Family and medical insurance data.** (a) For the purposes of this
 76.2 subdivision, the terms used have the meanings given them in section 268B.01.

76.3 (b) Data on applicants, family members, or employers under chapter 268B are
 76.4 private or nonpublic data, provided that the department may share data collected from
 76.5 applicants with employers or health care providers to the extent necessary to meet the
 76.6 requirements of chapter 268B or other applicable law.

76.7 Sec. 2. Minnesota Statutes 2014, section 181.940, subdivision 2, is amended to read:

76.8 Subd. 2. **Employee.** "Employee" means a person who performs services for hire for
 76.9 an employer from whom a leave is requested under sections 181.940 to 181.944 for:

76.10 (1) at least ~~12~~ six months preceding the request; and

76.11 (2) for an average number of hours per week equal to one-half the full-time
 76.12 equivalent position in the employee's job classification as defined by the employer's
 76.13 personnel policies or practices or pursuant to the provisions of a collective bargaining
 76.14 agreement, during the ~~12-month~~ six-month period immediately preceding the leave.

76.15 For leaves under sections 181.9412 and 181.9413, the periods of time required by
 76.16 clauses (1) and (2) are 12 months rather than six months.

76.17 Employee includes all individuals employed at any site owned or operated by the
 76.18 employer but does not include an independent contractor.

76.19 Sec. 3. Minnesota Statutes 2014, section 181.940, subdivision 4, is amended to read:

76.20 Subd. 4. **Child.** "Child" means, except for the purposes of section 181.9411, an
 76.21 individual under 18 years of age or an individual under age 20 who is still attending
 76.22 secondary school.

76.23 Sec. 4. Minnesota Statutes 2014, section 181.941, subdivision 4, is amended to read:

76.24 Subd. 4. **Continued insurance.** ~~The employer must continue to make coverage~~
 76.25 ~~available to the employee while on leave of absence under any group insurance policy,~~
 76.26 ~~group subscriber contract, or health care plan for the employee and any dependents.~~
 76.27 ~~Nothing in this section requires the employer to pay the costs of the insurance or health~~
 76.28 ~~care while the employee is on leave of absence. During any period that an employee~~
 76.29 takes leave under this section, the employer shall maintain coverage under any group
 76.30 health plan for the duration of such leave at the level and under the conditions coverage
 76.31 would have been provided if the employee had continued in employment continuously
 76.32 for the duration of leave.

77.1 Sec. 5. [181.9411] FAMILY CARE LEAVE.

77.2 Subdivision 1. **Definition; family member.** For the purpose of this section, "family
77.3 member" means an employee's child, adult child, spouse, sibling, parent, foster parent,
77.4 mother-in-law, father-in-law, grandchild, grandparent, or stepparent. "Child" means a
77.5 child under the age of 18 and includes a biological child, adopted child, or foster child.

77.6 Subd. 2. **Definition; health care provider.** For the purpose of this section, "health
77.7 care provider" means an individual who is licensed, certified, or otherwise authorized
77.8 under law to practice in the individual's state of practice as a physician, osteopath,
77.9 physician assistant, chiropractor, advanced practice registered nurse, optometrist,
77.10 licensed psychologist, licensed independent clinical social worker, dentist, or podiatrist.
77.11 "Chiropractor" means only a chiropractor who provides manual manipulation of the spine
77.12 to correct a subluxation demonstrated to exist by an x-ray.

77.13 Subd. 3. **Definition; serious health condition.** For the purpose of this section,
77.14 "serious health condition" means an illness, injury, impairment, or physical or mental
77.15 condition that involves:

- 77.16 (1) inpatient care in a hospital, hospice, or residential medical care facility; or
77.17 (2) continuing treatment by a health care provider.

77.18 Subd. 4. **Twelve-week leave.** An employer must grant an unpaid leave of absence
77.19 to an employee in order to care for a family member with a serious health condition. The
77.20 length of the leave shall be determined by the employee, but must not exceed 12 weeks
77.21 during any 12-month period, unless agreed to by the employer. The leave provided under
77.22 this section may be reduced by any period of leave taken under section 181.941 for the same
77.23 period. Leave under this section may be taken intermittently when medically necessary.

77.24 Subd. 5. **Terms of leave.** The leave shall begin at a time requested by the employee.
77.25 The employer may adopt reasonable policies governing the timing of requests for unpaid
77.26 leave and may require an employee to provide notice of the need for leave as soon
77.27 as practicable. An employer may require that a request for leave be supported by a
77.28 certification issued by the health care provider of the family member.

77.29 Subd. 6. **No employer retribution.** An employer shall not retaliate against an
77.30 employee for requesting or obtaining a leave of absence under this section.

77.31 Subd. 7. **Continued insurance.** During any period that an employee takes leave
77.32 under this section, the employer shall maintain coverage under any group health plan for
77.33 the duration of such leave at the level and under the conditions coverage would have been
77.34 provided if the employee had continued in employment continuously for the duration
77.35 of leave.

78.1 Sec. 6. Minnesota Statutes 2014, section 181.942, subdivision 1, is amended to read:

78.2 Subdivision 1. **Comparable position.** (a) An employee returning from a leave
78.3 of absence under section 181.941 or 181.9411 is entitled to return to employment in
78.4 the employee's former position or in a position of comparable duties, number of hours,
78.5 and pay. An employee returning from a leave of absence longer than one month must
78.6 notify a supervisor at least two weeks prior to return from leave. An employee returning
78.7 from a leave under section 181.9412 or 181.9413 is entitled to return to employment in
78.8 the employee's former position.

78.9 (b) If, during a leave under sections 181.940 to 181.944, the employer experiences
78.10 a layoff and the employee would have lost a position had the employee not been on
78.11 leave, pursuant to the good faith operation of a bona fide layoff and recall system,
78.12 including a system under a collective bargaining agreement, the employee is not entitled to
78.13 reinstatement in the former or comparable position. In such circumstances, the employee
78.14 retains all rights under the layoff and recall system, including a system under a collective
78.15 bargaining agreement, as if the employee had not taken the leave.

78.16 Sec. 7. Minnesota Statutes 2014, section 181.943, is amended to read:

78.17 **181.943 RELATIONSHIP TO OTHER LEAVE.**

78.18 (a) The length of leave provided under section 181.941 or 181.9411 may be reduced
78.19 by any period of:

78.20 (1) paid parental, disability, personal, medical, or sick leave, or accrued vacation
78.21 provided by the employer so that the total leave does not exceed 12 weeks, unless agreed
78.22 to by the employer; or

78.23 (2) leave taken for the same purpose by the employee under United States Code,
78.24 title 29, chapter 28.

78.25 (b) Nothing in sections 181.940 to 181.943 prevents any employer from providing
78.26 leave benefits in addition to those provided in sections 181.940 to 181.944 or otherwise
78.27 affects an employee's rights with respect to any other employment benefit.

78.28 (c) For the purpose of this section, benefits paid under chapter 268B are not provided
78.29 by an employer.

78.30 (d) An employer may not require an employee to take more than two weeks of paid
78.31 parental, disability, personal, medical, or sick leave, or accrued vacation provided by an
78.32 employer for the purpose of a leave under section 181.941 or 181.9411, unless agreed to
78.33 by an employee. This paragraph applies only to an employee who is eligible for benefits
78.34 under chapter 268B based on the same event for which leave is provided under section
78.35 181.941 or 181.9411.

79.1 Sec. 8. Minnesota Statutes 2014, section 256J.561, is amended by adding a subdivision
79.2 to read:

79.3 Subd. 4. **Parents receiving family and medical leave benefits.** A parent who
79.4 meets the criteria under subdivision 2 and who receives family and medical leave benefits
79.5 under chapter 268B is not required to participate in employment services.

79.6 Sec. 9. Minnesota Statutes 2014, section 256J.95, subdivision 3, is amended to read:

79.7 Subd. 3. **Eligibility for diversionary work program.** (a) Except for the categories
79.8 of family units listed in clauses (1) to (8), all family units who apply for cash benefits and
79.9 who meet MFIP eligibility as required in sections 256J.11 to 256J.15 are eligible and
79.10 must participate in the diversionary work program. Family units or individuals that are
79.11 not eligible for the diversionary work program include:

79.12 (1) child only cases;

79.13 (2) single-parent family units that include a child under 12 months of age. A parent
79.14 is eligible for this exception once in a parent's lifetime;

79.15 (3) family units with a minor parent without a high school diploma or its equivalent;

79.16 (4) family units with an 18- or 19-year-old caregiver without a high school diploma
79.17 or its equivalent who chooses to have an employment plan with an education option;

79.18 (5) family units with a caregiver who received DWP benefits within the 12 months
79.19 prior to the month the family applied for DWP, except as provided in paragraph (c);

79.20 (6) family units with a caregiver who received MFIP within the 12 months prior to
79.21 the month the family applied for DWP;

79.22 (7) family units with a caregiver who received 60 or more months of TANF
79.23 assistance; ~~and~~

79.24 (8) family units with a caregiver who is disqualified from the work participation
79.25 cash benefit program, DWP, or MFIP due to fraud; and

79.26 (9) single-parent family units where a parent is receiving family and medical leave
79.27 benefits under chapter 268B.

79.28 (b) A two-parent family must participate in DWP unless both caregivers meet the
79.29 criteria for an exception under paragraph (a), clauses (1) through (5), or the family unit
79.30 includes a parent who meets the criteria in paragraph (a), clause (6), (7), or (8).

79.31 (c) Once DWP eligibility is determined, the four months run consecutively. If a
79.32 participant leaves the program for any reason and reapplies during the four-month period,
79.33 the county must redetermine eligibility for DWP.

79.34 Sec. 10. Minnesota Statutes 2014, section 256J.95, subdivision 11, is amended to read:

80.1 Subd. 11. **Universal participation required.** (a) All DWP caregivers, except
 80.2 caregivers who meet the criteria in paragraph (d), are required to participate in DWP
 80.3 employment services. Except as specified in paragraphs (b) and (c), employment plans
 80.4 under DWP must, at a minimum, meet the requirements in section 256J.55, subdivision 1.

80.5 (b) A caregiver who is a member of a two-parent family that is required to participate
 80.6 in DWP who would otherwise be ineligible for DWP under subdivision 3 may be allowed
 80.7 to develop an employment plan under section 256J.521, subdivision 2, that may contain
 80.8 alternate activities and reduced hours.

80.9 (c) A participant who is a victim of family violence shall be allowed to develop an
 80.10 employment plan under section 256J.521, subdivision 3. A claim of family violence must
 80.11 be documented by the applicant or participant by providing a sworn statement which is
 80.12 supported by collateral documentation in section 256J.545, paragraph (b).

80.13 (d) One parent in a two-parent family unit ~~that has a natural born child under~~
 80.14 ~~12 months of age~~ is not required to have an employment plan ~~until the child reaches~~
 80.15 ~~12 months of age unless the family unit has already used the exclusion under section~~
 80.16 ~~256J.561, subdivision 3, or the previously allowed child under age one exemption under~~
 80.17 ~~section 256J.56, paragraph (a), clause (5) if that parent:~~

80.18 (1) receives family and medical leave benefits under chapter 268B; or

80.19 (2) has a natural born child under 12 months of age until the child reaches 12 months
 80.20 of age unless the family unit has already used the exclusion under section 256J.561,
 80.21 subdivision 3, or the previously allowed child under age one exemption under section
 80.22 256J.56, paragraph (a), clause (5).

80.23 (e) The provision in paragraph (d) ends the first full month after the child reaches
 80.24 12 months of age. This provision is allowable only once in a caregiver's lifetime. In a
 80.25 two-parent household, only one parent shall be allowed to use this category.

80.26 (f) The participant and job counselor must meet in the month after the month
 80.27 the child reaches 12 months of age to revise the participant's employment plan. The
 80.28 employment plan for a family unit that has a child under 12 months of age that has already
 80.29 used the exclusion in section 256J.561 must be tailored to recognize the caregiving needs
 80.30 of the parent.

80.31 Sec. 11. Minnesota Statutes 2015 Supplement, section 256P.01, subdivision 3, is
 80.32 amended to read:

80.33 Subd. 3. **Earned income.** "Earned income" means cash or in-kind income earned
 80.34 through the receipt of wages, salary, commissions, bonuses, tips, gratuities, profit from
 80.35 employment activities, net profit from self-employment activities, payments made by an

81.1 employer for regularly accrued vacation or sick leave, severance pay based on accrued
81.2 leave time, family and medical leave benefits under chapter 268B, payments from training
81.3 programs at a rate at or greater than the state's minimum wage, royalties, honoraria, or
81.4 other profit from activity that results from the client's work, service, effort, or labor. The
81.5 income must be in return for, or as a result of, legal activity.

81.6 Sec. 12. Minnesota Statutes 2014, section 268.19, subdivision 1, is amended to read:

81.7 Subdivision 1. **Use of data.** (a) Except as provided by this section, data gathered
81.8 from any person under the administration of the Minnesota Unemployment Insurance Law
81.9 are private data on individuals or nonpublic data not on individuals as defined in section
81.10 13.02, subdivisions 9 and 12, and may not be disclosed except according to a district court
81.11 order or section 13.05. A subpoena is not considered a district court order. These data
81.12 may be disseminated to and used by the following agencies without the consent of the
81.13 subject of the data:

81.14 (1) state and federal agencies specifically authorized access to the data by state
81.15 or federal law;

81.16 (2) any agency of any other state or any federal agency charged with the
81.17 administration of an unemployment insurance program;

81.18 (3) any agency responsible for the maintenance of a system of public employment
81.19 offices for the purpose of assisting individuals in obtaining employment;

81.20 (4) the public authority responsible for child support in Minnesota or any other
81.21 state in accordance with section 256.978;

81.22 (5) human rights agencies within Minnesota that have enforcement powers;

81.23 (6) the Department of Revenue to the extent necessary for its duties under Minnesota
81.24 laws;

81.25 (7) public and private agencies responsible for administering publicly financed
81.26 assistance programs for the purpose of monitoring the eligibility of the program's recipients;

81.27 (8) the Department of Labor and Industry and the Commerce Fraud Bureau in the
81.28 Department of Commerce for uses consistent with the administration of their duties under
81.29 Minnesota law;

81.30 (9) the Department of Human Services and the Office of Inspector General and its
81.31 agents within the Department of Human Services, including county fraud investigators,
81.32 for investigations related to recipient or provider fraud and employees of providers when
81.33 the provider is suspected of committing public assistance fraud;

81.34 (10) local and state welfare agencies for monitoring the eligibility of the data subject
81.35 for assistance programs, or for any employment or training program administered by those

82.1 agencies, whether alone, in combination with another welfare agency, or in conjunction
82.2 with the department or to monitor and evaluate the statewide Minnesota family investment
82.3 program by providing data on recipients and former recipients of food stamps or food
82.4 support, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance
82.5 under chapter 119B, or medical programs under chapter 256B, 256D, or 256L;

82.6 (11) local and state welfare agencies for the purpose of identifying employment,
82.7 wages, and other information to assist in the collection of an overpayment debt in an
82.8 assistance program;

82.9 (12) local, state, and federal law enforcement agencies for the purpose of
82.10 ascertaining the last known address and employment location of an individual who is the
82.11 subject of a criminal investigation;

82.12 (13) the United States Immigration and Customs Enforcement has access to data on
82.13 specific individuals and specific employers provided the specific individual or specific
82.14 employer is the subject of an investigation by that agency;

82.15 (14) the Department of Health for the purposes of epidemiologic investigations;

82.16 (15) the Department of Corrections for the purpose of case planning for preprobation
82.17 and postprobation employment tracking of offenders sentenced to probation and
82.18 preconfinement and postconfinement employment tracking of committed offenders;

82.19 (16) the state auditor to the extent necessary to conduct audits of job opportunity
82.20 building zones as required under section 469.3201; ~~and~~

82.21 (17) the Office of Higher Education for purposes of supporting program
82.22 improvement, system evaluation, and research initiatives including the Statewide
82.23 Longitudinal Education Data System; and

82.24 (18) the Family and Medical Benefits Division of the Department of Employment
82.25 and Economic Development to be used as necessary to administer chapter 268B.

82.26 (b) Data on individuals and employers that are collected, maintained, or used by
82.27 the department in an investigation under section 268.182 are confidential as to data
82.28 on individuals and protected nonpublic data not on individuals as defined in section
82.29 13.02, subdivisions 3 and 13, and must not be disclosed except under statute or district
82.30 court order or to a party named in a criminal proceeding, administrative or judicial, for
82.31 preparation of a defense.

82.32 (c) Data gathered by the department in the administration of the Minnesota
82.33 unemployment insurance program must not be made the subject or the basis for any
82.34 suit in any civil proceedings, administrative or judicial, unless the action is initiated by
82.35 the department.

83.1 Sec. 13. **[268B.01] DEFINITIONS.**

83.2 Subdivision 1. **Scope.** For the purposes of this chapter, the terms defined in this
83.3 section have the meanings given them.

83.4 Subd. 2. **Account.** "Account" means the family and medical benefit insurance
83.5 account in the special revenue fund in the state treasury under section 268B.02.

83.6 Subd. 3. **Applicant.** "Applicant" means an individual applying for benefits under
83.7 this chapter.

83.8 Subd. 4. **Benefit.** "Benefit" means monetary payments under this chapter associated
83.9 with qualifying bonding, family, or pregnancy events.

83.10 Subd. 5. **Commissioner.** "Commissioner" means the commissioner of employment
83.11 and economic development.

83.12 Subd. 6. **Department.** "Department" means the Department of Employment and
83.13 Economic Development.

83.14 Subd. 7. **Employee.** "Employee" means an individual for whom taxes are paid on
83.15 wages under this chapter.

83.16 Subd. 8. **Employer.** "Employer" means a person or entity that employed 21 or
83.17 more employees within the state at any one time within the last four completed calendar
83.18 quarters, other than an employee, required to pay taxes under this chapter.

83.19 Subd. 9. **Health care provider.** "Health care provider" means an individual who is
83.20 licensed, certified, or otherwise authorized under law to practice in the individual's state
83.21 of practice as a physician, osteopath, physician assistant, chiropractor, advanced practice
83.22 registered nurse, optometrist, licensed psychologist, licensed independent clinical social
83.23 worker, dentist, or podiatrist. "Chiropractor" means only a chiropractor who provides
83.24 manual manipulation of the spine to correct a subluxation demonstrated to exist by an x-ray.

83.25 Subd. 10. **Pregnancy.** "Pregnancy" means prenatal care or incapacity of a woman
83.26 due to pregnancy, childbirth, or related health conditions.

83.27 Subd. 11. **Family care.** "Family care" means an applicant caring for a family
83.28 member with a serious health condition.

83.29 Subd. 12. **Bonding.** "Bonding" means a biological or adoptive parent in conjunction
83.30 with the birth or adoption of a child, or a foster parent in conjunction with the placement
83.31 of a child in foster care.

83.32 Subd. 13. **Covered employment.** "Covered employment" has the meaning given in
83.33 section 268.035, subdivision 12.

83.34 Subd. 14. **Noncovered employment.** "Noncovered employment" has the meaning
83.35 given in section 268.035, subdivision 20.

84.1 Subd. 15. **Qualified health care provider.** "Qualified health care provider" means
84.2 a health care provider who, in the judgment of the commissioner, has the qualifications
84.3 necessary to diagnose or treat a particular health condition or conditions associated with
84.4 benefits sought under this chapter.

84.5 Subd. 16. **Serious health condition.** "Serious health condition" means an illness,
84.6 injury, impairment, or physical or mental condition that involves:

84.7 (1) inpatient care in a hospital, hospice, or residential medical care facility; or

84.8 (2) continuing treatment by a health care provider.

84.9 Subd. 17. **Wage credits.** "Wage credits" has the meaning given in section 268.035,
84.10 subdivision 27.

84.11 Subd. 18. **High quarter.** "High quarter" has the meaning given in section 268.035,
84.12 subdivision 19.

84.13 Subd. 19. **Maximum weekly benefit amount.** "Maximum weekly benefit amount"
84.14 means the state's average weekly wage as calculated under section 268.035, subdivision 23.

84.15 Subd. 20. **ICD code.** "ICD code" means the code under the International
84.16 Classification of Diseases, Clinical Modification/Coding System, for the most recent
84.17 edition commonly used.

84.18 Subd. 21. **Medical benefit program.** "Medical benefit program" means the program
84.19 administered under this chapter for the collection of taxes and payment of benefits related
84.20 to pregnancy benefits.

84.21 Subd. 22. **Family benefit program.** "Family benefit program" means the program
84.22 administered under this chapter for the collection of taxes and payment of benefits related
84.23 to family care and bonding.

84.24 Subd. 23. **State's average weekly wage.** "State's average weekly wage" means the
84.25 weekly wage calculated under section 268.035, subdivision 23.

84.26 Subd. 24. **Family member.** "Family member" means an employee's child, adult
84.27 child, spouse, sibling, parent, foster parent, mother-in-law, father-in-law, grandchild,
84.28 grandparent, or stepparent.

84.29 Sec. 14. **[268B.02] FAMILY AND MEDICAL BENEFIT INSURANCE**
84.30 **PROGRAM CREATION.**

84.31 Subdivision 1. **Creation.** A family and medical benefit insurance program is created
84.32 to be administered by the commissioner according to the terms of this chapter.

84.33 Subd. 2. **Creation of division.** A Family and Medical Benefit Insurance Division is
84.34 created within the department under the authority of the commissioner. The commissioner

85.1 shall appoint a director of the division. The division shall administer and operate the
85.2 benefit program under this chapter.

85.3 Subd. 3. **Rulemaking.** The commissioner may adopt rules to implement the
85.4 provisions of this chapter.

85.5 Subd. 4. **Account creation; appropriation.** The family and medical benefit
85.6 insurance account is created in the special revenue fund in the state treasury. Money in
85.7 this account is appropriated to the commissioner to pay benefits under and to administer
85.8 this chapter.

85.9 Sec. 15. **[268B.03] ELIGIBILITY.**

85.10 Subdivision 1. **Applicant.** An applicant who is providing family care, is bonding,
85.11 or is pregnant, who satisfies the conditions of this section is eligible to receive benefits
85.12 subject to the provisions of this chapter.

85.13 Subd. 2. **Wage credits.** An applicant must have sufficient wage credits from an
85.14 employer as defined in section 268B.01, subdivision 8, to establish a benefit account under
85.15 section 268.07, subdivision 2. Wage credits from an employer during a period in which
85.16 the employer has successfully opted out of the benefit program being applied for may not
85.17 be used for the purposes of this subdivision.

85.18 Subd. 3. **Seven-day qualifying event.** The period for which an applicant is seeking
85.19 benefits must be or have been based on a single period of at least seven days related to
85.20 pregnancy, family care, or bonding. The days need not be consecutive.

85.21 Subd. 4. **Ineligible.** An applicant is not eligible for benefits for any day in which the
85.22 applicant worked for pay.

85.23 Subd. 5. **Certification by health care provider.** Except for bonding benefits, the
85.24 application for benefits must be certified in writing by a qualified health care professional.

85.25 Subd. 6. **Records release.** An individual whose medical records are necessary to
85.26 determine eligibility for benefits under this chapter must sign and date a legally effective
85.27 waiver authorizing release to the department of medical and other records to the limited
85.28 extent necessary to administer this chapter.

85.29 Subd. 7. **Self-employed applicant.** (a) To be eligible for benefits, a self-employed
85.30 individual who has elected coverage under section 268B.11 must fulfill only the
85.31 requirements, to the extent possible, of subdivisions 3, 4, 5, and 6 in addition to the
85.32 requirements under paragraph (b).

85.33 (b) A self-employed individual must provide documents sufficient to prove the
85.34 existence of the individual's business as well as how long that business has been in

86.1 operation. The commissioner must determine that the business was not created for the
86.2 purpose of obtaining benefits under this chapter.

86.3 Sec. 16. **[268B.04] APPLICATIONS.**

86.4 Subdivision 1. **Application forms.** The commissioner must create application
86.5 forms, to be available both online and on paper, for each of the following:

- 86.6 (1) an application for family care benefits;
86.7 (2) an application for bonding benefits; and
86.8 (3) an application for pregnancy benefits.

86.9 Subd. 2. **Content of applications.** (a) All three application forms under subdivision
86.10 1 must require, at a minimum, the following:

- 86.11 (1) the name, birth date, home address, and mailing address of the applicant;
86.12 (2) the Social Security number, or other unique identification number, of the applicant;
86.13 (3) a description of the qualifying event underlying the requested benefit;
86.14 (4) the date for which benefits are sought began or will begin, if known;
86.15 (5) the date for which benefits are sought ended or will end, if known;
86.16 (6) whether the benefits are sought on an intermittent basis;
86.17 (7) whether the applicant has applied for or received any other paid benefits, whether
86.18 public or private, based on the same event underlying the benefits sought or during the
86.19 same time period for which the applicant is seeking benefits;
86.20 (8) a description of any benefits listed under clause (7);
86.21 (9) a signed and dated certification that all the information contained in the
86.22 application is true and correct, to the best of the applicant's knowledge; and
86.23 (10) a list of all the applicant's employers for the past 79 weeks.

86.24 (b) In addition to the requirements of paragraph (a), an application for family care
86.25 benefits must contain, at a minimum, the following:

- 86.26 (1) the name, birth date, home address, and mailing address of the family member
86.27 for whom the applicant has provided or will be providing care;
86.28 (2) the family member's relationship to the applicant;
86.29 (3) the Social Security number, or other unique identification number, of the family
86.30 member for whom the applicant has provided or will be providing care;
86.31 (4) a certification from the care recipient, or the care recipient's authorized
86.32 representative, that all the information contained in the application is true and correct,
86.33 to the best of that individual's knowledge;

87.1 (5) a legally effective authorization, signed and dated by the care recipient or the
87.2 care recipient's authorized representative, for disclosure of medical information needed by
87.3 the department to fulfill its duties under this chapter; and

87.4 (6) a signed and dated certification by a qualified health care provider treating the
87.5 care recipient:

87.6 (i) describing the nature of the serious medical condition or conditions of the care
87.7 recipient;

87.8 (ii) stating whether care by another individual is necessary in the treatment, or will
87.9 aid in the recovery, of the care recipient;

87.10 (iii) describing the nature of the care under item (ii);

87.11 (iv) stating or estimating the dates benefits are needed; and

87.12 (v) listing the ICD code or codes, if any, of the serious medical condition or
87.13 conditions underlying the application for benefits.

87.14 (c) In addition to the requirements of paragraph (a), an application for benefits for
87.15 bonding must contain, at a minimum, the following:

87.16 (1) proof of the birth, adoption, or placement in foster care, as appropriate, of the
87.17 child for whom bonding benefits are sought; and

87.18 (2) a legally effective authorization, signed and dated by the applicant or other
87.19 authorized representative of the child for whom bonding benefits are sought, for disclosure
87.20 of medical information needed by the department to fulfill its duties under this chapter.

87.21 (d) In addition to the requirements of paragraph (a), an application for pregnancy
87.22 benefits must contain, at a minimum, the following:

87.23 (1) a legally effective authorization, signed and dated by the applicant or the
87.24 applicant's authorized representative, for disclosure of medical information needed by the
87.25 department to fulfill its duties under this chapter; and

87.26 (2) a signed and dated certification by a qualified health care provider treating the
87.27 applicant:

87.28 (i) describing the reason or reasons that pregnancy care is needed;

87.29 (ii) stating or estimating the dates care is needed; and

87.30 (iii) listing the ICD code or codes, if any, of the condition or conditions underlying
87.31 the application for benefits.

87.32 Subd. 3. **Online access.** The commissioner must, to the extent possible, create a
87.33 system allowing for all aspects of the applications under this section to be completed
87.34 online. This includes the use of electronic signatures.

88.1 Subd. 4. **Administrative efficiencies.** To the maximum extent feasible, the
88.2 commissioner must use the same or similar procedures for applications under this section
88.3 as for applications for benefits under chapter 268.

88.4 Sec. 17. **[268B.05] DETERMINATION OF APPLICATION.**

88.5 Upon the filing of a complete application for benefits, the commissioner shall examine
88.6 the application and on the basis of facts found by the commissioner and records maintained
88.7 by the department, the application shall be determined to be valid or invalid within two
88.8 weeks. If the application is determined to be valid, the commissioner shall promptly notify
88.9 the applicant and any other interested party as to the week when benefits commence,
88.10 the weekly benefit amount payable, and the maximum duration of those benefits. If the
88.11 application is determined to be invalid, the commissioner shall notify the applicant and
88.12 any other interested party of that determination and the reasons for it. If the processing
88.13 of the application is delayed for any reason, the commissioner shall notify the applicant,
88.14 in writing, within two weeks of the date the application for benefits is filed of the reason
88.15 for the delay. Unless the applicant or any other interested party, within 30 days, requests
88.16 a hearing before a benefit judge, the determination is final. For good cause shown, the
88.17 30-day period may be extended. At any time within one year from the date of a monetary
88.18 determination, the commissioner, upon request of the applicant or on the commissioner's
88.19 own initiative, may reconsider the determination if it is found that an error in computation
88.20 or identity has occurred in connection with the determination or that additional wages
88.21 pertinent to the applicant's status have become available, or if that determination has been
88.22 made as a result of a nondisclosure or misrepresentation of a material fact.

88.23 Sec. 18. **[268B.06] EMPLOYER NOTIFICATION.**

88.24 (a) Upon a determination under section 268B.05 that an applicant is entitled to
88.25 benefits, the commissioner must promptly send a notification to each current employer
88.26 of the applicant, if any, in accordance with paragraph (b).

88.27 (b) The notification under paragraph (a) must include, at a minimum:

88.28 (1) the name of the applicant;

88.29 (2) that the applicant has applied for and received benefits;

88.30 (3) that the applicant has been identified as an employee of the employer;

88.31 (4) the week the benefits commence;

88.32 (5) the weekly benefit amount payable;

88.33 (6) the maximum duration of benefits;

88.34 (7) an explanation of why the notification has been sent; and

89.1 (8) descriptions of the employer's right to participate in a hearing under section
 89.2 268B.05, and appeal process under section 268B.07.

89.3 **Sec. 19. [268B.07] APPEAL PROCESS.**

89.4 Subdivision 1. **Hearing.** (a) The commissioner shall designate a chief benefit judge.

89.5 (b) Upon a timely appeal to a determination having been filed or upon a referral
 89.6 for direct hearing, the chief benefit judge must set a time and date for a de novo due
 89.7 process hearing and send notice to an applicant and an employer, by mail or electronic
 89.8 transmission, not less than ten calendar days before the date of the hearing.

89.9 (c) The commissioner may adopt rules on procedures for hearings. The rules need
 89.10 not conform to common law or statutory rules of evidence and other technical rules of
 89.11 procedure.

89.12 (d) The chief benefit judge has discretion regarding the method by which the hearing
 89.13 is conducted.

89.14 Subd. 2. **Decision.** (a) After the conclusion of the hearing, upon the evidence
 89.15 obtained, the benefit judge must send by mail or electronic transmission to all parties, the
 89.16 decision, reasons for the decision, and written findings of fact.

89.17 (b) Decisions of a benefit judge are not precedential.

89.18 Subd. 3. **Request for reconsideration.** Any party, or the commissioner, may,
 89.19 within 30 calendar days of the receipt of the benefit judge's decision, file a request for
 89.20 reconsideration asking the judge to reconsider that decision.

89.21 Subd. 4. **Appeal to Court of Appeals.** Any final determination on a request for
 89.22 reconsideration may be appealed by any party directly to the Minnesota Court of Appeals.

89.23 Subd. 5. **Benefit judges.** (a) Only employees of the department who are attorneys
 89.24 licensed to practice law in Minnesota may serve as a chief benefit judge, senior benefit
 89.25 judges who are supervisors, or benefit judges.

89.26 (b) The chief benefit judge must assign a benefit judge to conduct a hearing and may
 89.27 transfer to another benefit judge any proceedings pending before another benefit judge.

89.28 **Sec. 20. [268B.08] BENEFITS.**

89.29 Subdivision 1. **Weekly benefit amount.** (a) Subject to the maximum weekly benefit
 89.30 amount, an applicant's weekly benefit is calculated by adding the amounts obtained by
 89.31 applying the following percentage to an applicant's average weekly wage earned with an
 89.32 employer as defined in section 268B.01, subdivision 8:

89.33 (1) 80 percent of wages that do not exceed 50 percent of the state's average weekly
 89.34 wage; plus

90.1 (2) 66 percent of wages that exceed 50 percent of the state's average weekly wage
 90.2 but not 100 percent; plus

90.3 (3) 55 percent of wages that exceed 100 percent of the state's average weekly wage.

90.4 (b) The average weekly wage of the applicant under paragraph (a) must be calculated
 90.5 by dividing the high quarter wage credits of the applicant by 13.

90.6 (c) The state's average weekly wage is the average wage as calculated under section
 90.7 268.035, subdivision 23, at the time a benefit amount is first determined.

90.8 (d) Notwithstanding any other provision in this section, weekly benefits must not
 90.9 exceed the maximum weekly benefit amount applicable at the time benefit payments
 90.10 commence.

90.11 Subd. 2. **Timing of payment.** Except as otherwise provided for in this chapter,
 90.12 benefits must be paid weekly.

90.13 Subd. 3. **Method of payment.** The commissioner may pay benefits using any
 90.14 method or methods authorized for the payment of unemployment insurance benefits
 90.15 under chapter 268.

90.16 Subd. 4. **Maximum length of benefits.** In a 52-week period, an applicant may
 90.17 receive a total of 12 weeks of benefits under this chapter.

90.18 Subd. 5. **Minimum period for which benefits payable.** Any claim for benefits
 90.19 must be based on a single-qualifying benefit period of at least seven days; thereafter,
 90.20 benefits may be paid for a minimum increment of one day.

90.21 Subd. 6. **Total paid benefits not to exceed average weekly wage.** An applicant's
 90.22 combined weekly employer-paid wage replacement benefits and benefits under this
 90.23 chapter must not exceed an applicant's average weekly wage. Benefits under this chapter
 90.24 must be reduced so those combined benefits do not exceed that amount.

90.25 Subd. 7. **Withholding of federal tax.** If the Internal Revenue Service determines
 90.26 that benefits are subject to federal income tax, and an applicant elects to have federal
 90.27 income tax deducted and withheld from the applicant's benefits, the commissioner must
 90.28 deduct and withhold the amount specified in the Internal Revenue Code in a manner
 90.29 consistent with state law.

90.30 **EFFECTIVE DATE.** This section is effective January 1, 2020.

90.31 Sec. 21. **[268B.09] EMPLOYMENT PROTECTIONS.**

90.32 Subdivision 1. **Retaliation prohibited.** An employer must not retaliate against an
 90.33 employee for requesting or obtaining benefits, or for exercising any other right under
 90.34 this chapter.

91.1 Subd. 2. **Waiver of rights void.** An agreement by an individual to waive, release,
 91.2 or commute rights to benefits under this chapter is void. An employer may not obstruct or
 91.3 impede an application for benefits.

91.4 Subd. 3. **No assignment of benefits.** Any assignment, pledge, or encumbrance
 91.5 of benefits is void. Benefits are exempt from levy, execution, attachment, or any other
 91.6 remedy provided for the collection of debt. Any waiver of this subdivision is void.

91.7 Subd. 4. **Remedies.** In addition to any other remedies available by law, an individual
 91.8 injured by a violation of this section may bring a civil action seeking any damages
 91.9 recoverable by law, together with costs and disbursements, including reasonable attorney
 91.10 fees, and may receive injunctive and other equitable relief as determined by a court.

91.11 Subd. 5. **Leave and employment rights not created.** This chapter does not create
 91.12 a right to employment leave to an individual receiving benefits under this chapter. This
 91.13 chapter does not create a right to return to an employment position before, during, or after
 91.14 the receipt of benefits under this chapter.

91.15 Sec. 22. **[268B.10] SUBSTITUTION OF OTHER PLAN; EMPLOYER**
 91.16 **EXCLUSION.**

91.17 Subdivision 1. **Application for exclusion.** An employer may apply to the
 91.18 commissioner to be excluded from either or both the family and medical benefit programs
 91.19 under this chapter.

91.20 Subd. 2. **Requirements for approving exclusion.** The commissioner must approve
 91.21 an application for exclusion from a program under this chapter if the commissioner finds
 91.22 that the employer provides a benefit plan that:

91.23 (1) covers all of the employees that would be covered by a program under this chapter;

91.24 (2) provides an amount of employer-provided wage benefits that when combined
 91.25 with other employer-paid and employee-paid wage benefits is approximately equal to or
 91.26 greater than that provided under the program; and

91.27 (3) does not require employee payments that exceed employee payments required
 91.28 under this chapter.

91.29 Subd. 3. **Audit and investigation.** The commissioner may investigate and audit
 91.30 plans for which an exclusion was approved under this section both before and after an
 91.31 exclusion is approved.

91.32 **EFFECTIVE DATE.** This section is effective July 1, 2019, for exclusions
 91.33 commencing January 1, 2020, and thereafter.

91.34 Sec. 23. **[268B.11] SELF-EMPLOYED ELECTION OF COVERAGE.**

92.1 (a) A self-employed individual may file with the commissioner, by electronic
 92.2 transmission in a format prescribed by the commissioner, an election that the individual is
 92.3 covered as an employee for not less than two calendar years. Upon the approval of the
 92.4 commissioner, sent by United States mail or electronic transmission, the individual is
 92.5 covered as an employee under this chapter beginning the calendar quarter after the date
 92.6 of approval or beginning in a later calendar quarter if requested by the employer. The
 92.7 individual ceases to be covered as of the first day of January of any calendar year only if,
 92.8 at least 30 calendar days before the first day of January, the individual has filed with the
 92.9 commissioner, by electronic transmission in a format prescribed by the commissioner, a
 92.10 notice to that effect.

92.11 (b) The commissioner must terminate any election agreement under this section
 92.12 upon 30 calendar days' notice sent by mail or electronic transmission if the individual is
 92.13 delinquent on any taxes due under this chapter.

92.14 (c) The individual electing under this section must pay both the employer and
 92.15 employee taxes under section 268B.12.

92.16 (d) The individual must comply with the requirements imposed on employers and
 92.17 employees under this chapter except to the extent the commissioner determines requiring
 92.18 compliance is unreasonable.

92.19 Sec. 24. **[268B.111] SMALL EMPLOYER ELECTION OF COVERAGE.**

92.20 An employer of less than 21 employees may elect to be an employer subject to
 92.21 chapter 268B. An election must be filed with the commissioner by electronic transmission
 92.22 in a format prescribed by the commissioner. An election must be for not less than two
 92.23 calendar years following the year of election. The commissioner shall notify an employer
 92.24 of the effective date of an election which must be the beginning of the first quarter the
 92.25 commissioner determines is administratively practical.

92.26 Sec. 25. **[268B.12] TAXATION.**

92.27 Subdivision 1. **Employer.** (a) Each taxpaying employer under the state's
 92.28 unemployment insurance program must pay a tax on the wages paid to employees in
 92.29 covered employment for each calendar year. The tax must be paid on all wages up to the
 92.30 maximum specified by this section.

92.31 (b) Each reimbursing employer under the state's unemployment insurance law must
 92.32 pay a tax on the wages paid to employees in covered employment in the same amount
 92.33 and manner as provided by paragraph (a).

93.1 Subd. 2. **Employee.** Each employee on whose wages a tax is paid under this
93.2 section must pay a tax equal to that of the employer under this section. The employer
93.3 shall withhold employee taxes from the wages of an employee and make payment to the
93.4 commissioner on behalf of an employee.

93.5 Subd. 3. **Wages subject to tax.** The maximum wages subject to tax in a calendar
93.6 year is equal to the maximum earnings in that year subject to the FICA Old-Age,
93.7 Survivors, and Disability Insurance tax.

93.8 Subd. 4. **Annual tax rates.** The employer tax rates for the calendar year beginning
93.9 January 1, 2020, shall be as follows:

93.10 (1) for employers participating in both family and medical benefit programs, 0.09
93.11 percent;

93.12 (2) for an employer participating in only the medical benefit program and opting out
93.13 of the family benefit program, 0.08 percent; and

93.14 (3) for an employer participating in only the family benefit program and opting out
93.15 of the medical benefit program, 0.01 percent.

93.16 Subd. 5. **Tax rate adjustments.** (a) Each calendar year following the calendar year
93.17 beginning January 1, 2020, except calendar year 2021, the commissioner must adjust the
93.18 annual tax rates using the formula in paragraph (b).

93.19 (b) To calculate the employer tax rates for a calendar year, the commissioner must:

93.20 (1) multiply 1.45 times the amount disbursed from the account for the 52-week
93.21 period ending September 30 of the prior year;

93.22 (2) subtract the amount in the account on that September 30 from the resulting figure;

93.23 (3) divide the resulting figure by twice the total wages in covered employment of
93.24 employees of employers that have not opted out of both the family and medical benefit
93.25 programs. For employees of employers that have opted out of one of the two programs,
93.26 count only the proportion of wages in covered employment associated with the program of
93.27 which the employer did not opt out; and

93.28 (4) round the resulting figure down to the nearest one-tenth of one percent.

93.29 (c) For calendar year 2021, the calculation shall be as provided in paragraph
93.30 (b), except that the disbursements in clause (1) shall be those for the 39 weeks ending
93.31 September 30, and projected disbursements for the next 13 weeks.

93.32 (d) The commissioner must not increase or decrease the employer tax rate by more
93.33 than 0.1 percent each year.

93.34 (e) The commissioner must apportion the tax rate between the family and medical
93.35 benefit programs based on the relative proportion of expenditures for each program during
93.36 the preceding year.

94.1 Subd. 6. **Tax rate limits.** The aggregate tax rate of employers and employees under
 94.2 this chapter must not be less than 0.1 percent or more than 1.5 percent annually.

94.3 Subd. 7. **Collection of taxes; efficiencies.** For collection of taxes under this section,
 94.4 the commissioner must, to the maximum extent possible, use the same collection process
 94.5 as that used for collection of unemployment insurance taxes.

94.6 Subd. 8. **Deposit of taxes.** All taxes collected under this section must be deposited
 94.7 into the account.

94.8 Sec. 26. [268B.13] COLLECTION OF TAXES.

94.9 Subdivision 1. **Amount computed presumed correct.** Any amount due from an
 94.10 employer, as computed by the commissioner, is presumed to be correctly determined and
 94.11 assessed, and the burden is upon the employer to show its incorrectness. A statement
 94.12 by the commissioner of the amount due is admissible in evidence in any court or
 94.13 administrative proceeding and is prima facie evidence of the facts in the statement.

94.14 Subd. 2. **Priority of payments.** (a) Any payment received from an employer must
 94.15 be applied in the following order:

94.16 (1) taxes due under this chapter; then

94.17 (2) interest on past due taxes; then

94.18 (3) penalties, late fees, administrative service fees, and costs.

94.19 (b) Paragraph (a) is the priority used for all payments received from an employer,
 94.20 regardless of how the employer may designate the payment to be applied, except when:

94.21 (1) there is an outstanding lien and the employer designates that the payment made
 94.22 should be applied to satisfy the lien;

94.23 (2) a court or administrative order directs that the payment be applied to a specific
 94.24 obligation;

94.25 (3) a preexisting payment plan provides for the application of payment; or

94.26 (4) the commissioner agrees to apply the payment to a different priority.

94.27 Subd. 3. **Costs.** (a) Any employer that fails to pay any amount when due under this
 94.28 chapter is liable for any filing fees, recording fees, sheriff fees, costs incurred by referral
 94.29 to any public or private collection agency, or litigation costs, including attorney fees,
 94.30 incurred in the collection of the amounts due.

94.31 (b) If any tendered payment of any amount due is not honored when presented to a
 94.32 financial institution for payment, any costs assessed to the department by the financial
 94.33 institution and a fee of \$25 must be assessed to the person.

94.34 (c) Costs and fees collected under this subdivision are credited to the account.

95.1 Subd. 4. **Interest on amounts past due.** If any amounts due from an employer
95.2 under this chapter, except late fees, are not received on the date due, the unpaid balance
95.3 bears interest at the rate of one percent per month or any part of a month. Interest collected
95.4 under this subdivision is payable to the account.

95.5 Subd. 5. **Interest on judgments.** Regardless of section 549.09, if judgment is
95.6 entered upon any past due amounts from an employer under this chapter, the unpaid
95.7 judgment bears interest at the rate specified in subdivision 4 until the date of payment.

95.8 Subd. 6. **Credit adjustments; refunds.** (a) If an employer makes an application for
95.9 a credit adjustment of any amount paid under this chapter within four years of the date
95.10 that the payment was due, in a manner and format prescribed by the commissioner, and
95.11 the commissioner determines that the payment or any portion thereof was erroneous,
95.12 the commissioner must make an adjustment and issue a credit without interest. If a
95.13 credit cannot be used, the commissioner must refund, without interest, the amount
95.14 erroneously paid. The commissioner, on the commissioner's own motion, may make a
95.15 credit adjustment or refund under this subdivision.

95.16 (b) Any refund returned to the commissioner is considered unclaimed property
95.17 under chapter 345.

95.18 (c) If a credit adjustment or refund is denied in whole or in part, a determination of
95.19 denial must be sent to the employer by United States mail or electronic transmission. The
95.20 determination of denial is final unless an employer files an appeal within 20 calendar days
95.21 after receipt of the determination.

95.22 Subd. 7. **Priorities under legal dissolutions or distributions.** In the event of
95.23 any distribution of an employer's assets according to an order of any court, including
95.24 any receivership, assignment for benefit of creditors, adjudicated insolvency, or similar
95.25 proceeding, taxes then or thereafter due must be paid in full before all other claims,
95.26 except claims for wages of not more than \$1,000 per former employee that are earned
95.27 within six months of the commencement of the proceedings. In the event of an employer's
95.28 adjudication in bankruptcy under federal law, taxes then or thereafter due are entitled to
95.29 the priority provided in that law for taxes due.

95.30 Sec. 27. **[268B.14] ADMINISTRATIVE COSTS.**

95.31 For the calendar year beginning January 1, 2020, and each calendar year thereafter,
95.32 the commissioner may spend up to seven percent of projected benefit payments for that
95.33 calendar year for the administration of this chapter.

95.34 Sec. 28. **[268B.15] PUBLIC OUTREACH.**

96.1 The commissioner may use administrative funds for the purpose of outreach and
96.2 education for employees regarding this chapter. This may include providing grants to
96.3 public and private persons and entities.

96.4 Sec. 29. **[268B.16] APPLICANT'S FALSE REPRESENTATIONS;**
96.5 **CONCEALMENT OF FACTS; PENALTY.**

96.6 (a) Any applicant who knowingly makes a false statement or representation,
96.7 knowingly fails to disclose a material fact, or makes a false statement or representation
96.8 without a good-faith belief as to the correctness of the statement or representation, in order
96.9 to obtain or in an attempt to obtain benefits may be assessed, in addition to any other
96.10 penalties, an administrative penalty of ineligibility of benefits for 13 to 104 weeks.

96.11 (b) A determination of ineligibility setting out the weeks the applicant is ineligible
96.12 must be sent to the applicant by United States mail or electronic transmission. The
96.13 determination is final unless an appeal is filed within 30 calendar days after receipt of
96.14 the determination.

96.15 Sec. 30. **[268B.17] EMPLOYER MISCONDUCT; PENALTY.**

96.16 (a) The commissioner must penalize an employer if that employer or any employee,
96.17 officer, or agent of that employer is in collusion with any applicant for the purpose of
96.18 assisting the applicant in receiving benefits fraudulently. The penalty is \$500 or the
96.19 amount of benefits determined to be overpaid, whichever is greater.

96.20 (b) The commissioner must penalize an employer if that employer or any employee,
96.21 officer, or agent of that employer:

96.22 (1) made a false statement or representation knowing it to be false;

96.23 (2) made a false statement or representation without a good-faith belief as to the
96.24 correctness of the statement or representation; or

96.25 (3) knowingly failed to disclose a material fact.

96.26 (c) The penalty is the greater of \$500 or 50 percent of the following resulting from
96.27 the employer's action:

96.28 (1) the amount of any overpaid benefits to an applicant;

96.29 (2) the amount of benefits not paid to an applicant that would otherwise have
96.30 been paid; or

96.31 (3) the amount of any payment required from the employer under this chapter that
96.32 was not paid.

96.33 (d) Penalties must be paid within 30 calendar days of issuance of the determination
96.34 of penalty and credited to the account.

97.1 (e) The determination of penalty is final unless the employer files an appeal within
 97.2 30 calendar days after the sending of the determination of penalty to the employer by
 97.3 United States mail or electronic transmission.

97.4 Sec. 31. **[268B.18] RECORDS; AUDITS.**

97.5 (a) Each employer must keep true and accurate records on individuals performing
 97.6 services for the employer, containing the information the commissioner may require
 97.7 under this chapter. The records must be kept for a period of not less than four years
 97.8 in addition to the current calendar year.

97.9 (b) For the purpose of administering this chapter, the commissioner has the power to
 97.10 investigate, audit, examine, or cause to be supplied or copied, any books, correspondence,
 97.11 papers, records, or memoranda that are the property of, or in the possession of, an
 97.12 employer or any other person at any reasonable time and as often as may be necessary.

97.13 (c) An employer or other person that refuses to allow an audit of its records by the
 97.14 department or that fails to make all necessary records available for audit in the state upon
 97.15 request of the commissioner may be assessed an administrative penalty of \$500. The
 97.16 penalty collected is credited to the account.

97.17 Sec. 32. **[268B.19] SUBPOENAS; OATHS.**

97.18 (a) The commissioner or benefit judge has authority to administer oaths and
 97.19 affirmations, take depositions, certify to official acts, and issue subpoenas to compel the
 97.20 attendance of individuals and the production of documents and other personal property
 97.21 necessary in connection with the administration of this chapter.

97.22 (b) Individuals subpoenaed, other than applicants or officers and employees of an
 97.23 employer that is the subject of the inquiry, must be paid witness fees the same as witness
 97.24 fees in civil actions in district court. The fees need not be paid in advance.

97.25 (c) The subpoena is enforceable through the district court in Ramsey County.

97.26 Sec. 33. **[268B.20] MEDIATION AND CONCILIATION.**

97.27 The department must offer mediation and conciliation services to employers and
 97.28 applicants to resolve disputes concerning benefits under this chapter. The commissioner
 97.29 shall notify parties of the availability of those services and may by rule extend appeal
 97.30 deadlines to accommodate conciliation and mediation.

97.31 Sec. 34. Minnesota Statutes 2014, section 270B.14, subdivision 2, is amended to read:

98.1 Subd. 2. **Disclosure to Department of Employment and Economic Development.**

98.2 (a) Data relating to individuals are treated as follows:

98.3 (1) Return information may be disclosed to the Department of Employment and
98.4 Economic Development to the extent provided in clause (2) and for the purposes provided
98.5 in clause (3).

98.6 (2) The data that may be disclosed is limited to the amount of gross income earned by
98.7 an individual, the total amounts of earnings from each employer, and the employer's name.

98.8 (3) Data may be requested pertaining only to individuals who have claimed benefits
98.9 under sections 268.03 to 268.23 and 268B.01 to 268B.20 and only if the individuals are
98.10 the subject of investigations based on other information available to the Department of
98.11 Employment and Economic Development. Data received may be used only as set forth in
98.12 section 268.19, subdivision 1, paragraph (b).

98.13 (b) Data pertaining to corporations or other employing units may be disclosed to
98.14 the Department of Employment and Economic Development to the extent necessary for
98.15 the proper enforcement of ~~chapter~~ chapters 268 and 268B.

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

98.17 Sec. 35. **INITIAL TAX RATES FOR FAMILY AND MEDICAL BENEFIT**
98.18 **PROGRAM.**

98.19 Notwithstanding any other law to the contrary, the tax rate for employers subject
98.20 to tax under Minnesota Statutes, section 268B.12, and employees in an equal amount, is
98.21 0.045 percent in calendar year 2019.

98.22 **EFFECTIVE DATE.** This section is effective August 1, 2016.

98.23 Sec. 36. **FAMILY AND MEDICAL LEAVE BENEFIT PROGRAM;**
98.24 **APPROPRIATION.**

98.25 \$6,983,000 in fiscal year 2017 is appropriated from the general fund to the
98.26 commissioner of employment and economic development for the purposes of Minnesota
98.27 Statutes, chapter 268B. The base for fiscal year 2018 is \$9,201,000, the base for fiscal year
98.28 2019 is \$9,667,000, and the base for fiscal years 2020 and later is zero.

98.29 **EFFECTIVE DATE.** This section is effective July 1, 2016.

98.30 Sec. 37. **EFFECTIVE DATE INTENTION.**

98.31 The intention of the legislature is that benefits under Minnesota Statutes, chapter
98.32 268B, shall not be applied for nor paid until January 1, 2020, and thereafter. The sections

- 99.1 of this article are effective August 1, 2016, unless specifically provided otherwise in
- 99.2 this article.

APPENDIX
Article locations in UEH3931-1

ARTICLE 1	INCOME AND CORPORATE FRANCHISE TAXES	Page.Ln 2.1
ARTICLE 2	SALES AND USE	Page.Ln 31.3
ARTICLE 3	PROPERTY TAX	Page.Ln 40.16
ARTICLE 4	LOCAL DEVELOPMENT	Page.Ln 49.25
ARTICLE 5	IRON RANGE RESOURCES AND REHABILITATION BOARD	Page.Ln 55.7
ARTICLE 6	FAMILY AND MEDICAL BENEFITS	Page.Ln 75.29