

1.1 CONFERENCE COMMITTEE REPORT ON H. F. No. 677

1.2 A bill for an act
1.3 relating to financing of state and local government; making changes to individual
1.4 income, corporate franchise, property, sales and use, estate, mineral, liquor,
1.5 tobacco, aggregate materials, local, and other taxes and tax-related provisions;
1.6 restoring the school district current year aid payment shift percentage to 90;
1.7 conforming to federal section 179 expensing allowances; imposing an income
1.8 surcharge; allowing an up-front exemption for capital equipment; modifying
1.9 the definition of income for the property tax refund; decreasing the threshold
1.10 percentage for the homestead credit refund for homeowners and the property
1.11 tax refund for renters; increasing the maximum refunds for renters; changing
1.12 property tax aids and credits; imposing an insurance surcharge; modifying
1.13 pension aids; providing pension funding; changing provisions of the Sustainable
1.14 Forest Incentive Act; modifying definitions for property taxes; providing
1.15 exemptions; creating joint entertainment facilities coordination; imposing a
1.16 sports memorabilia gross receipts tax; changing tax rates on tobacco and liquor;
1.17 providing reimbursement for certain property tax abatement; modifying the small
1.18 business investment tax credit; expanding the definition of domestic corporation
1.19 to include foreign corporations incorporated in or doing business in tax havens;
1.20 making changes to additions and subtractions from federal taxable income;
1.21 changing rates for individuals, estates, and trusts; providing for charitable
1.22 contributions and veterans jobs tax credits; modifying estate tax exclusions for
1.23 qualifying small business and farm property; imposing a gift tax; expanding
1.24 the sales tax to include suite and box seat rentals; modifying the definition
1.25 of sales and purchase; changing the tax rate and modifying provisions for the
1.26 rental motor vehicle tax; modifying nexus provisions; providing for multiple
1.27 points of use certificates; modifying exemptions; authorizing local sales taxes;
1.28 authorizing economic development powers; providing authority, organization,
1.29 powers, and duties for development of a Destination Medical Center; authorizing
1.30 state infrastructure aid; imposing a tax on extraction and processing of fracturing
1.31 sand; providing a taconite production tax grant for water supply improvements;
1.32 authorizing taconite production tax bonds for grants to school districts; modifying
1.33 and providing provisions for public finance; modifying the definition of market
1.34 value for tax, debt, and other purposes; requiring labor peace agreements on
1.35 certain qualifying projects; making conforming, policy, and technical changes to
1.36 tax provisions; requiring studies and reports; appropriating money; amending
1.37 Minnesota Statutes 2012, sections 16A.152, subdivision 2; 16A.46; 38.18;
1.38 40A.15, subdivision 2; 69.011, subdivision 1; 69.021, subdivisions 7, 8, by
1.39 adding a subdivision; 88.51, subdivision 3; 103B.102, subdivision 3; 103B.245,
1.40 subdivision 3; 103B.251, subdivision 8; 103B.335; 103B.3369, subdivision 5;
1.41 103B.635, subdivision 2; 103B.691, subdivision 2; 103C.501, subdivision 4;
1.42 103D.905, subdivisions 2, 3, 8; 103F.405, subdivision 1; 116J.8737, subdivisions
1.43 1, 2, 8; 117.025, subdivision 7; 118A.04, subdivision 3; 118A.05, subdivision

2.1 5; 123A.455, subdivision 1; 123B.75, subdivision 5; 126C.48, subdivision 8;
 2.2 127A.45, subdivision 2; 127A.48, subdivision 1; 138.053; 144F.01, subdivision
 2.3 4; 162.07, subdivisions 3, 4; 163.04, subdivision 3; 163.051; 163.06, subdivision
 2.4 6; 165.10, subdivision 1; 168.012, subdivision 9, by adding a subdivision;
 2.5 216C.436, subdivision 7; 237.52, subdivision 3, by adding a subdivision;
 2.6 270.077; 270.41, subdivision 5; 270B.01, subdivision 8; 270B.12, subdivision
 2.7 4; 270C.34, subdivision 1; 270C.38, subdivision 1; 270C.42, subdivision 2;
 2.8 270C.56, subdivision 1; 271.06, by adding a subdivision; 272.01, subdivision 2;
 2.9 272.02, subdivisions 39, 97, by adding subdivisions; 272.03, subdivision 9, by
 2.10 adding subdivisions; 273.032; 273.11, subdivision 1, by adding a subdivision;
 2.11 273.114, subdivision 6; 273.124, subdivisions 3a, 13; 273.13, subdivisions
 2.12 21b, 23, 25; 273.1398, subdivisions 3, 4; 273.19, subdivision 1; 273.372,
 2.13 subdivision 4; 273.39; 275.011, subdivision 1; 275.077, subdivision 2; 275.71,
 2.14 subdivision 4; 276.04, subdivision 2; 276A.01, subdivisions 10, 12, 13, 15;
 2.15 276A.06, subdivision 10; 279.01, subdivision 1, by adding a subdivision; 279.02;
 2.16 279.06, subdivision 1; 287.05, by adding a subdivision; 287.08; 287.20, by
 2.17 adding a subdivision; 287.23, subdivision 1; 287.385, subdivision 7; 289A.02,
 2.18 subdivision 7; 289A.08, subdivisions 1, 3, 7; 289A.10, subdivision 1, by adding
 2.19 a subdivision; 289A.12, subdivision 14, by adding a subdivision; 289A.18, by
 2.20 adding a subdivision; 289A.20, subdivisions 3, 4, by adding a subdivision;
 2.21 289A.26, subdivisions 3, 4, 7, 9; 289A.55, subdivision 9; 289A.60, subdivision
 2.22 4; 290.01, subdivisions 5, 19, as amended, 19a, 19b, 19c, 19d, 31, as amended,
 2.23 by adding subdivisions; 290.06, subdivisions 2c, 2d, by adding subdivisions;
 2.24 290.067, subdivisions 1, 2a; 290.0671, subdivision 1; 290.0675, subdivision 1;
 2.25 290.0677, subdivision 2; 290.068, subdivisions 3, 6a; 290.0681, subdivisions 1,
 2.26 3, 4, 5; 290.091, subdivision 2; 290.0921, subdivision 3; 290.0922, subdivision 1;
 2.27 290.17, subdivision 4; 290.21, subdivision 4; 290.9705, subdivision 1; 290A.03,
 2.28 subdivisions 3, 15, as amended; 290A.04, subdivisions 2, 2a, 4; 290B.04,
 2.29 subdivision 2; 290C.02, subdivision 6; 290C.05; 290C.07; 291.005, subdivision
 2.30 1; 291.03, subdivisions 1, 8, 9, 10, 11, by adding a subdivision; 296A.01,
 2.31 subdivision 19, by adding a subdivision; 296A.22, subdivisions 1, 3; 297A.61,
 2.32 subdivisions 3, 4, by adding a subdivision; 297A.64, subdivisions 1, 2; 297A.66,
 2.33 by adding a subdivision; 297A.665; 297A.668, by adding a subdivision;
 2.34 297A.67, subdivision 7; 297A.68, subdivision 5; 297A.70, subdivisions 4, 8, by
 2.35 adding subdivisions; 297A.71, by adding subdivisions; 297A.75, subdivisions 1,
 2.36 2, 3; 297A.815, subdivision 3; 297A.993, subdivisions 1, 2; 297B.11; 297E.021,
 2.37 subdivision 2; 297E.14, subdivision 7; 297F.01, subdivisions 3, 19, 23, by
 2.38 adding a subdivision; 297F.05, subdivisions 1, 3, 4, by adding a subdivision;
 2.39 297F.09, subdivision 9; 297F.18, subdivision 7; 297F.24, subdivision 1; 297F.25,
 2.40 subdivision 1; 297G.03, subdivision 1, by adding a subdivision; 297G.04;
 2.41 297G.09, subdivision 8; 297G.17, subdivision 7; 297I.05, subdivisions 7, 11, 12;
 2.42 297I.30, subdivisions 1, 2; 297I.80, subdivision 1; 298.01, subdivisions 3, 3b,
 2.43 4; 298.018; 298.227, as amended; 298.24, subdivision 1; 298.28, subdivisions
 2.44 4, 6, 10; 298.75, subdivision 2; 325D.32, subdivision 2; 353G.08, subdivision
 2.45 2; 365.025, subdivision 4; 366.095, subdivision 1; 366.27; 368.01, subdivision
 2.46 23; 368.47; 370.01; 373.01, subdivisions 1, 3; 373.40, subdivisions 1, 2, 4;
 2.47 375.167, subdivision 1; 375.18, subdivision 3; 375.555; 383B.152; 383B.245;
 2.48 383B.73, subdivision 1; 383D.41, by adding a subdivision; 383E.20; 383E.23;
 2.49 385.31; 394.36, subdivision 1; 398A.04, subdivision 8; 401.05, subdivision 3;
 2.50 403.02, subdivision 21, by adding subdivisions; 403.06, subdivision 1a; 403.11,
 2.51 subdivision 1, by adding a subdivision; 410.32; 412.221, subdivision 2; 412.301;
 2.52 428A.02, subdivision 1; 430.102, subdivision 2; 447.10; 450.19; 450.25;
 2.53 458A.10; 458A.31, subdivision 1; 465.04; 469.033, subdivision 6; 469.034,
 2.54 subdivision 2; 469.053, subdivisions 4, 4a, 6; 469.071, subdivision 5; 469.107,
 2.55 subdivision 1; 469.169, by adding a subdivision; 469.176, subdivisions 4c, 4g,
 2.56 6; 469.177, by adding a subdivision; 469.180, subdivision 2; 469.187; 469.190,
 2.57 subdivision 7, by adding a subdivision; 469.206; 469.319, subdivision 4; 469.340,
 2.58 subdivision 4; 471.24; 471.571, subdivisions 1, 2; 471.73; 473.325, subdivision

3.1 2; 473.39, by adding a subdivision; 473.629; 473.661, subdivision 3; 473.667,
3.2 subdivision 9; 473.671; 473.711, subdivision 2a; 473F.02, subdivisions 12, 14,
3.3 15, 23; 473F.08, subdivision 10, by adding a subdivision; 474A.04, subdivision
3.4 1a; 474A.062; 474A.091, subdivision 3a; 475.521, subdivisions 1, 2, 4; 475.53,
3.5 subdivisions 1, 3, 4; 475.58, subdivisions 2, 3b; 475.73, subdivision 1; 477A.011,
3.6 subdivisions 20, 30, 32, 34, 42, by adding subdivisions; 477A.0124, subdivision
3.7 2; 477A.013, subdivisions 8, 9, by adding a subdivision; 477A.015; 477A.03,
3.8 subdivisions 2a, 2b, by adding a subdivision; 641.23; 641.24; 645.44, by adding
3.9 a subdivision; Laws 1971, chapter 773, section 1, subdivision 2, as amended;
3.10 Laws 1988, chapter 645, section 3, as amended; Laws 1993, chapter 375, article
3.11 9, section 46, subdivisions 2, as amended, 5, as amended; Laws 1998, chapter
3.12 389, article 8, section 43, subdivisions 1, 3, as amended, 5, as amended; Laws
3.13 1999, chapter 243, article 6, section 11; Laws 2002, chapter 377, article 3, section
3.14 25, as amended; Laws 2005, First Special Session chapter 3, article 5, section
3.15 37, subdivisions 2, 4; Laws 2008, chapter 366, article 5, sections 26; 33; 34, as
3.16 amended; article 7, section 19, subdivision 3, as amended; Laws 2010, chapter
3.17 216, section 55; Laws 2010, chapter 389, article 1, section 12; article 5, section 6,
3.18 subdivisions 4, 6; Laws 2010, First Special Session chapter 1, article 13, section 4,
3.19 subdivision 1, as amended; proposing coding for new law in Minnesota Statutes,
3.20 chapters 116C; 287; 290; 290A; 292; 295; 297I; 403; 435; 469; proposing coding
3.21 for new law as Minnesota Statutes, chapter 297J; repealing Minnesota Statutes
3.22 2012, sections 16A.725; 256.9658; 272.69; 273.11, subdivisions 1a, 22; 276A.01,
3.23 subdivision 11; 289A.60, subdivision 31; 290.01, subdivision 6b; 290.06,
3.24 subdivision 22a; 290.0672; 290.0921, subdivision 7; 383A.80, subdivision 4;
3.25 383B.80, subdivision 4; 428A.101; 428A.21; 473F.02, subdivision 13; 477A.011,
3.26 subdivisions 2a, 19, 21, 29, 31, 32, 33, 36, 39, 40, 41, 42; 477A.013, subdivisions
3.27 11, 12; 477A.0133; 477A.0134; Laws 2006, chapter 259, article 11, section 3, as
3.28 amended; Laws 2009, chapter 88, article 4, section 23, as amended.

3.29 May 19, 2013

3.30 The Honorable Paul Thissen
3.31 Speaker of the House of Representatives

3.32 The Honorable Sandra L. Pappas
3.33 President of the Senate

3.34 We, the undersigned conferees for H. F. No. 677 report that we have agreed upon the
3.35 items in dispute and recommend as follows:

3.36 That the Senate recede from its amendments and that H. F. No. 677 be further
3.37 amended as follows:

3.38 Delete everything after the enacting clause and insert:

3.39 **"ARTICLE 1**

3.40 **HOMESTEAD CREDIT REFUND AND RENTER PROPERTY TAX REFUND**

3.41 Section 1. Minnesota Statutes 2012, section 290A.03, subdivision 3, is amended to read:

3.42 Subd. 3. **Income.** (1) "Income" means the sum of the following:

3.43 (a) federal adjusted gross income as defined in the Internal Revenue Code; and

3.44 (b) the sum of the following amounts to the extent not included in clause (a):

3.45 (i) all nontaxable income;

4.1 (ii) the amount of a passive activity loss that is not disallowed as a result of section
4.2 469, paragraph (i) or (m) of the Internal Revenue Code and the amount of passive activity
4.3 loss carryover allowed under section 469(b) of the Internal Revenue Code;

4.4 (iii) an amount equal to the total of any discharge of qualified farm indebtedness
4.5 of a solvent individual excluded from gross income under section 108(g) of the Internal
4.6 Revenue Code;

4.7 (iv) cash public assistance and relief;

4.8 (v) any pension or annuity (including railroad retirement benefits, all payments
4.9 received under the federal Social Security Act, Supplemental Security Income, and
4.10 veterans benefits), which was not exclusively funded by the claimant or spouse, or which
4.11 was funded exclusively by the claimant or spouse and which funding payments were
4.12 excluded from federal adjusted gross income in the years when the payments were made;

4.13 (vi) interest received from the federal or a state government or any instrumentality
4.14 or political subdivision thereof;

4.15 (vii) workers' compensation;

4.16 (viii) nontaxable strike benefits;

4.17 (ix) the gross amounts of payments received in the nature of disability income or
4.18 sick pay as a result of accident, sickness, or other disability, whether funded through
4.19 insurance or otherwise;

4.20 (x) a lump-sum distribution under section 402(e)(3) of the Internal Revenue Code of
4.21 1986, as amended through December 31, 1995;

4.22 (xi) contributions made by the claimant to an individual retirement account,
4.23 including a qualified voluntary employee contribution; simplified employee pension plan;
4.24 self-employed retirement plan; cash or deferred arrangement plan under section 401(k)
4.25 of the Internal Revenue Code; or deferred compensation plan under section 457 of the
4.26 Internal Revenue Code, to the extent the sum of amounts exceeds the retirement base
4.27 amount for the claimant and spouse;

4.28 (xii) to the extent not included in federal adjusted gross income, distributions received
4.29 by the claimant or spouse from a traditional or Roth style retirement account or plan;

4.30 (xiii) nontaxable scholarship or fellowship grants;

4.31 ~~(xiii)~~ (xiv) the amount of deduction allowed under section 199 of the Internal
4.32 Revenue Code;

4.33 ~~(xiv)~~ (xv) the amount of deduction allowed under section 220 or 223 of the Internal
4.34 Revenue Code;

5.1 ~~(xv)~~ (xvi) the amount of deducted for tuition expenses required to be added to
5.2 income under section 290.01, subdivision 19a, clause (12); under section 222 of the
5.3 Internal Revenue Code; and

5.4 ~~(xvi)~~ (xvii) the amount deducted for certain expenses of elementary and secondary
5.5 school teachers under section 62(a)(2)(D) of the Internal Revenue Code; ~~and.~~

5.6 ~~(xvii) unemployment compensation.~~

5.7 In the case of an individual who files an income tax return on a fiscal year basis, the
5.8 term "federal adjusted gross income" shall mean federal adjusted gross income reflected
5.9 in the fiscal year ending in the calendar year. Federal adjusted gross income shall not be
5.10 reduced by the amount of a net operating loss carryback or carryforward or a capital loss
5.11 carryback or carryforward allowed for the year.

5.12 (2) "Income" does not include:

5.13 (a) amounts excluded pursuant to the Internal Revenue Code, sections 101(a) and 102;

5.14 (b) amounts of any pension or annuity which was exclusively funded by the claimant
5.15 or spouse and which funding payments were not excluded from federal adjusted gross
5.16 income in the years when the payments were made;

5.17 (c) to the extent included in federal adjusted gross income, amounts contributed by
5.18 the claimant or spouse to a traditional or Roth style retirement account or plan, but not
5.19 to exceed the retirement base amount reduced by the amount of contributions excluded
5.20 from federal adjusted gross income, but not less than zero;

5.21 (d) surplus food or other relief in kind supplied by a governmental agency;

5.22 ~~(d)~~ (e) relief granted under this chapter;

5.23 ~~(e)~~ (f) child support payments received under a temporary or final decree of
5.24 dissolution or legal separation; or

5.25 ~~(f)~~ (g) restitution payments received by eligible individuals and excludable interest
5.26 as defined in section 803 of the Economic Growth and Tax Relief Reconciliation Act of
5.27 2001, Public Law 107-16.

5.28 (3) The sum of the following amounts may be subtracted from income:

5.29 (a) for the claimant's first dependent, the exemption amount multiplied by 1.4;

5.30 (b) for the claimant's second dependent, the exemption amount multiplied by 1.3;

5.31 (c) for the claimant's third dependent, the exemption amount multiplied by 1.2;

5.32 (d) for the claimant's fourth dependent, the exemption amount multiplied by 1.1;

5.33 (e) for the claimant's fifth dependent, the exemption amount; and

5.34 (f) if the claimant or claimant's spouse was disabled or attained the age of 65
5.35 on or before December 31 of the year for which the taxes were levied or rent paid, the
5.36 exemption amount.

6.1 For purposes of this subdivision, the "exemption amount" means the exemption
 6.2 amount under section 151(d) of the Internal Revenue Code for the taxable year for which
 6.3 the income is reported; "retirement base amount" means the deductible amount for the
 6.4 taxable year for the claimant and spouse under section 219(b)(5)(A) of the Internal
 6.5 Revenue Code, adjusted for inflation as provided in section 219(b)(5)(D) of the Internal
 6.6 Revenue Code, without regard to whether the claimant or spouse claimed a deduction;
 6.7 and "traditional or Roth style retirement account or plan" means retirement plans under
 6.8 sections 401, 403, 408, 408A, and 457 of the Internal Revenue Code.

6.9 **EFFECTIVE DATE.** This section is effective beginning with refunds based on
 6.10 property taxes payable in 2014 and rent paid in 2013.

6.11 Sec. 2. Minnesota Statutes 2012, section 290A.04, subdivision 2, is amended to read:

6.12 Subd. 2. **Homeowners; homestead credit refund.** A claimant whose property
 6.13 taxes payable are in excess of the percentage of the household income stated below shall
 6.14 pay an amount equal to the percent of income shown for the appropriate household
 6.15 income level along with the percent to be paid by the claimant of the remaining amount
 6.16 of property taxes payable. The state refund equals the amount of property taxes payable
 6.17 that remain, up to the state refund amount shown below.

6.18				Maximum
6.19			Percent Paid by	State
6.20	Household Income	Percent of Income	Claimant	Refund
6.21	\$0 to 1,549	1.0 percent	15 percent	\$ 2,460
6.22	1,550 to 3,089	1.1 percent	15 percent	\$ 2,460
6.23	3,090 to 4,669	1.2 percent	15 percent	\$ 2,460
6.24	4,670 to 6,229	1.3 percent	20 percent	\$ 2,460
6.25	6,230 to 7,769	1.4 percent	20 percent	\$ 2,460
6.26	7,770 to 10,879	1.5 percent	20 percent	\$ 2,460
6.27	10,880 to 12,429	1.6 percent	20 percent	\$ 2,460
6.28	12,430 to 13,989	1.7 percent	20 percent	\$ 2,460
6.29	13,990 to 15,539	1.8 percent	20 percent	\$ 2,460
6.30	15,540 to 17,079	1.9 percent	25 percent	\$ 2,460
6.31	17,080 to 18,659	2.0 percent	25 percent	\$ 2,460
6.32	18,660 to 21,759	2.1 percent	25 percent	\$ 2,460
6.33	21,760 to 23,309	2.2 percent	30 percent	\$ 2,460
6.34	23,310 to 24,859	2.3 percent	30 percent	\$ 2,460
6.35	24,860 to 26,419	2.4 percent	30 percent	\$ 2,460
6.36	26,420 to 32,629	2.5 percent	35 percent	\$ 2,460
6.37	32,630 to 37,279	2.6 percent	35 percent	\$ 2,460
6.38	37,280 to 46,609	2.7 percent	35 percent	\$ 2,000
6.39	46,610 to 54,369	2.8 percent	35 percent	\$ 2,000

7.1	54,370 to 62,139	2.8 percent	40 percent	\$ 1,750
7.2	62,140 to 69,909	3.0 percent	40 percent	\$ 1,440
7.3	69,910 to 77,679	3.0 percent	40 percent	\$ 1,290
7.4	77,680 to 85,449	3.0 percent	40 percent	\$ 1,130
7.5	85,450 to 90,119	3.5 percent	45 percent	\$ 960
7.6	90,120 to 93,239	3.5 percent	45 percent	\$ 790
7.7	93,240 to 97,009	3.5 percent	50 percent	\$ 650
7.8	97,010 to 100,779	3.5 percent	50 percent	\$ 480

7.9				<u>Maximum</u>
7.10			<u>Percent Paid by</u>	<u>State</u>
7.11	<u>Household Income</u>	<u>Percent of Income</u>	<u>Claimant</u>	<u>Refund</u>
7.12	<u>\$0 to 1,619</u>	<u>1.0 percent</u>	<u>15 percent</u>	<u>\$ 2,580</u>
7.13	<u>1,620 to 3,229</u>	<u>1.1 percent</u>	<u>15 percent</u>	<u>\$ 2,580</u>
7.14	<u>3,230 to 4,889</u>	<u>1.2 percent</u>	<u>15 percent</u>	<u>\$ 2,580</u>
7.15	<u>4,890 to 6,519</u>	<u>1.3 percent</u>	<u>20 percent</u>	<u>\$ 2,580</u>
7.16	<u>6,520 to 8,129</u>	<u>1.4 percent</u>	<u>20 percent</u>	<u>\$ 2,580</u>
7.17	<u>8,130 to 11,389</u>	<u>1.5 percent</u>	<u>20 percent</u>	<u>\$ 2,580</u>
7.18	<u>11,390 to 13,009</u>	<u>1.6 percent</u>	<u>20 percent</u>	<u>\$ 2,580</u>
7.19	<u>13,010 to 14,649</u>	<u>1.7 percent</u>	<u>20 percent</u>	<u>\$ 2,580</u>
7.20	<u>14,650 to 16,269</u>	<u>1.8 percent</u>	<u>20 percent</u>	<u>\$ 2,580</u>
7.21	<u>16,270 to 17,879</u>	<u>1.9 percent</u>	<u>25 percent</u>	<u>\$ 2,580</u>
7.22	<u>17,880 to 22,779</u>	<u>2.0 percent</u>	<u>25 percent</u>	<u>\$ 2,580</u>
7.23	<u>22,780 to 24,399</u>	<u>2.0 percent</u>	<u>30 percent</u>	<u>\$ 2,580</u>
7.24	<u>24,400 to 27,659</u>	<u>2.0 percent</u>	<u>30 percent</u>	<u>\$ 2,580</u>
7.25	<u>27,660 to 39,029</u>	<u>2.0 percent</u>	<u>35 percent</u>	<u>\$ 2,580</u>
7.26	<u>39,030 to 56,919</u>	<u>2.0 percent</u>	<u>35 percent</u>	<u>\$ 2,090</u>
7.27	<u>56,920 to 65,049</u>	<u>2.0 percent</u>	<u>40 percent</u>	<u>\$ 1,830</u>
7.28	<u>65,050 to 73,189</u>	<u>2.1 percent</u>	<u>40 percent</u>	<u>\$ 1,510</u>
7.29	<u>73,190 to 81,319</u>	<u>2.2 percent</u>	<u>40 percent</u>	<u>\$ 1,350</u>
7.30	<u>81,320 to 89,449</u>	<u>2.3 percent</u>	<u>40 percent</u>	<u>\$ 1,180</u>
7.31	<u>89,450 to 94,339</u>	<u>2.4 percent</u>	<u>45 percent</u>	<u>\$ 1,000</u>
7.32	<u>94,340 to 97,609</u>	<u>2.5 percent</u>	<u>45 percent</u>	<u>\$ 830</u>
7.33	<u>97,610 to 101,559</u>	<u>2.5 percent</u>	<u>50 percent</u>	<u>\$ 680</u>
7.34	<u>101,560 to 105,499</u>	<u>2.5 percent</u>	<u>50 percent</u>	<u>\$ 500</u>

7.35 The payment made to a claimant shall be the amount of the state refund calculated
 7.36 under this subdivision. No payment is allowed if the claimant's household income is
 7.37 ~~\$100,780~~ \$105,500 or more.

7.38 **EFFECTIVE DATE.** This section is effective for refund claims based on taxes
 7.39 payable in 2014 and thereafter.

7.40 Sec. 3. Minnesota Statutes 2012, section 290A.04, subdivision 2a, is amended to read:

8.1 Subd. 2a. **Renters.** A claimant whose rent constituting property taxes exceeds the
 8.2 percentage of the household income stated below must pay an amount equal to the percent
 8.3 of income shown for the appropriate household income level along with the percent to
 8.4 be paid by the claimant of the remaining amount of rent constituting property taxes. The
 8.5 state refund equals the amount of rent constituting property taxes that remain, up to the
 8.6 maximum state refund amount shown below.

8.7				Maximum
8.8			Percent Paid by	State
8.9	Household Income	Percent of Income	Claimant	Refund
8.10	\$0 to 3,589	1.0 percent	5 percent	\$ 1,190
8.11	3,590 to 4,779	1.0 percent	10 percent	\$ 1,190
8.12	4,780 to 5,969	1.1 percent	10 percent	\$ 1,190
8.13	5,970 to 8,369	1.2 percent	10 percent	\$ 1,190
8.14	8,370 to 10,759	1.3 percent	15 percent	\$ 1,190
8.15	10,760 to 11,949	1.4 percent	15 percent	\$ 1,190
8.16	11,950 to 13,139	1.4 percent	20 percent	\$ 1,190
8.17	13,140 to 15,539	1.5 percent	20 percent	\$ 1,190
8.18	15,540 to 16,729	1.6 percent	20 percent	\$ 1,190
8.19	16,730 to 17,919	1.7 percent	25 percent	\$ 1,190
8.20	17,920 to 20,319	1.8 percent	25 percent	\$ 1,190
8.21	20,320 to 21,509	1.9 percent	30 percent	\$ 1,190
8.22	21,510 to 22,699	2.0 percent	30 percent	\$ 1,190
8.23	22,700 to 23,899	2.2 percent	30 percent	\$ 1,190
8.24	23,900 to 25,089	2.4 percent	30 percent	\$ 1,190
8.25	25,090 to 26,289	2.6 percent	35 percent	\$ 1,190
8.26	26,290 to 27,489	2.7 percent	35 percent	\$ 1,190
8.27	27,490 to 28,679	2.8 percent	35 percent	\$ 1,190
8.28	28,680 to 29,869	2.9 percent	40 percent	\$ 1,190
8.29	29,870 to 31,079	3.0 percent	40 percent	\$ 1,190
8.30	31,080 to 32,269	3.1 percent	40 percent	\$ 1,190
8.31	32,270 to 33,459	3.2 percent	40 percent	\$ 1,190
8.32	33,460 to 34,649	3.3 percent	45 percent	\$ 1,080
8.33	34,650 to 35,849	3.4 percent	45 percent	\$ 960
8.34	35,850 to 37,049	3.5 percent	45 percent	\$ 830
8.35	37,050 to 38,239	3.5 percent	50 percent	\$ 720
8.36	38,240 to 39,439	3.5 percent	50 percent	\$ 600
8.37	38,440 to 40,629	3.5 percent	50 percent	\$ 360
8.38	40,630 to 41,819	3.5 percent	50 percent	\$ 120
8.39	<u>\$0 to 4,909</u>	<u>1.0 percent</u>	<u>5 percent</u>	<u>\$ 2,000</u>
8.40	<u>4,910 to 6,529</u>	<u>1.0 percent</u>	<u>10 percent</u>	<u>\$ 2,000</u>
8.41	<u>6,530 to 8,159</u>	<u>1.1 percent</u>	<u>10 percent</u>	<u>\$ 1,950</u>
8.42	<u>8,160 to 11,439</u>	<u>1.2 percent</u>	<u>10 percent</u>	<u>\$ 1,900</u>

9.1	<u>11,440 to 14,709</u>	<u>1.3 percent</u>	<u>15 percent</u>	<u>\$ 1,850</u>
9.2	<u>14,710 to 16,339</u>	<u>1.4 percent</u>	<u>15 percent</u>	<u>\$ 1,800</u>
9.3	<u>16,340 to 17,959</u>	<u>1.4 percent</u>	<u>20 percent</u>	<u>\$ 1,750</u>
9.4	<u>17,960 to 21,239</u>	<u>1.5 percent</u>	<u>20 percent</u>	<u>\$ 1,700</u>
9.5	<u>21,240 to 22,869</u>	<u>1.6 percent</u>	<u>20 percent</u>	<u>\$ 1,650</u>
9.6	<u>22,870 to 24,499</u>	<u>1.7 percent</u>	<u>25 percent</u>	<u>\$ 1,650</u>
9.7	<u>24,500 to 27,779</u>	<u>1.8 percent</u>	<u>25 percent</u>	<u>\$ 1,650</u>
9.8	<u>27,780 to 29,399</u>	<u>1.9 percent</u>	<u>30 percent</u>	<u>\$ 1,650</u>
9.9	<u>29,400 to 34,299</u>	<u>2.0 percent</u>	<u>30 percent</u>	<u>\$ 1,650</u>
9.10	<u>34,300 to 39,199</u>	<u>2.0 percent</u>	<u>35 percent</u>	<u>\$ 1,650</u>
9.11	<u>39,200 to 45,739</u>	<u>2.0 percent</u>	<u>40 percent</u>	<u>\$ 1,650</u>
9.12	<u>45,740 to 47,369</u>	<u>2.0 percent</u>	<u>45 percent</u>	<u>\$ 1,500</u>
9.13	<u>47,370 to 49,009</u>	<u>2.0 percent</u>	<u>45 percent</u>	<u>\$ 1,350</u>
9.14	<u>49,010 to 50,649</u>	<u>2.0 percent</u>	<u>45 percent</u>	<u>\$ 1,150</u>
9.15	<u>50,650 to 52,269</u>	<u>2.0 percent</u>	<u>50 percent</u>	<u>\$ 1,000</u>
9.16	<u>52,270 to 53,909</u>	<u>2.0 percent</u>	<u>50 percent</u>	<u>\$ 900</u>
9.17	<u>53,910 to 55,539</u>	<u>2.0 percent</u>	<u>50 percent</u>	<u>\$ 500</u>
9.18	<u>55,540 to 57,169</u>	<u>2.0 percent</u>	<u>50 percent</u>	<u>\$ 200</u>

9.19 The payment made to a claimant is the amount of the state refund calculated under
 9.20 this subdivision. No payment is allowed if the claimant's household income is \$41,820
 9.21 \$57,170 or more.

9.22 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in
 9.23 2013 and following years.

9.24 Sec. 4. Minnesota Statutes 2012, section 290A.04, subdivision 4, is amended to read:

9.25 Subd. 4. **Inflation adjustment.** (a) Beginning for property tax refunds payable in
 9.26 calendar year 2002, the commissioner shall annually adjust the dollar amounts of the
 9.27 income thresholds and the maximum refunds under subdivisions 2 and 2a for inflation.
 9.28 The commissioner shall make the inflation adjustments in accordance with section 1(f) of
 9.29 the Internal Revenue Code, except that for purposes of this subdivision the percentage
 9.30 increase shall be determined as provided in this subdivision.

9.31 (b) In adjusting the dollar amounts of the income thresholds and the maximum
 9.32 refunds under subdivision 2 for inflation, the percentage increase shall be determined
 9.33 from the year ending on June 30, ~~2011~~ 2013, to the year ending on June 30 of the year
 9.34 preceding that in which the refund is payable.

9.35 (c) In adjusting the dollar amounts of the income thresholds and the maximum
 9.36 refunds under subdivision 2a for inflation, the percentage increase shall be determined

10.1 from the year ending on June 30, ~~2000~~ 2013, to the year ending on June 30 of the year
10.2 preceding that in which the refund is payable.

10.3 (d) The commissioner shall use the appropriate percentage increase to annually
10.4 adjust the income thresholds and maximum refunds under subdivisions 2 and 2a for
10.5 inflation without regard to whether or not the income tax brackets are adjusted for inflation
10.6 in that year. The commissioner shall round the thresholds and the maximum amounts,
10.7 as adjusted to the nearest \$10 amount. If the amount ends in \$5, the commissioner shall
10.8 round it up to the next \$10 amount.

10.9 (e) The commissioner shall annually announce the adjusted refund schedule at the
10.10 same time provided under section 290.06. The determination of the commissioner under
10.11 this subdivision is not a rule under the Administrative Procedure Act.

10.12 **EFFECTIVE DATE.** This section is effective for refund claims based on taxes
10.13 payable in 2014 and rent paid in 2013 and following years.

10.14 Sec. 5. **[290A.28] NOTIFICATION OF POTENTIAL ELIGIBILITY.**

10.15 **Subdivision 1. Notification of eligibility.** (a) By September 1, 2014, the
10.16 commissioner shall notify, in writing or electronically, individual homeowners whom the
10.17 commissioner determines may be eligible for a homestead credit refund under this chapter
10.18 for that property taxes payable year as provided in this section. In determining whether
10.19 to notify a homeowner, the commissioner shall consider the property tax information
10.20 available to the commissioner under paragraph (b) for the homeowner and must estimate
10.21 the homeowner's household income using the most recent income information available to
10.22 the commissioner from filing under this chapter for the prior year, under chapter 290 for
10.23 the current or prior year, and any other income information available to the commissioner.
10.24 For each homeowner, the commissioner must estimate the homestead credit refund
10.25 amount under the schedule in section 290A.04, subdivision 2, using the homeowner's
10.26 property tax amount and estimated household income. If the estimated homestead credit
10.27 refund is at least \$1,000, the commissioner must notify the homeowner of potential
10.28 eligibility for the homestead credit refund. The notification must include information
10.29 on how to file for the homestead credit refund. The notification requirement under this
10.30 section does not apply to a homeowner who has already filed for the homestead credit
10.31 refund for the current or prior year.

10.32 (b) By May 15, 2014, each county auditor shall transmit to the commissioner
10.33 of revenue the following information for each property classified as a residential or
10.34 agricultural homestead under section 273.13, subdivision 22 or 23:

10.35 (1) the property taxes payable;

12.1 immediately adjacent to a city adjacent to a city in another state; and (4) the adjacent city
12.2 in the other state has a population of greater than 5,000 and less than 75,000 according to
12.3 the 1980 decennial census.

12.4 (b) The credit is an amount sufficient to reduce (i) the taxes levied on class 4a
12.5 property to ~~2.3~~ 1.9 percent of the property's market value and (ii) the tax on class 3a
12.6 property to ~~2.3~~ 1.9 percent of market value.

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

12.10 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2014.

12.11 Sec. 2. Minnesota Statutes 2012, section 290C.02, subdivision 6, is amended to read:

12.12 Subd. 6. **Forest land.** "Forest land" means land containing a minimum of 20
12.13 contiguous acres for which the owner has implemented a forest management plan that was
12.14 prepared or updated within the past ten years by an approved plan writer. For purposes of
12.15 this subdivision, acres are considered to be contiguous even if they are separated by a road,
12.16 waterway, railroad track, or other similar intervening property. At least 50 percent of the
12.17 contiguous acreage must meet the definition of forest land in section 88.01, subdivision
12.18 7. For the purposes of sections 290C.01 to 290C.11, forest land does not include (i)
12.19 land used for residential or agricultural purposes, (ii) land enrolled in the reinvest in
12.20 Minnesota program, a state or federal conservation reserve or easement reserve program
12.21 under sections 103F.501 to 103F.531, the Minnesota agricultural property tax law under
12.22 section 273.111, or land subject to agricultural land preservation controls or restrictions
12.23 as defined in section 40A.02 or under the Metropolitan Agricultural Preserves Act under
12.24 chapter 473H, ~~or~~ (iii) land exceeding 60,000 acres that is subject to a single conservation
12.25 easement funded under section 97A.056 or a comparable permanent easement conveyed
12.26 to a governmental or nonprofit entity; (iv) any land that becomes subject to a conservation
12.27 easement funded under section 97A.056 or a comparable permanent easement conveyed
12.28 to a governmental or nonprofit entity after May 30, 2013; or (v) land improved with a
12.29 structure, pavement, sewer, campsite, or any road, other than a township road, used for
12.30 purposes not prescribed in the forest management plan.

12.31 **EFFECTIVE DATE.** This section is effective for certifications and applications
12.32 due in 2013 and thereafter.

12.33 Sec. 3. Minnesota Statutes 2012, section 290C.03, is amended to read:

13.1 **290C.03 ELIGIBILITY REQUIREMENTS.**

13.2 (a) Land may be enrolled in the sustainable forest incentive program under this
13.3 chapter if all of the following conditions are met:

13.4 (1) the land consists of at least 20 contiguous acres and at least 50 percent of the
13.5 land must meet the definition of forest land in section 88.01, subdivision 7, during the
13.6 enrollment;

13.7 (2) a forest management plan for the land must be prepared by an approved plan
13.8 writer and implemented during the period in which the land is enrolled;

13.9 (3) timber harvesting and forest management guidelines must be used in conjunction
13.10 with any timber harvesting or forest management activities conducted on the land during
13.11 the period in which the land is enrolled;

13.12 (4) the land must be enrolled for a minimum of eight years;

13.13 (5) there are no delinquent property taxes on the land; and

13.14 (6) claimants enrolling more than 1,920 acres in the sustainable forest incentive
13.15 program must allow year-round, nonmotorized access to fish and wildlife resources and
13.16 motorized access on established and maintained roads and trails, unless the road or trail is
13.17 temporarily closed for safety, natural resource, or road damage reasons on enrolled land
13.18 except within one-fourth mile of a permanent dwelling or during periods of high fire
13.19 hazard as determined by the commissioner of natural resources.

13.20 (b) Claimants required to allow access under paragraph (a), clause (6), do not by
13.21 that action:

13.22 (1) extend any assurance that the land is safe for any purpose;

13.23 (2) confer upon the person the legal status of an invitee or licensee to whom a duty
13.24 of care is owed; or

13.25 (3) assume responsibility for or incur liability for any injury to the person or property
13.26 caused by an act or omission of the person.

13.27 **EFFECTIVE DATE.** This section is effective for calculations made in 2013 and
13.28 thereafter.

13.29 Sec. 4. Minnesota Statutes 2012, section 290C.055, is amended to read:

13.30 **290C.055 LENGTH OF COVENANT.**

13.31 (a) The covenant remains in effect for a minimum of eight years. If land is removed
13.32 from the program before it has been enrolled for four years, the covenant remains in
13.33 effect for eight years from the date recorded.

14.1 (b) If land that has been enrolled for four years or more is removed from the program
14.2 for any reason, there is a waiting period before the covenant terminates. The covenant
14.3 terminates on January 1 of the fifth calendar year that begins after the date that:

14.4 (1) the commissioner receives notification from the claimant that the claimant wishes
14.5 to remove the land from the program under section 290C.10; or

14.6 (2) the date that the land is removed from the program under section 290C.11.

14.7 (c) Notwithstanding the other provisions of this section, the covenant is terminated:

14.8 (1) at the same time that the land is removed from the program due to acquisition of
14.9 title or possession for a public purpose under section 290C.10; or

14.10 (2) at the request of the claimant after a reduction in payments due to changes in the
14.11 payment formula under section 290C.07.

14.12 **EFFECTIVE DATE.** This section is effective for calculations made in 2013 and
14.13 thereafter.

14.14 Sec. 5. Minnesota Statutes 2012, section 290C.07, is amended to read:

14.15 **290C.07 CALCULATION OF INCENTIVE PAYMENT.**

14.16 (a) An approved claimant under the sustainable forest incentive program is eligible
14.17 to receive an annual payment. The payment shall equal \$7 per acre for each acre enrolled
14.18 in the sustainable forest incentive program.

14.19 (b) ~~The annual payment for each Social Security number or state or federal business~~
14.20 ~~tax identification number must not exceed \$100,000.~~

14.21 **EFFECTIVE DATE.** This section is effective for calculations made in 2013 and
14.22 thereafter.

14.23 Sec. 6. **[423A.022] POLICE AND FIREFIGHTER RETIREMENT**

14.24 **SUPPLEMENTAL STATE AID.**

14.25 Subdivision 1. Supplemental state aid. Annually, the commissioner of revenue
14.26 shall allocate police and firefighter retirement supplemental state aid appropriated under
14.27 subdivision 6 as provided in subdivision 2 and paid as provided in subdivision 4.

14.28 Subd. 2. Allocation. Of the total amount appropriated as supplemental state aid:

14.29 (1) 58.065 percent must be paid to the executive director of the Public Employees
14.30 Retirement Association for deposit in the public employees police and fire retirement fund
14.31 established by section 353.65, subdivision 1;

14.32 (2) 35.484 percent must be paid to municipalities other than municipalities solely
14.33 employing firefighters with retirement coverage provided by the public employees police

15.1 and fire retirement plan which qualified to receive fire state aid in that calendar year,
15.2 allocated in proportion to the most recent amount of fire state aid paid under section
15.3 69.021, subdivision 7, for the municipality bears to the most recent total fire state aid
15.4 for all municipalities other than the municipalities solely employing firefighters with
15.5 retirement coverage provided by the public employees police and fire retirement plan
15.6 paid under section 69.021, subdivision 7, with the allocated amount for fire departments
15.7 participating in the voluntary statewide lump-sum volunteer firefighter retirement plan
15.8 paid to the executive director of the Public Employees Retirement Association for deposit
15.9 in the fund established by section 353G.02, subdivision 3, and credited to the respective
15.10 account and with the balance paid to the treasurer of each municipality for transmittal
15.11 within 30 days of receipt to the treasurer of the applicable volunteer firefighter relief
15.12 association for deposit in its special fund; and

15.13 (3) 6.452 percent must be paid to the executive director of the Minnesota State
15.14 Retirement System for deposit in the state patrol retirement fund.

15.15 Subd. 3. **Reporting; definitions.** (a) On or before September 1, annually, the
15.16 executive director of the Public Employees Retirement Association shall report to the
15.17 commissioner of revenue the following:

15.18 (1) the municipalities which employ firefighters with retirement coverage by the
15.19 public employees police and fire retirement plan;

15.20 (2) the number of firefighters with public employees police and fire retirement plan
15.21 coverage employed by each municipality;

15.22 (3) the fire departments covered by the voluntary statewide lump-sum volunteer
15.23 firefighter retirement plan; and

15.24 (4) any other information requested by the commissioner to administer the police
15.25 and firefighter retirement supplemental state aid program.

15.26 (b) For this subdivision, (i) the number of firefighters employed by a municipality
15.27 who have public employees police and fire retirement plan coverage means the number
15.28 of firefighters with public employees police and fire retirement plan coverage that were
15.29 employed by the municipality for not less than 30 hours per week for a minimum of six
15.30 months prior to December 31 preceding the date of the payment under this section and, if
15.31 the person was employed for less than the full year, prorated to the number of full months
15.32 employed; and (ii) the number of active police officers certified for police state aid receipt
15.33 under section 69.011, subdivisions 2 and 2b, means, for each municipality, the number of
15.34 police officers meeting the definition of peace officer in section 69.011, subdivision 1,
15.35 counted as provided and limited by section 69.011, subdivisions 2 and 2b.

16.1 Subd. 4. **Payments; conditions prerequisite.** (a) The payments under this section
16.2 must be made on October 1 each year, with interest at one percent for each month, or
16.3 portion of a month, that the amount remains unpaid after October 1. Any necessary
16.4 adjustments must be made to subsequent payments.

16.5 (b) The provisions of sections 69.011 to 69.051 that prevent municipalities and relief
16.6 associations from being eligible for, or receiving fire state aid under sections 69.011 to
16.7 69.051 until the applicable financial reporting requirements have been complied with,
16.8 apply to the amounts payable to municipalities and relief associations under this section.

16.9 Subd. 5. **Aid termination.** The aid program under this section ends on the
16.10 December 1 next following the actuarial valuation date on which the assets of the
16.11 retirement plan on a market value basis equals or exceeds 90 percent of the total
16.12 actuarial accrued liabilities of the retirement plan as disclosed in an actuarial valuation
16.13 prepared under section 356.215 and the Standards for Actuarial Work promulgated by the
16.14 Legislative Commission on Pensions and Retirement, for the State Patrol retirement plan
16.15 or the public employees police and fire retirement plan, whichever occurs last.

16.16 Subd. 6. **Appropriation.** \$15,500,000 is appropriated annually to the commissioner
16.17 of revenue for this aid program.

16.18 **EFFECTIVE DATE.** This section is effective beginning in the fiscal year beginning
16.19 July 1, 2013.

16.20 Sec. 7. Minnesota Statutes 2012, section 477A.011, subdivision 30, is amended to read:

16.21 Subd. 30. **Pre-1940 housing percentage.** (a) Except as provided in paragraph (b),
16.22 "pre-1940 housing percentage" for a city is 100 times the most recent federal census count
16.23 by the United States Bureau of the Census of all housing units in the city built before
16.24 1940, divided by the total number of all housing units in the city. Housing units includes
16.25 both occupied and vacant housing units as defined by the federal census. For aids payable
16.26 in 2014, "pre-1940 housing percentage" shall be based on 2010 housing data.

16.27 (b) For the city of East Grand Forks only, "pre-1940 housing percentage" is equal
16.28 to 100 times the 1990 federal census count of all housing units in the city built before
16.29 1940, divided by the most recent count by the United States Bureau of the Census of all
16.30 housing units in the city. Housing units includes both occupied and vacant housing units
16.31 as defined by the federal census.

16.32 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
16.33 2014 and thereafter.

17.1 Sec. 8. Minnesota Statutes 2012, section 477A.011, is amended by adding a
17.2 subdivision to read:

17.3 Subd. 30a. **Percent of housing built between 1940 and 1970.** "Percent of housing
17.4 built between 1940 and 1970" is equal to 100 times the most recent count by the United
17.5 States Bureau of the Census of all housing units in the city built after 1939 but before
17.6 1970, divided by the total number of all housing units in the city. Housing units includes
17.7 both occupied and vacant housing units as defined by the federal census. For aids payable
17.8 in 2014, "percent of housing built between 1940 and 1970" shall be based on 2010
17.9 housing data.

17.10 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
17.11 2014 and thereafter.

17.12 Sec. 9. Minnesota Statutes 2012, section 477A.011, subdivision 34, is amended to read:

17.13 Subd. 34. **City revenue need.** (a) For a city with a population equal to or greater
17.14 than ~~2,500~~ 10,000, "city revenue need" is ~~the greater of 285 or 1.15 times~~ the sum of (1)
17.15 ~~5.0734098~~ 4.59 times the pre-1940 housing percentage; plus (2) ~~19.141678~~ times the
17.16 ~~population decline percentage~~ 0.622 times the percent of housing built between 1940 and
17.17 1970; plus (3) ~~2504.06334~~ times the road accidents factor 169.415 times the jobs per
17.18 capita; plus (4) ~~355.0547~~; minus (5) the metropolitan area factor; minus (6) ~~49.10638~~
17.19 ~~times the household size~~ the sparsity adjustment; plus (5) 307.664.

17.20 (b) For a city with a population equal to or greater than 2,500 and less than 10,000,
17.21 "city revenue need" is 1.15 times the sum of (1) 572.62; plus (2) 5.026 times the pre-1940
17.22 housing percentage; minus (3) 53.768 times household size; plus (4) 14.022 times peak
17.23 population decline.

17.24 ~~(b)~~ (c) For a city with a population less than 2,500, "city revenue need" is the sum of
17.25 ~~(1) 2.387~~ times the pre-1940 housing percentage; plus (2) ~~2.67591~~ times the commercial
17.26 industrial percentage; plus (3) ~~3.16042~~ times the population decline percentage; plus (4)
17.27 ~~1.206~~ times the transformed population; minus (5) ~~62.772~~ 410 plus 0.367 times the city's
17.28 population over 100. The city revenue need under this paragraph shall not exceed 630.

17.29 ~~(e)~~ (d) For a city with a population of at least 2,500 or more and a population in one
17.30 ~~of the most recently available five years that was less than 2,500~~, "city revenue need"
17.31 is the sum of (1) its city revenue need calculated under paragraph (a) multiplied by its
17.32 transition factor; plus (2) its city revenue need calculated under the formula in paragraph
17.33 (b) multiplied by the difference between one and its transition factor. For purposes of this
17.34 paragraph, a city's "transition factor" is equal to 0.2 multiplied by the number of years that
17.35 ~~the city's population estimate has been 2,500 or more~~. This provision only applies for aids

18.1 payable in calendar years 2006 to 2008 to cities with a 2002 population of less than 2,500.
18.2 It applies to any city for aids payable in 2009 and thereafter but less than 3,000, the "city
18.3 revenue need" equals (1) the transition factor times the city's revenue need calculated in
18.4 paragraph (b) plus (2) 630 times the difference between one and the transition factor. For
18.5 a city with a population of at least 10,000 but less than 10,500, the "city revenue need"
18.6 equals (1) the transition factor times the city's revenue need calculated in paragraph (a)
18.7 plus (2) the city's revenue need calculated under the formula in paragraph (b) times the
18.8 difference between one and the transition factor. For purposes of this paragraph "transition
18.9 factor" is 0.2 percent times the amount that the city's population exceeds the minimum
18.10 threshold in either of the first two sentences.

18.11 ~~(d)~~ (e) The city revenue need cannot be less than zero.

18.12 (e) (f) For calendar year ~~2005~~ 2015 and subsequent years, the city revenue need for
18.13 a city, as determined in paragraphs (a) to ~~(d)~~ (e), is multiplied by the ratio of the annual
18.14 implicit price deflator for government consumption expenditures and gross investment for
18.15 state and local governments as prepared by the United States Department of Commerce,
18.16 for the most recently available year to the ~~2003~~ 2013 implicit price deflator for state
18.17 and local government purchases.

18.18 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
18.19 2014 and thereafter.

18.20 Sec. 10. Minnesota Statutes 2012, section 477A.011, subdivision 42, is amended to read:

18.21 Subd. 42. **City jobs base Jobs per capita.** (a) "City jobs base" for a city with a
18.22 population of 5,000 or more is equal to the product of (1) \$25.20, (2) the number of
18.23 jobs per capita in the city, and (3) its population. For cities with a population less than
18.24 5,000, the city jobs base is equal to zero. For a city receiving aid under subdivision 36,
18.25 paragraph (k), its city jobs base is reduced by the lesser of 36 percent of the amount of
18.26 aid received under that paragraph or \$1,000,000. No city's city jobs base may exceed
18.27 \$4,725,000 under this paragraph.

18.28 (b) For calendar year ~~2010~~ and subsequent years, the city jobs base for a city, as
18.29 determined in paragraph (a), is multiplied by the ratio of the appropriation under section
18.30 477A.03, subdivision 2a, for the year in which the aid is paid to the appropriation under
18.31 that section for aids payable in 2009.

18.32 (c) For purposes of this subdivision, "Jobs per capita in the city" means (1) the
18.33 average annual number of employees in the city based on the data from the Quarterly
18.34 Census of Employment and Wages, as reported by the Department of Employment and
18.35 Economic Development, for the most recent calendar year available as of May 1, ~~2008~~

19.1 November 1 of every odd-numbered year, divided by (2) the city's population for the
19.2 same calendar year as the employment data. The commissioner of the Department of
19.3 Employment and Economic Development shall certify to the city the average annual
19.4 number of employees for each city by ~~June 1, 2008~~ January 1, of every even-numbered
19.5 year beginning with January 1, 2014. A city may challenge an estimate under this
19.6 paragraph by filing its specific objection, including the names of employers that it feels
19.7 may have misreported data, in writing with the commissioner by ~~June 20, 2008~~ December
19.8 1 of every odd-numbered year. The commissioner shall make every reasonable effort
19.9 to address the specific objection and adjust the data as necessary. The commissioner
19.10 shall certify the estimates of the annual employment to the commissioner of revenue by
19.11 ~~July 15, 2008~~ January 1 of all even-numbered years, including any estimates still under
19.12 objection. For aids payable in 2014, "jobs per capita" shall be based on the annual number
19.13 of employees and population for calendar year 2010 without additional review.

19.14 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
19.15 2014 and thereafter.

19.16 Sec. 11. Minnesota Statutes 2012, section 477A.011, is amended by adding a
19.17 subdivision to read:

19.18 Subd. 44. **Peak population decline.** "Peak population decline" is equal to 100
19.19 times the difference between one and the ratio of the city's current population, to the
19.20 highest city population reported in a federal census from the 1970 census or later. "Peak
19.21 population decline" shall not be less than zero.

19.22 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
19.23 2014 and thereafter.

19.24 Sec. 12. Minnesota Statutes 2012, section 477A.011, is amended by adding a
19.25 subdivision to read:

19.26 Subd. 45. **Sparsity adjustment.** For a city with a population of 10,000 or more, the
19.27 sparsity adjustment is 100 for any city with an average population density less than 150
19.28 per square mile, according to the most recent federal census, and the sparsity adjustment is
19.29 zero for all other cities.

19.30 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
19.31 2014 and thereafter.

19.32 Sec. 13. Minnesota Statutes 2012, section 477A.013, subdivision 1, is amended to read:

20.1 Subdivision 1. **Towns.** ~~In 2002, no town is eligible for a distribution under this~~
20.2 ~~subdivision.~~ In 2014 and thereafter, each town is eligible for a distribution under this
20.3 subdivision equal to the product of (i) its agricultural property factor, (ii) its town area
20.4 factor, (iii) its population factor, and (iv) 0.0045. As used in this subdivision, the following
20.5 terms have the meanings given them:

20.6 (1) "agricultural property factor" means the ratio of the adjusted net tax capacity of
20.7 agricultural property located in a town, divided by the adjusted net tax capacity of all other
20.8 property located in the town. The agricultural property factor cannot exceed eight;

20.9 (2) "agricultural property" means property classified under section 273.13, as
20.10 homestead and nonhomestead agricultural property, rural vacant land, and noncommercial
20.11 seasonal recreational property;

20.12 (3) "town area factor" means the most recent estimate of total acreage, not to exceed
20.13 50,000 acres, located in the township available as of July 1 in the aid calculation year,
20.14 estimated or established by:

20.15 (i) the United States Bureau of the Census;

20.16 (ii) the State Land Management Information Center; or

20.17 (iii) the secretary of state; and

20.18 (4) "population factor" means the square root of the towns' population.

20.19 If the sum of the aids payable to all towns under this subdivision exceeds the limit
20.20 under section 477A.03, subdivision 2c, the distribution to each town must be reduced
20.21 proportionately so that the total amount of aids distributed under this section does not
20.22 exceed the limit in section 477A.03, subdivision 2c.

20.23 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
20.24 2014 and thereafter.

20.25 Sec. 14. Minnesota Statutes 2012, section 477A.013, subdivision 8, is amended to read:

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

20.29 (b) For aids payable in 2015 and thereafter, the formula aid for a city is equal to
20.30 the sum of (1) its city jobs base, (2) its small city aid base, and (3) the need increase
20.31 percentage multiplied by the average of its unmet need for the most recently available two
20.32 years formula aid in the previous year and (2) the product of (i) the difference between
20.33 its unmet need and its certified aid in the previous year under subdivision 9, and (ii)
20.34 the aid gap percentage.

21.1 No city may have a formula aid amount less than zero. The ~~need-increase~~ aid gap
21.2 percentage must be the same for all cities.

21.3 The applicable ~~need-increase~~ aid gap percentage must be calculated by the
21.4 Department of Revenue so that the total of the aid under subdivision 9 equals the total
21.5 amount available for aid under section 477A.03. Data used in calculating aids to cities
21.6 under sections 477A.011 to 477A.013 shall be the most recently available data as of
21.7 January 1 in the year in which the aid is calculated ~~except that the data used to compute "net~~
21.8 ~~levy" in subdivision 9 is the data most recently available at the time of the aid computation.~~

21.9 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
21.10 2014 and thereafter.

21.11 Sec. 15. Minnesota Statutes 2012, section 477A.013, subdivision 9, is amended to read:

21.12 Subd. 9. **City aid distribution.** (a) In calendar year ~~2013~~ 2014 and thereafter, each
21.13 city shall receive an aid distribution equal to the sum of (1) the city formula aid under
21.14 subdivision 8, and (2) its ~~city aid base~~ aid adjustment under subdivision 13.

21.15 (b) ~~For aids payable in 2013 and 2014 only, the total aid in the previous year for~~
21.16 ~~any city shall mean the amount of aid it was certified to receive for aids payable in 2012~~
21.17 ~~under this section. For aids payable in 2015 and thereafter, the total aid in the previous~~
21.18 ~~year for any city means the amount of aid it was certified to receive under this section in~~
21.19 ~~the previous payable year.~~

21.20 (c) ~~For aids payable in 2010 and thereafter, the total aid for any city shall not exceed~~
21.21 ~~the sum of (1) ten percent of the city's net levy for the year prior to the aid distribution~~
21.22 ~~plus (2) its total aid in the previous year. For aids payable in 2009 and thereafter, the total~~
21.23 ~~aid for any city with a population of 2,500 or more may not be less than its total aid under~~
21.24 ~~this section in the previous year minus the lesser of \$10 multiplied by its population, or ten~~
21.25 ~~percent of its net levy in the year prior to the aid distribution.~~

21.26 (d) (b) For aids payable in 2014 only, the total aid for a city may not be less than the
21.27 amount it was certified to receive in 2013. For aids payable in ~~2010~~ 2015 and thereafter,
21.28 the total aid for a city with ~~a population less than 2,500~~ must not be less than the amount
21.29 it was certified to receive in the previous year minus the lesser of \$10 multiplied by its
21.30 population, or five percent of its ~~2003-certified aid amount.~~ For aids payable in ~~2009~~ only,
21.31 ~~the total aid for a city with a population less than 2,500 must not be less than what it~~
21.32 ~~received under this section in the previous year unless its total aid in calendar year 2008~~
21.33 ~~was aid under section 477A.011, subdivision 36, paragraph (s), in which case its minimum~~
21.34 ~~aid is zero~~ its net levy in the year prior to the aid distribution.

22.1 (e) ~~A city's aid loss under this section may not exceed \$300,000 in any year in~~
22.2 ~~which the total city aid appropriation under section 477A.03, subdivision 2a, is equal or~~
22.3 ~~greater than the appropriation under that subdivision in the previous year, unless the~~
22.4 ~~city has an adjustment in its city net tax capacity under the process described in section~~
22.5 ~~469.174, subdivision 28.~~

22.6 (f) ~~If a city's net tax capacity used in calculating aid under this section has decreased~~
22.7 ~~in any year by more than 25 percent from its net tax capacity in the previous year due to~~
22.8 ~~property becoming tax-exempt Indian land, the city's maximum allowed aid increase~~
22.9 ~~under paragraph (e) shall be increased by an amount equal to (1) the city's tax rate in the~~
22.10 ~~year of the aid calculation, multiplied by (2) the amount of its net tax capacity decrease~~
22.11 ~~resulting from the property becoming tax exempt.~~

22.12 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
22.13 2014 and thereafter.

22.14 Sec. 16. Minnesota Statutes 2012, section 477A.013, is amended by adding a
22.15 subdivision to read:

22.16 Subd. 13. **Certified aid adjustments.** (a) A city that received an aid base increase
22.17 under Minnesota Statutes 2012, section 477A.011, subdivision 36, paragraph (e), shall
22.18 have its total aid under subdivision 9 increased by an amount equal to \$150,000 for aids
22.19 payable in 2014 through 2018.

22.20 (b) A city that received an aid base increase under section 477A.011, subdivision 36,
22.21 paragraph (r), shall have its total aid under subdivision 9 increased by an amount equal to
22.22 \$160,000 for aids payable in 2014 and thereafter.

22.23 (c) A city that received a temporary aid increase under Minnesota Statutes 2012,
22.24 section 477A.011, subdivision 36, paragraph (o), shall have its total aid under subdivision
22.25 9 increased by an amount equal to \$1,000,000 for aids payable in 2014 only.

22.26 Sec. 17. Minnesota Statutes 2012, section 477A.015, is amended to read:

22.27 **477A.015 PAYMENT DATES.**

22.28 The commissioner of revenue shall make the payments of local government aid to
22.29 affected taxing authorities in two installments on July 20 and December 26 annually.

22.30 When the commissioner of public safety determines that a local government has
22.31 suffered financial hardship due to a natural disaster, the commissioner of public safety
22.32 shall notify the commissioner of revenue, who shall make payments of aids under sections

23.1 477A.011 to 477A.014, which are otherwise due on December 26, as soon as is practical
23.2 after the determination is made but not before July 20.

23.3 The commissioner may pay all or part of the payments of aids under sections
23.4 477A.011 to 477A.014, which are due on December 26 at any time after August 15 if a
23.5 local government requests such payment as being necessary for meeting its cash flow
23.6 needs. For aids payable in 2013 only, a city that is located in an area deemed a disaster
23.7 area during the month of April 2013, as defined in section 12A.02, subdivision 5, shall
23.8 receive its December 26, 2013 payment with its July 20, 2013 payment.

23.9 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
23.10 2013 and thereafter.

23.11 Sec. 18. Minnesota Statutes 2012, section 477A.03, subdivision 2a, is amended to read:

23.12 Subd. 2a. **Cities.** For aids payable in ~~2013~~ 2014 ~~and thereafter~~, the total aid paid
23.13 under section 477A.013, subdivision 9, is ~~\$426,438,012~~ \$507,598,012. The total aid paid
23.14 under section 477A.013, subdivision 9, is \$509,098,012 for aids payable in 2015. For aids
23.15 payable in 2016 and thereafter, the total aid paid under section 477A.013, subdivision
23.16 9, is \$511,598,012.

23.17 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
23.18 2014 and thereafter.

23.19 Sec. 19. Minnesota Statutes 2012, section 477A.03, subdivision 2b, is amended to read:

23.20 Subd. 2b. **Counties.** (a) For aids payable in ~~2013~~ 2014 ~~and thereafter~~, the total aid
23.21 payable under section 477A.0124, subdivision 3, is ~~\$80,795,000~~ \$100,795,000. Each
23.22 calendar year, ~~\$500,000~~ of this appropriation shall be retained by the commissioner
23.23 of revenue to make reimbursements to the commissioner of management and budget
23.24 for payments made under section 611.27. ~~For calendar year 2004, the amount shall~~
23.25 ~~be in addition to the payments authorized under section 477A.0124, subdivision 1.~~
23.26 ~~For calendar year 2005 and subsequent years, the amount shall be deducted from the~~
23.27 ~~appropriation under this paragraph.~~ The reimbursements shall be to defray the additional
23.28 costs associated with court-ordered counsel under section 611.27. Any retained amounts
23.29 not used for reimbursement in a year shall be included in the next distribution of county
23.30 need aid that is certified to the county auditors for the purpose of property tax reduction
23.31 for the next taxes payable year.

23.32 (b) For aids payable in ~~2013~~ 2014 ~~and thereafter~~, the total aid under section
23.33 477A.0124, subdivision 4, is ~~\$84,909,575~~ \$104,909,575. ~~The commissioner of~~

24.1 ~~management and budget shall bill the commissioner of revenue shall transfer to the~~
24.2 ~~commissioner of management and budget \$207,000 annually for the cost of preparation~~
24.3 ~~of local impact notes as required by section 3.987, not to exceed \$207,000 in fiscal year~~
24.4 ~~2004 and thereafter and other local government activities. The commissioner of education~~
24.5 ~~shall bill the commissioner of revenue for the cost of preparation of local impact notes for~~
24.6 ~~school districts as required by section 3.987, not to exceed \$7,000 in fiscal year 2004 and~~
24.7 ~~thereafter shall transfer to the commissioner of education \$7,000 annually for the cost of~~
24.8 ~~preparation of local impact notes for school districts as required by section 3.987. The~~
24.9 ~~commissioner of revenue shall deduct the amounts billed transferred under this paragraph~~
24.10 ~~from the appropriation under this paragraph. The amounts deducted transferred are~~
24.11 ~~appropriated to the commissioner of management and budget and the commissioner of~~
24.12 ~~education for the preparation of local impact notes respectively.~~

24.13 **EFFECTIVE DATE.** This section is effective for aid payable in 2014 and thereafter.

24.14 Sec. 20. Minnesota Statutes 2012, section 477A.03, is amended by adding a
24.15 subdivision to read:

24.16 Subd. 2c. **Towns.** For aids payable in 2014, the total aids paid under section
24.17 477A.013, subdivision 1, is limited to \$10,000,000. For aids payable in 2015 and
24.18 thereafter, the total aids paid under section 477A.013, subdivision 1, is limited to the
24.19 amount certified to be paid in the previous year.

24.20 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
24.21 2014 and thereafter.

24.22 Sec. 21. **[477A.085] DEBT SERVICE AID; CITY OF MINNEAPOLIS.**

24.23 On or before November 1, 2016, and the first day of each November thereafter, the
24.24 commissioner shall pay to the city of Minneapolis an amount equal to 40 percent of the
24.25 city's otherwise required levy to pay its general obligation library referendum bonds for
24.26 the following calendar year. The levy excludes any amount to pay bonds, other than
24.27 refunding bonds, issued after May 1, 2013. An amount sufficient to pay the aid under this
24.28 section is appropriated from the general fund to the commissioner of revenue.

24.29 Sec. 22. **[477A.10] NATURAL RESOURCES LAND PAYMENTS IN LIEU;**
24.30 **PURPOSE.**

24.31 The purposes of sections 477A.11 to 477A.14 are:

- 25.1 (1) to compensate local units of government for the loss of tax base from state
25.2 ownership of land and the need to provide services for state land;
25.3 (2) to address the disproportionate impact of state land ownership on local units of
25.4 government with a large proportion of state land; and
25.5 (3) to address the need to manage state lands held in trust for the local taxing districts.

25.6 Sec. 23. Minnesota Statutes 2012, section 477A.11, subdivision 3, is amended to read:

25.7 Subd. 3. **Acquired natural resources land.** "Acquired natural resources land"
25.8 means:

25.9 (1) ~~any~~ land, other than wildlife management land, presently administered by the
25.10 commissioner in which the state acquired by purchase, condemnation, or gift, a fee title
25.11 interest in lands which were previously privately owned; and

25.12 (2) lands acquired by the state under chapter 84A that are designated as state parks,
25.13 state recreation areas, scientific and natural areas, or wildlife management areas.

25.14 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
25.15 2013 and thereafter.

25.16 Sec. 24. Minnesota Statutes 2012, section 477A.11, subdivision 4, is amended to read:

25.17 Subd. 4. **Other natural resources land.** "Other natural resources land" means
25.18 any ~~other~~ land, other than acquired natural resource land or wildlife management land,
25.19 presently owned in fee title by the state and administered by the commissioner, or
25.20 any tax-forfeited land, other than platted lots within a city or those lands described
25.21 under subdivision 3, clause (2), which is owned by the state and administered by the
25.22 commissioner or by the county in which it is located.

25.23 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
25.24 2013 and thereafter.

25.25 Sec. 25. Minnesota Statutes 2012, section 477A.11, is amended by adding a
25.26 subdivision to read:

25.27 Subd. 6. **Military game refuge.** "Military game refuge" means land owned in
25.28 fee by another state agency for military purposes and designated as a state game refuge
25.29 under section 97A.085.

25.30 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
25.31 2013 and thereafter.

26.1 Sec. 26. Minnesota Statutes 2012, section 477A.11, is amended by adding a
26.2 subdivision to read:

26.3 Subd. 7. **Transportation wetland.** "Transportation wetland" means land
26.4 administered by the Department of Transportation in which the state acquired, by purchase
26.5 from a private owner, a fee title interest in over 500 acres of land within a county to
26.6 replace wetland losses from transportation projects.

26.7 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
26.8 2013 and thereafter.

26.9 Sec. 27. Minnesota Statutes 2012, section 477A.11, is amended by adding a
26.10 subdivision to read:

26.11 Subd. 8. **Wildlife management land.** "Wildlife management land" means land
26.12 administered by the commissioner in which the state acquired, from a private owner by
26.13 purchase, condemnation, or gift, a fee interest under the authority granted in chapter 94 or
26.14 97A for wildlife management purposes and actually used as a wildlife management area.

26.15 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
26.16 2013 and thereafter.

26.17 Sec. 28. Minnesota Statutes 2012, section 477A.12, subdivision 1, is amended to read:

26.18 Subdivision 1. **Types of land; payments.** ~~(a) As an offset for expenses incurred~~
26.19 ~~by counties and towns in support of natural resources lands,~~ The following amounts are
26.20 annually appropriated to the commissioner of natural resources from the general fund for
26.21 transfer to the commissioner of revenue. The commissioner of revenue shall pay the
26.22 transferred funds to counties as required by sections 477A.11 to 477A.14. The amounts,
26.23 based on the acreage as of July 1 of each year prior to the payment year, are:

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

26.27 (2) \$5.133, multiplied by the total number of acres of transportation wetland or, at
26.28 the county's option, three-fourths of one percent of the appraised value of all acquired
26.29 natural resources land in the county, whichever is greater;

26.30 (3) three-fourths of one percent of the appraised value of all wildlife management
26.31 land in the county;

26.32 (4) 50 percent of the dollar amount as determined under clause (1), multiplied by
26.33 the number of acres of military refuge land in the county;

27.1 ~~\$1.283~~ (5) \$1.50, multiplied by the number of acres of county-administered other
27.2 natural resources land in the county;

27.3 ~~(3) \$1.283~~ (6) \$5.133, multiplied by the total number of acres of land utilization
27.4 project land in the county; and

27.5 ~~(4) 64.2 cents~~ (7) \$1.50, multiplied by the number of acres of
27.6 commissioner-administered other natural resources land ~~located in each~~ the county as of
27.7 July 1 of each year prior to the payment year; and

27.8 (8) without regard to acreage, \$300,000 for local assessments under section 84A.55,
27.9 subdivision 9.

27.10 ~~(b) The amount determined under paragraph (a), clause (1), is payable for land~~
27.11 ~~that is acquired from a private owner and owned by the Department of Transportation~~
27.12 ~~for the purpose of replacing wetland losses caused by transportation projects, but only~~
27.13 ~~if the county contains more than 500 acres of such land at the time the certification is~~
27.14 ~~made under subdivision 2.~~

27.15 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
27.16 2013 and thereafter.

27.17 Sec. 29. Minnesota Statutes 2012, section 477A.12, subdivision 2, is amended to read:

27.18 Subd. 2. **Procedure.** ~~Lands for which payments in lieu are made pursuant to~~
27.19 ~~section 97A.061, subdivision 3, and Laws 1973, chapter 567, shall not be eligible for~~
27.20 ~~payments under this section.~~ Each county auditor shall certify to the Department of
27.21 Natural Resources during July of each year prior to the payment year the number of acres
27.22 of county-administered other natural resources land within the county. The Department of
27.23 Natural resources may, in addition to the certification of acreage, require descriptive lists
27.24 of land so certified. The commissioner of natural resources shall determine and certify to
27.25 the commissioner of revenue by March 1 of the payment year:

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

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

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

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

27.34 The commissioner of transportation shall determine and certify to the commissioner
27.35 of revenue by March 1 of the payment year the number of acres of ~~land~~ transportation

28.1 wetland and the appraised value of the land described in ~~subdivision 1, paragraph (b)~~, but
28.2 only if it exceeds 500 acres in a county.

28.3 The commissioner of revenue shall determine the distributions provided for in this
28.4 section using the number of acres and appraised values certified by the commissioner of
28.5 natural resources and the commissioner of transportation by March 1 of the payment year.

28.6 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
28.7 2013 and thereafter.

28.8 Sec. 30. Minnesota Statutes 2012, section 477A.12, subdivision 3, is amended to read:

28.9 Subd. 3. **Determination of appraised value.** For the purposes of this section, the
28.10 appraised value of acquired natural resources land is the purchase price ~~for the first five~~
28.11 ~~years after acquisition~~ until the next six-year appraisal required under this subdivision.
28.12 The appraised value of acquired natural resources land received as a donation is the value
28.13 determined for the commissioner of natural resources by a licensed appraiser, or the
28.14 county assessor's estimated market value if no appraisal is done. The appraised value must
28.15 be determined by the county assessor every ~~five~~ six years ~~after the land is acquired~~. All
28.16 reappraisals shall be done in the same year as county assessors are required to assess
28.17 exempt land under section 273.18.

28.18 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
28.19 2013 and thereafter.

28.20 Sec. 31. Minnesota Statutes 2012, section 477A.14, subdivision 1, is amended to read:

28.21 Subdivision 1. **General distribution.** Except as provided in ~~subdivision 2 or in~~
28.22 ~~section 97A.061, subdivision 5~~ subdivisions 2 and 3, 40 percent of the total payment to
28.23 the county shall be deposited in the county general revenue fund to be used to provide
28.24 property tax levy reduction. The remainder shall be distributed by the county in the
28.25 following priority:

28.26 (a) 64.2 cents₂ for each acre of county-administered other natural resources land shall
28.27 be deposited in a resource development fund to be created within the county treasury for
28.28 use in resource development, forest management, game and fish habitat improvement, and
28.29 recreational development and maintenance of county-administered other natural resources
28.30 land. Any county receiving less than \$5,000 annually for the resource development fund
28.31 may elect to deposit that amount in the county general revenue fund;

28.32 (b) from the funds remaining, within 30 days of receipt of the payment to the county,
28.33 the county treasurer shall pay each organized township ~~51.3 cents for each acre of acquired~~

29.1 ~~natural resources land and each acre of land described in section 477A.12, subdivision 1,~~
29.2 ~~paragraph (b), and 12.8 cents for each acre of other natural resources land and each acre of~~
29.3 ~~land utilization project land located within its boundaries~~ ten percent of the amount received
29.4 under section 477A.12, subdivision 1, clauses (1), (2), and (5) to (7). Payments for natural
29.5 resources lands not located in an organized township shall be deposited in the county
29.6 general revenue fund. Payments to counties and townships pursuant to this paragraph shall
29.7 be used to provide property tax levy reduction, except that of the payments for natural
29.8 resources lands not located in an organized township, the county may allocate the amount
29.9 determined to be necessary for maintenance of roads in unorganized townships. Provided
29.10 that, if the total payment to the county pursuant to section 477A.12 is not sufficient to fully
29.11 fund the distribution provided for in this clause, the amount available shall be distributed
29.12 to each township and the county general revenue fund on a pro rata basis; and

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

29.16 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
29.17 2013 and thereafter.

29.18 Sec. 32. Minnesota Statutes 2012, section 477A.14, is amended by adding a
29.19 subdivision to read:

29.20 **Subd. 3. Distribution for wildlife management lands and military refuge lands.**

29.21 (a) The county treasurer shall allocate the payment for wildlife management land and
29.22 military game refuge land among the county, towns, and school districts on the same basis
29.23 as if the payments were taxes on the land received in the year. Payment of a town's or a
29.24 school district's allocation must be made by the county treasurer to the town or school
29.25 district within 30 days of receipt of the payment to the county. The county's share of the
29.26 payment shall be deposited in the county general revenue fund.

29.27 (b) The county treasurer of a county with a population over 39,000, but less than
29.28 42,000, in the 1950 federal census shall allocate the payment only among the towns and
29.29 school districts on the same basis as if the payments were taxes on the lands received
29.30 in the current year.

29.31 (c) If a town received a payment in calendar year 2006 or thereafter under this
29.32 subdivision, and subsequently incorporated as a city, the city shall continue to receive any
29.33 future year's allocations of wildlife land payments that would have been made to the town
29.34 had it not incorporated, provided that the payments shall terminate if the governing body
29.35 of the city passes an ordinance that prohibits hunting within the boundaries of the city.

30.1 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
30.2 2013 and thereafter.

30.3 Sec. 33. Laws 2006, chapter 259, article 11, section 3, as amended by Laws 2008,
30.4 chapter 154, article 1, section 4, is amended to read:

30.5 Sec. 3. **MAHNOMEN COUNTY; COUNTY, CITY, SCHOOL DISTRICT,**
30.6 **PROPERTY TAX REIMBURSEMENT.**

30.7 Subdivision 1. **Aid appropriation.** ~~\$600,000~~ \$1,200,000 is appropriated annually
30.8 from the general fund to the commissioner of revenue to be used to make payments to
30.9 compensate for the loss of property tax revenue related to the trust conversion application
30.10 of the Shooting Star Casino. The commissioner shall pay the county of Mahnomen,
30.11 ~~\$450,000~~ \$900,000; the city of Mahnomen, ~~\$80,000~~ \$160,000; and Independent School
30.12 District No. 432, Mahnomen, ~~\$70,000~~ \$140,000. The payments shall be made on July 20,
30.13 of ~~2008~~ 2013 and each subsequent year.

30.14 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
30.15 2013 and thereafter.

30.16 Sec. 34. **INELIGIBILITY; SUSTAINABLE FOREST INCENTIVE PROGRAM.**

30.17 Lands that no longer qualify as forest land under Minnesota Statutes, section
30.18 290C.02, subdivision 6, item (iii), are released from the covenant required under
30.19 Minnesota Statutes, section 290C.04.

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

30.21 Sec. 35. **REENROLLMENT; SUSTAINABLE FOREST INCENTIVE**
30.22 **PROGRAM.**

30.23 A person who elected to terminate participation in the sustainable forest incentive
30.24 program, as provided in Laws 2011, First Special Session chapter 7, article 6, section 12,
30.25 may reenroll lands for which the claimant terminated participation and be eligible for a
30.26 payment in October 2013. A person must apply for reenrollment under this section within
30.27 60 days after the effective date of this section.

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

30.29 Sec. 36. **REPEALER.**

31.1 (a) Minnesota Statutes 2012, sections 477A.011, subdivisions 2a, 19, 29, 31, 32, 33,
31.2 36, 39, 40, and 41; 477A.013, subdivisions 11 and 12; 477A.0133; and 477A.0134, are
31.3 repealed.

31.4 (b) Minnesota Statutes 2012, section 97A.061, and Laws 1973, chapter 567, section
31.5 7, as amended by Laws 1977, chapter 403, section 12, are repealed on July 1, 2013.

31.6 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
31.7 2014 and thereafter.

31.8 **ARTICLE 3**

31.9 **EDUCATION AIDS AND LEVIES**

31.10 Section 1. **[124D.862] ACHIEVEMENT AND INTEGRATION REVENUE.**

31.11 Subdivision 1. **Initial achievement and integration revenue.** (a) An eligible
31.12 district's initial achievement and integration revenue equals the sum of (1) \$350 times
31.13 the district's adjusted pupil units for that year times the ratio of the district's enrollment
31.14 of protected students for the previous school year to total enrollment for the previous
31.15 school year and (2) the greater of zero or 66 percent of the difference between the district's
31.16 integration revenue for fiscal year 2013 and the district's integration revenue for fiscal
31.17 year 2014 under clause (1).

31.18 (b) In each year, 0.3 percent of each district's initial achievement and integration
31.19 revenue is transferred to the department for the oversight and accountability activities
31.20 required under this section and section 124D.861.

31.21 Subd. 2. **Incentive revenue.** An eligible school district's maximum incentive
31.22 revenue equals \$10 per adjusted pupil unit. In order to receive this revenue, a district must
31.23 be implementing a voluntary plan to reduce racial and economic enrollment disparities
31.24 through intradistrict and interdistrict activities that have been approved as a part of the
31.25 district's achievement and integration plan.

31.26 Subd. 3. **Achievement and integration revenue.** Achievement and integration
31.27 revenue equals the sum of initial achievement and integration revenue and incentive
31.28 revenue.

31.29 Subd. 4. **Achievement and integration aid.** For fiscal year 2015 and later,
31.30 a district's achievement and integration aid equals 70 percent of its achievement and
31.31 integration revenue.

31.32 Subd. 5. **Achievement and integration levy.** A district's achievement and
31.33 integration levy equals its achievement and integration revenue times 30 percent. For
31.34 Special School District No. 1, Minneapolis; Independent School District No. 625, St.
31.35 Paul; and Independent School District No. 709, Duluth, 100 percent of the levy certified

32.1 under this subdivision is shifted into the prior calendar year for purposes of sections
32.2 123B.75, subdivision 5, and 127A.441.

32.3 Subd. 6. **Revenue uses.** (a) At least 80 percent of a district's achievement and
32.4 integration revenue received under this section must be used for innovative and integrated
32.5 learning environments, school enrollment choices, family engagement activities, and other
32.6 approved programs providing direct services to students.

32.7 (b) Up to 20 percent of the revenue may be used for professional development and
32.8 staff development activities and placement services.

32.9 (c) No more than ten percent of the total amount of revenue may be spent on
32.10 administrative services.

32.11 Subd. 7. **Revenue reserved.** Integration revenue received under this section must
32.12 be reserved and used only for the programs authorized in subdivision 2.

32.13 Subd. 8. **Commissioner authority to withhold revenue.** (a) The commissioner
32.14 must review the results of each district's integration and achievement plan by August 1 at
32.15 the end of the third year of implementing the plan and determine if the district met its goals.

32.16 (b) If a district met its goals, it may submit a new three-year plan to the commissioner
32.17 for review.

32.18 (c) If a district has not met its goals, the commissioner must:

32.19 (1) develop a district improvement plan and timeline, in consultation with the
32.20 affected district, that identifies strategies and practices designed to meet the district's goals
32.21 under this section and section 120B.11; and

32.22 (2) use up to 20 percent of the district's integration revenue, until the district's goals
32.23 are reached, to implement the improvement plan.

32.24 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014 and
32.25 later. Subdivision 5 is effective for taxes payable in 2014 only.

32.26 Sec. 2. Minnesota Statutes 2012, section 126C.10, subdivision 1, is amended to read:

32.27 Subdivision 1. **General education revenue.** (a) For fiscal years 2013 and 2014, the
32.28 general education revenue for each district equals the sum of the district's basic revenue,
32.29 extended time revenue, gifted and talented revenue, small schools revenue, basic skills
32.30 revenue, ~~training and experience revenue~~, secondary sparsity revenue, elementary sparsity
32.31 revenue, transportation sparsity revenue, total operating capital revenue, equity revenue,
32.32 alternative teacher compensation revenue, and transition revenue.

32.33 (b) For fiscal year 2015 and later, the general education revenue for each district
32.34 equals the sum of the district's basic revenue, extended time revenue, gifted and
32.35 talented revenue, declining enrollment revenue, location equity revenue, small schools

33.1 revenue, basic skills revenue, secondary sparsity revenue, elementary sparsity revenue,
33.2 transportation sparsity revenue, total operating capital revenue, equity revenue, pension
33.3 adjustment revenue, and transition revenue.

33.4 Sec. 3. Minnesota Statutes 2012, section 126C.10, is amended by adding a subdivision
33.5 to read:

33.6 Subd. 2d. **Location equity revenue.** (a) For a school district with any of its area
33.7 located within the seven-county metropolitan area, location equity revenue equals \$424
33.8 times the adjusted pupil units of the district for that school year.

33.9 (b) For all other school districts with more than 2,000 pupils in adjusted average
33.10 daily membership for the fiscal year ending in the year before the levy is certified, location
33.11 equity revenue equals \$212 times the adjusted pupil units of the district for that year.

33.12 (c) A district's location equity levy equals its location equity revenue times the lesser
33.13 of one or the ratio of its referendum market value per resident pupil unit to \$510,000. The
33.14 location equity revenue levy must be spread on referendum market value.

33.15 (d) A district's location equity aid equals its location equity revenue less its location
33.16 equity levy, times the ratio of the actual amount levied to the permitted levy.

33.17 (e) A school district may elect not to participate in the location equity revenue
33.18 program by a board vote taken prior to September 1 of the fiscal year before the fiscal year
33.19 for which the decision not to participate becomes effective. The board resolution must
33.20 state which fiscal years the district will not participate. A copy of the board resolution
33.21 to not participate must be submitted to the commissioner.

33.22 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
33.23 and later.

33.24 Sec. 4. Minnesota Statutes 2012, section 126C.13, subdivision 4, is amended to read:

33.25 Subd. 4. **General education aid.** (a) For fiscal years ~~2007~~ 2013 and later 2014 only,
33.26 a district's general education aid is the sum of the following amounts:

33.27 (1) general education revenue, excluding equity revenue, total operating capital
33.28 revenue, alternative teacher compensation revenue, and transition revenue;

33.29 (2) operating capital aid under section 126C.10, subdivision 13b;

33.30 (3) equity aid under section 126C.10, subdivision 30;

33.31 (4) alternative teacher compensation aid under section 126C.10, subdivision 36;

33.32 (5) transition aid under section 126C.10, subdivision 33;

33.33 (6) shared time aid under section 126C.01, subdivision 7;

33.34 (7) referendum aid under section 126C.17, subdivisions 7 and 7a; and

- 34.1 (8) online learning aid according to section 124D.096.
- 34.2 (b) For fiscal year 2015 and later, a district's general education aid equals:
- 34.3 (1) general education revenue, excluding operating capital revenue, equity revenue,
- 34.4 location equity revenue, and transition revenue, minus the student achievement levy,
- 34.5 multiplied times the ratio of the actual amount of student achievement levy levied to the
- 34.6 permitted student achievement levy; plus
- 34.7 (2) equity aid under section 126C.10, subdivision 30; plus
- 34.8 (3) transition aid under section 126C.10, subdivision 33; plus
- 34.9 (4) shared time aid under section 126C.10, subdivision 7; plus
- 34.10 (5) referendum aid under section 126C.17, subdivisions 7 and 7a;
- 34.11 (6) online learning aid under section 124D.096; plus
- 34.12 (7) location equity aid according to section 126C.10, subdivision 2d, paragraph (d).

34.13 Sec. 5. Minnesota Statutes 2012, section 126C.17, is amended to read:

34.14 **126C.17 REFERENDUM REVENUE.**

34.15 Subdivision 1. **Referendum allowance.** ~~(a) For fiscal year 2003 and later, a district's~~

34.16 ~~initial referendum revenue allowance equals the sum of the allowance under section~~

34.17 ~~126C.16, subdivision 2, plus any additional allowance per resident marginal cost pupil~~

34.18 ~~unit authorized under subdivision 9 before May 1, 2001, for fiscal year 2002 and later,~~

34.19 ~~plus the referendum conversion allowance approved under subdivision 13, minus \$415.~~

34.20 ~~For districts with more than one referendum authority, the reduction must be computed~~

34.21 ~~separately for each authority. The reduction must be applied first to the referendum~~

34.22 ~~conversion allowance and next to the authority with the earliest expiration date. A~~

34.23 ~~district's initial referendum revenue allowance may not be less than zero.~~

34.24 (b) ~~For fiscal year 2003, a district's referendum revenue allowance equals the initial~~

34.25 ~~referendum allowance plus any additional allowance per resident marginal cost pupil unit~~

34.26 ~~authorized under subdivision 9 between April 30, 2001, and December 30, 2001, for~~

34.27 ~~fiscal year 2003 and later.~~

34.28 (c) ~~For fiscal year 2004 and later, a district's referendum revenue allowance equals~~

34.29 ~~the sum of:~~

34.30 (1) ~~the product of (i) the ratio of the resident marginal cost pupil units the district~~

34.31 ~~would have counted for fiscal year 2004 under Minnesota Statutes 2002, section 126C.05,~~

34.32 ~~to the district's resident marginal cost pupil units for fiscal year 2004, times (ii) the initial~~

34.33 ~~referendum allowance plus any additional allowance per resident marginal cost pupil unit~~

34.34 ~~authorized under subdivision 9 between April 30, 2001, and May 30, 2003, for fiscal~~

34.35 ~~year 2003 and later, plus~~

35.1 ~~(2) any additional allowance per resident marginal cost pupil unit authorized under~~
35.2 ~~subdivision 9 after May 30, 2003, for fiscal year 2005 and later.~~

35.3 (a) A district's initial referendum allowance for fiscal year 2015 equals the result of
35.4 the following calculations:

35.5 (1) multiply the referendum allowance the district would have received for fiscal
35.6 year 2015 under Minnesota Statutes 2012, section 126C.17, subdivision 1, based on
35.7 elections held before July 1, 2013, by the resident marginal cost pupil units the district
35.8 would have counted for fiscal year 2015 under Minnesota Statutes 2012, section 126C.05;

35.9 (2) add to the result of clause (1) the adjustment the district would have received
35.10 under Minnesota Statutes 2012, section 127A.47, subdivision 7, paragraphs (a), (b), and
35.11 (c), based on elections held before July 1, 2013;

35.12 (3) divide the result of clause (2) by the district's adjusted pupil units for fiscal
35.13 year 2015; and

35.14 (4) if the result of clause (3) is less than zero, set the allowance to zero.

35.15 (b) A district's referendum allowance equals the sum of the district's initial
35.16 referendum allowance for fiscal year 2015, plus any additional referendum allowance per
35.17 adjusted pupil unit authorized after June 30, 2013, minus (i) the location equity revenue
35.18 subtraction, and (ii) any allowances expiring in fiscal year 2016 or later, provided that
35.19 the allowance may not be less than zero. For a district with more than one referendum
35.20 allowance for fiscal year 2015 under Minnesota Statutes 2012, section 126C.17, the
35.21 allowance calculated under paragraph (a) must be divided into components such that the
35.22 same percentage of the district's allowance expires at the same time as the old allowances
35.23 would have expired under Minnesota Statutes 2012, section 126C.17.

35.24 (c) For purposes of this subdivision, a district's location equity revenue subtraction
35.25 equals \$424 for a district receiving location equity revenue under section 126C.10,
35.26 subdivision 2d, paragraph (a), \$212 for a district receiving location equity revenue under
35.27 section 126C.10, subdivision 2d, paragraph (b), and zero for all other school districts.

35.28 **Subd. 2. Referendum allowance limit.** (a) Notwithstanding subdivision 1, for fiscal
35.29 year ~~2007~~ 2015 and later, a district's referendum allowance must not exceed the greater of:

35.30 ~~(1) the sum of: (i) a district's referendum allowance for fiscal year 1994 times 1.177~~
35.31 ~~times the annual inflationary increase as calculated under paragraph (b) plus (ii) its~~
35.32 ~~referendum conversion allowance for fiscal year 2003, minus (iii) \$215;~~

35.33 ~~(2) the greater of (i) 26 percent of the formula allowance or (ii) \$1,294 times the~~
35.34 ~~annual inflationary increase as calculated under paragraph (b); or times the greatest of:~~

35.35 (1) \$1,845;

36.1 (2) the sum of the referendum revenue the district would have received for fiscal
36.2 year 2015 under Minnesota Statutes 2012, section 126C.17, subdivision 4, based on
36.3 elections held before July 1, 2013, and the adjustment the district would have received
36.4 under Minnesota Statutes 2012, section 127A.47, subdivision 7, paragraphs (a), (b), and
36.5 (c), based on elections held before July 1, 2013, divided by the district's adjusted pupil
36.6 units for fiscal year 2015; or

36.7 (3) the product of the referendum allowance limit the district would have received
36.8 for fiscal year 2015 under Minnesota Statutes 2012, section 126C.17, subdivision 2, and
36.9 the resident marginal cost pupil units the district would have received for fiscal year 2015
36.10 under Minnesota Statutes 2012, section 126C.05, subdivision 6, plus the adjustment the
36.11 district would have received under Minnesota Statutes 2012, section 127A.47, subdivision
36.12 7, paragraphs (a), (b), and (c), based on elections held before July 1, 2013, divided by
36.13 the district's adjusted pupil units for fiscal year 2015; minus \$424 for a district receiving
36.14 location equity revenue under section 126C.10, subdivision 2d, paragraph (a), minus
36.15 \$212 for a district receiving location equity revenue under section 126C.10, subdivision
36.16 2d, paragraph (b), or

36.17 ~~(3)~~ (4) for a newly reorganized district created after July 1, 2006 2013, the referendum
36.18 revenue authority for each reorganizing district in the year preceding reorganization divided
36.19 by its ~~resident marginal cost~~ adjusted pupil units for the year preceding reorganization.

36.20 (b) For purposes of this subdivision, for fiscal year ~~2005~~ 2016 and later, "inflationary
36.21 increase" means one plus the percentage change in the Consumer Price Index for urban
36.22 consumers, as prepared by the United States Bureau of Labor Standards, for the current
36.23 fiscal year to fiscal year ~~2004~~ 2015. For fiscal years ~~2009~~ year 2016 and later, for purposes
36.24 of paragraph (a), clause ~~(1)~~ (3), the inflationary increase equals ~~the inflationary increase~~
36.25 ~~for fiscal year 2008~~ plus one-fourth of the percentage increase in the formula allowance
36.26 for that year compared with the formula allowance for fiscal year 2008 2015.

36.27 Subd. 3. **Sparsity exception.** A district that qualifies for sparsity revenue under
36.28 section 126C.10 is not subject to a referendum allowance limit.

36.29 Subd. 4. **Total referendum revenue.** The total referendum revenue for each district
36.30 equals the district's referendum allowance times the ~~resident marginal cost~~ adjusted pupil
36.31 units for the school year.

36.32 Subd. 5. **Referendum equalization revenue.** (a) ~~For fiscal year 2003 and later,~~
36.33 A district's referendum equalization revenue equals the sum of the first tier referendum
36.34 equalization revenue and the second tier referendum equalization revenue, and the third
36.35 tier referendum equalization revenue.

37.1 (b) A district's first tier referendum equalization revenue equals the district's first
37.2 tier referendum equalization allowance times the district's resident ~~marginal cost~~ adjusted
37.3 pupil units for that year.

37.4 (c) ~~For fiscal year 2006, a district's first tier referendum equalization allowance~~
37.5 ~~equals the lesser of the district's referendum allowance under subdivision 1 or \$500. For~~
37.6 ~~fiscal year 2007, a district's first tier referendum equalization allowance equals the lesser~~
37.7 ~~of the district's referendum allowance under subdivision 1 or \$600.~~

37.8 ~~For fiscal year 2008 and later, A district's first tier referendum equalization allowance~~
37.9 ~~equals the lesser of the district's referendum allowance under subdivision 1 or \$700~~ \$300.

37.10 (d) A district's second tier referendum equalization revenue equals the district's
37.11 second tier referendum equalization allowance times the district's resident ~~marginal cost~~
37.12 adjusted pupil units for that year.

37.13 (e) ~~For fiscal year 2006, a district's second tier referendum equalization allowance~~
37.14 ~~equals the lesser of the district's referendum allowance under subdivision 1 or 18.6~~
37.15 ~~percent of the formula allowance, minus the district's first tier referendum equalization~~
37.16 ~~allowance. For fiscal year 2007 and later, A district's second tier referendum equalization~~
37.17 ~~allowance equals the lesser of the district's referendum allowance under subdivision 1~~
37.18 ~~or 26 percent of the formula allowance~~ \$760, minus the district's first tier referendum
37.19 equalization allowance.

37.20 (f) ~~Notwithstanding paragraph (e), the second tier referendum allowance for a~~
37.21 ~~district qualifying for secondary sparsity revenue under section 126C.10, subdivision 7, or~~
37.22 ~~elementary sparsity revenue under section 126C.10, subdivision 8, equals the district's~~
37.23 ~~referendum allowance under subdivision 1 minus the district's first tier referendum~~
37.24 ~~equalization allowance. A district's third tier referendum equalization revenue equals the~~
37.25 district's third tier referendum equalization allowance times the district's adjusted pupil
37.26 units for that year.

37.27 (g) A district's third tier referendum equalization allowance equals the lesser of
37.28 the district's referendum allowance under subdivision 1 or 25 percent of the formula
37.29 allowance, minus the sum of the district's first tier referendum equalization allowance and
37.30 second tier referendum equalization allowance.

37.31 (h) Notwithstanding paragraph (g), the third tier referendum allowance for a district
37.32 qualifying for secondary sparsity revenue under section 126C.10, subdivision 7, or
37.33 elementary sparsity revenue under section 126C.10, subdivision 8, equals the district's
37.34 referendum allowance under subdivision 1 minus the sum of the district's first tier
37.35 referendum equalization allowance and second tier referendum equalization allowance.

38.1 Subd. 6. **Referendum equalization levy.** (a) For fiscal year 2003 and later,
38.2 a district's referendum equalization levy equals the sum of the first tier referendum
38.3 equalization levy ~~and the second tier referendum equalization levy,~~ and the third tier
38.4 referendum equalization levy.

38.5 (b) A district's first tier referendum equalization levy equals the district's first tier
38.6 referendum equalization revenue times the lesser of one or the ratio of the district's
38.7 referendum market value per resident ~~marginal-cost~~ pupil unit to ~~\$476,000~~ \$880,000.

38.8 (c) A district's second tier referendum equalization levy equals the district's second
38.9 tier referendum equalization revenue times the lesser of one or the ratio of the district's
38.10 referendum market value per resident ~~marginal-cost~~ pupil unit to ~~\$270,000~~ \$510,000.

38.11 (d) A district's third tier referendum equalization levy equals the district's third
38.12 tier referendum equalization revenue times the lesser of one or the ratio of the district's
38.13 referendum market value per resident pupil unit to \$290,000.

38.14 Subd. 7. **Referendum equalization aid.** (a) A district's referendum equalization aid
38.15 equals the difference between its referendum equalization revenue and levy.

38.16 (b) If a district's actual levy for first ~~or~~, second, or third tier referendum equalization
38.17 revenue is less than its maximum levy limit for that tier, aid shall be proportionately
38.18 reduced.

38.19 (c) Notwithstanding paragraph (a), the referendum equalization aid for a district,
38.20 where the referendum equalization aid under paragraph (a) exceeds 90 percent of the
38.21 referendum revenue, must not exceed ~~26~~ 25 percent of the formula allowance times the
38.22 district's ~~resident marginal-cost~~ adjusted pupil units. A district's referendum levy is
38.23 increased by the amount of any reduction in referendum aid under this paragraph.

38.24 Subd. 7a. **Referendum tax base replacement aid.** For each school district that
38.25 had a referendum allowance for fiscal year 2002 exceeding \$415, for each separately
38.26 authorized referendum levy, the commissioner of revenue, in consultation with the
38.27 commissioner of education, shall certify the amount of the referendum levy in taxes
38.28 payable year 2001 attributable to the portion of the referendum allowance exceeding \$415
38.29 levied against property classified as class 2, noncommercial 4c(1), or 4c(4), under section
38.30 273.13, excluding the portion of the tax paid by the portion of class 2a property consisting
38.31 of the house, garage, and surrounding one acre of land. The resulting amount must be
38.32 used to reduce the district's referendum levy amount otherwise determined, and must be
38.33 paid to the district each year that the referendum authority remains in effect, is renewed,
38.34 or new referendum authority is approved. The aid payable under this subdivision must
38.35 be subtracted from the district's referendum equalization aid under subdivision 7. The
38.36 referendum equalization aid after the subtraction must not be less than zero.

39.1 **Subd. 7b. Referendum aid guarantee.** (a) Notwithstanding subdivision 7, a
39.2 district's referendum equalization aid for fiscal year 2015 must not be less than the sum
39.3 of the referendum equalization aid the district would have received for fiscal year 2015
39.4 under Minnesota Statutes 2012, section 126C.17, subdivision 7, and the adjustment the
39.5 district would have received under Minnesota Statutes 2012, section 127A.47, subdivision
39.6 7, paragraphs (a), (b), and (c).

39.7 (b) Notwithstanding subdivision 7, referendum equalization aid for fiscal year 2016
39.8 and later, for a district qualifying for additional aid under paragraph (a) for fiscal year
39.9 2015, must not be less than the product of (1) the district's referendum equalization aid
39.10 for fiscal year 2015, times (2) the lesser of one or the ratio of the district's referendum
39.11 revenue for that school year to the district's referendum revenue for fiscal year 2015, times
39.12 (3) the lesser of one or the ratio of the district's referendum market value used for fiscal
39.13 year 2015 referendum equalization calculations to the district's referendum market value
39.14 used for that year's referendum equalization calculations.

39.15 **Subd. 8. Unequalized referendum levy.** Each year, a district may levy an amount
39.16 equal to the difference between its total referendum revenue according to subdivision 4
39.17 and its referendum equalization revenue according to subdivision 5.

39.18 **Subd. 9. Referendum revenue.** (a) The revenue authorized by section 126C.10,
39.19 subdivision 1, may be increased in the amount approved by the voters of the district
39.20 at a referendum called for the purpose. The referendum may be called by the board.
39.21 The referendum must be conducted one or two calendar years before the increased levy
39.22 authority, if approved, first becomes payable. Only one election to approve an increase
39.23 may be held in a calendar year. Unless the referendum is conducted by mail under
39.24 subdivision 11, paragraph (a), the referendum must be held on the first Tuesday after the
39.25 first Monday in November. The ballot must state the maximum amount of the increased
39.26 revenue per ~~resident marginal cost~~ adjusted pupil unit. The ballot may state a schedule,
39.27 determined by the board, of increased revenue per ~~resident marginal cost~~ adjusted pupil
39.28 unit that differs from year to year over the number of years for which the increased revenue
39.29 is authorized or may state that the amount shall increase annually by the rate of inflation.
39.30 For this purpose, the rate of inflation shall be the annual inflationary increase calculated
39.31 under subdivision 2, paragraph (b). The ballot may state that existing referendum levy
39.32 authority is expiring. In this case, the ballot may also compare the proposed levy authority
39.33 to the existing expiring levy authority, and express the proposed increase as the amount, if
39.34 any, over the expiring referendum levy authority. The ballot must designate the specific
39.35 number of years, not to exceed ten, for which the referendum authorization applies. The
39.36 ballot, including a ballot on the question to revoke or reduce the increased revenue amount

40.1 under paragraph (c), must abbreviate the term "~~per resident marginal cost~~ adjusted pupil
40.2 unit" as "per pupil." The notice required under section 275.60 may be modified to read, in
40.3 cases of renewing existing levies at the same amount per pupil as in the previous year:

40.4 "BY VOTING "YES" ON THIS BALLOT QUESTION, YOU ARE VOTING
40.5 TO EXTEND AN EXISTING PROPERTY TAX REFERENDUM THAT IS
40.6 SCHEDULED TO EXPIRE."

40.7 The ballot may contain a textual portion with the information required in this
40.8 subdivision and a question stating substantially the following:

40.9 "Shall the increase in the revenue proposed by (petition to) the board of,
40.10 School District No. ..., be approved?"

40.11 If approved, an amount equal to the approved revenue per ~~resident marginal cost~~
40.12 adjusted pupil unit times the ~~resident marginal cost~~ adjusted pupil units for the school
40.13 year beginning in the year after the levy is certified shall be authorized for certification
40.14 for the number of years approved, if applicable, or until revoked or reduced by the voters
40.15 of the district at a subsequent referendum.

40.16 (b) The board must prepare and deliver by first class mail at least 15 days but no more
40.17 than 30 days before the day of the referendum to each taxpayer a notice of the referendum
40.18 and the proposed revenue increase. The board need not mail more than one notice to any
40.19 taxpayer. For the purpose of giving mailed notice under this subdivision, owners must be
40.20 those shown to be owners on the records of the county auditor or, in any county where
40.21 tax statements are mailed by the county treasurer, on the records of the county treasurer.
40.22 Every property owner whose name does not appear on the records of the county auditor
40.23 or the county treasurer is deemed to have waived this mailed notice unless the owner
40.24 has requested in writing that the county auditor or county treasurer, as the case may be,
40.25 include the name on the records for this purpose. The notice must project the anticipated
40.26 amount of tax increase in annual dollars for typical residential homesteads, agricultural
40.27 homesteads, apartments, and commercial-industrial property within the school district.

40.28 The notice for a referendum may state that an existing referendum levy is expiring
40.29 and project the anticipated amount of increase over the existing referendum levy in
40.30 the first year, if any, in annual dollars for typical residential homesteads, agricultural
40.31 homesteads, apartments, and commercial-industrial property within the district.

40.32 The notice must include the following statement: "Passage of this referendum will
40.33 result in an increase in your property taxes." However, in cases of renewing existing levies,
40.34 the notice may include the following statement: "Passage of this referendum extends an
40.35 existing operating referendum at the same amount per pupil as in the previous year."

41.1 (c) A referendum on the question of revoking or reducing the increased revenue
41.2 amount authorized pursuant to paragraph (a) may be called by the board. A referendum to
41.3 revoke or reduce the revenue amount must state the amount per resident marginal cost
41.4 pupil unit by which the authority is to be reduced. Revenue authority approved by the
41.5 voters of the district pursuant to paragraph (a) must be available to the school district at
41.6 least once before it is subject to a referendum on its revocation or reduction for subsequent
41.7 years. Only one revocation or reduction referendum may be held to revoke or reduce
41.8 referendum revenue for any specific year and for years thereafter.

41.9 (d) The approval of 50 percent plus one of those voting on the question is required to
41.10 pass a referendum authorized by this subdivision.

41.11 (e) At least 15 days before the day of the referendum, the district must submit a
41.12 copy of the notice required under paragraph (b) to the commissioner and to the county
41.13 auditor of each county in which the district is located. Within 15 days after the results
41.14 of the referendum have been certified by the board, or in the case of a recount, the
41.15 certification of the results of the recount by the canvassing board, the district must notify
41.16 the commissioner of the results of the referendum.

41.17 Subd. 9a. **Board-approved referendum allowance.** Notwithstanding subdivision
41.18 9, a school district may convert up to \$300 per adjusted pupil unit of referendum authority
41.19 from voter approved to board approved by a board vote. A district with less than \$300
41.20 per adjusted pupil unit of referendum authority may authorize new referendum authority
41.21 up to the difference between \$300 per adjusted pupil unit and the district's referendum
41.22 authority. The board may authorize this levy for up to five years and may subsequently
41.23 reauthorize that authority in increments of up to five years.

41.24 **Subd. 10. School referendum levy; market value.** A school referendum levy must
41.25 be levied against the referendum market value of all taxable property as defined in section
41.26 126C.01, subdivision 3. Any referendum levy amount subject to the requirements of this
41.27 subdivision must be certified separately to the county auditor under section 275.07.

41.28 **Subd. 11. Referendum date.** (a) Except for a referendum held under paragraph (b),
41.29 any referendum under this section held on a day other than the first Tuesday after the first
41.30 Monday in November must be conducted by mail in accordance with section 204B.46.
41.31 Notwithstanding subdivision 9, paragraph (b), to the contrary, in the case of a referendum
41.32 conducted by mail under this paragraph, the notice required by subdivision 9, paragraph (b),
41.33 must be prepared and delivered by first-class mail at least 20 days before the referendum.

41.34 (b) In addition to the referenda allowed in subdivision 9, clause (a), the commissioner
41.35 may grant authority to a district to hold a referendum on a different day if the district is in

42.1 statutory operating debt and has an approved plan or has received an extension from the
42.2 department to file a plan to eliminate the statutory operating debt.

42.3 (c) The commissioner must approve, deny, or modify each district's request for a
42.4 referendum levy on a different day within 60 days of receiving the request from a district.

42.5 Subd. 13. **Referendum conversion allowance.** A school district that received
42.6 supplemental or transition revenue in fiscal year 2002 may convert its supplemental
42.7 revenue conversion allowance and transition revenue conversion allowance to additional
42.8 referendum allowance under subdivision 1 for fiscal year 2003 and thereafter. A majority
42.9 of the school board must approve the conversion at a public meeting before November 1,
42.10 2001. For a district with other referendum authority, the referendum conversion allowance
42.11 approved by the board continues until the portion of the district's other referendum
42.12 authority with the earliest expiration date after June 30, 2006, expires. For a district
42.13 with no other referendum authority, the referendum conversion allowance approved by
42.14 the board continues until June 30, 2012.

42.15 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015
42.16 and later.

42.17 Sec. 6. **OPERATING REFERENDUM FREEZE, FISCAL YEAR 2015.**

42.18 (a) Notwithstanding Minnesota Statutes, section 126C.17, subdivision 9, a school
42.19 district may not authorize an increase to its operating referendum in fiscal year 2015. A
42.20 school district may reauthorize an operating referendum that is expiring in fiscal year 2015.

42.21 (b) Paragraph (a) shall not apply to a district if, prior to June 30, 2013, the board
42.22 adopted a resolution to conduct a referendum in 2013.

42.23 (c) Paragraph (a) shall not apply to a district if the district did not authorize an
42.24 operating referendum in fiscal year 2014.

42.25 (d) Paragraph (a) shall not apply to a district if the district is in statutory operating
42.26 debt under Minnesota Statutes, section 123B.81, as of June 30, 2013, and has an approved
42.27 plan with the Department of Education.

42.28 **ARTICLE 4**

42.29 **PROPERTY TAXES**

42.30 Section 1. Minnesota Statutes 2012, section 103B.102, subdivision 3, is amended to
42.31 read:

42.32 Subd. 3. **Evaluation and report.** The Board of Water and Soil Resources shall
42.33 evaluate performance, financial, and activity information for each local water management
42.34 entity. The board shall evaluate the entities' progress in accomplishing their adopted plans

43.1 on a regular basis as determined by the board based on budget and operations of the local
43.2 water management entity, but not less than once every five ten years. The board shall
43.3 maintain a summary of local water management entity performance on the board's Web site.
43.4 Beginning February 1, 2008, and annually thereafter, the board shall provide an analysis
43.5 of local water management entity performance to the chairs of the house of representatives
43.6 and senate committees having jurisdiction over environment and natural resources policy.

43.7 Sec. 2. Minnesota Statutes 2012, section 103B.335, is amended to read:

43.8 **103B.335 TAX LEVY AUTHORITY.**

43.9 Subdivision 1. **Local water planning and management.** The governing body of
43.10 any county, municipality, or township may levy a tax in an amount required to implement
43.11 sections 103B.301 to 103B.355 or a comprehensive watershed management plan as
43.12 defined in section 103B.3363.

43.13 Subd. 2. **Priority programs; conservation and watershed districts.** A county
43.14 may levy amounts necessary to pay the reasonable ~~increased~~ costs to soil and water
43.15 conservation districts and watershed districts of administering and implementing priority
43.16 programs identified in an approved and adopted plan or a comprehensive watershed
43.17 management plan as defined in section 103B.3363.

43.18 Sec. 3. Minnesota Statutes 2012, section 103B.3369, subdivision 5, is amended to read:

43.19 Subd. 5. **Financial assistance.** A base grant may be awarded to a county that
43.20 provides a match utilizing a water implementation tax or other local source. A water
43.21 implementation tax that a county intends to use as a match to the base grant must be
43.22 levied at a rate sufficient to generate a minimum amount determined by the board.
43.23 The board may award performance-based grants to local units of government that are
43.24 responsible for implementing elements of applicable portions of watershed management
43.25 plans, comprehensive plans, local water management plans, or comprehensive watershed
43.26 management plans, developed or amended, adopted and approved, according to chapter
43.27 103B, 103C, or 103D. Upon request by a local government unit, the board may also
43.28 award performance-based grants to local units of government to carry out TMDL
43.29 implementation plans as provided in chapter 114D, if the TMDL implementation plan has
43.30 been incorporated into the local water management plan according to the procedures for
43.31 approving comprehensive plans, watershed management plans, local water management
43.32 plans, or comprehensive watershed management plans under chapter 103B, 103C, or
43.33 103D, or if the TMDL implementation plan has undergone a public review process.
43.34 Notwithstanding section 16A.41, the board may award performance-based grants on an

44.1 advanced basis. The fee authorized in section 40A.152 may be used as a local match
44.2 or as a supplement to state funding to accomplish implementation of comprehensive
44.3 plans, watershed management plans, local water management plans, or comprehensive
44.4 watershed management plans under chapter 103B, 103C, or 103D.

44.5 Sec. 4. Minnesota Statutes 2012, section 103C.501, subdivision 4, is amended to read:

44.6 Subd. 4. **Cost-sharing funds.** (a) The state board shall allocate ~~at least 70 percent~~
44.7 ~~of~~ cost-sharing funds to areas with high priority erosion, sedimentation, or water quality
44.8 problems or water quantity problems due to altered hydrology. The areas must be selected
44.9 based on ~~the statewide~~ priorities established by the state board.

44.10 (b) The allocated funds must be used for conservation practices for high priority
44.11 problems identified in the comprehensive and annual work plans of the districts, for
44.12 the technical assistance portion of the grant funds to leverage federal or other nonstate
44.13 funds, or to address high-priority needs identified in local water management plans or
44.14 comprehensive watershed management plans.

44.15 ~~(b) The remaining cost-sharing funds may be allocated to districts as follows:~~

44.16 ~~(1) for technical and administrative assistance, not more than 20 percent of the~~
44.17 ~~funds; and~~

44.18 ~~(2) for conservation practices for lower priority erosion, sedimentation, or water~~
44.19 ~~quality problems.~~

44.20 Sec. 5. Minnesota Statutes 2012, section 103F.405, subdivision 1, is amended to read:

44.21 Subdivision 1. **Authority.** Each statutory or home rule charter city, town, or
44.22 county that has planning and zoning authority under sections 366.10 to 366.19, 394.21
44.23 to 394.37, or 462.351 to 462.365 is encouraged to adopt a soil loss ordinance. The soil
44.24 loss ordinance must use the soil loss tolerance for each soil series described in the United
44.25 States Soil Natural Resources Conservation Service Field Office Technical Guide, or
44.26 another method approved by the Board of Water and Soil Resources, to determine the
44.27 soil loss limits, but the soil loss limits must be attainable by the best practicable soil
44.28 conservation practice. Ordinances adopted by local governments ~~within the metropolitan~~
44.29 ~~area defined in section 473.121~~ must be consistent with ~~local water management plans~~
44.30 ~~adopted under section 103B.235~~ a comprehensive plan, local water management plan, or
44.31 watershed management plan developed or amended, adopted, and approved according
44.32 to chapter 103B, 103C, or 103D.

44.33 Sec. 6. Minnesota Statutes 2012, section 168.012, subdivision 9, is amended to read:

45.1 Subd. 9. **Manufactured homes and park trailers.** Manufactured homes and park
45.2 trailers shall not be taxed as motor vehicles using the public streets and highways and shall
45.3 be exempt from the motor vehicle tax provisions of this chapter. Except as provided in
45.4 section 273.125, manufactured homes and park trailers shall be taxed as personal property.
45.5 The provisions of Minnesota Statutes 1957, section 272.02 or any other act providing for
45.6 tax exemption shall be inapplicable to manufactured homes and park trailers, except
45.7 such manufactured homes as are held by a licensed dealer or limited dealer, as defined
45.8 in section 327B.04, and exempted as inventory under subdivision 9a. Travel trailers not
45.9 conspicuously displaying current registration plates on the property tax assessment date
45.10 shall be taxed as manufactured homes if occupied as human dwelling places.

45.11 **EFFECTIVE DATE.** This section is effective for taxes payable in 2014 and
45.12 thereafter.

45.13 Sec. 7. Minnesota Statutes 2012, section 168.012, is amended by adding a subdivision
45.14 to read:

45.15 Subd. 9a. **Manufactured home as dealer inventory.** Manufactured homes as
45.16 defined in section 327.31, subdivision 6, shall be considered as dealer inventory, on the
45.17 January 2 assessment date, if the home is:

45.18 (1) listed as inventory and held by a licensed or limited dealer;

45.19 (2) unoccupied and not available for rent;

45.20 (3) connected or not connected to utilities when located in a manufactured home
45.21 park; and

45.22 (4) connected or not connected to utilities when located at a dealer's sales center.

45.23 The exemption under this subdivision is allowable for up to five assessment years after
45.24 the date a home is initially claimed as dealer inventory.

45.25 **EFFECTIVE DATE.** This section is effective for taxes payable in 2014 and
45.26 thereafter.

45.27 Sec. 8. Minnesota Statutes 2012, section 270.41, subdivision 3, is amended to read:

45.28 Subd. 3. ~~**Licenses; refusal or revocation**~~ **Assessor sanctions; refusal to license.**

45.29 (a) The board may (i) refuse to grant or renew, or may suspend or revoke, a license
45.30 of an applicant or licensee, or (ii) censure, warn, or fine any licensed assessor, or any
45.31 other person employed by an assessment jurisdiction or contracting with an assessment
45.32 jurisdiction for the purpose of valuing or classifying property for property tax purposes,
45.33 for any of the following causes or acts:

- 46.1 (1) failure to complete required training;
- 46.2 (2) inefficiency or neglect of duty;
- 46.3 (3) failure to comply with the Code of Conduct and Ethics for Licensed Minnesota
- 46.4 Assessors adopted by the board pursuant to Laws 2005, First Special Session chapter 3,
- 46.5 article 1, section 38;
- 46.6 (4) conviction of a crime involving moral turpitude; ~~or~~
- 46.7 (5) failure to faithfully and fully perform his or her duties through malfeasance,
- 46.8 misfeasance, or nonfeasance; or
- 46.9 ~~(5)~~ (6) any other cause or act that in the board's opinion warrants a refusal to issue
- 46.10 ~~or suspension or revocation of a license~~ or the imposition of a sanction provided under
- 46.11 this subdivision.

46.12 (b) When appropriate for the level of infraction, a written warning must be given

46.13 to assessors who have no prior identified infractions. The warning must identify the

46.14 infraction and, as appropriate, detail future expectations of performance and behavior.

46.15 Fines must not exceed \$1,000 for the first occurrence and must not exceed \$3,000 for each

46.16 occurrence thereafter, and suspensions must not exceed one year for each occurrence,

46.17 depending in each case upon the severity of the infraction and the level of negligence or

46.18 intent. An action by the board to impose a sanction is subject to review in a contested

46.19 case hearing under chapter 14.

46.20 **EFFECTIVE DATE.** This section is effective beginning July 1, 2013.

46.21 Sec. 9. Minnesota Statutes 2012, section 270.41, is amended by adding a subdivision

46.22 to read:

46.23 Subd. 3a. **Report on disciplinary actions.** Each odd-numbered year, the board

46.24 must publish a report detailing the number and types of disciplinary actions recommended

46.25 by the commissioner of revenue under section 273.0645, subdivision 2, and the disposition

46.26 of those recommendations by the board. The report must be presented to the house of

46.27 representatives and senate committees with jurisdiction over property taxes by February 1

46.28 of each odd-numbered year.

46.29 **EFFECTIVE DATE.** This section is effective beginning July 1, 2013.

46.30 Sec. 10. Minnesota Statutes 2012, section 270.45, is amended to read:

46.31 **270.45 DISPOSITION OF FEES AND FINES.**

47.1 All fees and fines so established and collected shall be paid to the commissioner of
47.2 management and budget for deposit in the general fund. The expenses of carrying out the
47.3 provisions of sections 270.41 to 270.50 shall be paid from appropriations made to the board.

47.4 **EFFECTIVE DATE.** This section is effective beginning July 1, 2013.

47.5 Sec. 11. **[270C.9901] ASSESSOR ACCREDITATION.**

47.6 Every individual who appraises or physically inspects real property for the purpose
47.7 of determining its valuation or classification for property tax purposes must obtain
47.8 licensure as an accredited Minnesota assessor from the State Board of Assessors by July 1,
47.9 2019, or within four years of that person having become licensed as a certified Minnesota
47.10 assessor, whichever is later.

47.11 **EFFECTIVE DATE.** This section is effective beginning January 1, 2014.

47.12 Sec. 12. Minnesota Statutes 2012, section 272.02, subdivision 39, is amended to read:

47.13 Subd. 39. **Economic development; public purpose.** The holding of property by a
47.14 political subdivision of the state for later resale for economic development purposes
47.15 shall be considered a public purpose in accordance with subdivision 8 for a period not to
47.16 exceed nine years, except that:

47.17 (1) for property located in a city of ~~5,000~~ 20,000 population or under that is located
47.18 outside of the metropolitan area as defined in section 473.121, subdivision 2, the period
47.19 must not exceed 15 years; and

47.20 (2) for any property that was acquired on or after January 1, 2000, and on or before
47.21 December 31, 2010, and is located in a city, the period must not exceed 15 years.

47.22 The holding of property by a political subdivision of the state for later resale (1)
47.23 which is purchased or held for housing purposes, or (2) which meets the conditions
47.24 described in section 469.174, subdivision 10, shall be considered a public purpose in
47.25 accordance with subdivision 8.

47.26 The governing body of the political subdivision which acquires property which is
47.27 subject to this subdivision shall after the purchase of the property certify to the city or
47.28 county assessor whether the property is held for economic development purposes or
47.29 housing purposes, or whether it meets the conditions of section 469.174, subdivision 10.
47.30 If the property is acquired for economic development purposes and buildings or other
47.31 improvements are constructed after acquisition of the property, and if more than one-half
47.32 of the floor space of the buildings or improvements which is available for lease to or use
47.33 by a private individual, corporation, or other entity is leased to or otherwise used by

48.1 a private individual, corporation, or other entity the provisions of this subdivision shall
48.2 not apply to the property. This subdivision shall not create an exemption from section
48.3 272.01, subdivision 2; 272.68; 273.19; or 469.040, subdivision 3; or other provision of
48.4 law providing for the taxation of or for payments in lieu of taxes for publicly held property
48.5 which is leased, loaned, or otherwise made available and used by a private person.

48.6 **EFFECTIVE DATE.** This section is effective for assessment year 2013 and
48.7 thereafter and for taxes payable in 2014 and thereafter.

48.8 Sec. 13. Minnesota Statutes 2012, section 272.02, is amended by adding a subdivision
48.9 to read:

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

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

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

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

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

48.20 (b) For purposes of this subdivision, a "tribal purpose" means a public purpose
48.21 as defined in subdivision 8 and includes noncommercial tribal government activities.

48.22 Property that qualifies for the exemption under this subdivision is limited to no more than
48.23 two contiguous parcels and structures that do not exceed in the aggregate 20,000 square
48.24 feet. Property acquired for single-family housing, market-rate apartments, agriculture, or
48.25 forestry does not qualify for this exemption. The exemption created by this subdivision
48.26 expires with taxes payable in 2024.

48.27 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2014.

48.28 Sec. 14. Minnesota Statutes 2012, section 272.02, is amended by adding a subdivision
48.29 to read:

48.30 Subd. 99. **Electric generation facility; personal property.** (a) Notwithstanding
48.31 subdivision 9, clause (a), and section 453.54, subdivision 20, attached machinery and
48.32 other personal property which is part of an electric generation facility that exceeds five

49.1 megawatts of installed capacity and meets the requirements of this subdivision is exempt.

49.2 At the time of construction, the facility must be:

49.3 (1) designed to utilize natural gas as a primary fuel;

49.4 (2) owned and operated by a municipal power agency as defined in section 453.52,
49.5 subdivision 8;

49.6 (3) designed to utilize reciprocating engines paired with generators to produce
49.7 electrical power;

49.8 (4) located within the service territory of a municipal power agency's electrical
49.9 municipal utility that serves load exclusively in a metropolitan county as defined in
49.10 section 473.121, subdivision 4; and

49.11 (5) designed to connect directly with a municipality's substation.

49.12 (b) Construction of the facility must be commenced after June 1, 2013, and before
49.13 June 1, 2017. Property eligible for this exemption does not include electric transmission
49.14 lines and interconnections or gas pipelines and interconnections appurtenant to the
49.15 property or the facility.

49.16 **EFFECTIVE DATE.** This section is effective for assessment year 2013, taxes
49.17 payable in 2014, and thereafter.

49.18 Sec. 15. Minnesota Statutes 2012, section 273.061, subdivision 2, is amended to read:

49.19 Subd. 2. **Term; vacancy.** (a) The terms of county assessors appointed under this
49.20 section shall be four years. A new term shall begin on January 1 of every fourth year
49.21 after 1973. When any vacancy in the office occurs, the board of county commissioners,
49.22 within 90 days thereafter, shall fill the same by appointment for the remainder of the term,
49.23 following the procedure prescribed in subdivision 1. The term of the county assessor
49.24 may be terminated by the board of county commissioners at any time, on charges of
49.25 malfeasance, misfeasance, or nonfeasance by the commissioner of revenue. If the board
49.26 of county commissioners does not intend to reappoint a county assessor who has been
49.27 certified by the state Board of Assessors, the board shall present written notice to the
49.28 county assessor not later than 90 days prior to the termination of the assessor's term, that it
49.29 does not intend to reappoint the assessor. If written notice is not timely made, the county
49.30 assessor will automatically be reappointed by the board of county commissioners.

49.31 ~~The commissioner of revenue may recommend to the state Board of Assessors the~~
49.32 ~~nonrenewal, suspension, or revocation of an assessor's license as provided in sections~~
49.33 ~~270.41 to 270.50.~~

49.34 (b) In the event of a vacancy in the office of county assessor, through death,
49.35 resignation or other reasons, the deputy (or chief deputy, if more than one) shall perform

50.1 the functions of the office. If there is no deputy, the county auditor shall designate a person
50.2 to perform the duties of the office until an appointment is made as provided in clause (a).
50.3 Such person shall perform the duties of the office for a period not exceeding 90 days
50.4 during which the county board must appoint a county assessor. Such 90-day period may,
50.5 however, be extended by written approval of the commissioner of revenue.

50.6 (c) In the case of the first appointment under paragraph (a) of a county assessor who
50.7 is accredited but who does not have senior accreditation, an approval of the appointment
50.8 by the commissioner shall be provisional, provided that a county assessor appointed to
50.9 a provisional term under this paragraph must reapply to the commissioner at the end of
50.10 the provisional term. A provisional term may not exceed two years. The commissioner
50.11 shall not approve the appointment for the remainder of the four-year term unless the
50.12 assessor has obtained senior accreditation.

50.13 **EFFECTIVE DATE.** This section is effective beginning July 1, 2013.

50.14 Sec. 16. Minnesota Statutes 2012, section 273.0645, is amended to read:

50.15 **273.0645 COMMISSIONER REVIEW OF LOCAL ASSESSMENT**
50.16 **PRACTICES.**

50.17 Subdivision 1. Local assessment practices. The commissioner of revenue must
50.18 review the assessment practices in a taxing jurisdiction if requested in writing by a
50.19 qualifying number of property owners in that taxing jurisdiction. The request must be
50.20 signed by the greater of:

- 50.21 (1) ten percent of the registered voters who voted in the last general election; or
50.22 (2) five property owners.

50.23 The request must identify the city, town, or county and describe why a review is
50.24 sought for that taxing jurisdiction. The commissioner must conduct the review in a
50.25 reasonable amount of time and report the findings to the county board of the affected
50.26 county, to the affected city council or town board, if the review is for a specific city or
50.27 town, and to the property owner designated in the request as the person to receive the
50.28 report on behalf of all the property owners who signed the request. The commissioner
50.29 must also provide the report electronically to all property owners who signed the request
50.30 and provided an e-mail address in order to receive the report electronically.

50.31 Subd. 2. Nonfeasance, misfeasance, and malfeasance. County assessors may file a
50.32 written complaint with the commissioner of revenue detailing allegations of nonfeasance,
50.33 misfeasance, or malfeasance by a local assessor. After receiving a complaint from a county
50.34 assessor, the commissioner must complete an investigation and recommend an appropriate

51.1 action to the State Board of Assessors. The commissioner is not required to have a written
51.2 complaint from a county assessor in order to conduct an investigation and recommend an
51.3 action to the board. Active investigative data relating to the investigation of complaints
51.4 against an assessor by the commissioner of revenue are subject to section 13.39.

51.5 **EFFECTIVE DATE.** This section is effective July 1, 2013.

51.6 Sec. 17. Minnesota Statutes 2012, section 273.117, is amended to read:

51.7 **273.117 CONSERVATION PROPERTY TAX VALUATION.**

51.8 The value of real property which is subject to a conservation restriction or easement
51.9 ~~may be adjusted~~ shall not be reduced by the assessor if:

51.10 (a) the restriction or easement is for a conservation purpose as defined in section
51.11 84.64, subdivision 2, and is recorded on the property; and

51.12 (b) the property is being used in accordance with the terms of the conservation
51.13 restriction or easement.

51.14 This section does not apply to (1) conservation restrictions or easements covering
51.15 riparian buffers along lakes, rivers, and streams that are used for water quantity or quality
51.16 control; or (2) to easements in a county that has adopted, by referendum, a program to
51.17 protect farmland and natural areas since 1999.

51.18 **EFFECTIVE DATE.** This section is effective for assessment year 2013 and
51.19 thereafter, and for taxes payable in 2014 and thereafter.

51.20 Sec. 18. Minnesota Statutes 2012, section 273.13, subdivision 25, is amended to read:

51.21 Subd. 25. **Class 4.** (a) Class 4a is residential real estate containing four or more
51.22 units and used or held for use by the owner or by the tenants or lessees of the owner
51.23 as a residence for rental periods of 30 days or more, excluding property qualifying for
51.24 class 4d. Class 4a also includes hospitals licensed under sections 144.50 to 144.56, other
51.25 than hospitals exempt under section 272.02, and contiguous property used for hospital
51.26 purposes, without regard to whether the property has been platted or subdivided. The
51.27 market value of class 4a property has a class rate of 1.25 percent.

51.28 (b) Class 4b includes:

51.29 (1) residential real estate containing less than four units that does not qualify as class
51.30 4bb, other than seasonal residential recreational property;

51.31 (2) manufactured homes not classified under any other provision;

51.32 (3) a dwelling, garage, and surrounding one acre of property on a nonhomestead
51.33 farm classified under subdivision 23, paragraph (b) containing two or three units; and

52.1 (4) unimproved property that is classified residential as determined under subdivision
52.2 33.

52.3 The market value of class 4b property has a class rate of 1.25 percent.

52.4 (c) Class 4bb includes:

52.5 (1) nonhomestead residential real estate containing one unit, other than seasonal
52.6 residential recreational property; and

52.7 (2) a single family dwelling, garage, and surrounding one acre of property on a
52.8 nonhomestead farm classified under subdivision 23, paragraph (b).

52.9 Class 4bb property has the same class rates as class 1a property under subdivision 22.

52.10 Property that has been classified as seasonal residential recreational property at
52.11 any time during which it has been owned by the current owner or spouse of the current
52.12 owner does not qualify for class 4bb.

52.13 (d) Class 4c property includes:

52.14 (1) except as provided in subdivision 22, paragraph (c), real and personal property
52.15 devoted to commercial temporary and seasonal residential occupancy for recreation
52.16 purposes, for not more than 250 days in the year preceding the year of assessment. For
52.17 purposes of this clause, property is devoted to a commercial purpose on a specific day
52.18 if any portion of the property is used for residential occupancy, and a fee is charged for
52.19 residential occupancy. Class 4c property under this clause must contain three or more
52.20 rental units. A "rental unit" is defined as a cabin, condominium, townhouse, sleeping room,
52.21 or individual camping site equipped with water and electrical hookups for recreational
52.22 vehicles. A camping pad offered for rent by a property that otherwise qualifies for class
52.23 4c under this clause is also class 4c under this clause regardless of the term of the rental
52.24 agreement, as long as the use of the camping pad does not exceed 250 days. In order for a
52.25 property to be classified under this clause, either (i) the business located on the property
52.26 must provide recreational activities, at least 40 percent of the annual gross lodging receipts
52.27 related to the property must be from business conducted during 90 consecutive days,
52.28 and either (A) at least 60 percent of all paid bookings by lodging guests during the year
52.29 must be for periods of at least two consecutive nights; or (B) at least 20 percent of the
52.30 annual gross receipts must be from charges for providing recreational activities, or (ii) the
52.31 business must contain 20 or fewer rental units, and must be located in a township or a city
52.32 with a population of 2,500 or less located outside the metropolitan area, as defined under
52.33 section 473.121, subdivision 2, that contains a portion of a state trail administered by the
52.34 Department of Natural Resources. For purposes of item (i)(A), a paid booking of five or
52.35 more nights shall be counted as two bookings. Class 4c property also includes commercial
52.36 use real property used exclusively for recreational purposes in conjunction with other class

53.1 4c property classified under this clause and devoted to temporary and seasonal residential
53.2 occupancy for recreational purposes, up to a total of two acres, provided the property is
53.3 not devoted to commercial recreational use for more than 250 days in the year preceding
53.4 the year of assessment and is located within two miles of the class 4c property with which
53.5 it is used. In order for a property to qualify for classification under this clause, the owner
53.6 must submit a declaration to the assessor designating the cabins or units occupied for 250
53.7 days or less in the year preceding the year of assessment by January 15 of the assessment
53.8 year. Those cabins or units and a proportionate share of the land on which they are located
53.9 must be designated class 4c under this clause as otherwise provided. The remainder of the
53.10 cabins or units and a proportionate share of the land on which they are located will be
53.11 designated as class 3a. The owner of property desiring designation as class 4c property
53.12 under this clause must provide guest registers or other records demonstrating that the units
53.13 for which class 4c designation is sought were not occupied for more than 250 days in the
53.14 year preceding the assessment if so requested. The portion of a property operated as a
53.15 (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5) other
53.16 nonresidential facility operated on a commercial basis not directly related to temporary and
53.17 seasonal residential occupancy for recreation purposes does not qualify for class 4c. For
53.18 the purposes of this paragraph, "recreational activities" means renting ice fishing houses,
53.19 boats and motors, snowmobiles, downhill or cross-country ski equipment; providing
53.20 marina services, launch services, or guide services; or selling bait and fishing tackle;
53.21 (2) qualified property used as a golf course if:
53.22 (i) it is open to the public on a daily fee basis. It may charge membership fees or
53.23 dues, but a membership fee may not be required in order to use the property for golfing,
53.24 and its green fees for golfing must be comparable to green fees typically charged by
53.25 municipal courses; and
53.26 (ii) it meets the requirements of section 273.112, subdivision 3, paragraph (d).
53.27 A structure used as a clubhouse, restaurant, or place of refreshment in conjunction
53.28 with the golf course is classified as class 3a property;
53.29 (3) real property up to a maximum of three acres of land owned and used by a
53.30 nonprofit community service oriented organization and not used for residential purposes
53.31 on either a temporary or permanent basis, provided that:
53.32 (i) the property is not used for a revenue-producing activity for more than six days
53.33 in the calendar year preceding the year of assessment; or
53.34 (ii) the organization makes annual charitable contributions and donations at least
53.35 equal to the property's previous year's property taxes and the property is allowed to be

54.1 used for public and community meetings or events for no charge, as appropriate to the
54.2 size of the facility.

54.3 For purposes of this clause:

54.4 (A) "charitable contributions and donations" has the same meaning as lawful
54.5 gambling purposes under section 349.12, subdivision 25, excluding those purposes
54.6 relating to the payment of taxes, assessments, fees, auditing costs, and utility payments;

54.7 (B) "property taxes" excludes the state general tax;

54.8 (C) a "nonprofit community service oriented organization" means any corporation,
54.9 society, association, foundation, or institution organized and operated exclusively for
54.10 charitable, religious, fraternal, civic, or educational purposes, and which is exempt from
54.11 federal income taxation pursuant to section 501(c)(3), (8), (10), or (19) of the Internal
54.12 Revenue Code; and

54.13 (D) "revenue-producing activities" shall include but not be limited to property or that
54.14 portion of the property that is used as an on-sale intoxicating liquor or 3.2 percent malt
54.15 liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling
54.16 alley, a retail store, gambling conducted by organizations licensed under chapter 349, an
54.17 insurance business, or office or other space leased or rented to a lessee who conducts a
54.18 for-profit enterprise on the premises.

54.19 Any portion of the property not qualifying under either item (i) or (ii) is class 3a.
54.20 The use of the property for social events open exclusively to members and their guests
54.21 for periods of less than 24 hours, when an admission is not charged nor any revenues are
54.22 received by the organization shall not be considered a revenue-producing activity.

54.23 The organization shall maintain records of its charitable contributions and donations
54.24 and of public meetings and events held on the property and make them available upon
54.25 request any time to the assessor to ensure eligibility. An organization meeting the
54.26 requirement under item (ii) must file an application by May 1 with the assessor for
54.27 eligibility for the current year's assessment. The commissioner shall prescribe a uniform
54.28 application form and instructions;

54.29 (4) postsecondary student housing of not more than one acre of land that is owned by
54.30 a nonprofit corporation organized under chapter 317A and is used exclusively by a student
54.31 cooperative, sorority, or fraternity for on-campus housing or housing located within two
54.32 miles of the border of a college campus;

54.33 (5)(i) manufactured home parks as defined in section 327.14, subdivision 3,
54.34 excluding manufactured home parks described in section 273.124, subdivision 3a, and (ii)
54.35 manufactured home parks as defined in section 327.14, subdivision 3, that are described in
54.36 section 273.124, subdivision 3a;

55.1 (6) real property that is actively and exclusively devoted to indoor fitness, health,
55.2 social, recreational, and related uses, is owned and operated by a not-for-profit corporation,
55.3 and is located within the metropolitan area as defined in section 473.121, subdivision 2;

55.4 (7) a leased or privately owned noncommercial aircraft storage hangar not exempt
55.5 under section 272.01, subdivision 2, and the land on which it is located, provided that:

55.6 (i) the land is on an airport owned or operated by a city, town, county, Metropolitan
55.7 Airports Commission, or group thereof; and

55.8 (ii) the land lease, or any ordinance or signed agreement restricting the use of the
55.9 leased premise, prohibits commercial activity performed at the hangar.

55.10 If a hangar classified under this clause is sold after June 30, 2000, a bill of sale must
55.11 be filed by the new owner with the assessor of the county where the property is located
55.12 within 60 days of the sale;

55.13 (8) a privately owned noncommercial aircraft storage hangar not exempt under
55.14 section 272.01, subdivision 2, and the land on which it is located, provided that:

55.15 (i) the land abuts a public airport; and

55.16 (ii) the owner of the aircraft storage hangar provides the assessor with a signed
55.17 agreement restricting the use of the premises, prohibiting commercial use or activity
55.18 performed at the hangar; and

55.19 (9) residential real estate, a portion of which is used by the owner for homestead
55.20 purposes, and that is also a place of lodging, if all of the following criteria are met:

55.21 (i) rooms are provided for rent to transient guests that generally stay for periods
55.22 of 14 or fewer days;

55.23 (ii) meals are provided to persons who rent rooms, the cost of which is incorporated
55.24 in the basic room rate;

55.25 (iii) meals are not provided to the general public except for special events on fewer
55.26 than seven days in the calendar year preceding the year of the assessment; and

55.27 (iv) the owner is the operator of the property.

55.28 The market value subject to the 4c classification under this clause is limited to
55.29 five rental units. Any rental units on the property in excess of five, must be valued and
55.30 assessed as class 3a. The portion of the property used for purposes of a homestead by the
55.31 owner must be classified as class 1a property under subdivision 22;

55.32 (10) real property up to a maximum of three acres and operated as a restaurant
55.33 as defined under section 157.15, subdivision 12, provided it: (A) is located on a lake
55.34 as defined under section 103G.005, subdivision 15, paragraph (a), clause (3); and (B)
55.35 is either devoted to commercial purposes for not more than 250 consecutive days, or
55.36 receives at least 60 percent of its annual gross receipts from business conducted during

56.1 four consecutive months. Gross receipts from the sale of alcoholic beverages must be
56.2 included in determining the property's qualification under subitem (B). The property's
56.3 primary business must be as a restaurant and not as a bar. Gross receipts from gift shop
56.4 sales located on the premises must be excluded. Owners of real property desiring 4c
56.5 classification under this clause must submit an annual declaration to the assessor by
56.6 February 1 of the current assessment year, based on the property's relevant information for
56.7 the preceding assessment year;

56.8 (11) lakeshore and riparian property and adjacent land, not to exceed six acres, used
56.9 as a marina, as defined in section 86A.20, subdivision 5, which is made accessible to
56.10 the public and devoted to recreational use for marina services. The marina owner must
56.11 annually provide evidence to the assessor that it provides services, including lake or river
56.12 access to the public by means of an access ramp or other facility that is either located on
56.13 the property of the marina or at a publicly owned site that abuts the property of the marina.
56.14 No more than 800 feet of lakeshore may be included in this classification. Buildings used
56.15 in conjunction with a marina for marina services, including but not limited to buildings
56.16 used to provide food and beverage services, fuel, boat repairs, or the sale of bait or fishing
56.17 tackle, are classified as class 3a property; and

56.18 (12) real and personal property devoted to noncommercial temporary and seasonal
56.19 residential occupancy for recreation purposes.

56.20 Class 4c property has a class rate of 1.5 percent of market value, except that (i) each
56.21 parcel of noncommercial seasonal residential recreational property under clause (12)
56.22 has the same class rates as class 4bb property, (ii) manufactured home parks assessed
56.23 under clause (5), item (i), have the same class rate as class 4b property, and the market
56.24 value of manufactured home parks assessed under clause (5), item (ii), has the same class
56.25 rate as class 4d property if more than 50 percent of the lots in the park are occupied by
56.26 shareholders in the cooperative corporation or association and a class rate of one percent if
56.27 50 percent or less of the lots are so occupied, (iii) commercial-use seasonal residential
56.28 recreational property and marina recreational land as described in clause (11), has a
56.29 class rate of one percent for the first \$500,000 of market value, and 1.25 percent for the
56.30 remaining market value, (iv) the market value of property described in clause (4) has a
56.31 class rate of one percent, (v) the market value of property described in clauses (2), (6), and
56.32 (10) has a class rate of 1.25 percent, and (vi) that portion of the market value of property
56.33 in clause (9) qualifying for class 4c property has a class rate of 1.25 percent.

56.34 (e) Class 4d property is qualifying low-income rental housing certified to the assessor
56.35 by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion
56.36 of the units in the building qualify as low-income rental housing units as certified under

57.1 section 273.128, subdivision 3, only the proportion of qualifying units to the total number
57.2 of units in the building qualify for class 4d. The remaining portion of the building shall be
57.3 classified by the assessor based upon its use. Class 4d also includes the same proportion of
57.4 land as the qualifying low-income rental housing units are to the total units in the building.
57.5 For all properties qualifying as class 4d, the market value determined by the assessor must
57.6 be based on the normal approach to value using normal unrestricted rents.

57.7 (f) The first tier of market value of class 4d property has a class rate of 0.75 percent.
57.8 The remaining value of class 4d property has a class rate of 0.25 percent. For the purposes
57.9 of this paragraph, the "first tier of market value of class 4d property" means the market
57.10 value of each housing unit up to the first tier limit. For the purposes of this paragraph, all
57.11 class 4d property value must be assigned to individual housing units. The first tier limit is
57.12 \$100,000 for assessment year 2014. For subsequent years, the limit is adjusted each year
57.13 by the average statewide change in estimated market value of property classified as class 4a
57.14 and 4d under this section for the previous assessment year, excluding valuation change due
57.15 to new construction, rounded to the nearest \$1,000, provided, however, that the limit may
57.16 never be less than \$100,000. Beginning with assessment year 2015, the commissioner of
57.17 revenue must certify the limit for each assessment year by November 1 of the previous year.

57.18 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2014.

57.19 Sec. 19. Minnesota Statutes 2012, section 279.01, subdivision 1, is amended to read:

57.20 Subdivision 1. **Due dates; penalties.** Except as provided in ~~subdivision~~ subdivisions
57.21 3 or 4 to 5, on May 16 or 21 days after the postmark date on the envelope containing the
57.22 property tax statement, whichever is later, a penalty accrues and thereafter is charged upon
57.23 all unpaid taxes on real estate on the current lists in the hands of the county treasurer. The
57.24 penalty is at a rate of two percent on homestead property until May 31 and four percent on
57.25 June 1. The penalty on nonhomestead property is at a rate of four percent until May 31 and
57.26 eight percent on June 1. This penalty does not accrue until June 1 of each year, or 21 days
57.27 after the postmark date on the envelope containing the property tax statements, whichever
57.28 is later, on commercial use real property used for seasonal residential recreational purposes
57.29 and classified as class 1c or 4c, and on other commercial use real property classified as
57.30 class 3a, provided that over 60 percent of the gross income earned by the enterprise on the
57.31 class 3a property is earned during the months of May, June, July, and August. In order for
57.32 the first half of the tax due on class 3a property to be paid after May 15 and before June 1,
57.33 or 21 days after the postmark date on the envelope containing the property tax statement,
57.34 whichever is later, without penalty, the owner of the property must attach an affidavit
57.35 to the payment attesting to compliance with the income provision of this subdivision.

58.1 Thereafter, for both homestead and nonhomestead property, on the first day of each month
58.2 beginning July 1, up to and including October 1 following, an additional penalty of one
58.3 percent for each month accrues and is charged on all such unpaid taxes provided that if the
58.4 due date was extended beyond May 15 as the result of any delay in mailing property tax
58.5 statements no additional penalty shall accrue if the tax is paid by the extended due date. If
58.6 the tax is not paid by the extended due date, then all penalties that would have accrued if
58.7 the due date had been May 15 shall be charged. When the taxes against any tract or lot
58.8 exceed \$100, one-half thereof may be paid prior to May 16 or 21 days after the postmark
58.9 date on the envelope containing the property tax statement, whichever is later; and, if so
58.10 paid, no penalty attaches; the remaining one-half may be paid at any time prior to October
58.11 16 following, without penalty; but, if not so paid, then a penalty of two percent accrues
58.12 thereon for homestead property and a penalty of four percent on nonhomestead property.
58.13 Thereafter, for homestead property, on the first day of November an additional penalty of
58.14 four percent accrues and on the first day of December following, an additional penalty of
58.15 two percent accrues and is charged on all such unpaid taxes. Thereafter, for nonhomestead
58.16 property, on the first day of November and December following, an additional penalty of
58.17 four percent for each month accrues and is charged on all such unpaid taxes. If one-half of
58.18 such taxes are not paid prior to May 16 or 21 days after the postmark date on the envelope
58.19 containing the property tax statement, whichever is later, the same may be paid at any time
58.20 prior to October 16, with accrued penalties to the date of payment added, and thereupon
58.21 no penalty attaches to the remaining one-half until October 16 following.

58.22 This section applies to payment of personal property taxes assessed against
58.23 improvements to leased property, except as provided by section 277.01, subdivision 3.

58.24 A county may provide by resolution that in the case of a property owner that has
58.25 multiple tracts or parcels with aggregate taxes exceeding \$100, payments may be made in
58.26 installments as provided in this subdivision.

58.27 The county treasurer may accept payments of more or less than the exact amount of
58.28 a tax installment due. Payments must be applied first to the oldest installment that is due
58.29 but which has not been fully paid. If the accepted payment is less than the amount due,
58.30 payments must be applied first to the penalty accrued for the year or the installment being
58.31 paid. Acceptance of partial payment of tax does not constitute a waiver of the minimum
58.32 payment required as a condition for filing an appeal under section 278.03 or any other law,
58.33 nor does it affect the order of payment of delinquent taxes under section 280.39.

58.34 Sec. 20. Minnesota Statutes 2012, section 279.01, is amended by adding a subdivision
58.35 to read:

59.1 Subd. 5. **Federal active service exception.** In the case of a homestead property
59.2 owned by an individual who is on federal active service, as defined in section 190.05,
59.3 subdivision 5c, as a member of the National Guard or a reserve component, a four-month
59.4 grace period is granted for complying with the due dates imposed by subdivision 1. During
59.5 this period, no late fees or penalties shall accrue against the property. The due date for
59.6 property taxes owed under this chapter for an individual covered by this subdivision shall
59.7 be September 15 for taxes due on May 15, and February 15 of the following year for taxes
59.8 due on October 15. A taxpayer making a payment under this subdivision must accompany
59.9 the payment with a signed copy of the taxpayer's orders or form DD214 showing the
59.10 dates of active service which clearly indicate that the taxpayer was in active service as a
59.11 member of the National Guard or a reserve component on the date the payment was due.
59.12 This grace period applies to all homestead property owned by individuals on federal active
59.13 service, as herein defined, for all of that property's due dates which fall on a day that is
59.14 included in the taxpayer's federal active service.

59.15 Sec. 21. Minnesota Statutes 2012, section 279.02, is amended to read:

59.16 **279.02 DUTIES OF COUNTY AUDITOR AND TREASURER.**

59.17 Subdivision 1. **Delinquent property; rates.** On the first business day in January, of
59.18 each year, the county treasurer shall return the tax lists on hand to the county auditor, who
59.19 shall compare the same with the statements receipted for by the treasurer on file in the
59.20 auditor's office and each tract or lot of real property against which the taxes, or any part
59.21 thereof, remain unpaid, shall be deemed delinquent, and thereupon an additional penalty
59.22 of two percent on the amount of the original tax remaining unpaid shall immediately
59.23 accrue and thereafter be charged upon all such delinquent taxes; and any auditor who
59.24 shall make out and deliver any statement of delinquent taxes without including therein
59.25 the penalties imposed by law, and any treasurer who shall receive payment of such taxes
59.26 without including in such payment all items as shown on the auditor's statement, shall be
59.27 liable to the county for the amounts of any items omitted.

59.28 Subd. 2. **Federal active service exception.** Notwithstanding subdivision 1, a
59.29 homestead property owned by an individual who is on federal active service, as defined
59.30 in section 190.05, subdivision 5c, as a member of the National Guard or a reserve
59.31 component, shall not be deemed delinquent under this section if the due dates imposed
59.32 under section 279.01 fall on a day in which the individual was on federal active service.

59.33 Sec. 22. Minnesota Statutes 2012, section 279.37, subdivision 1a, is amended to read:

60.1 Subd. 1a. **Class 3a property.** (a) The delinquent taxes upon a parcel of property
60.2 which was classified class 3a, for the previous year's assessment ~~and had a total market~~
60.3 ~~value of \$500,000 or less for that same assessment~~ shall be eligible to be composed into a
60.4 confession of judgment with the approval of the county auditor. Property qualifying under
60.5 this subdivision shall be subject to the same provisions as provided in this section except
60.6 as provided in paragraphs (b) to ~~(d)~~ (f).

60.7 (b) Current year taxes and penalty due at the time the confession of judgment
60.8 is entered must be paid.

60.9 (c) The down payment must include all special assessments due in the current tax
60.10 year, all delinquent special assessments, and 20 percent of the ad valorem tax, penalties,
60.11 and interest accrued against the parcel. The balance remaining is payable in four equal
60.12 annual installments. A municipality as defined in section 429.011, cities of the first class,
60.13 and other special assessment authorities, that have certified special assessments against
60.14 any parcel of property, may, through resolution, waive the requirement of payment of all
60.15 current and delinquent special assessments at the time the confession is entered. If the
60.16 municipality, city, or authority grants the waiver, 100 percent of all current year taxes,
60.17 special assessments, and penalties due at the time, along with 20 percent of all delinquent
60.18 taxes, special assessments, penalties, interest, and fees must be paid. The balance
60.19 remaining shall be subject to and included in the installment plan.

60.20 (d) When there are current and delinquent special assessments certified and billed
60.21 against a parcel, the assessment authority or municipality as defined in section 429.011
60.22 may abate under section 375.192, subdivision 2, all special assessments and the penalty
60.23 and interest affiliated with the special assessments, and reassess the special assessments,
60.24 penalties, and interest accrued thereon, under section 429.071, subdivision 2. The
60.25 municipality shall notify the county auditor of its intent to reassess as a precondition
60.26 to the entry of the confession of judgment. Upon the notice to abate and reassess, the
60.27 municipality shall, through resolution, notify the county auditor to remove all current
60.28 and delinquent special assessments and the accrued penalty and interest on the special
60.29 assessments, and the payment of all or a portion of the current and delinquent assessments
60.30 shall not be required as part of the down payment due at the time the confession of
60.31 judgment is entered in accordance with paragraph (c).

60.32 ~~(d)~~ (e) The amounts entered in judgment bear interest at the rate provided in section
60.33 279.03, subdivision 1a, commencing with the date the judgment is entered. The interest
60.34 rate is subject to change each year on the unpaid balance in the manner provided in section
60.35 279.03, subdivision 1a.

61.1 (f) The county auditor may require conditions on properties including, but not
61.2 limited to, environmental remediation action plan requirements, restrictions, or covenants,
61.3 when considering a request for approval of eligibility for composition into a confession of
61.4 judgment for delinquent taxes upon a parcel of property which was classified class 3a for
61.5 the previous year's assessment.

61.6 Sec. 23. Minnesota Statutes 2012, section 279.37, subdivision 2, is amended to read:

61.7 Subd. 2. **Installment payments.** The owner of any such parcel, or any person to
61.8 whom the right to pay taxes has been given by statute, mortgage, or other agreement, may
61.9 make and file with the county auditor of the county in which the parcel is located a written
61.10 offer to pay the current taxes each year before they become delinquent, or to contest the
61.11 taxes under Minnesota Statutes 1941, sections 278.01 to 278.13, and agree to confess
61.12 judgment for the amount provided, as determined by the county auditor. By filing the
61.13 offer, the owner waives all irregularities in connection with the tax proceedings affecting
61.14 the parcel and any defense or objection which the owner may have to the proceedings, and
61.15 also waives the requirements of any notice of default in the payment of any installment or
61.16 interest to become due pursuant to the composite judgment to be so entered. Unless the
61.17 property is subject to subdivision 1a, with the offer, the owner shall (i) tender one-tenth of
61.18 the amount of the delinquent taxes, costs, penalty, and interest, and ~~shall~~ (ii) tender all
61.19 current year taxes and penalty due at the time the confession of judgment is entered. In the
61.20 offer, the owner shall agree to pay the balance in nine equal installments, with interest as
61.21 provided in section 279.03, payable annually on installments remaining unpaid from time
61.22 to time, on or before December 31 of each year following the year in which judgment
61.23 was confessed. The offer must be substantially as follows:

61.24 "To the court administrator of the district court of county, I,,
61.25 am the owner of the following described parcel of real estate located in
61.26 county, Minnesota:

61.27 Upon that real estate there are delinquent taxes for the year, and
61.28 prior years, as follows: (here insert year of delinquency and the total amount of delinquent
61.29 taxes, costs, interest, and penalty). By signing this document I offer to confess judgment in
61.30 the sum of \$..... and waive all irregularities in the tax proceedings affecting these taxes and
61.31 any defense or objection which I may have to them, and direct judgment to be entered for
61.32 the amount stated above, minus the sum of \$....., to be paid with this document, which
61.33 is one-tenth or one-fifth of the amount of the taxes, costs, penalty, and interest stated above.
61.34 I agree to pay the balance of the judgment in nine or four equal, annual installments, with
61.35 interest as provided in section 279.03, payable annually, on the installments remaining

62.1 unpaid. I agree to pay the installments and interest on or before December 31 of each year
62.2 following the year in which this judgment is confessed and current taxes each year before
62.3 they become delinquent, or within 30 days after the entry of final judgment in proceedings
62.4 to contest the taxes under Minnesota Statutes, sections 278.01 to 278.13.

62.5 Dated,"

62.6 Sec. 24. Minnesota Statutes 2012, section 281.14, is amended to read:

62.7 **281.14 EXPIRATION OF TIME FOR REDEMPTION.**

62.8 The time for redemption from any tax sale, whether made to the state or to a private
62.9 person, shall not expire until notice of expiration of redemption, as provided in section
62.10 ~~281.13~~ 281.17, shall have been given.

62.11 Sec. 25. Minnesota Statutes 2012, section 281.17, is amended to read:

62.12 **281.17 PERIOD FOR REDEMPTION.**

62.13 Except for properties for which the period of redemption has been limited under
62.14 sections 281.173 and 281.174, the following periods for redemption apply.

62.15 The period of redemption for all lands sold to the state at a tax judgment sale shall
62.16 be three years from the date of sale to the state of Minnesota ~~if the land is within an~~
62.17 ~~incorporated area unless it is: (a) nonagricultural homesteaded land as defined in section~~
62.18 ~~273.13, subdivision 22; (b) homesteaded agricultural land as defined in section 273.13,~~
62.19 ~~subdivision 23, paragraph (a); or (c) seasonal residential recreational land as defined in~~
62.20 ~~section 273.13, subdivision 22, paragraph (c), or 25, paragraph (d), clause (1), for which~~
62.21 ~~the period of redemption is five years from the date of sale to the state of Minnesota.~~

62.22 The period of redemption for homesteaded lands as defined in section 273.13,
62.23 subdivision 22, located in a targeted neighborhood as defined in Laws 1987, chapter 386,
62.24 article 6, section 4, and sold to the state at a tax judgment sale is three years from the date
62.25 of sale. The period of redemption for all lands located in a targeted neighborhood as
62.26 defined in Laws 1987, chapter 386, article 6, section 4, except (1) homesteaded lands as
62.27 defined in section 273.13, subdivision 22, and (2) for periods of redemption beginning
62.28 after June 30, 1991, but before July 1, 1996, lands located in the Loring Park targeted
62.29 neighborhood on which a notice of lis pendens has been served, and sold to the state at a
62.30 tax judgment sale is one year from the date of sale.

62.31 The period of redemption for all real property constituting a mixed municipal solid
62.32 waste disposal facility that is a qualified facility under section 115B.39, subdivision 1, is
62.33 one year from the date of the sale to the state of Minnesota.

63.1 ~~The period of redemption for all other lands sold to the state at a tax judgment~~
63.2 ~~sale shall be five years from the date of sale, except that the period of redemption for~~
63.3 ~~nonhomesteaded agricultural land as defined in section 273.13, subdivision 23, paragraph~~
63.4 ~~(b), shall be two years from the date of sale if at that time that property is owned by a~~
63.5 ~~person who owns one or more parcels of property on which taxes are delinquent, and the~~
63.6 ~~delinquent taxes are more than 25 percent of the prior year's school district levy.~~

63.7 Sec. 26. Minnesota Statutes 2012, section 287.05, is amended by adding a subdivision
63.8 to read:

63.9 Subd. 10. **Hennepin and Ramsey Counties.** For properties located in Hennepin
63.10 and Ramsey Counties, the county may impose an additional mortgage registry tax as
63.11 defined in sections 383A.80 and 383B.80.

63.12 **EFFECTIVE DATE.** This section is effective for deeds and mortgages
63.13 acknowledged on or after July 1, 2013.

63.14 Sec. 27. **[287.40] HENNEPIN AND RAMSEY COUNTIES.**

63.15 For properties located in Hennepin and Ramsey Counties, the county may impose an
63.16 additional deed tax as defined in sections 383A.80 and 383B.80.

63.17 **EFFECTIVE DATE.** This section is effective for deeds and mortgages
63.18 acknowledged on or after July 1, 2013.

63.19 Sec. 28. Minnesota Statutes 2012, section 383A.80, subdivision 4, is amended to read:

63.20 Subd. 4. **Expiration.** The authority to impose the tax under this section expires
63.21 January 1, ~~2013~~ 2028.

63.22 **EFFECTIVE DATE.** This section is effective for all deeds and mortgages
63.23 acknowledged on or after July 1, 2013.

63.24 Sec. 29. Minnesota Statutes 2012, section 383B.80, subdivision 4, is amended to read:

63.25 Subd. 4. **Expiration.** The authority to impose the tax under this section expires
63.26 January 1, ~~2013~~ 2028.

63.27 **EFFECTIVE DATE.** This section is effective for all deeds and mortgages
63.28 acknowledged on or after July 1, 2013.

63.29 Sec. 30. Minnesota Statutes 2012, section 428A.101, is amended to read:

64.1 **428A.101 DEADLINE FOR SPECIAL SERVICE DISTRICT UNDER**
64.2 **GENERAL LAW.**

64.3 The establishment of a new special service district after June 30, ~~2013~~ 2028, requires
64.4 enactment of a special law authorizing the establishment.

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

64.6 Sec. 31. Minnesota Statutes 2012, section 428A.21, is amended to read:

64.7 **428A.21 DEADLINE FOR HOUSING IMPROVEMENT DISTRICTS UNDER**
64.8 **GENERAL LAW.**

64.9 The establishment of a new housing improvement area after June 30, ~~2013~~ 2028,
64.10 requires enactment of a special law authorizing the establishment of the area.

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

64.12 Sec. 32. Minnesota Statutes 2012, section 473F.08, subdivision 3a, is amended to read:

64.13 Subd. 3a. **Bloomington computation.** (a) Beginning in 1987 and each subsequent
64.14 year through 1998, the city of Bloomington shall determine the interest payments for that
64.15 year for the bonds which have been sold for the highway improvements pursuant to Laws
64.16 1986, chapter 391, section 2, paragraph (g). Effective for property taxes payable in 1988
64.17 through property taxes payable in 1999, after the Hennepin County auditor has computed
64.18 the areawide portion of the levy for the city of Bloomington pursuant to subdivision 3,
64.19 clause (a), the auditor shall annually add a dollar amount to the city of Bloomington's
64.20 areawide portion of the levy equal to the amount which has been certified to the auditor
64.21 by the city of Bloomington for the interest payments for that year for the bonds which
64.22 were sold for highway improvements. The total areawide portion of the levy for the city
64.23 of Bloomington including the additional amount for interest repayment certified pursuant
64.24 to this subdivision shall be certified by the Hennepin County auditor to the administrative
64.25 auditor pursuant to subdivision 5. The Hennepin County auditor shall distribute to the
64.26 city of Bloomington the additional areawide portion of the levy computed pursuant to this
64.27 subdivision at the same time that payments are made to the other counties pursuant to
64.28 subdivision 7a. For property taxes payable from the year 2009 through ~~2018~~ 2014, the
64.29 Hennepin County auditor shall adjust Bloomington's contribution to the areawide gross tax
64.30 capacity upward each year by a value equal to ten percent of the total additional areawide
64.31 levy distributed to Bloomington under this subdivision from 1988 to 1999, divided by the
64.32 areawide tax rate for taxes payable in the previous year.

65.1 (b) For property taxes payable from 2015 through 2018, the administrative auditor
65.2 shall increase the areawide net tax capacity each year by an amount equal to ten percent of
65.3 the total additional areawide levy distributed to Bloomington under this subdivision from
65.4 1988 to 1999, divided by the areawide tax rate for taxes payable in the previous year. The
65.5 administrative auditor must notify the commissioner of revenue of the amount determined
65.6 by multiplying the increase in the areawide net tax capacity by the areawide tax rate
65.7 determined under subdivision 5. The commissioner of revenue must pay the amount
65.8 determined each payable year to the administrative auditor in two installments on July 10
65.9 and November 10, for distribution and settlement as provided in subdivision 7a.

65.10 (c) A sum sufficient to meet the obligations under this subdivision is annually
65.11 appropriated from the general fund to the commissioner of revenue.

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

65.13 Sec. 33. Laws 1988, chapter 645, section 3, as amended by Laws 1999, chapter 243,
65.14 article 6, section 9, Laws 2000, chapter 490, article 6, section 15, and Laws 2008, chapter
65.15 154, article 2, section 30, is amended to read:

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

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

65.21 (b) 0.015 percent of taxable market value of the tax in paragraph (a) may be used
65.22 ~~solely by the Cook ambulance service and the Orr ambulance service~~ for the purpose of
65.23 ~~capital expenditures as it relates to:~~

65.24 (1) ambulance acquisitions for the Cook ambulance service and the Orr ambulance
65.25 service and not;

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

65.27 (3) parts and replacement parts for maintenance and repair of the ambulances.

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

65.29 (c) The part of the levy referred to in paragraph (b) must be administered by the
65.30 Cook Hospital and passed on in equal amounts directly to the Cook area ambulance
65.31 service board and the city of Orr to be ~~held in trust until funding for a new ambulance is~~
65.32 ~~needed by either the Cook ambulance service or the Orr ambulance service~~ used for the
65.33 purposes in paragraph (b).

65.34 Sec. 34. Laws 1999, chapter 243, article 6, section 11, is amended to read:

66.1 Sec. 11. **CEMETERY LEVY FOR SAWYER BY CARLTON COUNTY.**

66.2 Subdivision 1. ~~Levy authorized.~~ Notwithstanding other law to the contrary, the
66.3 Carlton county board of commissioners may annually levy in and for the unorganized
66.4 township territory of Sawyer an amount ~~up to \$1,000 annually~~ for cemetery purposes;
66.5 ~~beginning with taxes payable in 2000 and ending with taxes payable in 2009.~~

66.6 Subd. 2. **Effective date.** ~~This section is effective June 1, 1999, without local~~
66.7 ~~approval.~~

66.8 **EFFECTIVE DATE; LOCAL APPROVAL.** This section applies to taxes
66.9 payable in 2014 and thereafter, and is effective the day after the Carlton County Board
66.10 of Commissioners and its chief clerical officer timely complete their compliance with
66.11 Minnesota Statutes, section 645.021, subdivisions 2 and 3.

66.12 Sec. 35. Laws 2008, chapter 366, article 5, section 33, the effective date, is amended to
66.13 read:

66.14 **EFFECTIVE DATE.** This section is effective for taxes levied in 2008, payable in
66.15 2009, and is repealed effective for taxes levied in ~~2013~~ 2018, payable in ~~2014~~ 2019,
66.16 and thereafter.

66.17 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2014.

66.18 Sec. 36. Laws 2009, chapter 88, article 2, section 46, subdivision 1, is amended to read:

66.19 Subdivision 1. **Agreement.** The city of Cloquet and Perch Lake Township, by
66.20 resolution of each of their governing bodies, may establish the Cloquet Area Fire and
66.21 Ambulance Taxing District for the purpose of providing fire ~~and~~ or ambulance services,
66.22 or both, throughout the district. In this section, "municipality" means home rule charter
66.23 and statutory cities, towns, and Indian tribes. The district may exercise all the powers
66.24 relating to fire and ambulance services of the municipalities that receive fire ~~and~~ or
66.25 ambulance services, or both, from the district. Upon application, any other municipality
66.26 ~~that is contiguous to a municipality that is a member of the district~~ may join the district
66.27 with the agreement of the municipalities that comprise the district at the time of its
66.28 application to join.

66.29 Sec. 37. Laws 2009, chapter 88, article 2, section 46, subdivision 3, is amended to read:

66.30 Subd. 3. **Tax.** The district board may impose a property tax on taxable property ~~in~~
66.31 ~~the district~~ as provided in this subdivision. ~~This~~ The board shall annually determine the
66.32 total amount of the levy that is attributable to the cost of providing fire services and the cost

67.1 of providing ambulance services within the primary service area. For those municipalities
67.2 that only receive ambulance services, the costs for the provision of ambulance services
67.3 shall be levied against taxable property within those municipalities at a rate necessary not
67.4 to exceed 0.019 percent of the estimated market value. For those municipalities that
67.5 receive both fire and ambulance services, the tax shall be imposed at a rate that does not
67.6 exceed 0.2835 percent of taxable estimated market value for taxes payable in 2010. The
67.7 board shall annually determine the separate amounts of the levy that are attributable to the
67.8 cost of providing fire services and the cost of providing ambulance services. Costs for the
67.9 provision of ambulance services shall be levied against taxable property within the area of
67.10 the district that receive the services. Costs for the provision of fire services shall be levied
67.11 against taxable property within the area of the district that receive the services.

67.12 When a member municipality opts to receive fire service from the district or an
67.13 additional municipality becomes a member of the district, the additional cost of providing
67.14 ambulance and fire services to that municipality will community shall be determined by
67.15 the board and added to the maximum levy amount.

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

67.20 Sec. 38. Laws 2010, chapter 389, article 1, section 12, the effective date, is amended to
67.21 read:

67.22 **EFFECTIVE DATE.** This section is effective for assessment years year 2010 and
67.23 2011, for taxes payable in 2011 and 2012 thereafter.

67.24 **EFFECTIVE DATE.** This section is effective for assessment year 2012 and
67.25 thereafter.

67.26 Sec. 39. **MINNEAPOLIS AND ST. PAUL ENTERTAINMENT FACILITIES**
67.27 **COORDINATION STUDY; APPROPRIATION.**

67.28 Subdivision 1. Statement of purpose. The legislature finds that the national
67.29 economic structure of professional sports financing, as directly or indirectly sanctioned by
67.30 federal law, compels state and local governments in smaller metropolitan areas, such as
67.31 Minneapolis and St. Paul, to help finance the construction and operation of venues for
67.32 professional sports franchises as a condition of hosting these franchises. The burden and
67.33 risk associated with providing this assistance justifies authorizing and directing the cities

68.1 and any associated private entities to enter into arrangements that attempt to maximize
68.2 the combined revenues of these facilities from direct users, including those unrelated to
68.3 professional sports, such as, but not limited to, joint booking of concerts and other events,
68.4 to minimize the cost and risk to general taxpayers. Any efforts to put in place such joint
68.5 marketing, promotion, and scheduling arrangements by the cities or associated private
68.6 entities, in the view of the legislature, is a petition for enactment of this or subsequent
68.7 enabling legislation under the Noerr-Pennington doctrine or state action under the Parker
68.8 antitrust doctrine. This legislation and any resulting arrangements are intended to minimize
68.9 the potential burden on general taxpayers of financing and operation of the arenas.

68.10 Subd. 2. **Study and report.** On or before February 1, 2014, the cities of
68.11 Minneapolis and St. Paul, in consultation with representatives of the primary professional
68.12 sports team tenant of each arena, shall study and report to the legislature on establishing
68.13 a joint governing structure to be responsible for the joint administration, financing, and
68.14 operations of the facilities and the possible effects of joint governance on the finances of
68.15 each arena and each city. The commissioner of administration, in consultation with the
68.16 two cities, shall contract with an independent consultant to conduct all or a portion of the
68.17 study. The cities of Minneapolis and St. Paul together shall pay one-half of the cost of the
68.18 consultant contract. The commissioner may accept funding from other public entities and
68.19 private organizations to pay for the contract. The study must:

68.20 (1) examine the current finances of each arena including past and projected costs and
68.21 revenues, projected capital improvements, and the current and projected impact of each
68.22 arena on each city's general fund;

68.23 (2) determine the impact of joint governance on the future finances of each city;

68.24 (3) examine joint scheduling, marketing, and promotion of events at the arenas,
68.25 either within a joint governance structure or as separate entities; and

68.26 (4) estimate the amount of funding, if any, that would be required to operate and
68.27 maintain the arenas under a joint governing structure.

68.28 Subd. 3. **Appropriation.** Up to \$50,000 is appropriated to the commissioner of
68.29 administration from the general fund for fiscal year 2014 to pay up to one-half of the costs
68.30 of the consultant contract under subdivision 2.

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

68.32 Sec. 40. **REIMBURSEMENT FOR PROPERTY TAX ABATEMENTS;**
68.33 **APPROPRIATION.**

69.1 Subdivision 1. **Reimbursement.** The commissioner of revenue shall reimburse
69.2 taxing jurisdictions for property tax abatements granted in Hennepin County under Laws
69.3 2011, First Special Session chapter 7, article 5, section 13, notwithstanding the time limits
69.4 contained in that section. The reimbursements must be made to each taxing jurisdiction
69.5 pursuant to the certification of the Hennepin County auditor.

69.6 Subd. 2. **Appropriation.** In fiscal year 2014 only, \$336,000 is appropriated to the
69.7 commissioner of revenue from the general fund to make the payments required in this
69.8 section.

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

69.10 Sec. 41. **ST. PAUL BALLPARK PROPERTY TAX EXEMPTION; SPECIAL**
69.11 **ASSESSMENT.**

69.12 Any real or personal property acquired, owned, leased, controlled, used, or occupied
69.13 by the city of St. Paul for the primary purpose of providing a ballpark for a minor league
69.14 baseball team is declared to be acquired, owned, leased, controlled, used, and occupied for
69.15 public, governmental, and municipal purposes, and is exempt from ad valorem taxation
69.16 by the state or any political subdivision of the state, provided that the properties are
69.17 subject to special assessments levied by a political subdivision for a local improvement in
69.18 amounts proportionate to and not exceeding the special benefit received by the properties
69.19 from the improvement. In determining the special benefit received by the properties, no
69.20 possible use of any of the properties in any manner different from their intended use
69.21 for providing a minor league ballpark at the time may be considered. Notwithstanding
69.22 Minnesota Statutes, section 272.01, subdivision 2, or 273.19, real or personal property
69.23 subject to a lease or use agreement between the city and another person for uses related to
69.24 the purposes of the operation of the ballpark and related parking facilities is exempt from
69.25 taxation regardless of the length of the lease or use agreement. This section, insofar as it
69.26 provides an exemption or special treatment, does not apply to any real property that is
69.27 leased for residential, business, or commercial development or other purposes different
69.28 from those necessary to the provision and operation of the ballpark.

69.29 **EFFECTIVE DATE.** This section is effective the day after compliance by the
69.30 governing body of the city of St. Paul with Minnesota Statutes, section 645.021,
69.31 subdivisions 2 and 3.

69.32 Sec. 42. **PUBLIC ENTERTAINMENT FACILITY; PROPERTY TAX**
69.33 **EXEMPTION; SPECIAL ASSESSMENT.**

70.1 Any real or personal property acquired, owned, leased, controlled, used, or occupied
70.2 by the city of Minneapolis for the primary purpose of providing an arena for a professional
70.3 basketball team is declared to be acquired, owned, leased, controlled, used, and occupied
70.4 for public, governmental, and municipal purposes, and is exempt from ad valorem taxation
70.5 by the state or any political subdivision of the state, provided that the properties are
70.6 subject to special assessments levied by a political subdivision for a local improvement in
70.7 amounts proportionate to and not exceeding the special benefit received by the properties
70.8 from the improvement. In determining the special benefit received by the properties, no
70.9 possible use of any of the properties in any manner different from their intended use for
70.10 providing a professional basketball arena at the time may be considered. Notwithstanding
70.11 Minnesota Statutes, section 272.01, subdivision 2, or 273.19, real or personal property
70.12 subject to a lease or use agreement between the city and another person for uses related to
70.13 the purposes of the operation of the arena and related parking facilities is exempt from
70.14 taxation regardless of the length of the lease or use agreement. This section, insofar as
70.15 it provides an exemption or special treatment, does not apply to any real property that
70.16 is leased for residential, business, or commercial development, or for other purposes
70.17 different from those necessary to the provision and operation of the arena.

70.18 **EFFECTIVE DATE.** This section is effective the day after compliance by the
70.19 governing body of the city of Minneapolis with Minnesota Statutes, section 645.021,
70.20 subdivisions 2 and 3.

70.21 Sec. 43. **PUBLIC ENTERTAINMENT FACILITY; CONSTRUCTION**
70.22 **MANAGER AT RISK.**

70.23 (a) For any real or personal property acquired, owned, leased, controlled, used, or
70.24 occupied by the city of Minneapolis for the primary purpose of providing an arena for
70.25 a professional basketball team, the city of Minneapolis may contract for construction,
70.26 materials, supplies, and equipment in accordance with Minnesota Statutes, section
70.27 471.345, except that the city may employ or contract with persons, firms, or corporations
70.28 to perform one or more or all of the functions of an engineer, architect, construction
70.29 manager, or program manager with respect to all or any part of a project to renovate,
70.30 refurbish, and remodel the arena under either the traditional design-bid-build plan or
70.31 construction manager at risk plan, or a combination thereof.

70.32 (b) The city may prepare a request for proposals for one or more of the functions
70.33 described in paragraph (a). The request must be published in a newspaper of general
70.34 circulation. The city may prequalify offerors by issuing a request for qualifications, in

71.1 advance of the request for proposals, and select a short list of responsible offerors to
71.2 submit proposals.

71.3 (c) As provided in the request for proposals, the city may conduct discussions and
71.4 negotiations with responsible offerors in order to determine which proposal is most
71.5 advantageous to the city and to negotiate the terms of an agreement. In conducting
71.6 discussions, there shall be no disclosure of any information derived from proposals
71.7 submitted by competing offerors and the content of all proposals is nonpublic data under
71.8 Minnesota Statutes, chapter 13, until such time as a notice to award a contract is given
71.9 by the city.

71.10 (d) Upon agreement on the guaranteed maximum price, the construction manager
71.11 or program manager may enter into contracts with subcontractors for labor, materials,
71.12 supplies, and equipment for the renovation project through the process of public bidding,
71.13 except that the construction manager or program manager may, with the consent of the city:

71.14 (1) narrow the listing of eligible bidders to those that the construction manager
71.15 or program manager determines to possess sufficient expertise to perform the intended
71.16 functions;

71.17 (2) award contracts to the subcontractors that the construction manager or program
71.18 manager determines provide the best value under a request for proposals, as described in
71.19 Minnesota Statutes, section 16C.28, subdivision 1, paragraph (a), clause (2), that are not
71.20 required to be the lowest responsible bidder; and

71.21 (3) for work the construction manager or program manager determines to be
71.22 critical to the completion schedule, perform work with its own forces without soliciting
71.23 competitive bids or proposals, if the construction manager or program manager provides
71.24 evidence of competitive pricing.

71.25 **EFFECTIVE DATE.** This section is effective the day after compliance by the
71.26 governing body of the city of Minneapolis with Minnesota Statutes, section 645.021,
71.27 subdivisions 2 and 3.

71.28 Sec. 44. **EXTENSION OF PROPERTY TAX DUE DATE; COMMERCIAL**
71.29 **SEASONAL RECREATIONAL PROPERTIES.**

71.30 Notwithstanding the provisions of Minnesota Statutes, section 279.01, subdivision
71.31 1, for taxes payable in 2013 only, the penalty on first-half property taxes does not accrue
71.32 until June 15 on commercial use real property used for seasonal residential recreational
71.33 purposes and classified as class 1c or 4c, and on other commercial use real property
71.34 classified as class 3a, provided that over 60 percent of the gross income earned by the
71.35 enterprise on the class 3a property is earned during the months of May, June, July, and

72.1 August. In order for the first half of the tax due on class 3a property to be paid after May
72.2 15 and before June 15 without penalty, the owner of the property must attach an affidavit
72.3 to the payment attesting to compliance with the income provision of this subdivision.

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

72.5 Sec. 45. **REPORT ON CLASS 4D TIER STRUCTURE.**

72.6 The commissioners of revenue and housing finance shall report to the legislature
72.7 by January 31, 2015, on the implementation of a second tier of market value for class 4d
72.8 property under Minnesota Statutes, section 273.13, subdivision 25, paragraph (f). The
72.9 report shall include the number of class 4d properties subject to the second tier of market
72.10 value for taxes payable in 2015 and the tax impact of the application of the second tier
72.11 of market value. The report shall also include an analysis of the characteristics of the
72.12 properties to which the second tier of market value applies, such as location, building
72.13 type, and number of units.

72.14 **EFFECTIVE DATE.** This section is effective July 1, 2013.

72.15 Sec. 46. **REPORT AND STUDY ON CERTAIN PROPERTY USED IN**
72.16 **BUSINESS AND PRODUCTION; ASSESSMENT MORATORIUM.**

72.17 Subdivision 1. **Study and report.** (a) In order to facilitate a legislative review of
72.18 property tax assessment procedures for facilities used in the production of biofuels, wine,
72.19 beer, distilled beverages, and dairy products, and the development of standards and criteria
72.20 for determining the taxable status of these facilities, the commissioner of revenue must
72.21 conduct a study and report the findings of the study. The study must:

72.22 (1) include a detailed survey of counties identifying the components and tax status
72.23 of biofuel facilities;

72.24 (2) identify the function of components in facilities of the affected industries;

72.25 (3) consider the taxability for certain components related to size, function, and use;

72.26 (4) develop recommendations for assessment guidelines and policies for facilities of
72.27 the affected industries; and

72.28 (5) identify possible impacts to state and local taxes resulting from study
72.29 recommendations.

72.30 (b) The commissioner shall request the involvement and participation of
72.31 stakeholders, including the affected industries, the assessment community, and others
72.32 identified by the commissioner.

73.1 (c) The commissioner shall report the findings to the chairs of the house of
73.2 representatives and senate committees with jurisdiction over taxes, agriculture, and
73.3 economic development as well as the commissioners of agriculture and employment and
73.4 economic development by February 1, 2014.

73.5 Subd. 2. **Moratorium on changes in assessment practices.** (a) For the 2013 and
73.6 2014 assessments, assessors must continue to use assessment practices or policies in effect
73.7 in that county on January 2, 2012, for determining the taxable status of property used in
73.8 the production of biofuels, wine, beer, distilled beverages, or dairy products.

73.9 (b) An assessor must not change the taxable status of any existing property described
73.10 in paragraph (a) from its status on January 2, 2012, unless the change is due to a change in
73.11 the use of property, or to correct an error. For taxable properties, the assessor may change
73.12 the estimated market value of the property and add value for any new construction that
73.13 would have been taxable under practices and policies in place on January 2, 2012.

73.14 (c) This subdivision expires on December 31, 2014. Any changes to the taxable
73.15 status of the properties in paragraph (a) resulting from the study will not be effective
73.16 until the 2015 assessment.

73.17 Sec. 47. **PROPERTY TAX SAVINGS REPORT.**

73.18 (a) In addition to the certification of its proposed property tax levy under Minnesota
73.19 Statutes, section 275.065, each city that has a population over 500 and each county shall
73.20 also include the amount of sales and use tax paid, or was estimated to be paid, in 2012.

73.21 (b) At the time the notice of the proposed property taxes is mailed as required under
73.22 Minnesota Statutes, section 275.065, subdivision 3, the county treasurer shall also include
73.23 a separate statement providing a list of sales and use tax certified by the county and cities
73.24 within their jurisdiction.

73.25 (c) At the public hearing required under Minnesota Statutes, section 275.065,
73.26 subdivision 3, the county and city must discuss the estimated savings realized to their
73.27 budgets that resulted from the sales tax exemption authorized under Minnesota Statutes,
73.28 section 297A.70, subdivision 2, and how those savings will be used for property tax levy
73.29 reductions, fee reductions, and other purposes as deemed appropriate.

73.30 Reasonable costs of preparing the notice required in this section must be apportioned
73.31 between taxing jurisdictions as follows:

73.32 (1) one-half is allocated to the county; and

73.33 (2) one-half is allocated among the cities.

74.1 The amount allocated in clause (2) must be further apportioned among all the cities
74.2 in the proportion that the number of parcels in the city bears to the number of parcels in all
74.3 the cities that have populations over 500.

74.4 **EFFECTIVE DATE.** This section is effective the day following final enactment,
74.5 for taxes levied in 2013 and payable in 2014.

74.6 Sec. 48. **LEVY LIMITS FOR TAXES LEVIED IN 2013.**

74.7 Subdivision 1. **Population.** "Population" means the population for the local
74.8 governmental unit as established by the last federal census, by a census taken under
74.9 section Minnesota Statutes, section 275.14, or by an estimate made by the metropolitan
74.10 council or by the state demographer under Minnesota Statutes, section 4A.02, whichever
74.11 is most recent as to the stated date of the count or estimate up to and including June 1
74.12 of the current levy year.

74.13 Subd. 2. **Local government unit.** "Local governmental unit" means a county with a
74.14 population greater than 5,000, or a statutory or home rule charter city with a population
74.15 greater than 2,500.

74.16 Subd. 3. **Levy limit base.** "Levy limit base" for a local governmental unit for levy
74.17 year 2013 means the sum of its certified net tax capacity levy plus the total of aids and
74.18 reimbursements that the local governmental unit is certified to receive under Minnesota
74.19 Statutes, sections 477A.011 to 477A.014, minus any amounts that would qualify as a
74.20 special levy under Minnesota Statutes, section 275.70, subdivision 5, clauses (1) to (4) and
74.21 (7), for taxes levied in 2011 or 2012, whichever is greater. The levy limit base must be
74.22 increased by three percent.

74.23 Subd. 4. **Property tax levy limit.** For taxes levied in 2013, the net tax capacity
74.24 levy limit for a local governmental unit is equal to its levy limit base determined under
74.25 subdivision 3 plus any additional levy authorized under Minnesota Statutes, section
74.26 275.73, which is levied against net tax capacity, reduced by the total amount of aids and
74.27 reimbursements that the local governmental unit is certified to receive under Minnesota
74.28 Statutes, sections 477A.011 to 477A.014. The property tax levy limit for any local
74.29 government cannot be less than the greater of its certified net tax capacity levies for taxes
74.30 levied in 2011 or 2012.

74.31 Subd. 5. **Limit on levies.** Notwithstanding any other provision of law or municipal
74.32 charter to the contrary which authorize ad valorem taxes in excess of the limits established

75.1 by this section, the provisions of this section apply to local governmental units for all
75.2 purposes other than those for which special levies under Minnesota Statutes, section
75.3 275.70, subdivision 5, clauses (1) to (5) and (7), and special assessments are made.

75.4 Subd. 6. **Levies in excess of levy limits.** If the levy made by a city or county
75.5 exceeds the levy limit provided in this section, except when the excess levy is due to the
75.6 rounding of the rate in accordance with Minnesota Statutes, section 275.28, the county
75.7 auditor shall only extend the amount of taxes permitted under this section as provided
75.8 for in Minnesota Statutes, section 275.16.

75.9 Subd. 7. **Calculation and notification.** The commissioner of revenue shall make
75.10 all necessary calculations for determining levy limits for local governmental units and
75.11 notify the affected governmental units of their levy limits directly by September 1, 2013.
75.12 The local governmental units shall, upon request, provide the commissioner with any
75.13 information needed to make the calculations. The local governmental unit shall report
75.14 by September 30, in a manner prescribed by the commissioner, the maximum amount of
75.15 taxes it plans to levy for each of the purposes listed under special levies and any additional
75.16 levy authorized under Minnesota Statutes, section 275.73, along with any necessary
75.17 documentation. The commissioner shall review the proposed special levies and make any
75.18 adjustments needed. The commissioner's decision is final. The final allowed special levy
75.19 amounts and any levy limit adjustments must be certified back to the local governments by
75.20 December 10. In addition, the commissioner of revenue shall notify all county auditors on
75.21 or before five working days after December 20 of the sum of the levy limit plus the total of
75.22 allowed special levies for each local governmental unit located within their boundaries so
75.23 that they may fix the levies as required in Minnesota Statutes, section 275.16. The local
75.24 governmental units shall provide the commissioner of revenue with all information that
75.25 the commissioner deems necessary to make the calculations provided for in this section.

75.26 Subd. 8. **Information necessary to calculate levy limit base.** A local governmental
75.27 unit must provide the commissioner with the information required to calculate the
75.28 amount under subdivision 3, by July 20, 2013. If the information is not received by the
75.29 commissioner by that date, or is not deemed sufficient to make the calculation under that
75.30 clause, the commissioner has the discretion to set the local governmental unit's levy limit
75.31 for all purposes including those purposes for which special levies may be made, equal to
75.32 the amount of the local governmental unit's certified levy for the prior year.

75.33 **EFFECTIVE DATE.** This section is effective for taxes levied in 2013, payable
75.34 in 2014, only.

76.1 Sec. 49. **APPROPRIATION.**

76.2 \$2,000,000 in fiscal year 2014 only is appropriated from the general fund to the
76.3 commissioner of revenue for a grant to the city of Moose Lake to reimburse for costs
76.4 related to connection of state facilities to the sewer line.

76.5 **EFFECTIVE DATE.** This section is effective July 1, 2013.

76.6 **ARTICLE 5**

76.7 **SPECIAL TAXES**

76.8 Section 1. Minnesota Statutes 2012, section 270C.56, subdivision 1, is amended to read:

76.9 Subdivision 1. **Liability imposed.** A person who, either singly or jointly with
76.10 others, has the control of, supervision of, or responsibility for filing returns or reports,
76.11 paying taxes, or collecting or withholding and remitting taxes and who fails to do so, or a
76.12 person who is liable under any other law, is liable for the payment of taxes arising under
76.13 chapters 295, 296A, 297A, 297F, and 297G, or sections ~~256.9658~~, 290.92, and 297E.02,
76.14 and the applicable penalties and interest on those taxes.

76.15 **EFFECTIVE DATE.** This section is effective July 1, 2013.

76.16 Sec. 2. Minnesota Statutes 2012, section 296A.09, subdivision 2, is amended to read:

76.17 Subd. 2. **Jet fuel and special fuel tax imposed.** There is imposed an excise tax
76.18 ~~of the same rate~~ 15 cents per gallon as the aviation gasoline on all jet fuel or special
76.19 fuel received, sold, stored, or withdrawn from storage in this state, for use as substitutes
76.20 for aviation gasoline and not otherwise taxed as gasoline. Jet fuel is defined in section
76.21 296A.01, subdivision 8.

76.22 **EFFECTIVE DATE.** This section is effective July 1, 2014, and applied to sales
76.23 and purchases made on or after that date.

76.24 Sec. 3. Minnesota Statutes 2012, section 296A.17, subdivision 3, is amended to read:

76.25 Subd. 3. **Refund on graduated basis.** Any person who has directly or indirectly
76.26 paid the excise tax on aviation gasoline or special fuel for aircraft use provided for by this
76.27 chapter and the airflight property tax under section 270.72, shall, as to all such aviation
76.28 gasoline and special fuel received, stored, or withdrawn from storage by the person in
76.29 this state in any calendar year and not sold or otherwise disposed of to others, or intended
76.30 for sale or other disposition to others, on which such tax has been so paid, be entitled to
76.31 the following graduated reductions in such tax for that calendar year, to be obtained by
76.32 means of the following refunds:

77.1 (1) on each gallon of such aviation gasoline or special fuel up to 50,000 gallons, all
77.2 but five cents per gallon;

77.3 (2) on each gallon of such aviation gasoline or special fuel above 50,000 gallons and
77.4 not more than 150,000 gallons, all but two cents per gallon;

77.5 (3) on each gallon of such aviation gasoline or special fuel above 150,000 gallons
77.6 and not more than 200,000 gallons, all but one cent per gallon;

77.7 (4) on each gallon of such aviation gasoline or special fuel above 200,000, all but
77.8 one-half cent per gallon.

77.9 **EFFECTIVE DATE.** This section is effective July 1, 2014, and applied to sales
77.10 and purchases made on or after that date.

77.11 Sec. 4. Minnesota Statutes 2012, section 297A.82, subdivision 4, is amended to read:

77.12 Subd. 4. **Exemptions.** (a) The following transactions are exempt from the tax
77.13 imposed in this chapter to the extent provided.

77.14 (b) The purchase or use of aircraft previously registered in Minnesota by a
77.15 corporation or partnership is exempt if the transfer constitutes a transfer within the
77.16 meaning of section 351 or 721 of the Internal Revenue Code.

77.17 (c) The sale to or purchase, storage, use, or consumption by a licensed aircraft dealer
77.18 of an aircraft for which a commercial use permit has been issued pursuant to section
77.19 360.654 is exempt, if the aircraft is resold while the permit is in effect.

77.20 (d) Air flight equipment when sold to, or purchased, stored, used, or consumed by
77.21 airline companies, as defined in section 270.071, subdivision 4, is exempt. For purposes
77.22 of this subdivision, "air flight equipment" includes airplanes and parts necessary for the
77.23 repair and maintenance of such air flight equipment, and flight simulators, but does
77.24 not include airplanes with a gross weight of less than 30,000 pounds that are used on
77.25 intermittent or irregularly timed flights.

77.26 (e) Sales of, and the storage, distribution, use, or consumption of aircraft, as defined
77.27 in section 360.511 and approved by the Federal Aviation Administration, and which the
77.28 seller delivers to a purchaser outside Minnesota or which, without intermediate use, is
77.29 shipped or transported outside Minnesota by the purchaser are exempt, but only if the
77.30 purchaser is not a resident of Minnesota and provided that the aircraft is not thereafter
77.31 returned to a point within Minnesota, except in the course of interstate commerce or
77.32 isolated and occasional use, and will be registered in another state or country upon its
77.33 removal from Minnesota. This exemption applies even if the purchaser takes possession of
77.34 the aircraft in Minnesota and uses the aircraft in the state exclusively for training purposes
77.35 for a period not to exceed ten days prior to removing the aircraft from this state.

78.1 (f) The sale or purchase of the following items that relate to aircraft operated under
78.2 Federal Aviation Regulations, Parts 91 and 135, and associated installation charges:
78.3 equipment and parts necessary for repair and maintenance of aircraft; and equipment
78.4 and parts to upgrade and improve aircraft.

78.5 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
78.6 June 30, 2013.

78.7 Sec. 5. Minnesota Statutes 2012, section 297A.82, is amended by adding a subdivision
78.8 to read:

78.9 Subd. 4a. **Deposit in state airports fund.** Tax revenue collected from the sale or
78.10 purchase of an aircraft taxable under this chapter must be deposited in the state airports
78.11 fund, established in section 360.017.

78.12 **EFFECTIVE DATE.** This section is effective July 1, 2013, and applied to sales
78.13 and purchases made on or after that date.

78.14 Sec. 6. Minnesota Statutes 2012, section 297F.01, subdivision 3, is amended to read:

78.15 Subd. 3. **Cigarette.** "Cigarette" means any roll for smoking made wholly or in part
78.16 of tobacco; that weighs 4.5 pounds or less per thousand:

78.17 (1) the wrapper or cover of which is made of paper or another substance or material
78.18 except tobacco; or

78.19 (2) wrapped in any substance containing tobacco, however labeled or named, which,
78.20 because of its appearance, size, the type of tobacco used in the filler, or its packaging,
78.21 pricing, marketing, or labeling, is likely to be offered to or purchased by consumers as
78.22 a cigarette, as defined in clause (1), unless it is wrapped in whole tobacco leaf and does
78.23 not have a cellulose acetate or other cigarette-like filter.

78.24 **EFFECTIVE DATE.** This section is effective July 1, 2013.

78.25 Sec. 7. Minnesota Statutes 2012, section 297F.01, is amended by adding a subdivision
78.26 to read:

78.27 Subd. 10b. **Moist snuff.** "Moist snuff" means any finely cut, ground, or powdered
78.28 smokeless tobacco that is intended to be placed or dipped in the mouth.

78.29 **EFFECTIVE DATE.** This section is effective January 1, 2014.

79.1 Sec. 8. Minnesota Statutes 2012, section 297F.01, is amended by adding a subdivision
79.2 to read:

79.3 Subd. 13a. **Premium cigar.** "Premium cigar" means any cigar that is
79.4 hand-constructed and hand-rolled, has a wrapper that is made entirely from whole tobacco
79.5 leaf, has a filler and binder that is made entirely of tobacco, except for adhesives or other
79.6 materials used to maintain size, texture, or flavor, and has a wholesale price of no less
79.7 than \$2.

79.8 **EFFECTIVE DATE.** This section is effective July 1, 2013.

79.9 Sec. 9. Minnesota Statutes 2012, section 297F.01, subdivision 19, is amended to read:

79.10 Subd. 19. **Tobacco products.** (a) "Tobacco products" means any product
79.11 containing, made, or derived from tobacco that is intended for human consumption,
79.12 whether chewed, smoked, absorbed, dissolved, inhaled, snorted, sniffed, or ingested by
79.13 any other means, or any component, part, or accessory of a tobacco product, including,
79.14 but not limited to, cigars; ~~little cigars~~; cheroots; stogies; periques; granulated, plug cut,
79.15 crimp cut, ready rubbed, and other smoking tobacco; snuff; snuff flour; cavendish; plug
79.16 and twist tobacco; fine-cut and other chewing tobacco; shorts; refuse scraps, clippings,
79.17 cuttings and sweepings of tobacco, and other kinds and forms of tobacco; but does not
79.18 include cigarettes as defined in this section. Tobacco products excludes any tobacco
79.19 product that has been approved by the United States Food and Drug Administration for
79.20 sale as a tobacco cessation product, as a tobacco dependence product, or for other medical
79.21 purposes, and is being marketed and sold solely for such an approved purpose.

79.22 (b) Except for the imposition of tax under section 297F.05, subdivisions 3 and 4,
79.23 tobacco products includes a premium cigar, as defined in subdivision 13a.

79.24 **EFFECTIVE DATE.** This section is effective July 1, 2013.

79.25 Sec. 10. Minnesota Statutes 2012, section 297F.05, subdivision 1, is amended to read:

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

79.30 (1) on cigarettes weighing not more than three pounds per thousand, ~~24~~ 141.5 mills
79.31 on each such cigarette; and

79.32 (2) on cigarettes weighing more than three pounds per thousand, ~~48~~ 283 mills on
79.33 each such cigarette.

80.1 **EFFECTIVE DATE.** This section is effective July 1, 2013.

80.2 Sec. 11. Minnesota Statutes 2012, section 297F.05, is amended by adding a subdivision
80.3 to read:

80.4 Subd. 1a. **Annual indexing.** (a) Each year the commissioner shall adjust the
80.5 tax rates under subdivision 1, including any adjustment made in prior years under this
80.6 subdivision, by multiplying the mill rates for the current calendar year by an adjustment
80.7 factor and rounding the result to the nearest mill. The adjustment factor equals the in-lieu
80.8 sales tax rate that applies to the following calendar year divided by the in-lieu sales tax
80.9 rate for the current calendar year. For purposes of this subdivision, "in-lieu sales tax rate"
80.10 means the tax rate established under section 297F.25, subdivision 1. For purposes of the
80.11 calculations under this subdivision to be made in any year in which an increase in the
80.12 federal or state excise tax on cigarettes is implemented, the commissioner shall exclude
80.13 from the calculated average price for the current year an amount equal to any increase in
80.14 the state or federal excise tax rate.

80.15 (b) The commissioner shall publish the resulting rate by November 1 and the rate
80.16 applies to sales made on or after January 1 of the following year.

80.17 (c) The determination of the commissioner under this subdivision is not a rule and is
80.18 not subject to the Administrative Procedure Act in chapter 14.

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

80.20 Sec. 12. Minnesota Statutes 2012, section 297F.05, subdivision 3, is amended to read:

80.21 Subd. 3. **Rates; tobacco products.** (a) Except as provided in subdivision 3a, a tax is
80.22 imposed upon all tobacco products in this state and upon any person engaged in business
80.23 as a distributor, at the rate of ~~35~~ 95 percent of the wholesale sales price of the tobacco
80.24 products. The tax is imposed at the time the distributor:

80.25 (1) brings, or causes to be brought, into this state from outside the state tobacco
80.26 products for sale;

80.27 (2) makes, manufactures, or fabricates tobacco products in this state for sale in
80.28 this state; or

80.29 (3) ships or transports tobacco products to retailers in this state, to be sold by those
80.30 retailers.

80.31 (b) Notwithstanding paragraph (a), a minimum tax equal to the rate imposed on a
80.32 pack of 20 cigarettes weighing not more than three pounds per thousand, as established
80.33 under subdivision 1, is imposed on each container of moist snuff.

81.1 For purposes of this subdivision, a "container" means the smallest consumer-size can,
81.2 package, or other container that is marketed or packaged by the manufacturer, distributor,
81.3 or retailer for separate sale to a retail purchaser. When more than one container is
81.4 packaged together, each container is subject to tax.

81.5 **EFFECTIVE DATE.** This section is effective July 1, 2013, except the minimum
81.6 tax under paragraph (b) is effective January 1, 2014.

81.7 Sec. 13. Minnesota Statutes 2012, section 297F.05, is amended by adding a subdivision
81.8 to read:

81.9 Subd. 3a. **Rates; tobacco.** (a) A tax is imposed upon all premium cigars in this state
81.10 and upon any person engaged in business as a tobacco product distributor, at the lesser of:

81.11 (1) the rate of 95 percent of the wholesale sales price of the premium cigars; or

81.12 (2) \$3.50 per premium cigar.

81.13 (b) The tax imposed under paragraph (a) is imposed at the time the tobacco products
81.14 distributor:

81.15 (1) brings, or causes to be brought, into this state from outside the state premium
81.16 cigars for sale;

81.17 (2) makes, manufactures, or fabricates premium cigars in this state for sale in this
81.18 state; or

81.19 (3) ships or transports premium cigars to retailers in this state, to be sold by those
81.20 retailers.

81.21 **EFFECTIVE DATE.** This section is effective July 1, 2013.

81.22 Sec. 14. Minnesota Statutes 2012, section 297F.05, subdivision 4, is amended to read:

81.23 Subd. 4. **Use tax; tobacco products.** Except as provided in subdivision 4a, a tax is
81.24 imposed upon the use or storage by consumers of tobacco products in this state, and upon
81.25 such consumers, at the rate of ~~35~~ 95 percent of the cost to the consumer of the tobacco
81.26 products or the minimum tax under subdivision 3, paragraph (b), whichever is greater.

81.27 **EFFECTIVE DATE.** This section is effective July 1, 2013.

81.28 Sec. 15. Minnesota Statutes 2012, section 297F.05, is amended by adding a subdivision
81.29 to read:

81.30 Subd. 4a. **Use tax; premium cigars.** A tax is imposed upon the use or storage by
81.31 consumers of all premium cigars in this state, and upon such consumers, at the lesser of:

81.32 (1) the rate of 95 percent of the cost to the consumer of the premium cigars; or

82.1 (2) \$3.50 per premium cigar.

82.2 **EFFECTIVE DATE.** This section is effective July 1, 2013.

82.3 Sec. 16. Minnesota Statutes 2012, section 297F.24, subdivision 1, is amended to read:

82.4 Subdivision 1. **Fee imposed.** (a) A fee is imposed upon the sale of nonsettlement
82.5 cigarettes in this state, upon having nonsettlement cigarettes in possession in this state
82.6 with intent to sell, upon any person engaged in business as a distributor, and upon the use
82.7 or storage by consumers of nonsettlement cigarettes. The fee equals a rate of ~~1.75~~ 2.5
82.8 cents per cigarette.

82.9 (b) The purpose of this fee is to:

82.10 (1) ensure that manufacturers of nonsettlement cigarettes pay fees to the state that
82.11 are comparable to costs attributable to the use of the cigarettes;

82.12 (2) prevent manufacturers of nonsettlement cigarettes from undermining the state's
82.13 policy of discouraging underage smoking by offering nonsettlement cigarettes at prices
82.14 substantially below the cigarettes of other manufacturers; and

82.15 (3) fund such other purposes as the legislature determines appropriate.

82.16 **EFFECTIVE DATE.** This section is effective July 1, 2013.

82.17 Sec. 17. Minnesota Statutes 2012, section 297F.25, subdivision 1, is amended to read:

82.18 Subdivision 1. **Imposition.** (a) A tax is imposed on distributors on the sale of
82.19 cigarettes by a cigarette distributor to a retailer or cigarette subjobber for resale in this
82.20 state. The tax is equal to ~~6.5 percent of~~ the combined tax rate under section 297A.62,
82.21 multiplied by the weighted average retail price and must be expressed in cents per pack
82.22 rounded to the nearest one-tenth of a cent. The weighted average retail price must be
82.23 determined annually, with new rates published by November 1, and effective for sales
82.24 on or after January 1 of the following year. The weighted average retail price must be
82.25 established by surveying cigarette retailers statewide in a manner and time determined by
82.26 the commissioner. The commissioner shall make an inflation adjustment in accordance
82.27 with the Consumer Price Index for all urban consumers inflation indicator as published in
82.28 the most recent state budget forecast. The commissioner shall use the inflation factor for
82.29 the calendar year in which the new tax rate takes effect. If the survey indicates that the
82.30 average retail price of cigarettes has not increased relative to the average retail price in
82.31 the previous year's survey, then the commissioner shall not make an inflation adjustment.
82.32 The determination of the commissioner pursuant to this subdivision is not a "rule" and is

83.1 not subject to the Administrative Procedure Act contained in chapter 14. For packs of
83.2 cigarettes with other than 20 cigarettes, the tax must be adjusted proportionally.

83.3 (b) Notwithstanding paragraph (a), and in lieu of a survey of cigarette retailers, the
83.4 tax calculation of the weighted average retail price for the sales of cigarettes from August
83.5 1, 2011, through December 31, 2011, shall be calculated by: (1) increasing the average
83.6 retail price per pack of 20 cigarettes from the most recent survey by the percentage change
83.7 in a weighted average of the presumed legal prices for cigarettes during the year after
83.8 completion of that survey, as reported and published by the Department of Commerce
83.9 under section 325D.371; (2) subtracting the sales tax included in the retail price; and (3)
83.10 adjusting for expected inflation. The rate must be published by May 1 and is effective for
83.11 sales after July 31. If the weighted average of the presumed legal prices indicates that the
83.12 average retail price of cigarettes has not increased relative to the average retail price in the
83.13 most recent survey, then no inflation adjustment must be made. For packs of cigarettes
83.14 with other than 20 cigarettes, the tax must be adjusted proportionally.

83.15 **EFFECTIVE DATE.** This section is effective July 1, 2013.

83.16 Sec. 18. Minnesota Statutes 2012, section 297G.04, subdivision 2, is amended to read:

83.17 Subd. 2. **Tax credit.** A qualified brewer producing fermented malt beverages
83.18 is entitled to a tax credit of \$4.60 per barrel on 25,000 barrels sold in any fiscal year
83.19 beginning July 1, regardless of the alcohol content of the product. Qualified brewers may
83.20 take the credit on the 18th day of each month, but the total credit allowed may not exceed
83.21 in any fiscal year the lesser of:

83.22 (1) the liability for tax; or

83.23 (2) \$115,000.

83.24 For purposes of this subdivision, a "qualified brewer" means a brewer, whether or
83.25 not located in this state, manufacturing less than ~~100,000~~ 250,000 barrels of fermented
83.26 malt beverages in the calendar year immediately preceding the calendar year for which
83.27 the credit under this subdivision is claimed. In determining the number of barrels, all
83.28 brands or labels of a brewer must be combined. All facilities for the manufacture of
83.29 fermented malt beverages owned or controlled by the same person, corporation, or other
83.30 entity must be treated as a single brewer.

83.31 **EFFECTIVE DATE.** This section is effective for determinations based on calendar
83.32 year 2012 production and thereafter.

83.33 Sec. 19. Minnesota Statutes 2012, section 325D.32, subdivision 2, is amended to read:

84.1 Subd. 2. **Cigarettes.** "Cigarettes" means and includes any roll for smoking, made
84.2 wholly or in part of tobacco, irrespective of size and shape and whether or not such
84.3 tobacco is flavored, adulterated or mixed with any other ingredient, the wrapper or cover
84.4 of which is made of paper or any other substance or material except whole tobacco leaf,
84.5 and includes any cigarette as defined in section 297F.01, subdivision 3.

84.6 **EFFECTIVE DATE.** This section is effective July 1, 2013.

84.7 Sec. 20. Minnesota Statutes 2012, section 325F.781, subdivision 1, is amended to read:

84.8 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms
84.9 have the meanings given, unless the language or context clearly provides otherwise.

84.10 (b) "Consumer" means an individual who purchases, receives, or possesses tobacco
84.11 products for personal consumption and not for resale.

84.12 (c) "Delivery sale" means:

84.13 (1) a sale of tobacco products to a consumer in this state when:

84.14 (i) the purchaser submits the order for the sale by means of a telephonic or other
84.15 method of voice transmission, the mail or any other delivery service, or the Internet or
84.16 other online service; or

84.17 (ii) the tobacco products are delivered by use of the mail or other delivery service; or

84.18 (2) a sale of tobacco products that satisfies the criteria in clause (1), item (i),
84.19 regardless of whether the seller is located inside or outside of the state.

84.20 A sale of tobacco products to an individual in this state must be treated as a sale to a
84.21 consumer, unless the individual is licensed as a distributor or retailer of tobacco products.

84.22 (d) "Delivery service" means a person, including the United States Postal Service,
84.23 that is engaged in the commercial delivery of letters, packages, or other containers.

84.24 (e) "Distributor" means a person, whether located inside or outside of this state,
84.25 other than a retailer, who sells or distributes tobacco products in the state. Distributor does
84.26 not include a tobacco products manufacturer, export warehouse proprietor, or importer
84.27 with a valid permit under United States Code, title 26, section 5712 (1997), if the person
84.28 sells or distributes tobacco products in this state only to distributors who hold valid and
84.29 current licenses under the laws of a state, or to an export warehouse proprietor or another
84.30 manufacturer. Distributor does not include a common or contract carrier that is transporting
84.31 tobacco products under a proper bill of lading or freight bill that states the quantity, source,
84.32 and destination of tobacco products, or a person who ships tobacco products through this
84.33 state by common or contract carrier under a bill of lading or freight bill.

84.34 (f) "Retailer" means a person, whether located inside or outside this state, who sells
84.35 or distributes tobacco products to a consumer in this state.

- 85.1 (g) "Tobacco products" means:
85.2 (1) cigarettes, as defined in section 297F.01, subdivision 3; ~~and~~
85.3 (2) smokeless tobacco as defined in section 325F.76.; and
85.4 (3) premium cigars as defined in section 297F.01, subdivision 13a.

85.5 **EFFECTIVE DATE.** This section is effective July 1, 2013.

85.6 Sec. 21. Minnesota Statutes 2012, section 349.166, subdivision 1, is amended to read:

85.7 Subdivision 1. **Exclusions.** (a) Bingo, with the exception of linked bingo games, may
85.8 be conducted without a license and without complying with sections 349.168, subdivisions
85.9 1 and 2; 349.17, subdivisions 4 and 5; 349.18, subdivision 1; and 349.19, if it is conducted:

85.10 (1) by an organization in connection with a county fair, the state fair, or a civic
85.11 celebration and is not conducted for more than 12 consecutive days and is limited to no more
85.12 than four separate applications for activities applied for and approved in a calendar year; or

85.13 (2) by an organization that conducts bingo on four or fewer days in a calendar year.

85.14 An organization that holds a license to conduct lawful gambling under this chapter
85.15 may not conduct bingo under this subdivision.

85.16 (b) Bingo may be conducted within a nursing home or a senior citizen housing
85.17 project or by a senior citizen organization if the prizes for a single bingo game do not
85.18 exceed \$10, total prizes awarded at a single bingo occasion do not exceed \$200, no more
85.19 than two bingo occasions are held by the organization or at the facility each week, only
85.20 members of the organization or residents of the nursing home or housing project are
85.21 allowed to play in a bingo game, no compensation is paid for any persons who conduct the
85.22 bingo, and a manager is appointed to supervise the bingo. Bingo conducted under this
85.23 paragraph is exempt from sections 349.11 to 349.23, and the board may not require an
85.24 organization that conducts bingo under this paragraph, or the manager who supervises the
85.25 bingo, to register or file a report with the board. The gross receipts from bingo conducted
85.26 under the limitations of this subdivision are exempt from taxation under chapter 297A.

85.27 (c) Raffles may be conducted by an organization without registering with the board
85.28 if the value of all raffle prizes awarded by the organization in a calendar year does not
85.29 exceed \$1,500 or, if the organization is a 501(c)(3) organization, if the value of all raffle
85.30 prizes awarded by the organization at one event in a calendar year does not exceed \$5,000.

85.31 (d) Except as provided in paragraph (b), the organization must maintain all required
85.32 records of excluded gambling activity for 3-1/2 years.

85.33 **EFFECTIVE DATE.** This section is effective July 1, 2013.

86.1 Sec. 22. Minnesota Statutes 2012, section 360.531, is amended to read:

86.2 **360.531 TAXATION.**

86.3 Subdivision 1. **In lieu tax.** All aircraft using the air space overlying the state of
 86.4 Minnesota or the airports thereof, except as set forth in section 360.55, shall be taxed in
 86.5 lieu of all other taxes thereon, on the basis and at the rate for the period January 1, 1966, to
 86.6 June 30, 1967, and for each fiscal year as follows.

86.7 Subd. 2. **Rate.** The tax shall be ~~at the rate of one percent of value; provided that~~
 86.8 ~~the minimum tax on an aircraft subject to the provisions of sections 360.511 to 360.67~~
 86.9 ~~shall not be less than 25 percent of the tax on said aircraft computed on its base price or~~
 86.10 ~~\$50 whichever is the higher.~~ as follows:

<u>Base Price</u>	<u>Tax</u>
86.11 <u>Under \$499,999</u>	86.11 <u>\$100</u>
86.12 <u>\$500,000 to \$999,999</u>	86.12 <u>\$200</u>
86.13 <u>\$1,000,000 to \$2,499,999</u>	86.13 <u>\$2,000</u>
86.14 <u>\$2,500,000 to \$4,999,999</u>	86.14 <u>\$4,000</u>
86.15 <u>\$5,000,000 to \$7,499,999</u>	86.15 <u>\$7,500</u>
86.16 <u>\$7,500,000 to \$9,999,999</u>	86.16 <u>\$10,000</u>
86.17 <u>\$10,000,000 to \$12,499,999</u>	86.17 <u>\$12,500</u>
86.18 <u>\$12,500,000 to \$14,999,999</u>	86.18 <u>\$15,000</u>
86.19 <u>\$15,000,000 to \$17,499,999</u>	86.19 <u>\$17,500</u>
86.20 <u>\$17,500,000 to \$19,999,999</u>	86.20 <u>\$20,000</u>
86.21 <u>\$20,000,000 to \$22,499,999</u>	86.21 <u>\$22,500</u>
86.22 <u>\$22,500,000 to \$24,999,999</u>	86.22 <u>\$25,000</u>
86.23 <u>\$25,000,000 to \$27,499,999</u>	86.23 <u>\$27,500</u>
86.24 <u>\$27,500,000 to \$29,999,999</u>	86.24 <u>\$30,000</u>
86.25 <u>\$30,000,000 to \$39,999,999</u>	86.25 <u>\$50,000</u>
86.26 <u>\$40,000,000 and over</u>	86.26 <u>\$75,000</u>

86.28 Subd. 3. **First year of life.** "First year of life" means the year the aircraft was
 86.29 manufactured.

86.30 Subd. 4. **Base price for taxation.** For the purpose of fixing a base price for taxation
 86.31 ~~from which depreciation in value at a fixed percent per annum can be counted, such , the~~
 86.32 base price is defined as follows:

86.33 (a) The base price for taxation of an aircraft shall be the manufacturer's list price.

86.34 (b) The commissioner shall have authority to fix the base value for taxation purposes
 86.35 of any aircraft of which no such similar or corresponding model has been manufactured,
 86.36 and of any rebuilt or foreign aircraft, any aircraft on which a record of the list price is not
 86.37 available, or any military aircraft converted for civilian use, using as a basis for ~~such~~

87.1 valuation the list price of aircraft with comparable performance characteristics, and taking
87.2 into consideration the age and condition of the aircraft.

87.3 Subd. 5. **Similarity of corresponding model.** Models shall be deemed similar if
87.4 substantially alike and of the same make. Models shall be deemed to be corresponding
87.5 models for the purpose of taxation under sections 360.54 to 360.67 if of the same make
87.6 and having approximately the same weight and type of frame and the same style and
87.7 size of motor.

87.8 Subd. 6. **Depreciation.** ~~After the first year of aircraft life the base value for taxation~~
87.9 ~~purposes shall be reduced as follows: ten percent the second year, and 15 percent the third~~
87.10 ~~and each succeeding year thereafter, but in no event shall such tax be reduced below~~
87.11 ~~the minimum.~~

87.12 Subd. 7. **Prorating tax.** When an aircraft first becomes subject to taxation during the
87.13 period for which the tax is to be paid, the tax on it shall be for the remainder of that period,
87.14 prorated on a monthly basis of 1/12 of the annual tax for each calendar month counting the
87.15 month during which it becomes subject to the tax as the first month of such period.

87.16 Subd. 8. **Tax, fiscal year.** Every aircraft subject to the provisions of sections
87.17 360.511 to 360.67 which has at any time since April 19, 1945, used the air space overlying
87.18 the state of Minnesota or the airports thereof shall be taxed for the period from January 1,
87.19 1966, through June 30, 1967, and for each fiscal year thereafter in which it is so used. Any
87.20 aircraft which does not use the air space overlying the state of Minnesota or the airports
87.21 thereof at any time during the period of January 1, 1966, to and including June 30, 1967,
87.22 or at any time during any fiscal year thereafter shall not be subject to the tax provided by
87.23 sections 360.511 to 360.67 for such period. Rebuilt aircraft shall be subject to the tax
87.24 provided by sections 360.511 to 360.67 for that portion of the aforesaid periods remaining
87.25 after the aircraft has been rebuilt, prorated on a monthly basis.

87.26 Subd. 9. **Assessed as personal property in certain cases.** Aircraft subject to
87.27 taxation under the provisions of sections 360.54 to 360.67 shall not be assessed as personal
87.28 property and shall be subject to no tax except as provided for by these sections. Aircraft
87.29 not subject to taxation as provided in these sections, but subject to taxation as personal
87.30 property within the state of Minnesota shall be assessed and valued at 33-1/3 percent of
87.31 the market value thereof and taxed at the rate and in the manner provided by law for the
87.32 taxation of ordinary personal property. If the person against whom any tax has been levied
87.33 on the ad valorem basis because of any aircraft shall, during the calendar year for which
87.34 such ad valorem tax is levied, be also taxed under provisions of these sections, then and in
87.35 that event, upon proper showing, the commissioner of revenue shall grant to the person
87.36 against whom said ad valorem tax was levied, such reduction or abatement of net tax

88.1 capacity or taxes as was occasioned by the so-called ad valorem tax imposed. If the ad
88.2 valorem tax upon any aircraft has been assessed against a dealer in new and used aircraft,
88.3 and the tax imposed by these sections for the required period is thereafter paid by the
88.4 owner, then and in that event, upon proper showing, the commissioner of revenue, upon
88.5 the application of said dealer, shall grant to such dealer against whom said ad valorem tax
88.6 was levied such reduction or abatement of net tax capacity or taxes as was occasioned
88.7 by the so-called ad valorem tax imposed.

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

88.10 Sec. 23. Minnesota Statutes 2012, section 360.66, is amended to read:

88.11 **360.66 STATE AIRPORTS FUND.**

88.12 Subdivision 1. **Tax credited to fund.** The proceeds of the tax imposed on aircraft
88.13 under sections ~~360.54~~ 360.531 to 360.67 and all fees and penalties provided for therein
88.14 shall be collected by the commissioner and paid into the state treasury and credited to the
88.15 state airports fund created by other statutes of this state.

88.16 Subd. 2. **Reimbursement for expenses.** There shall be transferred by the
88.17 commissioner of management and budget each year from the state airports fund to the
88.18 general fund in the state treasury the amount expended from the latter fund for expenses of
88.19 administering the provisions of sections ~~360.54~~ 360.531 to 360.67.

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

88.22 Sec. 24. **REPORT.**

88.23 On or before June 30, 2016, and every four years thereafter, the commissioner of
88.24 transportation, in consultation with the commissioner of revenue, shall prepare and submit
88.25 to the chairs and ranking minority members of the senate and house of representatives
88.26 committees with jurisdiction over transportation policy and budget, a report that identifies
88.27 the amount and sources of annual revenues attributable to each type of aviation tax, along
88.28 with annual expenditures from the state airports fund, and any other transfers out of the
88.29 fund, during the previous four years. The report must include draft legislation for any
88.30 recommended statutory changes to ensure the future adequacy of the state airports fund.

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

89.1 **Sec. 25. FLOOR STOCKS TAX.**

89.2 **Subdivision 1. Cigarettes.** (a) A floor stocks tax is imposed on every person
89.3 engaged in the business in this state as a distributor, retailer, subjobber, vendor,
89.4 manufacturer, or manufacturer's representative of cigarettes, on the stamped cigarettes and
89.5 unaffixed stamps in the person's possession or under the person's control at 12:01 a.m.
89.6 on July 1, 2013. The tax is imposed at the rate of 80 mills on each cigarette plus the
89.7 additional cigarette sales tax determined by an adjustment to the weighted average retail
89.8 price which reflects the price including the increased tax.

89.9 (b) Each distributor, on or before July 11, 2013, shall file a return with the
89.10 commissioner of revenue, in the form the commissioner prescribes, showing the stamped
89.11 cigarettes and unaffixed stamps on hand at 12:01 a.m. on July 1, 2013, and the amount
89.12 of tax due on the cigarettes and unaffixed stamps. Each retailer, subjobber, vendor,
89.13 manufacturer, or manufacturer's representative, on or before July 11, 2013, shall file
89.14 a return with the commissioner, in the form the commissioner prescribes, showing the
89.15 cigarettes on hand at 12:01 a.m. on July 1, 2013, and the amount of tax due on the
89.16 cigarettes. The tax imposed by this section is due and payable on or before September 4,
89.17 2013, and after that date bears interest at the rate of one percent per month.

89.18 **Subd. 2. Audit and enforcement.** The tax imposed by this section is subject to
89.19 the audit, assessment, interest, appeal, refund, penalty, enforcement, administrative, and
89.20 collection provisions of Minnesota Statutes, chapters 270C and 297F. The commissioner
89.21 of revenue may require a distributor to receive and maintain copies of floor stocks fee
89.22 returns filed by all persons requesting a credit for returned cigarettes.

89.23 **Subd. 3. Deposit of proceeds.** (a) The commissioner of revenue shall deposit
89.24 \$26,500,000 of the revenues from the tax under this section in the state treasury and credit
89.25 them to the general reserve account established under Minnesota Statutes 297E.021,
89.26 subdivision 4.

89.27 (b) The commissioner of revenue shall deposit any revenue remaining after the
89.28 transfer under paragraph (a) to the general fund.

89.29 **EFFECTIVE DATE.** This section is effective July 1, 2013.

89.30 **Sec. 26. INTERIM SALES TAX RATE.**

89.31 Notwithstanding the provisions of Minnesota Statutes, section 297F.25, the
89.32 commissioner shall adjust the weighted average retail price in section 297F.25, subdivision
89.33 1, on July 1, 2013, to reflect the price changes under this act. This weighted average

90.1 shall be used to compute cigarette sales tax under Minnesota Statutes, section 297F.25,
90.2 subdivision 1, until December 31, 2013, when the commissioner shall resume annual
90.3 adjustments to the weighted average sales price. The commissioner's determination of
90.4 the adjustment that takes effect on January 1, 2014, must be limited to the change in the
90.5 weighted average retail price that occurs during calendar year 2013 but after July 15, 2013.

90.6 **EFFECTIVE DATE.** This section is effective July 1, 2013.

90.7 Sec. 27. **TOBACCO TAX COLLECTION REPORT.**

90.8 Subdivision 1. **Report to legislature.** (a) The commissioner of revenue shall report
90.9 to the 2014 legislature on the tobacco tax collection system, including recommendations
90.10 to improve compliance under the excise tax for both cigarettes and other tobacco products.
90.11 The purpose of the report is to provide information and guidance to the legislature on
90.12 improvements to the tobacco tax collection system to:

90.13 (1) provide a unified system of collecting both the cigarette and other tobacco
90.14 taxes, regardless of category, size, or shape, that ensures the highest reasonable rates of
90.15 tax collection;

90.16 (2) discourage tax evasion; and

90.17 (3) help to prevent illegal sale of tobacco products, which may make these products
90.18 more accessible to youth.

90.19 (b) In the report, the commissioner shall:

90.20 (1) provide a detailed review of the present excise tax collection and compliance
90.21 system as it applies to both cigarettes and other tobacco products. This must include
90.22 an assessment of the levels of compliance for each category of products and the effect
90.23 of the stamping requirement on compliance for each category of products and the effect
90.24 of the stamping requirement on compliance rates for cigarettes relative to other tobacco
90.25 products. It also must identify any weaknesses in the system;

90.26 (2) survey the methods of collection and enforcement used by other states or nations,
90.27 including identifying and discussing emerging best practices that ensure tracking of both
90.28 cigarettes and other tobacco products and result in the highest rates of tax collection and
90.29 compliance. These best practices must consider high-technology alternatives, such as use
90.30 of bar codes, radio-frequency identification tags, or similar mechanisms for tracking
90.31 compliance;

90.32 (3) evaluate the adequacy and effectiveness of the existing penalties and other
90.33 sanctions for noncompliance;

- 91.1 (4) evaluate the adequacy of the resources allocated by the state to enforce the
91.2 tobacco tax and prevention laws; and
- 91.3 (5) make recommendations on implementation of a comprehensive tobacco tax
91.4 collection system for Minnesota that can be implemented by January 1, 2014, including:
- 91.5 (i) recommendations on the specific steps needed to institute and implement the new
91.6 system, including estimates of the state's costs of doing so and any additional personnel
91.7 requirements;
- 91.8 (ii) recommendations on methods to recover the cost of implementing the system
91.9 from the industry;
- 91.10 (iii) evaluation of the extent to which the proposed system is sufficiently flexible
91.11 and adaptable to adjust to modifications in the construction, packaging, formatting, and
91.12 marketing of tobacco products by the industry; and
- 91.13 (iv) recommendations to modify existing penalties or to impose new penalties or
91.14 other sanctions to ensure compliance with the system.

91.15 Subd. 2. **Due date.** The report required by subdivision 1 is due February 15, 2014.

91.16 Subd. 3. **Procedure.** The report required under this section must be made in the
91.17 manner provided under Minnesota Statutes, section 3.195. In addition, copies must be
91.18 provided to the chairs and ranking minority members of the legislative committees and
91.19 divisions with jurisdiction over taxation.

91.20 Subd. 4. **Appropriation.** (a) \$100,000 is appropriated from the general fund to the
91.21 commissioner of revenue for fiscal year 2014 for the cost of preparing the report under
91.22 subdivision 1.

91.23 (b) The appropriation under this subdivision is a onetime appropriation and is not
91.24 included in the base budget.

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

91.26 Sec. 28. **REPEALER.**

91.27 Minnesota Statutes 2012, sections 16A.725; and 256.9658, are repealed.

91.28 **EFFECTIVE DATE.** This section is effective July 1, 2013.

ARTICLE 6

INDIVIDUAL INCOME AND CORPORATE FRANCHISE TAXES

91.31 Section 1. Minnesota Statutes 2012, section 116J.8737, subdivision 1, is amended to
91.32 read:

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

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

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

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

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

92.11 (1) \$10,000 in a calendar year by a qualified investor; or

92.12 (2) \$30,000 in a calendar year by a qualified fund.

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

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

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

92.22 (h) "Intern" means a student of an accredited institution of higher education, or a
92.23 former student who has graduated in the past six months from an accredited institution
92.24 of higher education, who is employed by a qualified small business in a nonpermanent
92.25 position for a duration of nine months or less that provides training and experience in the
92.26 primary business activity of the business.

92.27 (i) "Liquidation event" means a conversion of qualified investment for cash, cash
92.28 and other consideration, or any other form of equity or debt interest.

92.29 **EFFECTIVE DATE.** This section is effective for qualified small businesses
92.30 certified after June 30, 2013.

92.31 Sec. 2. Minnesota Statutes 2012, section 116J.8737, subdivision 2, is amended to read:

92.32 Subd. 2. **Certification of qualified small businesses.** (a) Businesses may apply
92.33 to the commissioner for certification as a qualified small business for a calendar year.
92.34 The application must be in the form and be made under the procedures specified by the
92.35 commissioner, accompanied by an application fee of \$150. Application fees are deposited

93.1 in the small business investment tax credit administration account in the special revenue
93.2 fund. The application for certification for 2010 must be made available on the department's
93.3 Web site by August 1, 2010. Applications for subsequent years' certification must be made
93.4 available on the department's Web site by November 1 of the preceding year.

93.5 (b) Within 30 days of receiving an application for certification under this subdivision,
93.6 the commissioner must either certify the business as satisfying the conditions required of a
93.7 qualified small business, request additional information from the business, or reject the
93.8 application for certification. If the commissioner requests additional information from the
93.9 business, the commissioner must either certify the business or reject the application within
93.10 30 days of receiving the additional information. If the commissioner neither certifies the
93.11 business nor rejects the application within 30 days of receiving the original application or
93.12 within 30 days of receiving the additional information requested, whichever is later, then
93.13 the application is deemed rejected, and the commissioner must refund the \$150 application
93.14 fee. A business that applies for certification and is rejected may reapply.

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

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

93.17 (2) at least 51 percent of the business's employees are employed in Minnesota, and
93.18 51 percent of the business's total payroll is paid or incurred in the state;

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

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

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

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

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

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

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

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

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

94.10 (8) the business has not previously received private equity investments of more
94.11 than \$4,000,000; ~~and~~

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

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

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

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

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

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

94.22 (3) the business must not issue securities that are traded on a public exchange within
94.23 180 days after the date on which the qualified investment was made; and

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

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

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

94.30 (1) "qualified high-technology field" includes aerospace, agricultural processing,
94.31 renewable energy, energy efficiency and conservation, environmental engineering, food
94.32 technology, cellulosic ethanol, information technology, materials science technology,
94.33 nanotechnology, telecommunications, biotechnology, medical device products,
94.34 pharmaceuticals, diagnostics, biologicals, chemistry, veterinary science, and similar
94.35 fields; and

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

95.4 **EFFECTIVE DATE.** This section is effective for qualified small businesses
95.5 certified after June 30, 2013, except the amendments to paragraph (c), clause (7), are
95.6 effective the day following final enactment.

95.7 Sec. 3. Minnesota Statutes 2012, section 116J.8737, subdivision 8, is amended to read:

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

95.12 (1) the name, mailing address, telephone number, e-mail address, contact person's
95.13 name, and industry type of a qualified small business upon approval of the application
95.14 and certification by the commissioner under subdivision 2;

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

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

95.19 (4) for credit certificates issued under subdivision 5, the amount of the credit
95.20 certificate issued, amount of the qualifying investment, the name of the qualifying investor
95.21 or qualifying fund that received the certificate, and the name of the qualifying small
95.22 business in which the qualifying investment was made;

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

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

95.27 (b) The following data, including data classified as nonpublic or private, must be
95.28 provided to the consultant for use in conducting the program evaluation under subdivision
95.29 10:

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

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

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

96.2 Sec. 4. **[136A.129] GREATER MINNESOTA INTERNSHIP PROGRAM.**

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

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

96.7 (c) "Eligible institution" means a Minnesota public postsecondary institution or a
96.8 Minnesota private, nonprofit, baccalaureate degree-granting college or university.

96.9 (d) "Eligible student" means a student enrolled in an eligible institution who has
96.10 completed one-half of the credits necessary for the respective degree or certification.

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

96.14 Subd. 2. **Program established.** The Office of Higher Education shall administer
96.15 a greater Minnesota internship program through eligible institutions to provide credit at
96.16 the eligible institution for internships and tax credits for eligible employers who hire
96.17 interns for employment in greater Minnesota.

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

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

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

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

96.26 (3) provide academic credit for the successful completion of the internship or ensure
96.27 that it fulfills requirements necessary to complete a vocational technical education program.

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

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

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

96.33 (3) does not replace an existing employee;

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

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

97.1 (6) will be paid at least minimum wage for a minimum of 16 hours per week for a
97.2 period of at least 12 weeks; and

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

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

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

97.10 (1) the number of interns hired;

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

97.12 (3) the compensation paid to interns.

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

97.15 Subd. 4. **Tax credit allowed.** An employer is entitled to a tax credit as provided in
97.16 section 290.06, subdivision 36. The total amount of credits allocated in a calendar year
97.17 must not exceed \$2,000,000. The office shall determine relevant criteria to allocate the
97.18 tax credits including the geographic distribution of credits to work locations outside the
97.19 metropolitan area, and shall allocate credits to eligible institutions that meet the criteria on
97.20 a first come, first served basis. Any credits allocated to an institution but not used may be
97.21 reallocated to eligible institutions. The office shall allocate a portion of the administrative
97.22 fee under section 290.06, subdivision 36, to participating eligible institutions for their
97.23 administrative costs.

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

97.27 (1) the number and dollar amount of credits allowed;

97.28 (2) the number of interns employed under the program; and

97.29 (3) the cost of administering the program.

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

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

98.1 Sec. 5. Minnesota Statutes 2012, section 289A.08, subdivision 3, is amended to read:

98.2 Subd. 3. **Corporations.** (a) A corporation that is subject to the state's jurisdiction to
98.3 tax under section 290.014, subdivision 5, must file a return, ~~except that a foreign operating~~
98.4 ~~corporation as defined in section 290.01, subdivision 6b, is not required to file a return.~~

98.5 (b) Members of a unitary business that are required to file a combined report on one
98.6 return must designate a member of the unitary business to be responsible for tax matters,
98.7 including the filing of returns, the payment of taxes, additions to tax, penalties, interest,
98.8 or any other payment, and for the receipt of refunds of taxes or interest paid in excess of
98.9 taxes lawfully due. The designated member must be a member of the unitary business that
98.10 is filing the single combined report and either:

98.11 (1) a corporation that is subject to the taxes imposed by chapter 290; or

98.12 (2) a corporation that is not subject to the taxes imposed by chapter 290:

98.13 (i) Such corporation consents by filing the return as a designated member under this
98.14 clause to remit taxes, penalties, interest, or additions to tax due from the members of the
98.15 unitary business subject to tax, and receive refunds or other payments on behalf of other
98.16 members of the unitary business. The member designated under this clause is a "taxpayer"
98.17 for the purposes of this chapter and chapter 270C, and is liable for any liability imposed
98.18 on the unitary business under this chapter and chapter 290.

98.19 (ii) If the state does not otherwise have the jurisdiction to tax the member designated
98.20 under this clause, consenting to be the designated member does not create the jurisdiction
98.21 to impose tax on the designated member, other than as described in item (i).

98.22 (iii) The member designated under this clause must apply for a business tax account
98.23 identification number.

98.24 (c) The commissioner shall adopt rules for the filing of one return on behalf of the
98.25 members of an affiliated group of corporations that are required to file a combined report.
98.26 All members of an affiliated group that are required to file a combined report must file one
98.27 return on behalf of the members of the group under rules adopted by the commissioner.

98.28 (d) If a corporation claims on a return that it has paid tax in excess of the amount of
98.29 taxes lawfully due, that corporation must include on that return information necessary for
98.30 payment of the tax in excess of the amount lawfully due by electronic means.

98.31 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
98.32 December 31, 2012.

98.33 Sec. 6. Minnesota Statutes 2012, section 290.01, subdivision 19, as amended by Laws
98.34 2013, chapter 3, section 3, is amended to read:

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

99.7 In the case of a regulated investment company or a fund thereof, as defined in section
99.8 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment
99.9 company taxable income as defined in section 852(b)(2) of the Internal Revenue Code,
99.10 except that:

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

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

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

99.20 The net income of a real estate investment trust as defined and limited by section
99.21 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust
99.22 taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

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

99.26 The Internal Revenue Code of 1986, as amended through April 14, 2011, shall be in
99.27 effect for taxable years beginning after December 31, 1996, and before January 1, 2012,
99.28 and for taxable years beginning after December 31, 2012. The Internal Revenue Code of
99.29 1986, as amended through January 3, 2013, is in effect for taxable years beginning after
99.30 December 31, 2011, and before January 1, 2013.

99.31 The provisions of sections 315 and 331 of the American Taxpayer Relief Act of
99.32 2012, Public Law 112-240, extension of increased expensing limitations and treatment
99.33 of certain real property as section 179 property and extension and modification of bonus
99.34 depreciation, are effective at the same time they become effective for federal purposes.

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

100.4 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
100.5 December 31, 2012.

100.6 Sec. 7. Minnesota Statutes 2012, section 290.01, subdivision 19b, is amended to read:

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

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

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

100.15 (3) the amount paid to others, less the amount used to claim the credit allowed under
100.16 section 290.0674, not to exceed \$1,625 for each qualifying child in grades kindergarten
100.17 to 6 and \$2,500 for each qualifying child in grades 7 to 12, for tuition, textbooks, and
100.18 transportation of each qualifying child in attending an elementary or secondary school
100.19 situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a
100.20 resident of this state may legally fulfill the state's compulsory attendance laws, which
100.21 is not operated for profit, and which adheres to the provisions of the Civil Rights Act
100.22 of 1964 and chapter 363A. For the purposes of this clause, "tuition" includes fees or
100.23 tuition as defined in section 290.0674, subdivision 1, clause (1). As used in this clause,
100.24 "textbooks" includes books and other instructional materials and equipment purchased
100.25 or leased for use in elementary and secondary schools in teaching only those subjects
100.26 legally and commonly taught in public elementary and secondary schools in this state.
100.27 Equipment expenses qualifying for deduction includes expenses as defined and limited in
100.28 section 290.0674, subdivision 1, clause (3). "Textbooks" does not include instructional
100.29 books and materials used in the teaching of religious tenets, doctrines, or worship, the
100.30 purpose of which is to instill such tenets, doctrines, or worship, nor does it include books
100.31 or materials for, or transportation to, extracurricular activities including sporting events,
100.32 musical or dramatic events, speech activities, driver's education, or similar programs. No
100.33 deduction is permitted for any expense the taxpayer incurred in using the taxpayer's or
100.34 the qualifying child's vehicle to provide such transportation for a qualifying child. For

101.1 purposes of the subtraction provided by this clause, "qualifying child" has the meaning
101.2 given in section 32(c)(3) of the Internal Revenue Code;

101.3 (4) income as provided under section 290.0802;

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

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

101.12 (7) for individuals who are allowed a federal foreign tax credit for taxes that do not
101.13 qualify for a credit under section 290.06, subdivision 22, an amount equal to the carryover
101.14 of subnational foreign taxes for the taxable year, but not to exceed the total subnational
101.15 foreign taxes reported in claiming the foreign tax credit. For purposes of this clause,
101.16 "federal foreign tax credit" means the credit allowed under section 27 of the Internal
101.17 Revenue Code, and "carryover of subnational foreign taxes" equals the carryover allowed
101.18 under section 904(c) of the Internal Revenue Code minus national level foreign taxes to
101.19 the extent they exceed the federal foreign tax credit;

101.20 (8) in each of the five tax years immediately following the tax year in which an
101.21 addition is required under subdivision 19a, clause (7), or 19c, clause ~~(15)~~ (12), in the case
101.22 of a shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the
101.23 delayed depreciation. For purposes of this clause, "delayed depreciation" means the amount
101.24 of the addition made by the taxpayer under subdivision 19a, clause (7), or subdivision 19c,
101.25 clause ~~(15)~~ (12), in the case of a shareholder of an S corporation, minus the positive value
101.26 of any net operating loss under section 172 of the Internal Revenue Code generated for the
101.27 tax year of the addition. The resulting delayed depreciation cannot be less than zero;

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

101.29 (10) to the extent included in federal taxable income, the amount of compensation
101.30 paid to members of the Minnesota National Guard or other reserve components of the
101.31 United States military for active service, excluding compensation for services performed
101.32 under the Active Guard Reserve (AGR) program. For purposes of this clause, "active
101.33 service" means (i) state active service as defined in section 190.05, subdivision 5a, clause
101.34 (1); or (ii) federally funded state active service as defined in section 190.05, subdivision
101.35 5b, but "active service" excludes service performed in accordance with section 190.08,
101.36 subdivision 3;

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

102.5 (12) an amount, not to exceed \$10,000, equal to qualified expenses related to a
102.6 qualified donor's donation, while living, of one or more of the qualified donor's organs
102.7 to another person for human organ transplantation. For purposes of this clause, "organ"
102.8 means all or part of an individual's liver, pancreas, kidney, intestine, lung, or bone marrow;
102.9 "human organ transplantation" means the medical procedure by which transfer of a human
102.10 organ is made from the body of one person to the body of another person; "qualified
102.11 expenses" means unreimbursed expenses for both the individual and the qualified donor
102.12 for (i) travel, (ii) lodging, and (iii) lost wages net of sick pay, except that such expenses
102.13 may be subtracted under this clause only once; and "qualified donor" means the individual
102.14 or the individual's dependent, as defined in section 152 of the Internal Revenue Code. An
102.15 individual may claim the subtraction in this clause for each instance of organ donation for
102.16 transplantation during the taxable year in which the qualified expenses occur;

102.17 (13) in each of the five tax years immediately following the tax year in which an
102.18 addition is required under subdivision 19a, clause (8), or 19c, clause ~~(16)~~ (13), in the case
102.19 of a shareholder of a corporation that is an S corporation, an amount equal to one-fifth of
102.20 the addition made by the taxpayer under subdivision 19a, clause (8), or 19c, clause ~~(16)~~
102.21 (13), in the case of a shareholder of a corporation that is an S corporation, minus the
102.22 positive value of any net operating loss under section 172 of the Internal Revenue Code
102.23 generated for the tax year of the addition. If the net operating loss exceeds the addition for
102.24 the tax year, a subtraction is not allowed under this clause;

102.25 (14) to the extent included in the federal taxable income of a nonresident of
102.26 Minnesota, compensation paid to a service member as defined in United States Code, title
102.27 10, section 101(a)(5), for military service as defined in the Servicemembers Civil Relief
102.28 Act, Public Law 108-189, section 101(2);

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

102.33 (16) to the extent included in federal taxable income, discharge of indebtedness
102.34 income resulting from reacquisition of business indebtedness included in federal taxable
102.35 income under section 108(i) of the Internal Revenue Code. This subtraction applies only

103.1 to the extent that the income was included in net income in a prior year as a result of the
103.2 addition under section 290.01, subdivision 19a, clause (16); ~~and~~
103.3 (17) the amount of the net operating loss allowed under section 290.095, subdivision
103.4 11, paragraph (c); and
103.5 (18) the amount of expenses not allowed for federal income tax purposes due
103.6 to claiming the railroad track maintenance credit under section 45G(a) of the Internal
103.7 Revenue Code.

103.8 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
103.9 December 31, 2012.

103.10 Sec. 8. Minnesota Statutes 2012, section 290.01, subdivision 19c, is amended to read:

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

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

103.18 (2) interest not subject to federal tax upon obligations of: the United States, its
103.19 possessions, its agencies, or its instrumentalities; the state of Minnesota or any other
103.20 state, any of its political or governmental subdivisions, any of its municipalities, or any
103.21 of its governmental agencies or instrumentalities; the District of Columbia; or Indian
103.22 tribal governments;

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

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

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

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

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

103.34 ~~(8) the exempt foreign trade income of a foreign sales corporation under sections~~
103.35 ~~921(a) and 291 of the Internal Revenue Code;~~

104.1 ~~(9)~~ (8) the amount of percentage depletion deducted under sections 611 through
104.2 614 and 291 of the Internal Revenue Code;

104.3 ~~(10)~~ (9) for certified pollution control facilities placed in service in a taxable year
104.4 beginning before December 31, 1986, and for which amortization deductions were elected
104.5 under section 169 of the Internal Revenue Code of 1954, as amended through December
104.6 31, 1985, the amount of the amortization deduction allowed in computing federal taxable
104.7 income for those facilities;

104.8 ~~(11) the amount of any deemed dividend from a foreign operating corporation~~
104.9 ~~determined pursuant to section 290.17, subdivision 4, paragraph (g). The deemed dividend~~
104.10 ~~shall be reduced by the amount of the addition to income required by clauses (20), (21),~~
104.11 ~~(22), and (23);~~

104.12 ~~(12)~~ (10) the amount of a partner's pro rata share of net income which does not flow
104.13 through to the partner because the partnership elected to pay the tax on the income under
104.14 section 6242(a)(2) of the Internal Revenue Code;

104.15 ~~(13) the amount of net income excluded under section 114 of the Internal Revenue~~
104.16 ~~Code;~~

104.17 ~~(14)~~ (11) any increase in subpart F income, as defined in section 952(a) of the
104.18 Internal Revenue Code, for the taxable year when subpart F income is calculated without
104.19 regard to the provisions of Division C, title III, section 303(b) of Public Law 110-343;

104.20 ~~(15)~~ (12) 80 percent of the depreciation deduction allowed under section
104.21 168(k)(1)(A) and (k)(4)(A) of the Internal Revenue Code. For purposes of this clause, if
104.22 the taxpayer has an activity that in the taxable year generates a deduction for depreciation
104.23 under section 168(k)(1)(A) and (k)(4)(A) and the activity generates a loss for the taxable
104.24 year that the taxpayer is not allowed to claim for the taxable year, "the depreciation
104.25 allowed under section 168(k)(1)(A) and (k)(4)(A)" for the taxable year is limited to excess
104.26 of the depreciation claimed by the activity under section 168(k)(1)(A) and (k)(4)(A)
104.27 over the amount of the loss from the activity that is not allowed in the taxable year. In
104.28 succeeding taxable years when the losses not allowed in the taxable year are allowed, the
104.29 depreciation under section 168(k)(1)(A) and (k)(4)(A) is allowed;

104.30 ~~(16)~~ (13) 80 percent of the amount by which the deduction allowed by section 179 of
104.31 the Internal Revenue Code exceeds the deduction allowable by section 179 of the Internal
104.32 Revenue Code of 1986, as amended through December 31, 2003;

104.33 ~~(17)~~ (14) to the extent deducted in computing federal taxable income, the amount of
104.34 the deduction allowable under section 199 of the Internal Revenue Code;

104.35 ~~(18) for taxable years beginning before January 1, 2013, the exclusion allowed under~~
104.36 ~~section 139A of the Internal Revenue Code for federal subsidies for prescription drug plans;~~

105.1 ~~(19)~~ (15) the amount of expenses disallowed under section 290.10, subdivision 2; and
105.2 ~~(20)~~ an amount equal to the interest and intangible expenses, losses, and costs paid,
105.3 accrued, or incurred by any member of the taxpayer's unitary group to or for the benefit
105.4 of a corporation that is a member of the taxpayer's unitary business group that qualifies
105.5 as a foreign operating corporation. For purposes of this clause, intangible expenses and
105.6 costs include:

- 105.7 ~~(i)~~ expenses, losses, and costs for, or related to, the direct or indirect acquisition,
105.8 use, maintenance or management, ownership, sale, exchange, or any other disposition of
105.9 intangible property;
- 105.10 ~~(ii)~~ losses incurred, directly or indirectly, from factoring transactions or discounting
105.11 transactions;
- 105.12 ~~(iii)~~ royalty, patent, technical, and copyright fees;
- 105.13 ~~(iv)~~ licensing fees; and
- 105.14 ~~(v)~~ other similar expenses and costs.

105.15 For purposes of this clause, "intangible property" includes stocks, bonds, patents, patent
105.16 applications, trade names, trademarks, service marks, copyrights, mask works, trade
105.17 secrets, and similar types of intangible assets.

105.18 This clause does not apply to any item of interest or intangible expenses or costs paid,
105.19 accrued, or incurred, directly or indirectly, to a foreign operating corporation with respect
105.20 to such item of income to the extent that the income to the foreign operating corporation
105.21 is income from sources without the United States as defined in subtitle A, chapter 1,
105.22 subchapter N, part 1, of the Internal Revenue Code;

105.23 ~~(21)~~ except as already included in the taxpayer's taxable income pursuant to clause
105.24 ~~(20)~~, any interest income and income generated from intangible property received or
105.25 accrued by a foreign operating corporation that is a member of the taxpayer's unitary
105.26 group. For purposes of this clause, income generated from intangible property includes:

- 105.27 ~~(i)~~ income related to the direct or indirect acquisition, use, maintenance or
105.28 management, ownership, sale, exchange, or any other disposition of intangible property;
- 105.29 ~~(ii)~~ income from factoring transactions or discounting transactions;
- 105.30 ~~(iii)~~ royalty, patent, technical, and copyright fees;
- 105.31 ~~(iv)~~ licensing fees; and
- 105.32 ~~(v)~~ other similar income.

105.33 For purposes of this clause, "intangible property" includes stocks, bonds, patents, patent
105.34 applications, trade names, trademarks, service marks, copyrights, mask works, trade
105.35 secrets, and similar types of intangible assets.

106.1 This clause does not apply to any item of interest or intangible income received or accrued
106.2 by a foreign operating corporation with respect to such item of income to the extent that
106.3 the income is income from sources without the United States as defined in subtitle A,
106.4 chapter 1, subchapter N, part 1, of the Internal Revenue Code;

106.5 (22) the dividends attributable to the income of a foreign operating corporation that
106.6 is a member of the taxpayer's unitary group in an amount that is equal to the dividends
106.7 paid deduction of a real estate investment trust under section 561(a) of the Internal
106.8 Revenue Code for amounts paid or accrued by the real estate investment trust to the
106.9 foreign operating corporation;

106.10 (23) the income of a foreign operating corporation that is a member of the taxpayer's
106.11 unitary group in an amount that is equal to gains derived from the sale of real or personal
106.12 property located in the United States;

106.13 (24) for taxable years beginning before January 1, 2010, the additional amount
106.14 allowed as a deduction for donation of computer technology and equipment under section
106.15 170(e)(6) of the Internal Revenue Code, to the extent deducted from taxable income; and

106.16 (25) (16) discharge of indebtedness income resulting from reacquisition of business
106.17 indebtedness and deferred under section 108(i) of the Internal Revenue Code.

106.18 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
106.19 December 31, 2012.

106.20 Sec. 9. Minnesota Statutes 2012, section 290.01, subdivision 19d, is amended to read:

106.21 Subd. 19d. **Corporations; modifications decreasing federal taxable income.** For
106.22 corporations, there shall be subtracted from federal taxable income after the increases
106.23 provided in subdivision 19c:

106.24 (1) the amount of foreign dividend gross-up added to gross income for federal
106.25 income tax purposes under section 78 of the Internal Revenue Code;

106.26 (2) the amount of salary expense not allowed for federal income tax purposes due to
106.27 claiming the work opportunity credit under section 51 of the Internal Revenue Code;

106.28 (3) any dividend (not including any distribution in liquidation) paid within the
106.29 taxable year by a national or state bank to the United States, or to any instrumentality of
106.30 the United States exempt from federal income taxes, on the preferred stock of the bank
106.31 owned by the United States or the instrumentality;

106.32 (4) amounts disallowed for intangible drilling costs due to differences between
106.33 this chapter and the Internal Revenue Code in taxable years beginning before January
106.34 1, 1987, as follows:

107.1 (i) to the extent the disallowed costs are represented by physical property, an amount
107.2 equal to the allowance for depreciation under Minnesota Statutes 1986, section 290.09,
107.3 subdivision 7, subject to the modifications contained in subdivision 19e; and

107.4 (ii) to the extent the disallowed costs are not represented by physical property, an
107.5 amount equal to the allowance for cost depletion under Minnesota Statutes 1986, section
107.6 290.09, subdivision 8;

107.7 (5) the deduction for capital losses pursuant to sections 1211 and 1212 of the
107.8 Internal Revenue Code, except that:

107.9 (i) for capital losses incurred in taxable years beginning after December 31, 1986,
107.10 capital loss carrybacks shall not be allowed;

107.11 (ii) for capital losses incurred in taxable years beginning after December 31, 1986,
107.12 a capital loss carryover to each of the 15 taxable years succeeding the loss year shall be
107.13 allowed;

107.14 (iii) for capital losses incurred in taxable years beginning before January 1, 1987, a
107.15 capital loss carryback to each of the three taxable years preceding the loss year, subject to
107.16 the provisions of Minnesota Statutes 1986, section 290.16, shall be allowed; and

107.17 (iv) for capital losses incurred in taxable years beginning before January 1, 1987,
107.18 a capital loss carryover to each of the five taxable years succeeding the loss year to the
107.19 extent such loss was not used in a prior taxable year and subject to the provisions of
107.20 Minnesota Statutes 1986, section 290.16, shall be allowed;

107.21 (6) an amount for interest and expenses relating to income not taxable for federal
107.22 income tax purposes, if (i) the income is taxable under this chapter and (ii) the interest and
107.23 expenses were disallowed as deductions under the provisions of section 171(a)(2), 265 or
107.24 291 of the Internal Revenue Code in computing federal taxable income;

107.25 (7) in the case of mines, oil and gas wells, other natural deposits, and timber for
107.26 which percentage depletion was disallowed pursuant to subdivision 19c, clause ~~(9)~~ (8), a
107.27 reasonable allowance for depletion based on actual cost. In the case of leases the deduction
107.28 must be apportioned between the lessor and lessee in accordance with rules prescribed
107.29 by the commissioner. In the case of property held in trust, the allowable deduction must
107.30 be apportioned between the income beneficiaries and the trustee in accordance with the
107.31 pertinent provisions of the trust, or if there is no provision in the instrument, on the basis
107.32 of the trust's income allocable to each;

107.33 (8) for certified pollution control facilities placed in service in a taxable year
107.34 beginning before December 31, 1986, and for which amortization deductions were elected
107.35 under section 169 of the Internal Revenue Code of 1954, as amended through December

108.1 31, 1985, an amount equal to the allowance for depreciation under Minnesota Statutes
108.2 1986, section 290.09, subdivision 7;

108.3 (9) amounts included in federal taxable income that are due to refunds of income,
108.4 excise, or franchise taxes based on net income or related minimum taxes paid by the
108.5 corporation to Minnesota, another state, a political subdivision of another state, the
108.6 District of Columbia, or a foreign country or possession of the United States to the extent
108.7 that the taxes were added to federal taxable income under ~~section 290.01~~, subdivision 19c,
108.8 clause (1), in a prior taxable year;

108.9 ~~(10) 80 percent of royalties, fees, or other like income accrued or received from a~~
108.10 ~~foreign operating corporation or a foreign corporation which is part of the same unitary~~
108.11 ~~business as the receiving corporation, unless the income resulting from such payments or~~
108.12 ~~accruals is income from sources within the United States as defined in subtitle A, chapter~~
108.13 ~~1, subchapter N, part 1, of the Internal Revenue Code;~~

108.14 ~~(11)~~ (10) income or gains from the business of mining as defined in section 290.05,
108.15 subdivision 1, clause (a), that are not subject to Minnesota franchise tax;

108.16 ~~(12)~~ (11) the amount of disability access expenditures in the taxable year which are not
108.17 allowed to be deducted or capitalized under section 44(d)(7) of the Internal Revenue Code;

108.18 ~~(13)~~ (12) the amount of qualified research expenses not allowed for federal income
108.19 tax purposes under section 280C(c) of the Internal Revenue Code, but only to the extent
108.20 that the amount exceeds the amount of the credit allowed under section 290.068;

108.21 ~~(14)~~ (13) the amount of salary expenses not allowed for federal income tax purposes
108.22 due to claiming the Indian employment credit under section 45A(a) of the Internal
108.23 Revenue Code;

108.24 ~~(15) for a corporation whose foreign sales corporation, as defined in section 922~~
108.25 ~~of the Internal Revenue Code, constituted a foreign operating corporation during any~~
108.26 ~~taxable year ending before January 1, 1995, and a return was filed by August 15, 1996,~~
108.27 ~~claiming the deduction under section 290.21, subdivision 4, for income received from~~
108.28 ~~the foreign operating corporation, an amount equal to 1.23 multiplied by the amount of~~
108.29 ~~income excluded under section 114 of the Internal Revenue Code, provided the income is~~
108.30 ~~not income of a foreign operating company;~~

108.31 ~~(16)~~ (14) any decrease in subpart F income, as defined in section 952(a) of the
108.32 Internal Revenue Code, for the taxable year when subpart F income is calculated without
108.33 regard to the provisions of Division C, title III, section 303(b) of Public Law 110-343;

108.34 ~~(17)~~ (15) in each of the five tax years immediately following the tax year in which an
108.35 addition is required under subdivision 19c, clause ~~(15)~~ (12), an amount equal to one-fifth
108.36 of the delayed depreciation. For purposes of this clause, "delayed depreciation" means the

109.1 amount of the addition made by the taxpayer under subdivision 19c, clause ~~(15)~~ (12). The
109.2 resulting delayed depreciation cannot be less than zero;

109.3 ~~(18)~~ (16) in each of the five tax years immediately following the tax year in which an
109.4 addition is required under subdivision 19c, clause ~~(16)~~ (13), an amount equal to one-fifth
109.5 of the amount of the addition; ~~and~~

109.6 ~~(19)~~ (17) to the extent included in federal taxable income, discharge of indebtedness
109.7 income resulting from reacquisition of business indebtedness included in federal taxable
109.8 income under section 108(i) of the Internal Revenue Code. This subtraction applies only
109.9 to the extent that the income was included in net income in a prior year as a result of the
109.10 addition under ~~section 290.01~~, subdivision 19c, clause ~~(25)~~ (16); and

109.11 (18) the amount of expenses not allowed for federal income tax purposes due
109.12 to claiming the railroad track maintenance credit under section 45G(a) of the Internal
109.13 Revenue Code.

109.14 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
109.15 December 31, 2012.

109.16 Sec. 10. Minnesota Statutes 2012, section 290.06, subdivision 2c, is amended to read:

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

109.21 (1) On the first ~~\$25,680~~ \$35,480, 5.35 percent;

109.22 (2) On all over ~~\$25,680~~ \$35,480, but not over ~~\$102,030~~ \$140,960, 7.05 percent;

109.23 (3) On all over ~~\$102,030~~ \$140,960, but not over \$250,000, 7.85 percent;

109.24 (4) On all over \$250,000, 9.85 percent.

109.25 Married individuals filing separate returns, estates, and trusts must compute their
109.26 income tax by applying the above rates to their taxable income, except that the income
109.27 brackets will be one-half of the above amounts.

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

109.30 (1) On the first ~~\$17,570~~ \$24,270, 5.35 percent;

109.31 (2) On all over ~~\$17,570~~ \$24,270, but not over ~~\$57,710~~ \$79,730, 7.05 percent;

109.32 (3) On all over ~~\$57,710~~ \$79,730, but not over \$150,000, 7.85 percent;

109.33 (4) On all over \$150,000, 9.85 percent.

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

110.4 (1) On the first ~~\$21,630~~ \$29,880, 5.35 percent;

110.5 (2) On all over ~~\$21,630~~ \$29,880, but not over ~~\$86,910~~ \$120,070, 7.05 percent;

110.6 (3) On all over ~~\$86,910~~ \$120,070, but not over \$200,000, 7.85 percent.;

110.7 (4) On all over \$200,000, 9.85 percent.

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

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

110.19 (1) the numerator is the individual's Minnesota source federal adjusted gross income
110.20 as defined in section 62 of the Internal Revenue Code and increased by the additions
110.21 required under section 290.01, subdivision 19a, clauses (1), (5), (6), (7), (8), (9), (12),
110.22 (13), and (16) to (18), and reduced by the Minnesota assignable portion of the subtraction
110.23 for United States government interest under section 290.01, subdivision 19b, clause
110.24 (1), and the subtractions under section 290.01, subdivision 19b, clauses (8), (9), (13),
110.25 (14), (16), and (17), after applying the allocation and assignability provisions of section
110.26 290.081, clause (a), or 290.17; and

110.27 (2) the denominator is the individual's federal adjusted gross income as defined in
110.28 section 62 of the Internal Revenue Code of 1986, increased by the amounts specified in
110.29 section 290.01, subdivision 19a, clauses (1), (5), (6), (7), (8), (9), (12), (13), and (16) to
110.30 (18), and reduced by the amounts specified in section 290.01, subdivision 19b, clauses (1),
110.31 (8), (9), (13), (14), (16), and (17).

110.32 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
110.33 December 31, 2012.

110.34 Sec. 11. Minnesota Statutes 2012, section 290.06, subdivision 2d, is amended to read:

111.1 Subd. 2d. **Inflation adjustment of brackets.** (a) For taxable years beginning after
111.2 December 31, ~~2000~~ 2013, the minimum and maximum dollar amounts for each rate
111.3 bracket for which a tax is imposed in subdivision 2c shall be adjusted for inflation by the
111.4 percentage determined under paragraph (b). For the purpose of making the adjustment as
111.5 provided in this subdivision all of the rate brackets provided in subdivision 2c shall be the
111.6 rate brackets as they existed for taxable years beginning after December 31, ~~1999~~ 2012,
111.7 and before January 1, ~~2001~~ 2014. The rate applicable to any rate bracket must not be
111.8 changed. The dollar amounts setting forth the tax shall be adjusted to reflect the changes
111.9 in the rate brackets. The rate brackets as adjusted must be rounded to the nearest \$10
111.10 amount. If the rate bracket ends in \$5, it must be rounded up to the nearest \$10 amount.

111.11 (b) The commissioner shall adjust the rate brackets and by the percentage determined
111.12 pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in
111.13 section 1(f)(3)(B) the word "~~1999~~" "2012" shall be substituted for the word "1992." For
111.14 ~~2001~~ 2014, the commissioner shall then determine the percent change from the 12 months
111.15 ending on August 31, ~~1999~~ 2012, to the 12 months ending on August 31, ~~2000~~ 2013, and
111.16 in each subsequent year, from the 12 months ending on August 31, ~~1999~~ 2012, to the 12
111.17 months ending on August 31 of the year preceding the taxable year. The determination of
111.18 the commissioner pursuant to this subdivision shall not be considered a "rule" and shall
111.19 not be subject to the Administrative Procedure Act contained in chapter 14.

111.20 No later than December 15 of each year, the commissioner shall announce the
111.21 specific percentage that will be used to adjust the tax rate brackets.

111.22 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
111.23 December 31, 2012.

111.24 Sec. 12. Minnesota Statutes 2012, section 290.06, is amended by adding a subdivision
111.25 to read:

111.26 Subd. 36. **Greater Minnesota internship credit.** (a) A taxpayer who is an eligible
111.27 employer may take a credit against the tax due under this chapter equal to the lesser of:

111.28 (1) 40 percent of the compensation paid to an intern qualifying under the program
111.29 established under section 136A.129, but not to exceed \$2,000 per intern; or

111.30 (2) the amount certified to the taxpayer by an eligible institution out of the
111.31 institution's allocation of credits for the calendar year, as provided in section 136A.129.

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

112.1 (c) If the amount of credit which the taxpayer is eligible to receive under this
112.2 subdivision exceeds the taxpayer's tax liability under this chapter, the commissioner of
112.3 revenue shall refund the excess to the taxpayer.

112.4 (d) An amount necessary to pay claims for refund provided in this subdivision is
112.5 appropriated from the general fund to the commissioner of revenue.

112.6 (e) An amount equal to one percent of the total amount of the credits authorized
112.7 under section 136A.129, subdivision 4, for an administrative fee for the Office of Higher
112.8 Education and participating eligible institutions is appropriated from the general fund to
112.9 the commissioner of revenue, for a transfer to the Office of Higher Education.

112.10 (f) For purposes of this subdivision, the terms "eligible employer" and "eligible
112.11 institution" have the meanings given in section 136A.129.

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

112.14 Sec. 13. Minnesota Statutes 2012, section 290.0677, subdivision 2, is amended to read:

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

112.17 (b) "Designated area" means a:

112.18 (1) combat zone designated by Executive Order from the President of the United
112.19 States;

112.20 (2) qualified hazardous duty area, designated in Public Law; or

112.21 (3) location certified by the U. S. Department of Defense as eligible for combat zone
112.22 tax benefits due to the location's direct support of military operations.

112.23 (c) "Active military service" means active duty service in any of the United States
112.24 armed forces, the National Guard, or reserves.

112.25 (d) "Qualified individual" means an individual who has:

112.26 (1) ~~either (i)~~ met one of the following criteria:

112.27 (i) has served at least 20 years in the military or;

112.28 (ii) has a service-connected disability rating of 100 percent for a total and permanent
112.29 disability; or

112.30 (iii) has been determined by the military to be eligible for compensation from a
112.31 pension or other retirement pay from the federal government for service in the military,
112.32 as computed under United States Code, title 10, sections 1401 to 1414, 1447 to 1455,
112.33 or 12733; and

112.34 (2) separated from military service before the end of the taxable year.

113.1 (e) "Adjusted gross income" has the meaning given in section 61 of the Internal
113.2 Revenue Code.

113.3 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
113.4 December 31, 2012.

113.5 Sec. 14. Minnesota Statutes 2012, section 290.068, subdivision 3, is amended to read:

113.6 Subd. 3. **Limitation; carryover.** (a)(1) The credit for a taxable year beginning
113.7 before January 1, 2010, and after December 31, 2012, shall not exceed the liability for tax.
113.8 "Liability for tax" for purposes of this section means the sum of the tax imposed under
113.9 section 290.06, ~~subdivision~~ subdivisions 1 and 2c, for the taxable year reduced by the sum
113.10 of the nonrefundable credits allowed under this chapter, on all of the entities required to
113.11 be included on the combined report of the unitary business. If the amount of the credit
113.12 allowed exceeds the liability for tax of the taxpayer, but is allowed as a result of the
113.13 liability for tax of other members of the unitary group for the taxable year, the taxpayer
113.14 must allocate the excess as a research credit to another member of the unitary group.

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

113.21 (b) If the amount of the credit determined under this section for any taxable year
113.22 exceeds the limitation under clause (a) including amounts allocated to other members
113.23 of the unitary group, the excess shall be a research credit carryover to each of the 15
113.24 succeeding taxable years. The entire amount of the excess unused credit for the taxable
113.25 year shall be carried first to the earliest of the taxable years to which the credit may be
113.26 carried and then to each successive year to which the credit may be carried. The amount
113.27 of the unused credit which may be added under this clause shall not exceed the taxpayer's
113.28 liability for tax less the research credit for the taxable year.

113.29 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
113.30 December 31, 2012.

113.31 Sec. 15. Minnesota Statutes 2012, section 290.068, subdivision 6a, is amended to read:

113.32 Subd. 6a. **Credit to be refundable.** If the amount of credit allowed in this section
113.33 for qualified research expenses incurred in taxable years beginning after December 31,

114.1 2009, and before January 1, 2013, exceeds the taxpayer's tax liability under this chapter,
114.2 the commissioner shall refund the excess amount. The credit allowed for qualified research
114.3 expenses incurred in taxable years beginning after December 31, 2009, and before January
114.4 1, 2013, must be used before any research credit earned under subdivision 3.

114.5 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
114.6 December 31, 2012.

114.7 Sec. 16. Minnesota Statutes 2012, section 290.0681, subdivision 1, is amended to read:

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

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

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

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

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

114.18 (f) "Federal credit" means the credit allowed under section 47(a)(2) of the Internal
114.19 Revenue Code.

114.20 (g) "Placed in service" has the meaning used in section 47 of the Internal Revenue
114.21 Code.

114.22 (h) "Qualified rehabilitation expenditures" has the meaning given in section 47 of
114.23 the Internal Revenue Code.

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

114.25 Sec. 17. Minnesota Statutes 2012, section 290.0681, subdivision 3, is amended to read:

114.26 Subd. 3. **Applications; allocations.** (a) To qualify for a credit or grant under this
114.27 section, the developer of a project must apply to the office before the rehabilitation begins.
114.28 The application must contain the information and be in the form prescribed by the office.
114.29 The office may collect a fee for application of up to ~~\$5,000~~ 0.5 percent of qualified
114.30 rehabilitation expenditures, up to \$40,000, based on estimated qualified rehabilitation
114.31 ~~expenses~~ expenditures, to offset costs associated with personnel and administrative
114.32 expenses related to administering the credit and preparing the economic impact report
114.33 in subdivision 9. Application fees are deposited in the account. The application must

115.1 indicate if the application is for a credit or a grant in lieu of the credit or a combination of
115.2 the two and designate the taxpayer qualifying for the credit or the recipient of the grant.

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

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

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

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

115.12 (4) state the fiscal year in which the credit or grant is allocated, and that the taxpayer
115.13 or grant recipient is entitled to receive the credit or grant at the time the project is placed
115.14 in service, provided that date is within three calendar years following the issuance of
115.15 the allocation certificate.

115.16 (c) The office, in consultation with the commissioner ~~of revenue~~, shall determine
115.17 if the project is eligible for a credit or a grant under this section and must notify the
115.18 developer in writing of its determination. Eligibility for the credit is subject to review
115.19 and audit by the commissioner ~~of revenue~~.

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

115.22 (e) Any decision of the office under paragraph (c) may be challenged as a contested
115.23 case under chapter 14. The contested case proceeding must be initiated within 45 days of
115.24 the date of written notification by the office.

115.25 **EFFECTIVE DATE.** This section is effective the day following final enactment
115.26 and the change in paragraph (a) applies to applications first received on or after the day
115.27 following final enactment.

115.28 Sec. 18. Minnesota Statutes 2012, section 290.0681, subdivision 4, is amended to read:

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

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

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

116.2 (b) The recipient of a credit certificate may assign the certificate to another taxpayer,
116.3 which is then allowed the credit under this section or section 297I.20, subdivision 3. An
116.4 assignment is not valid unless the assignee notifies the commissioner within 30 days of the
116.5 date that the assignment is made. The commissioner shall prescribe the forms necessary
116.6 for notifying the commissioner of the assignment of a credit certificate and for claiming
116.7 a credit by assignment.

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

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

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

116.13 Sec. 19. Minnesota Statutes 2012, section 290.0681, subdivision 5, is amended to read:

116.14 Subd. 5. **Partnerships; multiple owners.** Credits granted to a partnership, a limited
116.15 liability company taxed as a partnership, S corporation, or multiple owners of property
116.16 are passed through to the partners, members, shareholders, or owners, respectively, pro
116.17 rata to each partner, member, shareholder, or owner based on their share of the entity's
116.18 assets or as specially allocated in their organizational documents or any other executed
116.19 agreement, as of the last day of the taxable year.

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

116.21 Sec. 20. Minnesota Statutes 2012, section 290.0681, subdivision 10, is amended to read:

116.22 Subd. 10. **Sunset.** This section expires after fiscal year ~~2015~~ 2021, except that
116.23 the office's authority to issue credit certificates under subdivision 4 based on allocation
116.24 certificates that were issued before fiscal year ~~2016~~ 2022 remains in effect through ~~2018~~
116.25 2024, and the reporting requirements in subdivision 9 remain in effect through the year
116.26 following the year in which all allocation certificates have either been canceled or resulted
116.27 in issuance of credit certificates, or ~~2019~~ 2025, whichever is earlier.

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

116.29 Sec. 21. Minnesota Statutes 2012, section 290.091, subdivision 1, is amended to read:

116.30 Subdivision 1. **Imposition of tax.** In addition to all other taxes imposed by this
116.31 chapter a tax is imposed on individuals, estates, and trusts equal to the excess (if any) of

- 117.1 (a) an amount equal to ~~6.4~~ 6.75 percent of alternative minimum taxable income after
117.2 subtracting the exemption amount, over
117.3 (b) the regular tax for the taxable year.

117.4 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
117.5 December 31, 2012.

117.6 Sec. 22. Minnesota Statutes 2012, section 290.091, subdivision 2, is amended to read:

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

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

117.11 (1) the taxpayer's federal alternative minimum taxable income as defined in section
117.12 55(b)(2) of the Internal Revenue Code;

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

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

117.17 (ii) the medical expense deduction;

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

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

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

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

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

117.31 (6) the amount of addition required by section 290.01, subdivision 19a, clauses (7)
117.32 to (9), (12), (13), and (16) to (18);

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

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

118.1 (2) an overpayment of state income tax as provided by section 290.01, subdivision
118.2 19b, clause (2), to the extent included in federal alternative minimum taxable income;

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

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

118.9 (5) the amount of the net operating loss allowed under section 290.095, subdivision
118.10 11, paragraph (c).

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

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

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

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

118.19 (e) "Tentative minimum tax" equals ~~6.4~~ 6.75 percent of alternative minimum taxable
118.20 income after subtracting the exemption amount determined under subdivision 3.

118.21 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
118.22 December 31, 2012.

118.23 Sec. 23. Minnesota Statutes 2012, section 290.091, subdivision 6, is amended to read:

118.24 Subd. 6. **Credit for prior years' liability.** (a) A credit is allowed against the tax
118.25 imposed by this chapter on individuals, trusts, and estates equal to the minimum tax
118.26 credit for the taxable year. The minimum tax credit equals the adjusted net minimum
118.27 tax for taxable years beginning after December 31, 1988, reduced by the minimum tax
118.28 credits allowed in a prior taxable year. The credit may not exceed the excess (if any) for
118.29 the taxable year of

118.30 (1) the regular tax, over

118.31 (2) the greater of (i) the tentative alternative minimum tax, or (ii) zero.

118.32 (b) The adjusted net minimum tax for a taxable year equals the lesser of the net
118.33 minimum tax or the excess (if any) of

118.34 (1) the tentative minimum tax, over

118.35 (2) ~~6.4~~ 6.75 percent of the sum of

- 119.1 (i) adjusted gross income as defined in section 62 of the Internal Revenue Code,
119.2 (ii) interest income as defined in section 290.01, subdivision 19a, clause (1),
119.3 (iii) interest on specified private activity bonds, as defined in section 57(a)(5) of the
119.4 Internal Revenue Code, to the extent not included under clause (ii),
119.5 (iv) depletion as defined in section 57(a)(1), determined without regard to the last
119.6 sentence of paragraph (1), of the Internal Revenue Code, less
119.7 (v) the deductions allowed in computing alternative minimum taxable income
119.8 provided in subdivision 2, paragraph (a), clause (2) of the first series of clauses and clauses
119.9 (1), (2), and (3) of the second series of clauses, and
119.10 (vi) the exemption amount determined under subdivision 3.

119.11 In the case of an individual who is not a Minnesota resident for the entire year,
119.12 adjusted net minimum tax must be multiplied by the fraction defined in section 290.06,
119.13 subdivision 2c, paragraph (e). In the case of a trust or estate, adjusted net minimum tax
119.14 must be multiplied by the fraction defined under subdivision 4, paragraph (b).

119.15 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
119.16 December 31, 2012.

119.17 Sec. 24. Minnesota Statutes 2012, section 290.0921, subdivision 3, is amended to read:

119.18 Subd. 3. **Alternative minimum taxable income.** "Alternative minimum taxable
119.19 income" is Minnesota net income as defined in section 290.01, subdivision 19, and
119.20 includes the adjustments and tax preference items in sections 56, 57, 58, and 59(d), (e),
119.21 (f), and (h) of the Internal Revenue Code. If a corporation files a separate company
119.22 Minnesota tax return, the minimum tax must be computed on a separate company basis.
119.23 If a corporation is part of a tax group filing a unitary return, the minimum tax must be
119.24 computed on a unitary basis. The following adjustments must be made.

119.25 (1) For purposes of the depreciation adjustments under section 56(a)(1) and
119.26 56(g)(4)(A) of the Internal Revenue Code, the basis for depreciable property placed in
119.27 service in a taxable year beginning before January 1, 1990, is the adjusted basis for federal
119.28 income tax purposes, including any modification made in a taxable year under section
119.29 290.01, subdivision 19e, or Minnesota Statutes 1986, section 290.09, subdivision 7,
119.30 paragraph (c).

119.31 For taxable years beginning after December 31, 2000, the amount of any remaining
119.32 modification made under section 290.01, subdivision 19e, or Minnesota Statutes 1986,
119.33 section 290.09, subdivision 7, paragraph (c), not previously deducted is a depreciation
119.34 allowance in the first taxable year after December 31, 2000.

120.1 (2) The portion of the depreciation deduction allowed for federal income tax
120.2 purposes under section 168(k) of the Internal Revenue Code that is required as an addition
120.3 under section 290.01, subdivision 19c, clause ~~(15)~~ (12), is disallowed in determining
120.4 alternative minimum taxable income.

120.5 (3) The subtraction for depreciation allowed under section 290.01, subdivision
120.6 19d, clause ~~(17)~~ (15), is allowed as a depreciation deduction in determining alternative
120.7 minimum taxable income.

120.8 (4) The alternative tax net operating loss deduction under sections 56(a)(4) and 56(d)
120.9 of the Internal Revenue Code does not apply.

120.10 (5) The special rule for certain dividends under section 56(g)(4)(C)(ii) of the Internal
120.11 Revenue Code does not apply.

120.12 ~~(6) The special rule for dividends from section 936 companies under section~~
120.13 ~~56(g)(4)(C)(iii) does not apply.~~

120.14 ~~(7)~~ (6) The tax preference for depletion under section 57(a)(1) of the Internal
120.15 Revenue Code does not apply.

120.16 ~~(8)~~ (7) The tax preference for intangible drilling costs under section 57(a)(2) of the
120.17 Internal Revenue Code must be calculated without regard to subparagraph (E) and the
120.18 subtraction under section 290.01, subdivision 19d, clause (4).

120.19 ~~(9)~~ (8) The tax preference for tax exempt interest under section 57(a)(5) of the
120.20 Internal Revenue Code does not apply.

120.21 ~~(10)~~ (9) The tax preference for charitable contributions of appreciated property
120.22 under section 57(a)(6) of the Internal Revenue Code does not apply.

120.23 ~~(11)~~ (10) For purposes of calculating the tax preference for accelerated depreciation
120.24 or amortization on certain property placed in service before January 1, 1987, under section
120.25 57(a)(7) of the Internal Revenue Code, the deduction allowable for the taxable year is the
120.26 deduction allowed under section 290.01, subdivision 19e.

120.27 For taxable years beginning after December 31, 2000, the amount of any remaining
120.28 modification made under section 290.01, subdivision 19e, not previously deducted is a
120.29 depreciation or amortization allowance in the first taxable year after December 31, 2004.

120.30 ~~(12)~~ (11) For purposes of calculating the adjustment for adjusted current earnings
120.31 in section 56(g) of the Internal Revenue Code, the term "alternative minimum taxable
120.32 income" as it is used in section 56(g) of the Internal Revenue Code, means alternative
120.33 minimum taxable income as defined in this subdivision, determined without regard to the
120.34 adjustment for adjusted current earnings in section 56(g) of the Internal Revenue Code.

120.35 ~~(13)~~ (12) For purposes of determining the amount of adjusted current earnings under
120.36 section 56(g)(3) of the Internal Revenue Code, no adjustment shall be made under section

121.1 56(g)(4) of the Internal Revenue Code with respect to (i) the amount of foreign dividend
 121.2 gross-up subtracted as provided in section 290.01, subdivision 19d, clause (1), or (ii) the
 121.3 amount of refunds of income, excise, or franchise taxes subtracted as provided in section
 121.4 290.01, subdivision 19d, clause (9); ~~or (iii) the amount of royalties, fees or other like~~
 121.5 ~~income subtracted as provided in section 290.01, subdivision 19d, clause (10).~~

121.6 ~~(14)~~ (13) Alternative minimum taxable income excludes the income from operating
 121.7 in a job opportunity building zone as provided under section 469.317.

121.8 ~~(15)~~ (14) Alternative minimum taxable income excludes the income from operating
 121.9 in a biotechnology and health sciences industry zone as provided under section 469.337.

121.10 Items of tax preference must not be reduced below zero as a result of the
 121.11 modifications in this subdivision.

121.12 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
 121.13 December 31, 2012.

121.14 Sec. 25. Minnesota Statutes 2012, section 290.0922, subdivision 1, is amended to read:

121.15 Subdivision 1. **Imposition.** (a) In addition to the tax imposed by this chapter without
 121.16 regard to this section, the franchise tax imposed on a corporation required to file under
 121.17 section 289A.08, subdivision 3, other than a corporation treated as an "S" corporation
 121.18 under section 290.9725 for the taxable year includes a tax equal to the following amounts:

121.19 If the sum of the corporation's Minnesota
 121.20 property, payrolls, and sales or receipts is: the tax equals:

121.21	less than	\$	500,000	\$	0	
121.22	\$	500,000 to	\$	999,999	\$	100
121.23	\$	1,000,000 to	\$	4,999,999	\$	300
121.24	\$	5,000,000 to	\$	9,999,999	\$	1,000
121.25	\$	10,000,000 to	\$	19,999,999	\$	2,000
121.26	\$	20,000,000 or more			\$	5,000
121.27	<u>less than</u>	\$	<u>930,000</u>	\$	<u>0</u>	
121.28	\$	<u>930,000 to</u>	\$	<u>1,869,999</u>	\$	<u>190</u>
121.29	\$	<u>1,870,000 to</u>	\$	<u>9,339,999</u>	\$	<u>560</u>
121.30	\$	<u>9,340,000 to</u>	\$	<u>18,679,999</u>	\$	<u>1,870</u>
121.31	\$	<u>18,680,000 to</u>	\$	<u>37,359,999</u>	\$	<u>3,740</u>
121.32	\$	<u>37,360,000 or more</u>			\$	<u>9,340</u>

121.33 (b) A tax is imposed for each taxable year on a corporation required to file a return
 121.34 under section 289A.12, subdivision 3, that is treated as an "S" corporation under section
 121.35 290.9725 and on a partnership required to file a return under section 289A.12, subdivision
 121.36 3, other than a partnership that derives over 80 percent of its income from farming. The
 121.37 tax imposed under this paragraph is due on or before the due date of the return for the

122.1 taxpayer due under section 289A.18, subdivision 1. The commissioner shall prescribe
 122.2 the return to be used for payment of this tax. The tax under this paragraph is equal to
 122.3 the following amounts:

122.4 If the sum of the S corporation's
 122.5 or partnership's Minnesota
 122.6 property, payrolls, and sales or
 122.7 receipts is:

the tax equals:

122.8	less than	\$ 500,000	\$ 0
122.9	\$ 500,000 to	\$ 999,999	\$ 100
122.10	\$ 1,000,000 to	\$ 4,999,999	\$ 300
122.11	\$ 5,000,000 to	\$ 9,999,999	\$ 1,000
122.12	\$ 10,000,000 to	\$ 19,999,999	\$ 2,000
122.13	\$ 20,000,000 or more		\$ 5,000
122.14	<u>less than</u>	<u>\$ 930,000</u>	<u>\$ 0</u>
122.15	<u>\$ 930,000 to</u>	<u>\$ 1,869,999</u>	<u>\$ 190</u>
122.16	<u>\$ 1,870,000 to</u>	<u>\$ 9,339,999</u>	<u>\$ 560</u>
122.17	<u>\$ 9,340,000 to</u>	<u>\$ 18,679,999</u>	<u>\$ 1,870</u>
122.18	<u>\$ 18,680,000 to</u>	<u>\$ 37,359,999</u>	<u>\$ 3,740</u>
122.19	<u>\$ 37,360,000 or more</u>		<u>\$ 9,340</u>

122.20 (c) The commissioner shall adjust the dollar amounts of both the tax and the property,
 122.21 payrolls, and sales or receipts thresholds in paragraphs (a) and (b) by the percentage
 122.22 determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except
 122.23 that in section 1(f)(3)(B) the word "2012" must be substituted for the word "1992." For
 122.24 2014, the commissioner shall determine the percentage change from the 12 months ending
 122.25 on August 31, 2012, to the 12 months ending on August 31, 2013, and in each subsequent
 122.26 year, from the 12 months ending on August 31, 2012, to the 12 months ending on August
 122.27 31 of the year preceding the taxable year. The determination of the commissioner pursuant
 122.28 to this subdivision is not a "rule" subject to the Administrative Procedure Act contained in
 122.29 chapter 14. The tax amounts as adjusted must be rounded to the nearest \$10 amount and
 122.30 the threshold amounts must be adjusted to the nearest \$10,000 amount. For tax amounts
 122.31 that end in \$5, the amount is rounded up to the nearest \$10 amount and for the threshold
 122.32 amounts that end in \$5,000, the amount is rounded up to the nearest \$10,000.

122.33 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
 122.34 December 31, 2012.

122.35 Sec. 26. Minnesota Statutes 2012, section 290.095, subdivision 2, is amended to read:

122.36 Subd. 2. **Defined and limited.** (a) The term "net operating loss" as used in this
 122.37 section shall mean a net operating loss as defined in section 172(c) of the Internal Revenue
 122.38 Code, with the modifications specified in subdivision 4. The deductions provided in

123.1 section 290.21 and the modification provided in section 290.01, subdivision 19d, clause
123.2 (10), cannot be used in the determination of a net operating loss.

123.3 (b) The term "net operating loss deduction" as used in this section means the
123.4 aggregate of the net operating loss carryovers to the taxable year, computed in accordance
123.5 with subdivision 3. The provisions of section 172(b) of the Internal Revenue Code relating
123.6 to the carryback of net operating losses, do not apply.

123.7 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
123.8 December 31, 2012.

123.9 Sec. 27. Minnesota Statutes 2012, section 290.10, subdivision 1, is amended to read:

123.10 Subdivision 1. **Expenses, interest, and taxes.** ~~Except as provided in section 290.17,~~
123.11 ~~subdivision 4, paragraph (i),~~ In computing the net income of a taxpayer no deduction shall
123.12 in any case be allowed for expenses, interest and taxes connected with or allocable against
123.13 the production or receipt of all income not included in the measure of the tax imposed by
123.14 this chapter, except that for corporations engaged in the business of mining or producing
123.15 iron ore, the mining of which is subject to the occupation tax imposed by section 298.01,
123.16 subdivision 4, this shall not prevent the deduction of expenses and other items to the extent
123.17 that the expenses and other items are allowable under this chapter and are not deductible,
123.18 capitalizable, retainable in basis, or taken into account by allowance or otherwise in
123.19 computing the occupation tax and do not exceed the amounts taken for federal income tax
123.20 purposes for that year. Occupation taxes imposed under chapter 298, royalty taxes imposed
123.21 under chapter 299, or depletion expenses may not be deducted under this subdivision.

123.22 Sec. 28. Minnesota Statutes 2012, section 290.17, subdivision 4, is amended to read:

123.23 Subd. 4. **Unitary business principle.** (a) If a trade or business conducted wholly
123.24 within this state or partly within and partly without this state is part of a unitary business,
123.25 the entire income of the unitary business is subject to apportionment pursuant to section
123.26 290.191. Notwithstanding subdivision 2, paragraph (c), none of the income of a unitary
123.27 business is considered to be derived from any particular source and none may be allocated
123.28 to a particular place except as provided by the applicable apportionment formula. The
123.29 provisions of this subdivision do not apply to business income subject to subdivision 5,
123.30 income of an insurance company, or income of an investment company determined under
123.31 section 290.36.

123.32 (b) The term "unitary business" means business activities or operations which
123.33 result in a flow of value between them. The term may be applied within a single legal

124.1 entity or between multiple entities and without regard to whether each entity is a sole
124.2 proprietorship, a corporation, a partnership or a trust.

124.3 (c) Unity is presumed whenever there is unity of ownership, operation, and use,
124.4 evidenced by centralized management or executive force, centralized purchasing,
124.5 advertising, accounting, or other controlled interaction, but the absence of these
124.6 centralized activities will not necessarily evidence a nonunitary business. Unity is also
124.7 presumed when business activities or operations are of mutual benefit, dependent upon or
124.8 contributory to one another, either individually or as a group.

124.9 (d) Where a business operation conducted in Minnesota is owned by a business
124.10 entity that carries on business activity outside the state different in kind from that
124.11 conducted within this state, and the other business is conducted entirely outside the state, it
124.12 is presumed that the two business operations are unitary in nature, interrelated, connected,
124.13 and interdependent unless it can be shown to the contrary.

124.14 (e) ~~Unity of ownership is not deemed to~~ does not exist when a corporation is two or
124.15 more corporations are involved unless that corporation is a member of a group of two or
124.16 ~~more business entities and more than 50 percent of the voting stock of each member of~~
124.17 ~~the group corporation~~ is directly or indirectly owned by a common owner or by common
124.18 owners, either corporate or noncorporate, or by one or more of the member corporations
124.19 of the group. For this purpose, the term "voting stock" shall include membership interests
124.20 of mutual insurance holding companies formed under section 66A.40.

124.21 (f) The net income and apportionment factors under section 290.191 or 290.20 of
124.22 foreign corporations and other foreign entities which are part of a unitary business shall
124.23 not be included in the net income or the apportionment factors of the unitary business;
124.24 except that the income and apportionment factors of a foreign entity, other than an entity
124.25 treated as a C corporation for federal income tax purposes, that are included in the federal
124.26 taxable income, as defined in section 63 of the Internal Revenue Code as amended through
124.27 the date named in section 290.01, subdivision 19, of a domestic corporation, domestic
124.28 entity, or individual must be included in determining net income and the factors to be used
124.29 in the apportionment of net income pursuant to section 290.191 or 290.20. A foreign
124.30 corporation or other foreign entity which is not included on a combined report and which
124.31 is required to file a return under this chapter shall file on a separate return basis. The net
124.32 ~~income and apportionment factors under section 290.191 or 290.20 of foreign operating~~
124.33 ~~corporations shall not be included in the net income or the apportionment factors of the~~
124.34 ~~unitary business except as provided in paragraph (g).~~

124.35 (g) ~~The adjusted net income of a foreign operating corporation shall be deemed to~~
124.36 ~~be paid as a dividend on the last day of its taxable year to each shareholder thereof, in~~

125.1 ~~proportion to each shareholder's ownership, with which such corporation is engaged in~~
125.2 ~~a unitary business. Such deemed dividend shall be treated as a dividend under section~~
125.3 ~~290.21, subdivision 4.~~

125.4 ~~Dividends actually paid by a foreign operating corporation to a corporate shareholder~~
125.5 ~~which is a member of the same unitary business as the foreign operating corporation shall~~
125.6 ~~be eliminated from the net income of the unitary business in preparing a combined report~~
125.7 ~~for the unitary business. The adjusted net income of a foreign operating corporation~~
125.8 ~~shall be its net income adjusted as follows:~~

125.9 ~~(1) any taxes paid or accrued to a foreign country, the commonwealth of Puerto~~
125.10 ~~Rico, or a United States possession or political subdivision of any of the foregoing shall~~
125.11 ~~be a deduction; and~~

125.12 ~~(2) the subtraction from federal taxable income for payments received from foreign~~
125.13 ~~corporations or foreign operating corporations under section 290.01, subdivision 19d,~~
125.14 ~~clause (10), shall not be allowed.~~

125.15 ~~If a foreign operating corporation incurs a net loss, neither income nor deduction from~~
125.16 ~~that corporation shall be included in determining the net income of the unitary business.~~

125.17 ~~(h) (g)~~ For purposes of determining the net income of a unitary business and the
125.18 factors to be used in the apportionment of net income pursuant to section 290.191 or
125.19 290.20, there must be included only the income and apportionment factors of domestic
125.20 corporations or other domestic entities ~~other than foreign operating corporations~~ that are
125.21 determined to be part of the unitary business pursuant to this subdivision, notwithstanding
125.22 that foreign corporations or other foreign entities might be included in the unitary
125.23 business; except that the income and apportionment factors of a foreign entity, other than
125.24 an entity treated as a C corporation for federal income tax purposes, that is included in the
125.25 federal taxable income, as defined in section 63 of the Internal Revenue Code as amended
125.26 through the date named in section 290.01, subdivision 19, of a domestic corporation,
125.27 domestic entity, or individual must be included in determining net income and the factors
125.28 to be used in the apportionment of net income pursuant to section 290.191 or 290.20.

125.29 ~~(i) Deductions for expenses, interest, or taxes otherwise allowable under this chapter~~
125.30 ~~that are connected with or allocable against dividends, deemed dividends described~~
125.31 ~~in paragraph (g), or royalties, fees, or other like income described in section 290.01,~~
125.32 ~~subdivision 19d, clause (10), shall not be disallowed.~~

125.33 ~~(j) (h)~~ Each corporation or other entity, except a sole proprietorship, that is part of
125.34 a unitary business must file combined reports as the commissioner determines. On the
125.35 reports, all intercompany transactions between entities included pursuant to paragraph ~~(h)~~
125.36 (g) must be eliminated and the entire net income of the unitary business determined in

126.1 accordance with this subdivision is apportioned among the entities by using each entity's
126.2 Minnesota factors for apportionment purposes in the numerators of the apportionment
126.3 formula and the total factors for apportionment purposes of all entities included pursuant
126.4 to paragraph ~~(h)~~ (g) in the denominators of the apportionment formula. Except as
126.5 otherwise provided by paragraph (f), all sales of the unitary business made within this
126.6 state pursuant to section 290.191 or 290.20 must be included on the combined report of a
126.7 corporation or other entity that is a member of the unitary business and is subject to the
126.8 jurisdiction of this state to impose tax under this chapter.

126.9 ~~(k)~~ (i) If a corporation has been divested from a unitary business and is included in a
126.10 combined report for a fractional part of the common accounting period of the combined
126.11 report:

126.12 (1) its income includable in the combined report is its income incurred for that part
126.13 of the year determined by proration or separate accounting; and

126.14 (2) its sales, property, and payroll included in the apportionment formula must
126.15 be prorated or accounted for separately.

126.16 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
126.17 December 31, 2012.

126.18 Sec. 29. Minnesota Statutes 2012, section 290.191, subdivision 5, is amended to read:

126.19 Subd. 5. **Determination of sales factor.** For purposes of this section, the following
126.20 rules apply in determining the sales factor.

126.21 (a) The sales factor includes all sales, gross earnings, or receipts received in the
126.22 ordinary course of the business, except that the following types of income are not included
126.23 in the sales factor:

126.24 (1) interest;

126.25 (2) dividends;

126.26 (3) sales of capital assets as defined in section 1221 of the Internal Revenue Code;

126.27 (4) sales of property used in the trade or business, except sales of leased property of
126.28 a type which is regularly sold as well as leased; and

126.29 (5) sales of debt instruments as defined in section 1275(a)(1) of the Internal Revenue
126.30 Code or sales of stock; and

126.31 ~~(6) royalties, fees, or other like income of a type which qualify for a subtraction from~~
126.32 ~~federal taxable income under section 290.01, subdivision 19d, clause (10).~~

126.33 (b) Sales of tangible personal property are made within this state if the property is
126.34 received by a purchaser at a point within this state, and the taxpayer is taxable in this state,

127.1 regardless of the f.o.b. point, other conditions of the sale, or the ultimate destination
127.2 of the property.

127.3 (c) Tangible personal property delivered to a common or contract carrier or foreign
127.4 vessel for delivery to a purchaser in another state or nation is a sale in that state or nation,
127.5 regardless of f.o.b. point or other conditions of the sale.

127.6 (d) Notwithstanding paragraphs (b) and (c), when intoxicating liquor, wine,
127.7 fermented malt beverages, cigarettes, or tobacco products are sold to a purchaser who is
127.8 licensed by a state or political subdivision to resell this property only within the state of
127.9 ultimate destination, the sale is made in that state.

127.10 (e) Sales made by or through a corporation that is qualified as a domestic
127.11 international sales corporation under section 992 of the Internal Revenue Code are not
127.12 considered to have been made within this state.

127.13 (f) Sales, rents, royalties, and other income in connection with real property is
127.14 attributed to the state in which the property is located.

127.15 (g) Receipts from the lease or rental of tangible personal property, including finance
127.16 leases and true leases, must be attributed to this state if the property is located in this
127.17 state and to other states if the property is not located in this state. Receipts from the
127.18 lease or rental of moving property including, but not limited to, motor vehicles, rolling
127.19 stock, aircraft, vessels, or mobile equipment are included in the numerator of the receipts
127.20 factor to the extent that the property is used in this state. The extent of the use of moving
127.21 property is determined as follows:

127.22 (1) A motor vehicle is used wholly in the state in which it is registered.

127.23 (2) The extent that rolling stock is used in this state is determined by multiplying
127.24 the receipts from the lease or rental of the rolling stock by a fraction, the numerator of
127.25 which is the miles traveled within this state by the leased or rented rolling stock and the
127.26 denominator of which is the total miles traveled by the leased or rented rolling stock.

127.27 (3) The extent that an aircraft is used in this state is determined by multiplying the
127.28 receipts from the lease or rental of the aircraft by a fraction, the numerator of which is
127.29 the number of landings of the aircraft in this state and the denominator of which is the
127.30 total number of landings of the aircraft.

127.31 (4) The extent that a vessel, mobile equipment, or other mobile property is used in
127.32 the state is determined by multiplying the receipts from the lease or rental of the property
127.33 by a fraction, the numerator of which is the number of days during the taxable year the
127.34 property was in this state and the denominator of which is the total days in the taxable year.

127.35 (h) Royalties and other income ~~not described in paragraph (a), clause (6)~~, received
127.36 for the use of or for the privilege of using intangible property, including patents,

128.1 know-how, formulas, designs, processes, patterns, copyrights, trade names, service names,
128.2 franchises, licenses, contracts, customer lists, or similar items, must be attributed to the
128.3 state in which the property is used by the purchaser. If the property is used in more
128.4 than one state, the royalties or other income must be apportioned to this state pro rata
128.5 according to the portion of use in this state. If the portion of use in this state cannot be
128.6 determined, the royalties or other income must be excluded from both the numerator
128.7 and the denominator. Intangible property is used in this state if the purchaser uses the
128.8 intangible property or the rights therein in the regular course of its business operations in
128.9 this state, regardless of the location of the purchaser's customers.

128.10 (i) Sales of intangible property are made within the state in which the property is
128.11 used by the purchaser. If the property is used in more than one state, the sales must be
128.12 apportioned to this state pro rata according to the portion of use in this state. If the
128.13 portion of use in this state cannot be determined, the sale must be excluded from both the
128.14 numerator and the denominator of the sales factor. Intangible property is used in this
128.15 state if the purchaser used the intangible property in the regular course of its business
128.16 operations in this state.

128.17 (j) Receipts from the performance of services must be attributed to the state where
128.18 the services are received. For the purposes of this section, receipts from the performance
128.19 of services provided to a corporation, partnership, or trust may only be attributed to a state
128.20 where it has a fixed place of doing business. If the state where the services are received is
128.21 not readily determinable or is a state where the corporation, partnership, or trust receiving
128.22 the service does not have a fixed place of doing business, the services shall be deemed
128.23 to be received at the location of the office of the customer from which the services were
128.24 ordered in the regular course of the customer's trade or business. If the ordering office
128.25 cannot be determined, the services shall be deemed to be received at the office of the
128.26 customer to which the services are billed.

128.27 (k) For the purposes of this subdivision and subdivision 6, paragraph (l), receipts
128.28 from management, distribution, or administrative services performed by a corporation
128.29 or trust for a fund of a corporation or trust regulated under United States Code, title 15,
128.30 sections 80a-1 through 80a-64, must be attributed to the state where the shareholder of
128.31 the fund resides. Under this paragraph, receipts for services attributed to shareholders are
128.32 determined on the basis of the ratio of: (1) the average of the outstanding shares in the
128.33 fund owned by shareholders residing within Minnesota at the beginning and end of each
128.34 year; and (2) the average of the total number of outstanding shares in the fund at the
128.35 beginning and end of each year. Residence of the shareholder, in the case of an individual,
128.36 is determined by the mailing address furnished by the shareholder to the fund. Residence

129.1 of the shareholder, when the shares are held by an insurance company as a depositor for
129.2 the insurance company policyholders, is the mailing address of the policyholders. In
129.3 the case of an insurance company holding the shares as a depositor for the insurance
129.4 company policyholders, if the mailing address of the policyholders cannot be determined
129.5 by the taxpayer, the receipts must be excluded from both the numerator and denominator.
129.6 Residence of other shareholders is the mailing address of the shareholder.

129.7 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
129.8 December 31, 2012.

129.9 Sec. 30. Minnesota Statutes 2012, section 290.21, subdivision 4, is amended to read:

129.10 Subd. 4. **Dividends received from another corporation.** (a)(1) Eighty percent
129.11 of dividends received by a corporation during the taxable year from another corporation,
129.12 in which the recipient owns 20 percent or more of the stock, by vote and value, not
129.13 including stock described in section 1504(a)(4) of the Internal Revenue Code when the
129.14 corporate stock with respect to which dividends are paid does not constitute the stock in
129.15 trade of the taxpayer or would not be included in the inventory of the taxpayer, or does not
129.16 constitute property held by the taxpayer primarily for sale to customers in the ordinary
129.17 course of the taxpayer's trade or business, or when the trade or business of the taxpayer
129.18 does not consist principally of the holding of the stocks and the collection of the income
129.19 and gains therefrom; and

129.20 (2)(i) the remaining 20 percent of dividends if the dividends received are the stock in
129.21 an affiliated company transferred in an overall plan of reorganization and the dividend
129.22 is eliminated in consolidation under Treasury Department Regulation 1.1502-14(a), as
129.23 amended through December 31, 1989;

129.24 (ii) the remaining 20 percent of dividends if the dividends are received from a
129.25 corporation which is subject to tax under section 290.36 and which is a member of an
129.26 affiliated group of corporations as defined by the Internal Revenue Code and the dividend
129.27 is eliminated in consolidation under Treasury Department Regulation 1.1502-14(a), as
129.28 amended through December 31, 1989, or is deducted under an election under section
129.29 243(b) of the Internal Revenue Code; or

129.30 (iii) the remaining 20 percent of the dividends if the dividends are received from a
129.31 property and casualty insurer as defined under section 60A.60, subdivision 8, which is a
129.32 member of an affiliated group of corporations as defined by the Internal Revenue Code
129.33 and either: (A) the dividend is eliminated in consolidation under Treasury Regulation
129.34 1.1502-14(a), as amended through December 31, 1989; or (B) the dividend is deducted
129.35 under an election under section 243(b) of the Internal Revenue Code.

130.1 (b) Seventy percent of dividends received by a corporation during the taxable year
130.2 from another corporation in which the recipient owns less than 20 percent of the stock,
130.3 by vote or value, not including stock described in section 1504(a)(4) of the Internal
130.4 Revenue Code when the corporate stock with respect to which dividends are paid does not
130.5 constitute the stock in trade of the taxpayer, or does not constitute property held by the
130.6 taxpayer primarily for sale to customers in the ordinary course of the taxpayer's trade or
130.7 business, or when the trade or business of the taxpayer does not consist principally of the
130.8 holding of the stocks and the collection of income and gain therefrom.

130.9 (c) The dividend deduction provided in this subdivision shall be allowed only with
130.10 respect to dividends that are included in a corporation's Minnesota taxable net income
130.11 for the taxable year.

130.12 The dividend deduction provided in this subdivision does not apply to a dividend
130.13 from a corporation which, for the taxable year of the corporation in which the distribution
130.14 is made or for the next preceding taxable year of the corporation, is a corporation exempt
130.15 from tax under section 501 of the Internal Revenue Code.

130.16 The dividend deduction provided in this subdivision does not apply to a dividend
130.17 received from a real estate investment trust as defined in section 856 of the Internal
130.18 Revenue Code.

130.19 The dividend deduction provided in this subdivision applies to the amount of
130.20 regulated investment company dividends only to the extent determined under section
130.21 854(b) of the Internal Revenue Code.

130.22 The dividend deduction provided in this subdivision shall not be allowed with
130.23 respect to any dividend for which a deduction is not allowed under the provisions of
130.24 section 246(c) of the Internal Revenue Code.

130.25 (d) If dividends received by a corporation that does not have nexus with Minnesota
130.26 under the provisions of Public Law 86-272 are included as income on the return of
130.27 an affiliated corporation permitted or required to file a combined report under section
130.28 290.17, subdivision 4, or 290.34, subdivision 2, then for purposes of this subdivision the
130.29 determination as to whether the trade or business of the corporation consists principally
130.30 of the holding of stocks and the collection of income and gains therefrom shall be made
130.31 with reference to the trade or business of the affiliated corporation having a nexus with
130.32 Minnesota.

130.33 (e) The deduction provided by this subdivision does not apply if the dividends are
130.34 paid by a FSC as defined in section 922 of the Internal Revenue Code.

130.35 (f) If one or more of the members of the unitary group whose income is included on
130.36 the combined report received a dividend, the deduction under this subdivision for each

131.1 member of the unitary business required to file a return under this chapter is the product
131.2 of: (1) 100 percent of the dividends received by members of the group; (2) the percentage
131.3 allowed pursuant to paragraph (a) or (b); and (3) the percentage of the taxpayer's business
131.4 income apportionable to this state for the taxable year under section 290.191 or 290.20.

131.5 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
131.6 December 31, 2012.

131.7 Sec. 31. Minnesota Statutes 2012, section 298.01, subdivision 3b, is amended to read:

131.8 Subd. 3b. **Deductions.** (a) For purposes of determining taxable income under
131.9 subdivision 3, the deductions from gross income include only those expenses necessary
131.10 to convert raw ores to marketable quality. Such expenses include costs associated with
131.11 refinement but do not include expenses such as transportation, stockpiling, marketing, or
131.12 marine insurance that are incurred after marketable ores are produced, unless the expenses
131.13 are included in gross income. The allowable deductions from a mine or plant that mines
131.14 and produces more than one mineral, metal, or energy resource must be determined
131.15 separately for the purposes of computing the deduction in section 290.01, subdivision 19c,
131.16 clause ~~(9)~~ (8). These deductions may be combined on one occupation tax return to arrive
131.17 at the deduction from gross income for all production.

131.18 (b) The provisions of section 290.01, subdivisions 19c, clauses (6) and (9), and 19d,
131.19 clauses (7) and ~~(H)~~ (10), are not used to determine taxable income.

131.20 Sec. 32. Laws 2010, chapter 216, section 11, the effective date, is amended to read:

131.21 **EFFECTIVE DATE.** This section is effective for taxable years beginning
131.22 after December 31, 2009, for certified historic structures for which qualified ~~costs of~~
131.23 ~~rehabilitation are first paid under construction contracts entered into after May 1, 2010~~
131.24 rehabilitation expenditures are first paid by the developer or taxpayer after May 1, 2010,
131.25 for rehabilitation that occurs after May 1, 2010, provided that the application under
131.26 subdivision 3 is submitted before the project is placed in service.

131.27 **EFFECTIVE DATE.** This section is effective the day following final enactment
131.28 and applies retroactively for taxable years beginning after December 31, 2009, and for
131.29 certified historic structures placed in service after May 1, 2010, but the office may not
131.30 issue certificates allowed under the change to this section until July 1, 2013.

131.31 Sec. 33. **ESTIMATED TAXES; EXCEPTIONS.**

132.1 No addition to tax, penalties, or interest may be made under Minnesota Statutes,
132.2 section 289A.25, for any period before September 15, 2013, with respect to an
132.3 underpayment of estimated tax, to the extent that the underpayment was created or
132.4 increased by the increase in income tax rates under this article.

132.5 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
132.6 December 31, 2012.

132.7 Sec. 34. **REPEALER.**

132.8 Minnesota Statutes 2012, sections 290.01, subdivision 6b; 290.06, subdivision 22a;
132.9 and 290.0921, subdivision 7, are repealed.

132.10 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
132.11 December 31, 2012.

132.12 **ARTICLE 7**

132.13 **ESTATE AND GIFT TAXES**

132.14 Section 1. Minnesota Statutes 2012, section 270B.01, subdivision 8, is amended to read:

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

132.17 (1) the taxes, refunds, and fees administered by or paid to the commissioner under
132.18 chapters 115B, 289A (except taxes imposed under sections 298.01, 298.015, and 298.24),
132.19 290, 290A, 291, 292, 295, 297A, 297B, and 297H, or any similar Indian tribal tax
132.20 administered by the commissioner pursuant to any tax agreement between the state and
132.21 the Indian tribal government, and includes any laws for the assessment, collection, and
132.22 enforcement of those taxes, refunds, and fees; and

132.23 (2) section 273.1315.

132.24 **EFFECTIVE DATE.** This section is effective for gifts made after December 31,
132.25 2012.

132.26 Sec. 2. Minnesota Statutes 2012, section 270B.03, subdivision 1, is amended to read:

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

- 133.1 (1) in the case of an individual return, that individual;
- 133.2 (2) in the case of an income tax return filed jointly, either of the individuals with
133.3 respect to whom the return is filed;
- 133.4 (3) in the case of a return filed by a business entity, an officer of a corporation,
133.5 a shareholder owning more than one percent of the stock, or any shareholder of an S
133.6 corporation; a general partner in a partnership; the owner of a sole proprietorship; a
133.7 member or manager of a limited liability company; a participant in a joint venture; the
133.8 individual who signed the return on behalf of the business entity; or an employee who is
133.9 responsible for handling the tax matters of the business entity, such as the tax manager,
133.10 bookkeeper, or managing agent;
- 133.11 (4) in the case of an estate return:
- 133.12 (i) the personal representative or trustee of the estate; and
133.13 (ii) any beneficiary of the estate as shown on the federal estate tax return;
- 133.14 (5) in the case of a trust return:
- 133.15 (i) the trustee or trustees, jointly or separately; and
133.16 (ii) any beneficiary of the trust as shown in the trust instrument;
- 133.17 (6) if liability has been assessed to a transferee under section 270C.58, subdivision
133.18 1, the transferee is the data subject with regard to the returns and return information
133.19 relating to the assessed liability;
- 133.20 (7) in the case of an Indian tribal government or an Indian tribal government-owned
133.21 entity,
- 133.22 (i) the chair of the tribal government, or
133.23 (ii) any person authorized by the tribal government; ~~and~~
- 133.24 (8) in the case of a successor as defined in section 270C.57, subdivision 1, paragraph
133.25 (b), the successor is the data subject and information may be disclosed as provided by
133.26 section 270C.57, subdivision 4-; and
- 133.27 (9) in the case of a gift return, the donor.

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

133.29 Sec. 3. Minnesota Statutes 2012, section 289A.10, subdivision 1, is amended to read:

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

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

133.34 (2) the sum of the federal gross estate and federal adjusted taxable gifts made within
133.35 three years of the date of the decedent's death exceeds \$1,000,000.

134.1 The return must contain a computation of the Minnesota estate tax due. The return
134.2 must be signed by the personal representative.

134.3 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after
134.4 December 31, 2012.

134.5 Sec. 4. Minnesota Statutes 2012, section 291.005, subdivision 1, is amended to read:

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

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

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

134.12 (3) "Internal Revenue Code" means the United States Internal Revenue Code of
134.13 1986, as amended through ~~April 14, 2011~~ January 3, 2013, but without regard to the
134.14 provisions of sections 501 and 901 of Public Law 107-16, as amended by Public Law
134.15 ~~111-312~~, and section 301(e) of Public Law ~~111-312~~ section 2011, paragraph (f), of the
134.16 Internal Revenue Code.

134.17 (4) "Minnesota adjusted taxable estate" means federal adjusted taxable estate as
134.18 defined by section 2011(b)(3) of the Internal Revenue Code, plus

134.19 (i) the amount of deduction for state death taxes allowed under section 2058 of the
134.20 Internal Revenue Code;

134.21 (ii) the amount of taxable gifts, as defined in section 292.16, and made by the
134.22 decedent within three years of the decedent's date of death; less

134.23 ~~(ii)~~ (iii)(A) the value of qualified small business property under section 291.03,
134.24 subdivision 9, and the value of qualified farm property under section 291.03, subdivision
134.25 10, or (B) \$4,000,000, whichever is less.

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

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

134.33 (7) "Personal representative" means the executor, administrator or other person
134.34 appointed by the court to administer and dispose of the property of the decedent. If there
134.35 is no executor, administrator or other person appointed, qualified, and acting within this

135.1 state, then any person in actual or constructive possession of any property having a situs in
135.2 this state which is included in the federal gross estate of the decedent shall be deemed
135.3 to be a personal representative to the extent of the property and the Minnesota estate tax
135.4 due with respect to the property.

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

135.7 (9) "Situs of property" means, with respect to:

135.8 (i) real property, the state or country in which it is located; ~~with respect to~~

135.9 (ii) tangible personal property, the state or country in which it was normally kept or
135.10 located at the time of the decedent's death or for a gift of tangible personal property within
135.11 three years of death, the state or country in which it was normally kept or located when
135.12 the gift was executed; and ~~with respect to~~

135.13 (iii) intangible personal property, the state or country in which the decedent was
135.14 domiciled at death or for a gift of intangible personal property within three years of death,
135.15 the state or country in which the decedent was domiciled when the gift was executed.

135.16 For a nonresident decedent with an ownership interest in a pass-through entity
135.17 with assets that include real or tangible personal property, situs of the real or tangible
135.18 personal property is determined as if the pass-through entity does not exist and the real
135.19 or tangible personal property is personally owned by the decedent. If the pass-through
135.20 entity is owned by a person or persons in addition to the decedent, ownership of the
135.21 property is attributed to the decedent in proportion to the decedent's capital ownership
135.22 share of the pass-through entity.

135.23 (10) "Pass-through entity" includes the following:

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

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

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

135.30 (iv) a trust to the extent the property is includible in the decedent's federal gross estate.

135.31 **EFFECTIVE DATE.** This section is effective for decedents dying after December
135.32 31, 2012.

135.33 Sec. 5. Minnesota Statutes 2012, section 291.03, subdivision 1, is amended to read:

135.34 Subdivision 1. **Tax amount.** (a) The tax imposed shall be an amount equal to the
135.35 proportion of the maximum credit for state death taxes computed under section 2011 of

136.1 the Internal Revenue Code, but using Minnesota adjusted taxable estate instead of federal
136.2 adjusted taxable estate, as the Minnesota gross estate bears to the value of the federal
136.3 gross estate. The tax is reduced by:

136.4 (1) the gift tax paid by the decedent under section 292.17 on gifts included in the
136.5 Minnesota adjusted taxable estate and not subtracted as qualified farm or small business
136.6 property; and

136.7 (2) any credit allowed under subdivision 1c.

136.8 (b) The tax determined under this subdivision must not be greater than the sum of
136.9 the following amounts multiplied by a fraction, the numerator of which is the Minnesota
136.10 gross estate and the denominator of which is the federal gross estate:

136.11 (1) the rates and brackets under section 2001(c) of the Internal Revenue Code
136.12 multiplied by the sum of:

136.13 (i) the taxable estate, as defined under section 2051 of the Internal Revenue Code; plus

136.14 (ii) adjusted taxable gifts, as defined in section 2001(b) of the Internal Revenue
136.15 Code; less

136.16 (iii) the lesser of (A) the sum of the value of qualified small business property
136.17 under subdivision 9, and the value of qualified farm property under subdivision 10, or
136.18 (B) \$4,000,000; less

136.19 (2) the amount of tax allowed under section 2001(b)(2) of the Internal Revenue
136.20 Code; and less

136.21 (3) the federal credit allowed under section 2010 of the Internal Revenue Code.

136.22 (c) For purposes of this subdivision, "Internal Revenue Code" means the Internal
136.23 Revenue Code of 1986, as amended through December 31, 2000.

136.24 **EFFECTIVE DATE.** This section is effective for decedents dying after December
136.25 31, 2012.

136.26 Sec. 6. Minnesota Statutes 2012, section 291.03, is amended by adding a subdivision
136.27 to read:

136.28 **Subd. 1c. Nonresident decedent tax credit.** (a) The estate of a nonresident
136.29 decedent that is subject to tax under this chapter on the value of Minnesota situs property
136.30 held in a pass-through entity is allowed a credit against the tax due under this section
136.31 equal to the lesser of:

136.32 (1) the amount of estate or inheritance tax paid to another state that is attributable to
136.33 the Minnesota situs property held in the pass-through entity; or

136.34 (2) the amount of tax paid under this section attributable to the Minnesota situs
136.35 property held in the pass-through entity.

137.1 **(b)** The amount of tax attributable to the Minnesota situs property held in the
137.2 pass-through entity must be determined by the increase in the estate or inheritance tax that
137.3 results from including the market value of the property in the estate or treating the value
137.4 as a taxable inheritance to the recipient of the property.

137.5 **EFFECTIVE DATE.** This section is effective for decedents dying after December
137.6 31, 2012.

137.7 Sec. 7. Minnesota Statutes 2012, section 291.03, subdivision 8, is amended to read:

137.8 Subd. 8. **Definitions.** (a) For purposes of this section, the following terms have the
137.9 meanings given in this subdivision.

137.10 (b) "Family member" means a family member as defined in section 2032A(e)(2) of
137.11 the Internal Revenue Code, or a trust whose present beneficiaries are all family members
137.12 as defined in section 2032A(e)(2) of the Internal Revenue Code.

137.13 (c) "Qualified heir" means a family member who acquired qualified property ~~from~~
137.14 upon the death of the decedent and satisfies the requirement under subdivision 9, clause
137.15 (6) (7), or subdivision 10, clause (4) (5), for the property.

137.16 (d) "Qualified property" means qualified small business property under subdivision
137.17 9 and qualified farm property under subdivision 10.

137.18 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents
137.19 dying after June 30, 2011.

137.20 Sec. 8. Minnesota Statutes 2012, section 291.03, subdivision 9, is amended to read:

137.21 Subd. 9. **Qualified small business property.** Property satisfying all of the following
137.22 requirements is qualified small business property:

137.23 (1) The value of the property was included in the federal adjusted taxable estate.

137.24 (2) The property consists of the assets of a trade or business or shares of stock or
137.25 other ownership interests in a corporation or other entity engaged in a trade or business.

137.26 ~~The decedent or the decedent's spouse must have materially participated in the trade or~~
137.27 ~~business within the meaning of section 469 of the Internal Revenue Code during the~~
137.28 ~~taxable year that ended before the date of the decedent's death.~~ Shares of stock in a
137.29 corporation or an ownership interest in another type of entity do not qualify under this
137.30 subdivision if the shares or ownership interests are traded on a public stock exchange at
137.31 any time during the three-year period ending on the decedent's date of death. For purposes
137.32 of this subdivision, an ownership interest includes the interest the decedent is deemed to
137.33 own under sections 2036, 2037, and 2038 of the Internal Revenue Code.

138.1 (3) During the taxable year that ended before the decedent's death, the trade or
138.2 business must not have been a passive activity within the meaning of section 469(c) of the
138.3 Internal Revenue Code, and the decedent or the decedent's spouse must have materially
138.4 participated in the trade or business within the meaning of section 469(h) of the Internal
138.5 Revenue Code, excluding section 469(h)(3) of the Internal Revenue Code and any other
138.6 provision provided by United States Treasury Department regulation that substitutes
138.7 material participation in prior taxable years for material participation in the taxable year
138.8 that ended before the decedent's death.

138.9 (4) The gross annual sales of the trade or business were \$10,000,000 or less for the
138.10 last taxable year that ended before the date of the death of the decedent.

138.11 ~~(4)~~ (5) The property does not consist of cash or, cash equivalents, publicly traded
138.12 securities, or assets not used in the operation of the trade or business. For property
138.13 consisting of shares of stock or other ownership interests in an entity, the amount value of
138.14 cash or, cash equivalents, publicly traded securities, or assets not used in the operation of
138.15 the trade or business held by the corporation or other entity must be deducted from the
138.16 value of the property qualifying under this subdivision in proportion to the decedent's
138.17 share of ownership of the entity on the date of death.

138.18 ~~(5)~~ (6) The decedent continuously owned the property, including property the
138.19 decedent is deemed to own under sections 2036, 2037, and 2038 of the Internal Revenue
138.20 Code, for the three-year period ending on the date of death of the decedent. In the case of
138.21 a sole proprietor, if the property replaced similar property within the three-year period,
138.22 the replacement property will be treated as having been owned for the three-year period
138.23 ending on the date of death of the decedent.

138.24 (6) A family member continuously uses the property in the operation of the trade or
138.25 business for three years following the date of death of the decedent.

138.26 (7) For three years following the date of death of the decedent, the trade or business
138.27 is not a passive activity within the meaning of section 469(c) of the Internal Revenue Code,
138.28 and a family member materially participates in the operation of the trade or business within
138.29 the meaning of section 469(h) of the Internal Revenue Code, excluding section 469(h)(3)
138.30 of the Internal Revenue Code and any other provision provided by United States Treasury
138.31 Department regulation that substitutes material participation in prior taxable years for
138.32 material participation in the three years following the date of death of the decedent.

138.33 (8) The estate and the qualified heir elect to treat the property as qualified small
138.34 business property and agree, in the form prescribed by the commissioner, to pay the
138.35 recapture tax under subdivision 11, if applicable.

139.1 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents
139.2 dying after June 30, 2011.

139.3 Sec. 9. Minnesota Statutes 2012, section 291.03, subdivision 10, is amended to read:

139.4 Subd. 10. **Qualified farm property.** Property satisfying all of the following
139.5 requirements is qualified farm property:

139.6 (1) The value of the property was included in the federal adjusted taxable estate.

139.7 (2) The property consists of ~~a farm meeting the requirements of~~ agricultural land and
139.8 is owned by a person or entity that is either not subject to or is in compliance with section
139.9 500.24, and was classified for property tax purposes as the homestead of the decedent
139.10 or the decedent's spouse or both under section 273.124, and as class 2a property under
139.11 section 273.13, subdivision 23.

139.12 (3) For property taxes payable in the taxable year of the decedent's death, the
139.13 property is classified as class 2a property under section 273.13, subdivision 23, and is
139.14 classified as agricultural homestead, agricultural relative homestead, or special agricultural
139.15 homestead under section 273.124.

139.16 (4) The decedent continuously owned the property, including property the decedent
139.17 is deemed to own under sections 2036, 2037, and 2038 of the Internal Revenue Code, for
139.18 the three-year period ending on the date of death of the decedent either by ownership of
139.19 the agricultural land or pursuant to holding an interest in an entity that is not subject to
139.20 or is in compliance with section 500.24.

139.21 ~~(4) A family member continuously uses the property in the operation of the trade or~~
139.22 ~~business~~ (5) The property is classified for property tax purposes as class 2a property under
139.23 section 273.13, subdivision 23, for three years following the date of death of the decedent.

139.24 ~~(5)~~ (6) The estate and the qualified heir elect to treat the property as qualified farm
139.25 property and agree, in a form prescribed by the commissioner, to pay the recapture tax
139.26 under subdivision 11, if applicable.

139.27 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents
139.28 dying after June 30, 2011.

139.29 Sec. 10. Minnesota Statutes 2012, section 291.03, subdivision 11, is amended to read:

139.30 Subd. 11. **Recapture tax.** (a) If, within three years after the decedent's death and
139.31 before the death of the qualified heir, the qualified heir disposes of any interest in the
139.32 qualified property, other than by a disposition to a family member, or a family member
139.33 ceases to use the qualified property which was acquired or passed from the decedent
139.34 satisfy the requirement under subdivision 9, clause (7); or 10, clause (5), an additional

140.1 estate tax is imposed on the property. In the case of a sole proprietor, if the qualified heir
140.2 replaces qualified small business property excluded under subdivision 9 with similar
140.3 property, then the qualified heir will not be treated as having disposed of an interest in the
140.4 qualified property.

140.5 (b) The amount of the additional tax equals the amount of the exclusion claimed by
140.6 the estate under subdivision 8, paragraph (d), multiplied by 16 percent.

140.7 (c) The additional tax under this subdivision is due on the day which is six months
140.8 after the date of the disposition or cessation in paragraph (a).

140.9 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents
140.10 dying after June 30, 2011.

140.11 Sec. 11. **[292.16] DEFINITIONS.**

140.12 (a) For purposes of this chapter, the following definitions apply.

140.13 (b) The definitions of terms defined in section 291.005 apply.

140.14 (c) "Resident" has the meaning given in section 290.01, subdivision 7, paragraph (a).

140.15 (d) "Taxable gifts" means:

140.16 (1) the transfers by gift which are included in taxable gifts for federal gift tax

140.17 purposes under the following sections of the Internal Revenue Code:

140.18 (i) section 2503;

140.19 (ii) sections 2511 to 2514; and

140.20 (iii) sections 2516 to 2519; less

140.21 (2) the deductions allowed in sections 2522 to 2524 of the Internal Revenue Code.

140.22 **EFFECTIVE DATE.** This section is effective for taxable gifts made after June
140.23 30, 2013.

140.24 Sec. 12. **[292.17] GIFT TAX.**

140.25 Subdivision 1. **Imposition.** (a) A tax is imposed on the transfer of property by gift
140.26 by any individual resident or nonresident in an amount equal to ten percent of the amount
140.27 of the taxable gift.

140.28 (b) The donor is liable for payment of the tax. If the gift tax is not paid when due,
140.29 the donee of any gift is personally liable for the tax to the extent of the value of the gift.

140.30 Subd. 2. **Lifetime credit.** A credit is allowed against the tax imposed under this
140.31 section equal to \$100,000. This credit applies to the cumulative amount of taxable gifts
140.32 made by the donor during the donor's lifetime.

140.33 Subd. 3. **Out-of-state gifts.** Taxable gifts exclude the transfer of:

- 141.1 (1) real property located outside of this state;
141.2 (2) tangible personal property that was normally kept at a location outside of the
141.3 state on the date the gift was executed; and
141.4 (3) intangible personal property made by an individual who is not a resident at
141.5 the time the gift was executed.

141.6 **EFFECTIVE DATE.** This section is effective for taxable gifts made after June
141.7 30, 2013.

141.8 Sec. 13. **[292.18] RETURNS.**

141.9 (a) Any individual who makes a taxable gift during the taxable year shall file a gift
141.10 tax return in the form and manner prescribed by the commissioner.

141.11 (b) If the donor dies before filing the return, the executor of the donor's will or
141.12 the administrator of the donor's estate shall file the return. If the donor becomes legally
141.13 incompetent before filing the return, the guardian or conservator shall file the return.

141.14 (c) The return must include:

141.15 (1) each gift made during the calendar year which is to be included in computing the
141.16 taxable gifts;

141.17 (2) the deductions claimed and allowable under section 292.16, paragraph (d),
141.18 clause (2);

141.19 (3) a description of the gift, and the donee's name, address, and Social Security
141.20 number;

141.21 (4) the fair market value of gifts not made in money; and

141.22 (5) any other information the commissioner requires to administer the gift tax.

141.23 **EFFECTIVE DATE.** This section is effective for taxable gifts made after June
141.24 30, 2013.

141.25 Sec. 14. **[292.19] FILING REQUIREMENTS.**

141.26 Gift tax returns must be filed by the April 15 following the close of the calendar
141.27 year, except if a gift is made during the calendar year in which the donor dies, the return
141.28 for the donor must be filed by the last date, including extensions, for filing the gift tax
141.29 return for federal gift tax purposes for the donor.

141.30 **EFFECTIVE DATE.** This section is effective for taxable gifts made after June
141.31 30, 2013.

141.32 Sec. 15. **[292.20] APPRAISAL OF PROPERTY; DECLARATION BY DONOR.**

142.1 The commissioner may require the donor or the donee to show the property subject to
142.2 the tax under section 292.17 to the commissioner upon demand and may employ a suitable
142.3 person to appraise the property. The donor shall submit a declaration, in a form prescribed
142.4 by the commissioner and including any certification required by the commissioner, that the
142.5 property shown by the donor on the gift tax return includes all of the property transferred by
142.6 gift for the calendar year and not deductible under section 292.16, paragraph (d), clause (2).

142.7 **EFFECTIVE DATE.** This section is effective for taxable gifts made after June
142.8 30, 2013.

142.9 Sec. 16. **[292.21] ADMINISTRATIVE PROVISIONS.**

142.10 Subdivision 1. **Payment of tax; penalty for late payment.** The tax imposed under
142.11 section 292.17 is due and payable to the commissioner by the April 15 following the close
142.12 of the calendar year during which the gift was made. The return required under section
142.13 292.19 must be included with the payment. If a taxable gift is made during the calendar
142.14 year in which the donor dies, the due date is the last date, including extensions, for filing
142.15 the gift tax return for federal gift tax purposes for the donor. If any person fails to pay the
142.16 tax due within the time specified under this section, a penalty applies equal to ten percent
142.17 of the amount due and unpaid or \$100, whichever is greater. The unpaid tax and penalty
142.18 bear interest at the rate under section 270C.40 from the due date of the return.

142.19 Subd. 2. **Extensions.** The commissioner may, for good cause, extend the time for
142.20 filing a gift tax return, if a written request is filed with a tentative return accompanied by a
142.21 payment of the tax, which is estimated in the tentative return, on or before the last day for
142.22 filing the return. Any person to whom an extension is granted must pay, in addition to the
142.23 tax, interest at the rate under section 270C.40 from the date on which the tax would have
142.24 been due without the extension.

142.25 Subd. 3. **Changes in federal gift tax.** If the amount of a taxpayer's taxable gifts
142.26 for federal gift tax purposes, as reported on the taxpayer's federal gift tax return for any
142.27 calendar year, is changed or corrected by the Internal Revenue Service or other officer
142.28 of the United States or other competent authority, the taxpayer shall report the change or
142.29 correction in federal taxable gifts within 180 days after the final determination of the change
142.30 or correction, and concede the accuracy of the determination or provide a letter detailing
142.31 how the federal determination is incorrect or does not change the Minnesota gift tax. Any
142.32 taxpayer filing an amended federal gift tax return shall also file within 180 days an amended
142.33 return under this chapter and shall include any information the commissioner requires. The
142.34 time for filing the report or amended return may be extended by the commissioner upon due
142.35 cause shown. Notwithstanding any limitation of time in this chapter, if, upon examination,

143.1 the commissioner finds that the taxpayer is liable for the payment of an additional tax, the
143.2 commissioner shall, within a reasonable time from the receipt of the report or amended
143.3 return, notify the taxpayer of the amount of additional tax, together with interest computed
143.4 at the rate under section 270C.40 from the date when the original tax was due and payable.
143.5 Within 30 days of the mailing of the notice, the taxpayer shall pay the commissioner the
143.6 amount of the additional tax and interest. If, upon examination of the report or amended
143.7 return and related information, the commissioner finds that the taxpayer has overpaid the
143.8 tax due the state, the commissioner shall refund the overpayment to the taxpayer.

143.9 Subd. 4. **Application of federal rules.** In administering the tax under this chapter,
143.10 the commissioner shall apply the provisions of sections 2701 to 2704 of the Internal
143.11 Revenue Code. The words "secretary or his delegate," as used in those sections of the
143.12 Internal Revenue Code, mean the commissioner.

143.13 **EFFECTIVE DATE.** This section is effective for taxable gifts made after June
143.14 30, 2013.

143.15 **ARTICLE 8**

143.16 **SALES AND USE TAXES; LOCAL SALES TAXES**

143.17 Section 1. **[116J.3738] QUALIFIED EXPANSIONS OF GREATER MINNESOTA**
143.18 **BUSINESSES.**

143.19 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms
143.20 have the meanings given unless the context clearly indicates otherwise.

143.21 (b) "Agricultural processing facility" means one or more facilities or operations
143.22 that transform, package, sort, or grade livestock or livestock products, agricultural
143.23 commodities, or plants or plant products into goods that are used for intermediate or final
143.24 consumption including goods for nonfood use, and surrounding property.

143.25 (c) "Business" means an individual, corporation, partnership, limited liability
143.26 company, association, or any other entity engaged in operating a trade or business located
143.27 in greater Minnesota.

143.28 (d) "City" means a statutory or home rule charter city.

143.29 (e) "Greater Minnesota" means the area of the state that excludes the metropolitan
143.30 area, as defined in section 473.121, subdivision 2.

143.31 (f) "Qualified business" means a business that satisfies the requirements of subdivision
143.32 2, has been certified under subdivision 3, and has not been terminated under subdivision 5.

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

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

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

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

144.8 (4) received certification from the commissioner under subdivision 3 that it is a
144.9 qualified business.

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

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

144.13 (2) a public utility, as defined in section 336B.01.

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

144.16 Subd. 3. **Certification of qualified business.** (a) A business may apply to the
144.17 commissioner for certification as a qualified business under this section. The commissioner
144.18 shall specify the form of the application, the manner and times for applying, and the
144.19 information required to be included in the application. The commissioner may impose an
144.20 application fee in an amount sufficient to defray the commissioner's cost of processing
144.21 certifications. A business must file a copy of its application with the chief clerical officer
144.22 of the city at the same time it applies to the commissioner. For an agricultural processing
144.23 facility located outside the boundaries of a city, the business must file a copy of the
144.24 application with the county auditor.

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

144.26 (1) satisfies the requirements of subdivision 2;

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

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

144.32 The commissioner must act on an application within 60 days after its filing. Failure
144.33 by the commissioner to take action within the 60-day period is deemed approval of the
144.34 application.

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

145.1 (1) a business that employees 50 or fewer full-time equivalent employees in greater
145.2 Minnesota when the agreement is executed must increase its employment by five or more
145.3 full-time equivalent employees;

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

145.7 (3) a business that employees 200 or more full-time equivalent employees in greater
145.8 Minnesota when the agreement is executed must increase its employment by at least 21
145.9 full-time equivalent employees.

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

145.17 (e) Certification of a qualified business is effective for the 12-year period beginning
145.18 on the first day of the calendar month immediately following execution of the business
145.19 subsidy agreement.

145.20 Subd. 4. **Available tax incentives.** A qualified business is entitled to a sales tax
145.21 exemption, as provided in section 297A.68, subdivision 49, for purchases made during the
145.22 period the business was certified as a qualified business under this section.

145.23 Subd. 5. **Termination of status as a qualified business.** (a) The commissioner shall
145.24 put in place a system for monitoring and ensuring that each certified business meets within
145.25 three years or less the minimum expansion requirement in its business subsidy agreement
145.26 and continues to satisfy those requirements for the rest of the duration of the certification
145.27 under subdivision 3. This system must include regular reporting by the business to the
145.28 commissioner of its baseline and current employment levels and any other information
145.29 the commissioner determines may be useful to ensure compliance and for legislative
145.30 evaluation of the effectiveness of the tax incentives.

145.31 (b) A business ceases to be a qualified business and to qualify for the sales tax
145.32 exemption under section 297A.68, subdivision 49, under this subdivision upon the earlier
145.33 of the following dates:

145.34 (1) the end of the duration of its designation under subdivision 3, paragraph (e),
145.35 effective as provided under this subdivision or other provision of law for the tax incentive;
145.36 or

146.1 (2) the date the commissioner finds that the business has breached its business
146.2 subsidy agreement and failed to satisfy the minimum expansion required by subdivision 3
146.3 and its agreement.

146.4 (c) A business may contest the commissioner's finding that it breached its business
146.5 subsidy agreement under paragraph (b), clause (2), under the contested case procedures in
146.6 the Administrative Procedure Act, chapter 14.

146.7 (d) The commissioner, after consulting with the commissioner of revenue, may
146.8 waive a breach of the business subsidy agreement and permit continued receipt of tax
146.9 incentives, if the commissioner determines that termination of the tax incentives is not in
146.10 the best interest of the state or the local government units and the business' breach of the
146.11 agreement is a result of circumstances beyond its control including, but not limited to:

146.12 (1) a natural disaster;

146.13 (2) unforeseen industry trends;

146.14 (3) a decline in economic activity in the overall or greater Minnesota economy; or

146.15 (4) loss of a major supplier or customer of the business.

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

146.17 Sec. 2. Minnesota Statutes 2012, section 297A.61, subdivision 3, is amended to read:

146.18 Subd. 3. **Sale and purchase.** (a) "Sale" and "purchase" include, but are not limited
146.19 to, each of the transactions listed in this subdivision. In applying the provisions of this
146.20 chapter, the terms "tangible personal property" and "retail sale" include the taxable
146.21 services listed in paragraph (g), clause (6), items (i) to (vi) and (viii), and the provision
146.22 of these taxable services, unless specifically provided otherwise. Services performed by
146.23 an employee for an employer are not taxable. Services performed by a partnership or
146.24 association for another partnership or association are not taxable if one of the entities owns
146.25 or controls more than 80 percent of the voting power of the equity interest in the other
146.26 entity. Services performed between members of an affiliated group of corporations are not
146.27 taxable. For purposes of the preceding sentence, "affiliated group of corporations" means
146.28 those entities that would be classified as members of an affiliated group as defined under
146.29 United States Code, title 26, section 1504, disregarding the exclusions in section 1504(b).

146.30 (b) Sale and purchase include:

146.31 (1) any transfer of title or possession, or both, of tangible personal property, whether
146.32 absolutely or conditionally, for a consideration in money or by exchange or barter; and

146.33 (2) the leasing of or the granting of a license to use or consume, for a consideration
146.34 in money or by exchange or barter, tangible personal property, other than a manufactured
146.35 home used for residential purposes for a continuous period of 30 days or more.

147.1 (c) Sale and purchase include the production, fabrication, printing, or processing of
147.2 tangible personal property for a consideration for consumers who furnish either directly or
147.3 indirectly the materials used in the production, fabrication, printing, or processing.

147.4 (d) Sale and purchase include the preparing for a consideration of food.
147.5 Notwithstanding section 297A.67, subdivision 2, taxable food includes, but is not limited
147.6 to, the following:

- 147.7 (1) prepared food sold by the retailer;
- 147.8 (2) soft drinks;
- 147.9 (3) candy;
- 147.10 (4) dietary supplements; and
- 147.11 (5) all food sold through vending machines.

147.12 (e) A sale and a purchase includes the furnishing for a consideration of electricity,
147.13 gas, water, or steam for use or consumption within this state.

147.14 (f) A sale and a purchase includes
147.15 the transfer for a consideration of prewritten computer software whether delivered
147.16 electronically, by load and leave, or otherwise.

147.17 (g) A sale and a purchase includes the furnishing for a consideration of the following
147.18 services:

147.19 (1) the privilege of admission to places of amusement, recreational areas, or athletic
147.20 events, and the making available of amusement devices, tanning facilities, reducing
147.21 salons, steam baths, Turkish baths, health clubs, and spas or athletic facilities;

147.22 (2) lodging and related services by a hotel, rooming house, resort, campground,
147.23 motel, or trailer camp, including furnishing the guest of the facility with access to
147.24 telecommunication services, and the granting of any similar license to use real property in
147.25 a specific facility, other than the renting or leasing of it for a continuous period of 30 days
147.26 or more under an enforceable written agreement that may not be terminated without prior
147.27 notice and including accommodations intermediary services provided in connection with
147.28 other services provided under this clause;

147.29 (3) nonresidential parking services, whether on a contractual, hourly, or other
147.30 periodic basis, except for parking at a meter;

147.31 (4) the granting of membership in a club, association, or other organization if:

147.32 (i) the club, association, or other organization makes available for the use of its
147.33 members sports and athletic facilities, without regard to whether a separate charge is
147.34 assessed for use of the facilities; and

147.35 (ii) use of the sports and athletic facility is not made available to the general public
147.36 on the same basis as it is made available to members.

148.1 Granting of membership means both onetime initiation fees and periodic membership
148.2 dues. Sports and athletic facilities include golf courses; tennis, racquetball, handball, and
148.3 squash courts; basketball and volleyball facilities; running tracks; exercise equipment;
148.4 swimming pools; and other similar athletic or sports facilities;

148.5 (5) delivery of aggregate materials by a third party, excluding delivery of aggregate
148.6 material used in road construction; and delivery of concrete block by a third party if the
148.7 delivery would be subject to the sales tax if provided by the seller of the concrete block.

148.8 For purposes of this clause, "road construction" means construction of:

148.9 (i) public roads;

148.10 (ii) cartways; and

148.11 (iii) private roads in townships located outside of the seven-county metropolitan area
148.12 up to the point of the emergency response location sign; and

148.13 (6) services as provided in this clause:

148.14 (i) laundry and dry cleaning services including cleaning, pressing, repairing, altering,
148.15 and storing clothes, linen services and supply, cleaning and blocking hats, and carpet,
148.16 drapery, upholstery, and industrial cleaning. Laundry and dry cleaning services do not
148.17 include services provided by coin operated facilities operated by the customer;

148.18 (ii) motor vehicle washing, waxing, and cleaning services, including services
148.19 provided by coin operated facilities operated by the customer, and rustproofing,
148.20 undercoating, and towing of motor vehicles;

148.21 (iii) building and residential cleaning, maintenance, and disinfecting services and
148.22 pest control and exterminating services;

148.23 (iv) detective, security, burglar, fire alarm, and armored car services; but not
148.24 including services performed within the jurisdiction they serve by off-duty licensed peace
148.25 officers as defined in section 626.84, subdivision 1, or services provided by a nonprofit
148.26 organization or any organization at the direction of a county for monitoring and electronic
148.27 surveillance of persons placed on in-home detention pursuant to court order or under the
148.28 direction of the Minnesota Department of Corrections;

148.29 (v) pet grooming services;

148.30 (vi) lawn care, fertilizing, mowing, spraying and sprigging services; garden planting
148.31 and maintenance; tree, bush, and shrub pruning, bracing, spraying, and surgery; indoor
148.32 plant care; tree, bush, shrub, and stump removal, except when performed as part of a land
148.33 clearing contract as defined in section 297A.68, subdivision 40; and tree trimming for
148.34 public utility lines. Services performed under a construction contract for the installation of
148.35 shrubbery, plants, sod, trees, bushes, and similar items are not taxable;

149.1 (vii) massages, except when provided by a licensed health care facility or
149.2 professional or upon written referral from a licensed health care facility or professional for
149.3 treatment of illness, injury, or disease; and

149.4 (viii) the furnishing of lodging, board, and care services for animals in kennels and
149.5 other similar arrangements, but excluding veterinary and horse boarding services.

149.6 ~~In applying the provisions of this chapter, the terms "tangible personal property"~~
149.7 ~~and "retail sale" include taxable services listed in clause (6), items (i) to (vi) and (viii),~~
149.8 ~~and the provision of these taxable services, unless specifically provided otherwise.~~
149.9 ~~Services performed by an employee for an employer are not taxable. Services performed~~
149.10 ~~by a partnership or association for another partnership or association are not taxable if~~
149.11 ~~one of the entities owns or controls more than 80 percent of the voting power of the~~
149.12 ~~equity interest in the other entity. Services performed between members of an affiliated~~
149.13 ~~group of corporations are not taxable. For purposes of the preceding sentence, "affiliated~~
149.14 ~~group of corporations" means those entities that would be classified as members of an~~
149.15 ~~affiliated group as defined under United States Code, title 26, section 1504, disregarding~~
149.16 ~~the exclusions in section 1504(b).~~

149.17 ~~For purposes of clause (5), "road construction" means construction of (1) public~~
149.18 ~~roads, (2) cartways, and (3) private roads in townships located outside of the seven-county~~
149.19 ~~metropolitan area up to the point of the emergency response location sign.~~

149.20 (h) A sale and a purchase includes the furnishing for a consideration of tangible
149.21 personal property or taxable services by the United States or any of its agencies or
149.22 instrumentalities, or the state of Minnesota, its agencies, instrumentalities, or political
149.23 subdivisions.

149.24 (i) A sale and a purchase includes the furnishing for a consideration of
149.25 telecommunications services, ancillary services associated with telecommunication
149.26 services, eable and pay television services, ~~and direct satellite services~~. Telecommunication
149.27 services include, but are not limited to, the following services, as defined in section
149.28 297A.669: air-to-ground radiotelephone service, mobile telecommunication service,
149.29 postpaid calling service, prepaid calling service, prepaid wireless calling service, and
149.30 private communication services. The services in this paragraph are taxed to the extent
149.31 allowed under federal law.

149.32 (j) A sale and a purchase includes the furnishing for a consideration of installation if
149.33 the installation charges would be subject to the sales tax if the installation were provided
149.34 by the seller of the item being installed.

149.35 (k) A sale and a purchase includes the rental of a vehicle by a motor vehicle dealer
149.36 to a customer when (1) the vehicle is rented by the customer for a consideration, or (2)

150.1 the motor vehicle dealer is reimbursed pursuant to a service contract as defined in section
150.2 59B.02, subdivision 11.

150.3 (l) A sale and a purchase includes furnishing for a consideration of specified digital
150.4 products or other digital products or granting the right for a consideration to use specified
150.5 digital products or other digital products on a temporary or permanent basis and regardless
150.6 of whether the purchaser is required to make continued payments for such right. Wherever
150.7 the term "tangible personal property" is used in this chapter, other than in subdivisions 10
150.8 and 38, the provisions also apply to specified digital products, or other digital products,
150.9 unless specifically provided otherwise or the context indicates otherwise.

150.10 (m) A sale and purchase includes the furnishing for consideration of the following
150.11 services:

150.12 (1) repairing and maintaining electronic and precision equipment, which service can
150.13 be deducted as a business expense under the Internal Revenue Code. This includes, but
150.14 is not limited to, repair or maintenance of electronic devices, computers and computer
150.15 peripherals, monitors, computer terminals, storage devices, and CD-ROM drives; other
150.16 office equipment such as photocopying machines, printers, and facsimile machines;
150.17 televisions, stereos, sound systems, video or digital recorders and players; two-way radios
150.18 and other communications equipment; radar and sonar equipment, scientific instruments,
150.19 microscopes, and medical equipment;

150.20 (2) repairing and maintaining commercial and industrial machinery and equipment.
150.21 For purposes of this subdivision, the following items are not commercial or industrial
150.22 machinery and equipment: (i) motor vehicles; (ii) furniture and fixtures; (iii) ships; (iv)
150.23 railroad stock; and (v) aircraft; and

150.24 (3) warehousing or storage services for tangible personal property, excluding:

150.25 (i) agricultural products;

150.26 (ii) refrigerated storage;

150.27 (iii) electronic data; and

150.28 (iv) self-storage services and storage of motor vehicles, recreational vehicles, and
150.29 boats, not eligible to be deducted as a business expense under the Internal Revenue Code.

150.30 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
150.31 June 30, 2013, except that paragraph (m), clause (3), is effective for sales and purchases
150.32 made after March 31, 2014.

150.33 Sec. 3. Minnesota Statutes 2012, section 297A.61, subdivision 4, is amended to read:

150.34 Subd. 4. **Retail sale.** (a) A "retail sale" means:

151.1 (1) any sale, lease, or rental of tangible personal property for any purpose, other than
151.2 resale, sublease, or subrent of items by the purchaser in the normal course of business
151.3 as defined in subdivision 21; and

151.4 (2) any sale of a service enumerated in subdivision 3, for any purpose other than
151.5 resale by the purchaser in the normal course of business as defined in subdivision 21.

151.6 (b) A sale of property used by the owner only by leasing it to others or by holding it
151.7 in an effort to lease it, and put to no use by the owner other than resale after the lease or
151.8 effort to lease, is a sale of property for resale.

151.9 (c) A sale of master computer software that is purchased and used to make copies for
151.10 sale or lease is a sale of property for resale.

151.11 (d) A sale of building materials, supplies, and equipment to owners, contractors,
151.12 subcontractors, or builders for the erection of buildings or the alteration, repair, or
151.13 improvement of real property is a retail sale in whatever quantity sold, whether the sale is
151.14 for purposes of resale in the form of real property or otherwise.

151.15 (e) A sale of carpeting, linoleum, or similar floor covering to a person who provides
151.16 for installation of the floor covering is a retail sale and not a sale for resale since a sale of
151.17 floor covering which includes installation is a contract for the improvement of real property.

151.18 (f) A sale of shrubbery, plants, sod, trees, and similar items to a person who provides
151.19 for installation of the items is a retail sale and not a sale for resale since a sale of
151.20 shrubbery, plants, sod, trees, and similar items that includes installation is a contract for
151.21 the improvement of real property.

151.22 (g) A sale of tangible personal property that is awarded as prizes is a retail sale and
151.23 is not considered a sale of property for resale.

151.24 (h) A sale of tangible personal property utilized or employed in the furnishing or
151.25 providing of services under subdivision 3, paragraph (g), clause (1), including, but not
151.26 limited to, property given as promotional items, is a retail sale and is not considered a
151.27 sale of property for resale.

151.28 (i) A sale of tangible personal property used in conducting lawful gambling under
151.29 chapter 349 or the State Lottery under chapter 349A, including, but not limited to, property
151.30 given as promotional items, is a retail sale and is not considered a sale of property for resale.

151.31 (j) a sale of machines, equipment, or devices that are used to furnish, provide, or
151.32 dispense goods or services, including, but not limited to, coin-operated devices, is a retail
151.33 sale and is not considered a sale of property for resale.

151.34 (k) In the case of a lease, a retail sale occurs (1) when an obligation to make a lease
151.35 payment becomes due under the terms of the agreement or the trade practices of the
151.36 lessor or (2) in the case of a lease of a motor vehicle, as defined in section 297B.01,

152.1 subdivision 11, but excluding vehicles with a manufacturer's gross vehicle weight rating
152.2 greater than 10,000 pounds and rentals of vehicles for not more than 28 days, at the time
152.3 the lease is executed.

152.4 (l) In the case of a conditional sales contract, a retail sale occurs upon the transfer of
152.5 title or possession of the tangible personal property.

152.6 (m) A sale of a bundled transaction in which one or more of the products included
152.7 in the bundle is a taxable product is a retail sale, except that if one of the products
152.8 is a telecommunication service, ancillary service, Internet access, or audio or video
152.9 programming service, and the seller has maintained books and records identifying through
152.10 reasonable and verifiable standards the portions of the price that are attributable to the
152.11 distinct and separately identifiable products, then the products are not considered part of a
152.12 bundled transaction. For purposes of this paragraph:

152.13 (1) the books and records maintained by the seller must be maintained in the regular
152.14 course of business, and do not include books and records created and maintained by the
152.15 seller primarily for tax purposes;

152.16 (2) books and records maintained in the regular course of business include, but are
152.17 not limited to, financial statements, general ledgers, invoicing and billing systems and
152.18 reports, and reports for regulatory tariffs and other regulatory matters; and

152.19 (3) books and records are maintained primarily for tax purposes when the books
152.20 and records identify taxable and nontaxable portions of the price, but the seller maintains
152.21 other books and records that identify different prices attributable to the distinct products
152.22 included in the same bundled transaction.

152.23 (n) A sale of motor vehicle repair paint and materials by a motor vehicle repair or
152.24 body shop business is a retail sale and the sales tax is imposed on the gross receipts from the
152.25 retail sale of the paint and materials. The motor vehicle repair or body shop that purchases
152.26 motor vehicle repair paint and motor vehicle repair materials for resale must either:

152.27 (1) separately state each item of paint and each item of materials, and the sales price
152.28 of each, on the invoice to the purchaser; or

152.29 (2) in order to calculate the sales price of the paint and materials, use a method
152.30 which estimates the amount and monetary value of the paint and materials used in
152.31 the repair of the motor vehicle by multiplying the number of labor hours by a rate of
152.32 consideration for the paint and materials used in the repair of the motor vehicle following
152.33 industry standard practices that fairly calculate the gross receipts from the retail sale of
152.34 the motor vehicle repair paint and motor vehicle repair materials. An industry standard
152.35 practice fairly calculates the gross receipts if the sales price of the paint and materials used
152.36 or consumed in the repair of a motor vehicle equals or exceeds the purchase price paid

153.1 by the motor vehicle repair or body shop business. Under this clause, the invoice must
153.2 either separately state the "paint and materials" as a single taxable item, or separately state
153.3 "paint" as a taxable item and "materials" as a taxable item. This clause does not apply to
153.4 wholesale transactions at an auto auction facility.

153.5 (o) A sale of specified digital products or other digital products to an end user with
153.6 or without rights of permanent use and regardless of whether rights of use are conditioned
153.7 upon payment by the purchaser is a retail sale. When a digital code has been purchased that
153.8 relates to specified digital products or other digital products, the subsequent receipt of or
153.9 access to the related specified digital products or other digital products is not a retail sale.

153.10 (p) A payment made to a cooperative electric association or public utility as a
153.11 contribution in aid of construction is a contract for improvement to real property and
153.12 is not a retail sale.

153.13 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
153.14 June 30, 2013.

153.15 Sec. 4. Minnesota Statutes 2012, section 297A.61, subdivision 10, is amended to read:

153.16 Subd. 10. **Tangible personal property.** (a) "Tangible personal property" means
153.17 personal property that can be seen, weighed, measured, felt, or touched, or that is in any
153.18 other manner perceptible to the senses. "Tangible personal property" includes, but is not
153.19 limited to, electricity, water, gas, steam, and prewritten computer software.

153.20 (b) Tangible personal property does not include:

153.21 (1) large ponderous machinery and equipment used in a business or production
153.22 activity which at common law would be considered to be real property;

153.23 (2) property which is subject to an ad valorem property tax;

153.24 (3) property described in section 272.02, subdivision 9, clauses (a) to (d); ~~and~~

153.25 (4) property described in section 272.03, subdivision 2, clauses (3) and (5); and

153.26 (5) specified digital products, or other digital products, transferred electronically.

153.27 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
153.28 June 30, 2013.

153.29 Sec. 5. Minnesota Statutes 2012, section 297A.61, subdivision 25, is amended to read:

153.30 Subd. 25. **Cable Pay television service.** "Cable Pay television service" means
153.31 the transmission of video, audio, or other programming service to purchasers, and the
153.32 subscriber interaction, if any, required for the selection or use of the programming service,
153.33 regardless of whether the programming is transmitted over facilities owned or operated

154.1 by the cable service provider or over facilities owned or operated by one or more dealers
154.2 of communications services. The term includes point-to-multipoint distribution direct to
154.3 home satellite services by which programming is transmitted or broadcast by microwave
154.4 or other equipment directly to the subscriber's premises, or any similar or comparable
154.5 method of service. The term includes ~~basic, extended, premium,~~ all programming services,
154.6 including subscriptions, digital video recorders, pay-per-view, digital, and music services.

154.7 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
154.8 June 30, 2013.

154.9 Sec. 6. Minnesota Statutes 2012, section 297A.61, subdivision 38, is amended to read:

154.10 Subd. 38. **Bundled transaction.** (a) "Bundled transaction" means the retail sale
154.11 of two or more products when the products are otherwise distinct and identifiable, and
154.12 the products are sold for one nonitemized price. As used in this subdivision, "product"
154.13 includes tangible personal property, services, intangibles, and digital goods, including
154.14 specified digital products or other digital products, but does not include real property or
154.15 services to real property. A bundled transaction does not include the sale of any products
154.16 in which the sales price varies, or is negotiable, based on the selection by the purchaser of
154.17 the products included in the transaction.

154.18 (b) For purposes of this subdivision, "distinct and identifiable" products does not
154.19 include:

154.20 (1) packaging and other materials, such as containers, boxes, sacks, bags, and
154.21 bottles, wrapping, labels, tags, and instruction guides, that accompany the retail sale of the
154.22 products and are incidental or immaterial to the retail sale. Examples of packaging that are
154.23 incidental or immaterial include grocery sacks, shoe boxes, dry cleaning garment bags,
154.24 and express delivery envelopes and boxes;

154.25 (2) a promotional product provided free of charge with the required purchase of
154.26 another product. A promotional product is provided free of charge if the sales price of
154.27 another product, which is required to be purchased in order to receive the promotional
154.28 product, does not vary depending on the inclusion of the promotional product; and

154.29 (3) items included in the definition of sales price.

154.30 (c) For purposes of this subdivision, the term "one nonitemized price" does not
154.31 include a price that is separately identified by product on binding sales or other supporting
154.32 sales-related documentation made available to the customer in paper or electronic form
154.33 including but not limited to an invoice, bill of sale, receipt, contract, service agreement,
154.34 lease agreement, periodic notice of rates and services, rate card, or price list.

155.1 (d) A transaction that otherwise meets the definition of a bundled transaction is
155.2 not a bundled transaction if it is:

155.3 (1) the retail sale of tangible personal property and a service and the tangible
155.4 personal property is essential to the use of the service, and is provided exclusively in
155.5 connection with the service, and the true object of the transaction is the service;

155.6 (2) the retail sale of services if one service is provided that is essential to the use or
155.7 receipt of a second service and the first service is provided exclusively in connection with
155.8 the second service and the true object of the transaction is the second service;

155.9 (3) a transaction that includes taxable products and nontaxable products and the
155.10 purchase price or sales price of the taxable products is de minimis; or

155.11 (4) the retail sale of exempt tangible personal property and taxable tangible personal
155.12 property if:

155.13 (i) the transaction includes food and food ingredients, drugs, durable medical
155.14 equipment, mobility enhancing equipment, over-the-counter drugs, prosthetic devices,
155.15 or medical supplies; and

155.16 (ii) the seller's purchase price or sales price of the taxable tangible personal property is
155.17 50 percent or less of the total purchase price or sales price of the bundled tangible personal
155.18 property. Sellers must not use a combination of the purchase price and sales price of the
155.19 tangible personal property when making the 50 percent determination for a transaction.

155.20 (e) For purposes of this subdivision, "purchase price" means the measure subject to
155.21 use tax on purchases made by the seller, and "de minimis" means that the seller's purchase
155.22 price or sales price of the taxable products is ten percent or less of the total purchase
155.23 price or sales price of the bundled products. Sellers shall use either the purchase price
155.24 or the sales price of the products to determine if the taxable products are de minimis.
155.25 Sellers must not use a combination of the purchase price and sales price of the products
155.26 to determine if the taxable products are de minimis. Sellers shall use the full term of a
155.27 service contract to determine if the taxable products are de minimis.

155.28 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
155.29 June 30, 2013.

155.30 Sec. 7. Minnesota Statutes 2012, section 297A.61, subdivision 45, is amended to read:

155.31 Subd. 45. **Ring tone.** "Ring tone" means a digitized sound file that is downloaded
155.32 onto a device and that may be used to alert the customer of a telecommunication service
155.33 with respect to a communication. A ring tone does not include ring back tones or other
155.34 digital audio files that are not stored on the purchaser's communication device.

156.1 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
156.2 June 30, 2013.

156.3 Sec. 8. Minnesota Statutes 2012, section 297A.61, is amended by adding a subdivision
156.4 to read:

156.5 Subd. 49. **Motor vehicle repair paint and motor vehicle repair materials.** "Motor
156.6 vehicle repair paint" means a substance composed of solid matter suspended in a liquid
156.7 medium and applied as a protective or decorative coating to the surface of a motor vehicle in
156.8 order to restore the motor vehicle to its original condition, and includes primer, body paint,
156.9 clear coat, and paint thinner used to paint motor vehicles, as defined in section 297B.01.

156.10 "Motor vehicle repair materials" means items, other than motor vehicle repair paint
156.11 or motor vehicle parts, that become a part of a repaired motor vehicle or are consumed in
156.12 repairing the motor vehicle at retail, and include abrasives, battery water, body filler or
156.13 putty, bolts and nuts, brake fluid, buffing pads, chamois, cleaning compounds, degreasing
156.14 compounds, glaze, grease, grinding discs, hydraulic jack oil, lubricants, masking tape,
156.15 oxygen and acetylene, polishes, rags, razor blades, sandpaper, sanding discs, scuff pads,
156.16 sealer, solder, solvents, striping tape, tack cloth, thinner, waxes, and welding rods. Motor
156.17 vehicle repair materials do not include items that are not used directly on the motor vehicle,
156.18 such as floor dry that is used to clean the shop, or cleaning compounds and rags that are
156.19 used to clean tools, equipment, or the shop and are not used to clean the motor vehicle.

156.20 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
156.21 June 30, 2013.

156.22 Sec. 9. Minnesota Statutes 2012, section 297A.61, is amended by adding a subdivision
156.23 to read:

156.24 Subd. 50. **Digital audio works.** "Digital audio works" means works that result from
156.25 a fixation of a series of musical, spoken, or other sounds, that are transferred electronically.
156.26 Digital audio works includes such items as the following which may either be prerecorded
156.27 or live: songs, music, readings of books or other written materials, speeches, ring tones, or
156.28 other sound recordings. Digital audio works does not include audio greeting cards sent by
156.29 electronic mail. Unless the context provides otherwise, in this chapter digital audio works
156.30 includes the digital code, or a subscription to or access to a digital code, for receiving,
156.31 accessing, or otherwise obtaining digital audio works.

156.32 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
156.33 June 30, 2013.

157.1 Sec. 10. Minnesota Statutes 2012, section 297A.61, is amended by adding a
157.2 subdivision to read:

157.3 Subd. 51. **Digital audiovisual works.** "Digital audiovisual works" means a series
157.4 of related images which, when shown in succession, impart an impression of motion,
157.5 together with accompanying sounds, if any, that are transferred electronically. Digital
157.6 audiovisual works includes such items as motion pictures, movies, musical videos, news
157.7 and entertainment, and live events. Digital audiovisual works does not include video
157.8 greeting cards sent by electronic mail. Unless the context provides otherwise, in this
157.9 chapter digital audiovisual works includes the digital code, or a subscription to or access to
157.10 a digital code, for receiving, accessing, or otherwise obtaining digital audiovisual works.

157.11 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
157.12 June 30, 2013.

157.13 Sec. 11. Minnesota Statutes 2012, section 297A.61, is amended by adding a
157.14 subdivision to read:

157.15 Subd. 52. **Digital books.** "Digital books" means any literary works, other than
157.16 digital audiovisual works or digital audio works, expressed in words, numbers, or other
157.17 verbal or numerical symbols or indicia so long as the product is generally recognized in
157.18 the ordinary and usual sense as a "book." It includes works of fiction and nonfiction and
157.19 short stories. It does not include periodicals, magazines, newspapers, or other news or
157.20 information products, chat rooms, or weblogs. Unless the context provides otherwise, in
157.21 this chapter digital books includes the digital code, or a subscription to or access to a
157.22 digital code, for receiving, accessing, or otherwise obtaining digital books.

157.23 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
157.24 June 30, 2013.

157.25 Sec. 12. Minnesota Statutes 2012, section 297A.61, is amended by adding a
157.26 subdivision to read:

157.27 Subd. 53. **Digital code.** "Digital code" means a code which provides a purchaser
157.28 with a right to obtain one or more specified digital products or other digital products.
157.29 A digital code may be transferred electronically, such as through electronic mail, or it
157.30 may be transferred on a tangible medium, such as on a plastic card, a piece of paper or
157.31 invoice, or imprinted on another product. A digital code is not a code that represents a
157.32 stored monetary value that is deducted from a total as it is used by the purchaser, and it
157.33 is not a code that represents a redeemable card, gift card, or gift certificate that entitles

158.1 the holder to select a digital product of an indicated cash value. The end user of a digital
158.2 code is any purchaser except one who receives the contractual right to redistribute a digital
158.3 product which is the subject of the transaction.

158.4 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
158.5 June 30, 2013.

158.6 Sec. 13. Minnesota Statutes 2012, section 297A.61, is amended by adding a
158.7 subdivision to read:

158.8 Subd. 54. **Other digital products.** "Other digital products" means the following
158.9 items when transferred electronically:

158.10 (1) greeting cards; and

158.11 (2) online video or electronic games.

158.12 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
158.13 June 30, 2013.

158.14 Sec. 14. Minnesota Statutes 2012, section 297A.61, is amended by adding a
158.15 subdivision to read:

158.16 Subd. 55. **Specified digital products.** "Specified digital products" means digital
158.17 audio works, digital audiovisual works, and digital books that are transferred electronically
158.18 to a customer.

158.19 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
158.20 June 30, 2013.

158.21 Sec. 15. Minnesota Statutes 2012, section 297A.61, is amended by adding a
158.22 subdivision to read:

158.23 Subd. 56. **Transferred electronically.** "Transferred electronically" means obtained
158.24 by the purchaser by means other than tangible storage media. For purposes of this
158.25 subdivision, it is not necessary that a copy of the product be physically transferred to
158.26 the purchaser. A product will be considered to have been transferred electronically to a
158.27 purchaser if the purchaser has access to the product.

158.28 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
158.29 June 30, 2013.

159.1 Sec. 16. Minnesota Statutes 2012, section 297A.61, is amended by adding a
159.2 subdivision to read:

159.3 Subd. 58. **Self-storage service.** "Self-storage service" means a storage service that
159.4 provides secure areas, such as rooms, units, compartments or containers, whether accessible
159.5 from outside or from within a building, that are designated for the use of a purchaser,
159.6 where the purchaser retains the care custody and control of their property, including
159.7 self-storage units, mini-storage units, and areas by any other name to which the purchaser
159.8 retains either unlimited free access or free access within reasonable business hours or upon
159.9 reasonable notice to the service provider to add or remove property, but does not mean the
159.10 rental of an entire building, such as a warehouse. Self-storage service does not include
159.11 general warehousing and storage services where the warehouse typically handles, stores,
159.12 and retrieves a purchaser's property using the warehouse's staff and equipment, and does
159.13 not allow the purchaser free access to the storage space and does not include bailments.

159.14 **EFFECTIVE DATE.** This section is effective July 1, 2013.

159.15 Sec. 17. Minnesota Statutes 2012, section 297A.64, subdivision 1, is amended to read:

159.16 Subdivision 1. **Tax imposed.** A tax is imposed on the lease or rental in this state
159.17 for not more than 28 days of a passenger automobile as defined in section 168.002,
159.18 subdivision 24, a van as defined in section 168.002, subdivision 40, or a pickup truck as
159.19 defined in section 168.002, subdivision 26. The rate of tax is ~~6.2~~ 9.2 percent of the sales
159.20 price. The tax applies whether or not the vehicle is licensed in the state.

159.21 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
159.22 June 30, 2013.

159.23 Sec. 18. Minnesota Statutes 2012, section 297A.66, subdivision 3, is amended to read:

159.24 Subd. 3. **Retailer not maintaining place of business in this state.** (a) To the extent
159.25 allowed by the United States Constitution and ~~the laws of the United States~~ in accordance
159.26 with the terms and conditions of federal remote seller law, a retailer making retail sales
159.27 from outside this state to a destination within this state and not maintaining a place of
159.28 business in this state shall collect sales and use taxes and remit them to the commissioner
159.29 under section 297A.77₂;

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

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

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

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

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

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

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

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

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

160.17 (8) any other solicitation by telegraphy, telephone, computer database, cable, optic,
160.18 microwave, or other communication system.

160.19 This paragraph (a) must be construed without regard to the state from which
160.20 distribution of the materials originated or in which they were prepared.

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

160.25 (c) A retailer not maintaining a place of business in this state is presumed, subject to
160.26 rebuttal, to be engaged in regular solicitation within this state if it engages in any of the
160.27 activities in paragraph (a) and:

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

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

160.32 **EFFECTIVE DATE.** This section is effective the day after final enactment.

160.33 Sec. 19. Minnesota Statutes 2012, section 297A.66, is amended by adding a
160.34 subdivision to read:

161.1 Subd. 4a. **Solicitor.** (a) "Solicitor," for purposes of subdivision 1, paragraph (a),
161.2 means a person, whether an independent contractor or other representative, who directly
161.3 or indirectly solicits business for the retailer.

161.4 (b) A retailer is presumed to have a solicitor in this state if it enters into an agreement
161.5 with a resident under which the resident, for a commission or other substantially similar
161.6 consideration, directly or indirectly refers potential customers, whether by a link on an
161.7 Internet Web site, or otherwise, to the seller. This paragraph only applies if the total gross
161.8 receipts are at least \$10,000 in the 12-month period ending on the last day of the most recent
161.9 calendar quarter before the calendar quarter in which the sale is made. For purposes of this
161.10 paragraph, gross receipts means receipts from sales to customers located in the state who
161.11 were referred to the retailer by all residents with this type of agreement with the retailer.

161.12 (c) The presumption under paragraph (b) may be rebutted by proof that the resident
161.13 with whom the seller has an agreement did not engage in any solicitation in the state
161.14 on behalf of the retailer that would satisfy the nexus requirement of the United States
161.15 Constitution during the 12-month period in question. Nothing in this section shall be
161.16 construed to narrow the scope of the terms affiliate, agent, salesperson, canvasser, or other
161.17 representative for purposes of subdivision 1, paragraph (a).

161.18 (d) For purposes of this paragraph, "resident" includes an individual who is a
161.19 resident of this state, as defined in section 290.01, or a business that owns tangible
161.20 personal property located in this state or has one or more employees providing services for
161.21 the business in this state.

161.22 (e) This subdivision does not apply to chapter 290 and does not expand or contract
161.23 the jurisdiction to tax a trade or business under chapter 290.

161.24 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
161.25 June 30, 2013.

161.26 Sec. 20. Minnesota Statutes 2012, section 297A.665, is amended to read:

161.27 **297A.665 PRESUMPTION OF TAX; BURDEN OF PROOF.**

161.28 (a) For the purpose of the proper administration of this chapter and to prevent
161.29 evasion of the tax, until the contrary is established, it is presumed that:

161.30 (1) all gross receipts are subject to the tax; and

161.31 (2) all retail sales for delivery in Minnesota are for storage, use, or other consumption
161.32 in Minnesota.

161.33 (b) The burden of proving that a sale is not a taxable retail sale is on the seller.

161.34 However, a seller is relieved of liability if:

162.1 (1) the seller obtains a fully completed exemption certificate or all the relevant
162.2 information required by section 297A.72, subdivision 2, at the time of the sale or within
162.3 90 days after the date of the sale; or

162.4 (2) if the seller has not obtained a fully completed exemption certificate or all the
162.5 relevant information required by section 297A.72, subdivision 2, within the time provided
162.6 in clause (1), within 120 days after a request for substantiation by the commissioner,
162.7 the seller either:

162.8 (i) obtains in good faith a fully completed exemption certificate or all the relevant
162.9 information required by section 297A.72, subdivision 2, from the purchaser; or

162.10 (ii) proves by other means that the transaction was not subject to tax;

162.11 (3) in the case of drop shipment sales, a seller engaged in drop shipping may claim a
162.12 resale exemption based on an exemption certificate provided by its customer or reseller,
162.13 or any other acceptable information available to the seller engaged in drop shipping
162.14 evidencing qualification for a resale exemption, regardless of whether the customer or
162.15 reseller is registered to collect and remit sales and use tax in the state.

162.16 (c) Notwithstanding paragraph (b), relief from liability does not apply to a seller who:

162.17 (1) fraudulently fails to collect the tax; or

162.18 (2) solicits purchasers to participate in the unlawful claim of an exemption.

162.19 (d) A certified service provider, as defined in section 297A.995, subdivision 2, is
162.20 relieved of liability under this section to the extent a seller who is its client is relieved of
162.21 liability.

162.22 (e) A purchaser of tangible personal property or any items listed in section 297A.63
162.23 that are shipped or brought to Minnesota by the purchaser has the burden of proving that the
162.24 property was not purchased from a retailer for storage, use, or consumption in Minnesota.

162.25 (f) If a seller claims that certain sales are exempt and does not provide the certificate,
162.26 information, or proof required by paragraph (b), clause (2), within 120 days after the date
162.27 of the commissioner's request for substantiation, then the exemptions claimed by the seller
162.28 that required substantiation are disallowed.

162.29 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
162.30 June 30, 2013.

162.31 Sec. 21. Minnesota Statutes 2012, section 297A.668, is amended by adding a
162.32 subdivision to read:

162.33 **Subd. 6a. Multiple points of use.** (a) Notwithstanding the provisions of subdivisions
162.34 2 and 3, a business purchaser that has not received authorization to pay the tax directly to
162.35 the commissioner may use an exemption certificate indicating multiple points of use if:

163.1 (1) the purchaser knows at the time of its purchase of a digital good, computer
163.2 software delivered electronically, or a service that the good or service will be concurrently
163.3 available for use in more than one taxing jurisdiction; and

163.4 (2) the purchaser delivers to the seller the exemption certificate indicating multiple
163.5 points of use at the time of purchase.

163.6 (b) Upon receipt of the fully completed exemption certificate indicating multiple
163.7 points of use, the seller is relieved of the obligation to collect, pay, or remit the applicable
163.8 tax and the purchaser is obligated to collect, pay, or remit the applicable tax on a direct
163.9 pay basis. The provisions of section 297A.665 apply to this paragraph.

163.10 (c) The purchaser delivering the exemption certificate indicating multiple points
163.11 of use may use any reasonable but consistent and uniform method of apportionment
163.12 that is supported by the purchaser's business records as they exist at the time of the
163.13 consummation of the sale.

163.14 (d) The purchaser shall provide the exemption certificate indicating multiple points
163.15 of use to the seller at the time of purchase.

163.16 (e) A purchaser that has received authorization to pay the tax directly to the
163.17 commissioner is not required to deliver to the seller an exemption certificate indicating
163.18 multiple points of use. A purchaser that has received authorization to pay the tax directly
163.19 to the commissioner shall follow the provisions of paragraph (c) in apportioning the tax
163.20 due on a digital good, computer software delivered electronically, or a service that will be
163.21 concurrently available for use in more than one taxing jurisdiction.

163.22 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
163.23 June 30, 2013.

163.24 Sec. 22. Minnesota Statutes 2012, section 297A.67, subdivision 7, is amended to read:

163.25 Subd. 7. **Drugs; medical devices.** (a) Sales of the following drugs and medical
163.26 devices for human use are exempt:

163.27 (1) drugs, including over-the-counter drugs;

163.28 (2) single-use finger-pricking devices for the extraction of blood and other single-use
163.29 devices and single-use diagnostic agents used in diagnosing, monitoring, or treating
163.30 diabetes;

163.31 (3) insulin and medical oxygen for human use, regardless of whether prescribed
163.32 or sold over the counter;

163.33 (4) prosthetic devices;

163.34 (5) durable medical equipment for home use only;

163.35 (6) mobility enhancing equipment;

164.1 (7) prescription corrective eyeglasses; and

164.2 (8) kidney dialysis equipment, including repair and replacement parts.

164.3 (b) Items purchased in transactions covered by:

164.4 (1) Medicare as defined under title XVIII of the Social Security Act, United States
164.5 Code, title 42, section 1395, et seq.; or

164.6 (2) Medicaid as defined under title XIX of the Social Security Act, United States
164.7 Code, title 42, section 1396, et seq.

164.8 ~~(b)~~ (c) For purposes of this subdivision:

164.9 (1) "Drug" means a compound, substance, or preparation, and any component of
164.10 a compound, substance, or preparation, other than food and food ingredients, dietary
164.11 supplements, or alcoholic beverages that is:

164.12 (i) recognized in the official United States Pharmacopoeia, official Homeopathic
164.13 Pharmacopoeia of the United States, or official National Formulary, and supplement
164.14 to any of them;

164.15 (ii) intended for use in the diagnosis, cure, mitigation, treatment, or prevention
164.16 of disease; or

164.17 (iii) intended to affect the structure or any function of the body.

164.18 (2) "Durable medical equipment" means equipment, including repair and
164.19 replacement parts, including single-patient use items, but not including mobility enhancing
164.20 equipment, that:

164.21 (i) can withstand repeated use;

164.22 (ii) is primarily and customarily used to serve a medical purpose;

164.23 (iii) generally is not useful to a person in the absence of illness or injury; and

164.24 (iv) is not worn in or on the body.

164.25 For purposes of this clause, "repair and replacement parts" includes all components
164.26 or attachments used in conjunction with the durable medical equipment, ~~but does not~~
164.27 ~~include~~ including repair and replacement parts which are for single patient use only.

164.28 (3) "Mobility enhancing equipment" means equipment, including repair and
164.29 replacement parts, but not including durable medical equipment, that:

164.30 (i) is primarily and customarily used to provide or increase the ability to move from
164.31 one place to another and that is appropriate for use either in a home or a motor vehicle;

164.32 (ii) is not generally used by persons with normal mobility; and

164.33 (iii) does not include any motor vehicle or equipment on a motor vehicle normally
164.34 provided by a motor vehicle manufacturer.

164.35 (4) "Over-the-counter drug" means a drug that contains a label that identifies the
164.36 product as a drug as required by Code of Federal Regulations, title 21, section 201.66. The

165.1 label must include a "drug facts" panel or a statement of the active ingredients with a list of
165.2 those ingredients contained in the compound, substance, or preparation. Over-the-counter
165.3 drugs do not include grooming and hygiene products, regardless of whether they otherwise
165.4 meet the definition. "Grooming and hygiene products" are soaps, cleaning solutions,
165.5 shampoo, toothpaste, mouthwash, antiperspirants, and suntan lotions and sunscreens.

165.6 (5) "Prescribed" and "prescription" means a direction in the form of an order,
165.7 formula, or recipe issued in any form of oral, written, electronic, or other means of
165.8 transmission by a duly licensed health care professional.

165.9 (6) "Prosthetic device" means a replacement, corrective, or supportive device,
165.10 including repair and replacement parts, worn on or in the body to:

- 165.11 (i) artificially replace a missing portion of the body;
165.12 (ii) prevent or correct physical deformity or malfunction; or
165.13 (iii) support a weak or deformed portion of the body.

165.14 Prosthetic device does not include corrective eyeglasses.

165.15 (7) "Kidney dialysis equipment" means equipment that:

- 165.16 (i) is used to remove waste products that build up in the blood when the kidneys are
165.17 not able to do so on their own; and
165.18 (ii) can withstand repeated use, including multiple use by a single patient,
165.19 notwithstanding the provisions of clause (2).

165.20 (8) A transaction is covered by Medicare or Medicaid if any portion of the cost of
165.21 the item purchased in the transaction is paid for or reimbursed by the federal government
165.22 or the state of Minnesota pursuant to the Medicare or Medicaid program, by a private
165.23 insurance company administering the Medicare or Medicaid program on behalf of the
165.24 federal government or the state of Minnesota, or by a managed care organization for the
165.25 benefit of a patient enrolled in a prepaid program that furnishes medical services in lieu
165.26 of conventional Medicare or Medicaid coverage pursuant to agreement with the federal
165.27 government or the state of Minnesota.

165.28 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
165.29 June 30, 2013.

165.30 Sec. 23. Minnesota Statutes 2012, section 297A.67, is amended by adding a
165.31 subdivision to read:

165.32 Subd. 7a. **Accessories and supplies.** Accessories and supplies required for the
165.33 effective use of durable medical equipment for home use only or purchased in a transaction
165.34 covered by medicare or Medicaid, that are not already exempt under section 297A.67,
165.35 subdivision 7, are exempt. Accessories and supplies for the effective use of a prosthetic

166.1 device that are not already exempt under section 297A.67, subdivision 7, are exempt.
166.2 For purposes of this subdivision "durable medical equipment," "prosthetic device,"
166.3 "Medicare," and "Medicaid" have the definitions given in section 297A.67, subdivision 7.

166.4 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
166.5 June 30, 2013.

166.6 Sec. 24. Minnesota Statutes 2012, section 297A.67, subdivision 13, is amended to read:

166.7 Subd. 13. **Textbooks.** Textbooks, including digital books, that are prescribed for use
166.8 in conjunction with a course of study in a school, college, university, and private career
166.9 school to students who are regularly enrolled at such institutions are exempt. For purposes
166.10 of this subdivision (1) a "school" is as defined in section 120A.22, subdivision 4; and (2)
166.11 "private career school" means a school licensed under section 141.25.

166.12 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
166.13 June 30, 2013.

166.14 Sec. 25. Minnesota Statutes 2012, section 297A.68, subdivision 2, is amended to read:

166.15 Subd. 2. **Materials consumed in industrial production.** (a) Materials stored, used,
166.16 or consumed in industrial production of tangible personal property intended to be sold
166.17 ultimately at retail₂ are exempt, whether or not the item so used becomes an ingredient
166.18 or constituent part of the property produced. Materials that qualify for this exemption
166.19 include, but are not limited to, the following:

166.20 (1) chemicals, including chemicals used for cleaning food processing machinery
166.21 and equipment;

166.22 (2) materials, including chemicals, fuels, and electricity purchased by persons
166.23 engaged in industrial production to treat waste generated as a result of the production
166.24 process;

166.25 (3) fuels, electricity, gas, and steam used or consumed in the production process,
166.26 except that electricity, gas, or steam used for space heating, cooling, or lighting is exempt
166.27 if (i) it is in excess of the average climate control or lighting for the production area, and
166.28 (ii) it is necessary to produce that particular product;

166.29 (4) petroleum products and lubricants;

166.30 (5) packaging materials, including returnable containers used in packaging food
166.31 and beverage products;

167.1 (6) accessory tools, equipment, and other items that are separate detachable units
167.2 with an ordinary useful life of less than 12 months used in producing a direct effect upon
167.3 the product; and

167.4 (7) the following materials, tools, and equipment used in metal-casting: crucibles,
167.5 thermocouple protection sheaths and tubes, stalk tubes, refractory materials, molten metal
167.6 filters and filter boxes, degassing lances, and base blocks.

167.7 (b) This exemption does not include:

167.8 (1) machinery, equipment, implements, tools, accessories, appliances, contrivances
167.9 and furniture and fixtures, except those listed in paragraph (a), clause (6); and

167.10 (2) petroleum and special fuels used in producing or generating power for propelling
167.11 ready-mixed concrete trucks on the public highways of this state.

167.12 (c) Industrial production includes, but is not limited to, research, development,
167.13 design or production of any tangible personal property, manufacturing, processing (other
167.14 than by restaurants and consumers) of agricultural products (whether vegetable or animal),
167.15 commercial fishing, refining, smelting, reducing, brewing, distilling, printing, mining,
167.16 quarrying, lumbering, generating electricity, the production of road building materials,
167.17 and the research, development, design, or production of computer software. Industrial
167.18 production does not include painting, cleaning, repairing or similar processing of property
167.19 except as part of the original manufacturing process.

167.20 (d) Industrial production does not include:

167.21 (1) the furnishing of services listed in section 297A.61, subdivision 3, paragraph (g),
167.22 clause (6), items (i) to (vi) and (viii), or paragraph (m); or

167.23 (2) the transportation, transmission, or distribution of petroleum, liquefied gas,
167.24 natural gas, water, or steam, in, by, or through pipes, lines, tanks, mains, or other means of
167.25 transporting those products. For purposes of this paragraph, "transportation, transmission,
167.26 or distribution" does not include blending of petroleum or biodiesel fuel as defined
167.27 in section 239.77.

167.28 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
167.29 June 30, 2013.

167.30 Sec. 26. Minnesota Statutes 2012, section 297A.68, subdivision 5, is amended to read:

167.31 Subd. 5. **Capital equipment.** (a) Capital equipment is exempt. ~~The tax must be~~
167.32 ~~imposed and collected as if the rate under section 297A.62, subdivision 1, applied, and~~
167.33 ~~then refunded in the manner provided in section 297A.75.~~

167.34 "Capital equipment" means machinery and equipment purchased or leased, and used
167.35 in this state by the purchaser or lessee primarily for manufacturing, fabricating, mining,

168.1 or refining tangible personal property to be sold ultimately at retail if the machinery and
168.2 equipment are essential to the integrated production process of manufacturing, fabricating,
168.3 mining, or refining. Capital equipment also includes machinery and equipment
168.4 used primarily to electronically transmit results retrieved by a customer of an online
168.5 computerized data retrieval system.

168.6 (b) Capital equipment includes, but is not limited to:

168.7 (1) machinery and equipment used to operate, control, or regulate the production
168.8 equipment;

168.9 (2) machinery and equipment used for research and development, design, quality
168.10 control, and testing activities;

168.11 (3) environmental control devices that are used to maintain conditions such as
168.12 temperature, humidity, light, or air pressure when those conditions are essential to and are
168.13 part of the production process;

168.14 (4) materials and supplies used to construct and install machinery or equipment;

168.15 (5) repair and replacement parts, including accessories, whether purchased as spare
168.16 parts, repair parts, or as upgrades or modifications to machinery or equipment;

168.17 (6) materials used for foundations that support machinery or equipment;

168.18 (7) materials used to construct and install special purpose buildings used in the
168.19 production process;

168.20 (8) ready-mixed concrete equipment in which the ready-mixed concrete is mixed
168.21 as part of the delivery process regardless if mounted on a chassis, repair parts for
168.22 ready-mixed concrete trucks, and leases of ready-mixed concrete trucks; and

168.23 (9) machinery or equipment used for research, development, design, or production
168.24 of computer software.

168.25 (c) Capital equipment does not include the following:

168.26 (1) motor vehicles taxed under chapter 297B;

168.27 (2) machinery or equipment used to receive or store raw materials;

168.28 (3) building materials, except for materials included in paragraph (b), clauses (6)
168.29 and (7);

168.30 (4) machinery or equipment used for nonproduction purposes, including, but not
168.31 limited to, the following: plant security, fire prevention, first aid, and hospital stations;
168.32 support operations or administration; pollution control; and plant cleaning, disposal of
168.33 scrap and waste, plant communications, space heating, cooling, lighting, or safety;

168.34 (5) farm machinery and aquaculture production equipment as defined by section
168.35 297A.61, subdivisions 12 and 13;

169.1 (6) machinery or equipment purchased and installed by a contractor as part of an
169.2 improvement to real property;

169.3 (7) machinery and equipment used by restaurants in the furnishing, preparing, or
169.4 serving of prepared foods as defined in section 297A.61, subdivision 31;

169.5 (8) machinery and equipment used to furnish the services listed in section 297A.61,
169.6 subdivision 3, paragraph (g), clause (6), items (i) to (vi) and (viii);

169.7 (9) machinery or equipment used in the transportation, transmission, or distribution
169.8 of petroleum, liquefied gas, natural gas, water, or steam, in, by, or through pipes, lines,
169.9 tanks, mains, or other means of transporting those products. This clause does not apply to
169.10 machinery or equipment used to blend petroleum or biodiesel fuel as defined in section
169.11 239.77; or

169.12 (10) any other item that is not essential to the integrated process of manufacturing,
169.13 fabricating, mining, or refining.

169.14 (d) For purposes of this subdivision:

169.15 (1) "Equipment" means independent devices or tools separate from machinery but
169.16 essential to an integrated production process, including computers and computer software,
169.17 used in operating, controlling, or regulating machinery and equipment; and any subunit or
169.18 assembly comprising a component of any machinery or accessory or attachment parts of
169.19 machinery, such as tools, dies, jigs, patterns, and molds.

169.20 (2) "Fabricating" means to make, build, create, produce, or assemble components or
169.21 property to work in a new or different manner.

169.22 (3) "Integrated production process" means a process or series of operations through
169.23 which tangible personal property is manufactured, fabricated, mined, or refined. For
169.24 purposes of this clause, (i) manufacturing begins with the removal of raw materials
169.25 from inventory and ends when the last process prior to loading for shipment has been
169.26 completed; (ii) fabricating begins with the removal from storage or inventory of the
169.27 property to be assembled, processed, altered, or modified and ends with the creation
169.28 or production of the new or changed product; (iii) mining begins with the removal of
169.29 overburden from the site of the ores, minerals, stone, peat deposit, or surface materials and
169.30 ends when the last process before stockpiling is completed; and (iv) refining begins with
169.31 the removal from inventory or storage of a natural resource and ends with the conversion
169.32 of the item to its completed form.

169.33 (4) "Machinery" means mechanical, electronic, or electrical devices, including
169.34 computers and computer software, that are purchased or constructed to be used for the
169.35 activities set forth in paragraph (a), beginning with the removal of raw materials from
169.36 inventory through completion of the product, including packaging of the product.

170.1 (5) "Machinery and equipment used for pollution control" means machinery and
170.2 equipment used solely to eliminate, prevent, or reduce pollution resulting from an activity
170.3 described in paragraph (a).

170.4 (6) "Manufacturing" means an operation or series of operations where raw materials
170.5 are changed in form, composition, or condition by machinery and equipment and which
170.6 results in the production of a new article of tangible personal property. For purposes of
170.7 this subdivision, "manufacturing" includes the generation of electricity or steam to be
170.8 sold at retail.

170.9 (7) "Mining" means the extraction of minerals, ores, stone, or peat.

170.10 (8) "Online data retrieval system" means a system whose cumulation of information
170.11 is equally available and accessible to all its customers.

170.12 (9) "Primarily" means machinery and equipment used 50 percent or more of the time
170.13 in an activity described in paragraph (a).

170.14 (10) "Refining" means the process of converting a natural resource to an intermediate
170.15 or finished product, including the treatment of water to be sold at retail.

170.16 (11) This subdivision does not apply to telecommunications equipment as
170.17 provided in subdivision 35, and does not apply to wire, cable, fiber, poles, or conduit
170.18 for telecommunications services.

170.19 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
170.20 August 31, 2014.

170.21 Sec. 27. Minnesota Statutes 2012, section 297A.68, subdivision 42, is amended to read:

170.22 Subd. 42. **Qualified data centers.** (a) Purchases of enterprise information
170.23 technology equipment and computer software for use in a qualified data center, or a
170.24 qualified refurbished data center, are exempt. The tax on purchases exempt under this
170.25 paragraph must be imposed and collected as if the rate under section 297A.62, subdivision
170.26 1, applied, and then refunded after June 30, 2013, in the manner provided in section
170.27 297A.75. This exemption includes enterprise information technology equipment and
170.28 computer software purchased to replace or upgrade enterprise information technology
170.29 equipment and computer software in a qualified data center, or a qualified refurbished
170.30 data center.

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

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

170.34 (1) that is comprised of one or more buildings that consist in the aggregate of at least
170.35 ~~30,000~~ 25,000 square feet, and that are located on a single parcel or on contiguous parcels,

171.1 where the total cost of construction or refurbishment, investment in enterprise information
171.2 technology equipment, and computer software is at least ~~\$50,000,000~~ \$30,000,000 within
171.3 a ~~24~~ 48-month period;

171.4 (2) that is constructed or substantially refurbished after June 30, 2012, where
171.5 "substantially refurbished" means that at least ~~30,000~~ 25,000 square feet have been rebuilt
171.6 or modified; ~~and~~, including:

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

171.9 (ii) building improvements; and

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

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

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

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

171.18 In determining whether the facility has the required square footage, the square
171.19 footage of the following spaces shall be included if the spaces support the operation
171.20 of enterprise information technology equipment: office space, meeting space, and
171.21 mechanical and other support facilities. For purposes of this subdivision, "computer
171.22 software" includes, but is not limited to, software utilized or loaded at the qualified data
171.23 center, including maintenance, licensing, and software customization.

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

171.30 ~~(d)~~ (e) For purposes of this subdivision, "enterprise information technology
171.31 equipment" means computers and equipment supporting computing, networking, or data
171.32 storage, including servers and routers. It includes, but is not limited to: cooling systems,
171.33 cooling towers, and other temperature control infrastructure; power infrastructure for
171.34 transformation, distribution, or management of electricity used for the maintenance
171.35 and operation of a qualified data center, including but not limited to exterior dedicated
171.36 business-owned substations, backup power generation systems, battery systems, and

172.1 related infrastructure; and racking systems, cabling, and trays, which are necessary for
172.2 the maintenance and operation of the qualified data center.

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

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

172.8 (g) (h) This subdivision is effective for sales and purchases made after June 30,
172.9 2012, and before July 1, 2042.

172.10 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
172.11 June 30, 2013.

172.12 Sec. 28. Minnesota Statutes 2012, section 297A.68, is amended by adding a
172.13 subdivision to read:

172.14 Subd. 49. **Greater Minnesota business expansions.** (a) Purchases and use of
172.15 tangible personal property or taxable services by a qualified business, as defined in section
172.16 116J.3738, are exempt if:

172.17 (1) the business subsidy agreement provides that the exemption under this
172.18 subdivision applies;

172.19 (2) the property or services are primarily used or consumed in greater Minnesota; and

172.20 (3) the purchase was made and delivery received during the duration of the
172.21 certification of the business as a qualified business under section 116J.3738.

172.22 (b) Purchase and use of construction materials and supplies used or consumed in,
172.23 and equipment incorporated into, the construction of improvements to real property in
172.24 greater Minnesota are exempt if the improvements after completion of construction are
172.25 to be used in the conduct of the trade or business of the qualified business, as defined in
172.26 section 116J.3738. This exemption applies regardless of whether the purchases are made
172.27 by the business or a contractor.

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

172.29 (d) The tax on purchases imposed under this subdivision must be imposed and
172.30 collected as if the rate under section 297A.62 applied, and then refunded in the manner
172.31 provided in section 297A.75. No more than \$7,000,000 may be refunded in a fiscal year
172.32 for all purchases under this subdivision. Refunds must be allocated on a first come, first
172.33 served basis. If more than \$7,000,000 of eligible claims are made in a fiscal year, claims
172.34 by qualified businesses carryover to the next fiscal year, and the commissioner must first
172.35 allocate refunds to qualified businesses eligible for a refund in the preceding fiscal year.

173.1 Any portion of the balance of funds allocated for refunds under this paragraph does not
173.2 cancel and shall be carried forward to and available for refunds in subsequent fiscal years.

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

173.5 Sec. 29. Minnesota Statutes 2012, section 297A.70, subdivision 2, is amended to read:

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

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

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

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

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

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

173.21 (6) public libraries, public library systems, multicounty, multitype library systems as
173.22 defined in section 134.001, county law libraries under chapter 134A, state agency libraries,
173.23 the state library under section 480.09, and the Legislative Reference Library; and

173.24 ~~(7) towns.~~

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

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

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

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

174.1 (4) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause
174.2 (2), and prepared food, candy, soft drinks, and alcoholic beverages as defined in section
174.3 297A.67, subdivision 2, except for lodging, prepared food, candy, soft drinks, and alcoholic
174.4 beverages purchased directly by the United States or its agencies or instrumentalities; or

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

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

174.11 (d) As used in this subdivision, "local governments" means cities, counties, and
174.12 townships.

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

174.20 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
174.21 December 31, 2013.

174.22 Sec. 30. Minnesota Statutes 2012, section 297A.70, subdivision 4, is amended to read:

174.23 Subd. 4. **Sales to nonprofit groups.** (a) All sales, except those listed in paragraph
174.24 (b), to the following "nonprofit organizations" are exempt:

174.25 (1) a corporation, society, association, foundation, or institution organized and
174.26 operated exclusively for charitable, religious, or educational purposes if the item
174.27 purchased is used in the performance of charitable, religious, or educational functions; and

174.28 (2) any senior citizen group or association of groups that:

174.29 (i) in general limits membership to persons who are either age 55 or older, or
174.30 physically disabled;

174.31 (ii) is organized and operated exclusively for pleasure, recreation, and other
174.32 nonprofit purposes, not including housing, no part of the net earnings of which inures to
174.33 the benefit of any private shareholders; and

174.34 (iii) is an exempt organization under section 501(c) of the Internal Revenue Code.

175.1 For purposes of this subdivision, charitable purpose includes the maintenance of a
175.2 cemetery owned by a religious organization.

175.3 (b) This exemption does not apply to the following sales:

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

175.8 (2) construction materials purchased by tax-exempt entities or their contractors to
175.9 be used in constructing buildings or facilities that will not be used principally by the
175.10 tax-exempt entities; and

175.11 (3) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause
175.12 (2), and prepared food, candy, soft drinks, and alcoholic beverages as defined in section
175.13 297A.67, subdivision 2, except wine purchased by an established religious organization
175.14 for sacramental purposes or as allowed under subdivision 9a; and

175.15 (4) leasing of a motor vehicle as defined in section 297B.01, subdivision 11, except
175.16 as provided in paragraph (c).

175.17 (c) This exemption applies to the leasing of a motor vehicle as defined in section
175.18 297B.01, subdivision 11, only if the vehicle is:

175.19 (1) a truck, as defined in section 168.002, a bus, as defined in section 168.002, or a
175.20 passenger automobile, as defined in section 168.002, if the automobile is designed and
175.21 used for carrying more than nine persons including the driver; and

175.22 (2) intended to be used primarily to transport tangible personal property or
175.23 individuals, other than employees, to whom the organization provides service in
175.24 performing its charitable, religious, or educational purpose.

175.25 (d) A limited liability company also qualifies for exemption under this subdivision if
175.26 (1) it consists of a sole member that would qualify for the exemption, and (2) the items
175.27 purchased qualify for the exemption.

175.28 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases
175.29 made after June 30, 2012.

175.30 Sec. 31. Minnesota Statutes 2012, section 297A.70, subdivision 5, is amended to read:

175.31 Subd. 5. **Veterans groups.** Sales to an organization of military service veterans or
175.32 an auxiliary unit of an organization of military service veterans are exempt if:

175.33 (1) the organization or auxiliary unit is organized within the state of Minnesota
175.34 and is exempt from federal taxation under section 501(c), clause (19), of the Internal
175.35 Revenue Code; and

176.1 (2) the tangible personal property is or services are for charitable, civic, educational,
176.2 or nonprofit uses and not for social, recreational, pleasure, or profit uses.

176.3 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
176.4 June 30, 2013.

176.5 Sec. 32. Minnesota Statutes 2012, section 297A.70, subdivision 7, is amended to read:

176.6 Subd. 7. **Hospitals and, outpatient surgical centers, and critical access dental**
176.7 **providers.** (a) Sales, except for those listed in paragraph ~~(e)~~ (d), to a hospital are exempt,
176.8 if the items purchased are used in providing hospital services. For purposes of this
176.9 subdivision, "hospital" means a hospital organized and operated for charitable purposes
176.10 within the meaning of section 501(c)(3) of the Internal Revenue Code, and licensed under
176.11 chapter 144 or by any other jurisdiction, and "hospital services" are services authorized or
176.12 required to be performed by a "hospital" under chapter 144.

176.13 (b) Sales, except for those listed in paragraph ~~(e)~~ (d), to an outpatient surgical center
176.14 are exempt, if the items purchased are used in providing outpatient surgical services. For
176.15 purposes of this subdivision, "outpatient surgical center" means an outpatient surgical
176.16 center organized and operated for charitable purposes within the meaning of section
176.17 501(c)(3) of the Internal Revenue Code, and licensed under chapter 144 or by any other
176.18 jurisdiction. For the purposes of this subdivision, "outpatient surgical services" means:
176.19 (1) services authorized or required to be performed by an outpatient surgical center under
176.20 chapter 144; and (2) urgent care. For purposes of this subdivision, "urgent care" means
176.21 health services furnished to a person whose medical condition is sufficiently acute to
176.22 require treatment unavailable through, or inappropriate to be provided by, a clinic or
176.23 physician's office, but not so acute as to require treatment in a hospital emergency room.

176.24 (c) Sales, except for those listed in paragraph (d), to a critical access dental provider
176.25 are exempt, if the items purchased are used in providing critical access dental care
176.26 services. For the purposes of this subdivision, "critical access dental provider" means a
176.27 dentist or dental clinic that qualifies under section 256B.76, subdivision 4, paragraph (b)
176.28 and, in the previous calendar year, had no more than 15 percent of its patients covered by
176.29 private dental insurance.

176.30 (d) This exemption does not apply to the following products and services:

176.31 (1) purchases made by a clinic, physician's office, or any other medical facility not
176.32 operating as a hospital ~~or~~ outpatient surgical center, or critical access dental provider,
176.33 even though the clinic, office, or facility may be owned and operated by a hospital ~~or~~
176.34 outpatient surgical center, or critical access dental provider;

177.1 (2) sales under section 297A.61, subdivision 3, paragraph (g), clause (2), and
177.2 prepared food, candy, and soft drinks;

177.3 (3) building and construction materials used in constructing buildings or facilities
177.4 that will not be used principally by the hospital ~~or~~, outpatient surgical center, or critical
177.5 access dental provider;

177.6 (4) building, construction, or reconstruction materials purchased by a contractor or a
177.7 subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed
177.8 maximum price covering both labor and materials for use in the construction, alteration, or
177.9 repair of a hospital ~~or~~, outpatient surgical center, or critical access dental provider; or

177.10 (5) the leasing of a motor vehicle as defined in section 297B.01, subdivision 11.

177.11 ~~(d)~~ (e) A limited liability company also qualifies for exemption under this
177.12 subdivision if (1) it consists of a sole member that would qualify for the exemption, and
177.13 (2) the items purchased qualify for the exemption.

177.14 ~~(e)~~ (f) An entity that contains both a hospital and a nonprofit unit may claim this
177.15 exemption on purchases made for both the hospital and nonprofit unit provided that:

177.16 (1) the nonprofit unit would have qualified for exemption under subdivision 4; and
177.17 (2) the items purchased would have qualified for the exemption.

177.18 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases
177.19 made after June 30, 2007. Purchasers may apply for a refund of tax paid for qualifying
177.20 purchases under this subdivision made after June 30, 2007, and before July 1, 2013, in the
177.21 manner provided in Minnesota Statutes, section 297A.75. Notwithstanding limitations
177.22 on claims for refunds under Minnesota Statutes, section 297A.40, claims may be filed
177.23 with the commissioner until June 30, 2014.

177.24 Sec. 33. Minnesota Statutes 2012, section 297A.70, is amended by adding a
177.25 subdivision to read:

177.26 Subd. 9a. **Established religious orders.** (a) Sales of lodging, prepared food, candy,
177.27 soft drinks, and alcoholic beverages at noncatered events between an established religious
177.28 order and an affiliated institution of higher education are exempt.

177.29 (b) For purposes of this subdivision, "established religious order" means an
177.30 organization directly or indirectly under the control or supervision of a church or
177.31 convention or association of churches, where members of the organization:

177.32 (1) normally live together as part of a community;

177.33 (2) make long-term commitments to live under a strict set of moral and spiritual
177.34 rules; and

178.1 (3) work or engage full time in a combination of prayer, religious study, church
178.2 reform or renewal, or other religious, educational, or charitable goals of the organization.

178.3 (c) For purposes of this subdivision, an institution of higher education is "affiliated"
178.4 with an established religious order if members of the religious order are represented
178.5 on the governing board of the institution of higher education and the two organization
178.6 share campus space and common facilities.

178.7 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases
178.8 made after June 30, 2012.

178.9 Sec. 34. Minnesota Statutes 2012, section 297A.70, subdivision 13, is amended to read:

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

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

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

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

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

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

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

178.27 (2) the exemption under paragraph (a), clause (1), does not apply if the sales are
178.28 derived from admission charges or from activities for which the money must be deposited
178.29 with the school district treasurer under section 123B.49, subdivision 2, or be recorded in
178.30 the same manner as other revenues or expenditures of the school district under section
178.31 123B.49, subdivision 4.

178.32 (c) Sales of tangible personal property and services are exempt if the entire proceeds,
178.33 less the necessary expenses for obtaining the property or services, will be contributed to
178.34 a registered combined charitable organization described in section 43A.50, to be used
178.35 exclusively for charitable, religious, or educational purposes, and the registered combined

179.1 charitable organization has given its written permission for the sale. Sales that occur over
179.2 a period of more than 24 days per year are not exempt under this paragraph.

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

179.7 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
179.8 June 30, 2013.

179.9 Sec. 35. Minnesota Statutes 2012, section 297A.70, subdivision 14, is amended to read:

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

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

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

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

179.19 (1) it does not apply to admission charges for events involving bingo or other
179.20 gambling activities or to charges for use of amusement devices involving bingo or other
179.21 gambling activities;

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

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

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

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

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

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

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

180.6 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
180.7 June 30, 2013.

180.8 Sec. 36. Minnesota Statutes 2012, section 297A.70, is amended by adding a
180.9 subdivision to read:

180.10 Subd. 18. **Nursing homes and boarding care homes.** (a) All sales, except those
180.11 listed in paragraph (b), to a nursing home licensed under section 144A.02 or a boarding
180.12 care home certified as a nursing facility under title 19 of the Social Security Act are
180.13 exempt if the facility:

180.14 (1) is exempt from federal income taxation pursuant to section 501(c)(3) of the
180.15 Internal Revenue Code; and

180.16 (2) is certified to participate in the medical assistance program under title 19 of the
180.17 Social Security Act, or certifies to the commissioner that it does not discharge residents
180.18 due to the inability to pay.

180.19 (b) This exemption does not apply to the following sales:

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

180.24 (2) construction materials purchased by tax-exempt entities or their contractors to
180.25 be used in constructing buildings or facilities that will not be used principally by the
180.26 tax-exempt entities;

180.27 (3) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause
180.28 (2), and prepared food, candy, soft drinks, and alcoholic beverages as defined in section
180.29 297A.67, subdivision 2; and

180.30 (4) leasing of a motor vehicle as defined in section 297B.01, subdivision 11, except
180.31 as provided in paragraph (c).

180.32 (c) This exemption applies to the leasing of a motor vehicle as defined in section
180.33 297B.01, subdivision 11, only if the vehicle is:

181.1 (1) a truck, as defined in section 168.002; a bus, as defined in section 168.002; or a
181.2 passenger automobile, as defined in section 168.002, if the automobile is designed and
181.3 used for carrying more than nine persons including the driver; and

181.4 (2) intended to be used primarily to transport tangible personal property or residents
181.5 of the nursing home or boarding care home.

181.6 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
181.7 June 30, 2013.

181.8 Sec. 37. Minnesota Statutes 2012, section 297A.71, is amended by adding a
181.9 subdivision to read:

181.10 **Subd. 45. Biopharmaceutical manufacturing facility.** (a) Materials and
181.11 supplies used or consumed in, capital equipment incorporated into, and privately
181.12 owned infrastructure in support of the construction, improvement, or expansion of a
181.13 biopharmaceutical manufacturing facility in the state are exempt if the following criteria
181.14 are met:

181.15 (1) the facility is used for the manufacturing of biologics;

181.16 (2) the total capital investment made at the facility exceeds \$50,000,000; and

181.17 (3) the facility creates and maintains at least 190 full-time equivalent positions at the
181.18 facility. These positions must be new jobs in Minnesota and not the result of relocating
181.19 jobs that currently exist in Minnesota.

181.20 (b) The tax must be imposed and collected as if the rate under section 297A.62
181.21 applied, and refunded in the manner provided in section 297A.75.

181.22 (c) To be eligible for a refund, the owner of the biopharmaceutical manufacturing
181.23 facility must:

181.24 (1) initially apply to the Department of Employment and Economic Development
181.25 for certification no later than one year from the final completion date of construction,
181.26 improvement, or expansion of the facility; and

181.27 (2) for each year that the owner of the biopharmaceutical manufacturing facility
181.28 applies for a refund, the owner must have received written certification from the
181.29 Department of Employment and Economic Development that the facility has met the
181.30 criteria of paragraph (a).

181.31 (d) The refund is to be paid annually at a rate of 25 percent of the total allowable
181.32 refund payable to date, with the commissioner making annual payments of the remaining
181.33 refund until all of the refund has been paid.

181.34 (e) For purposes of this subdivision, "biopharmaceutical" and "biologics" are
181.35 interchangeable and mean medical drugs or medicinal preparations produced using

182.1 technology that uses biological systems, living organisms or derivatives of living
182.2 organisms, to make or modify products or processes for specific use. The medical drugs or
182.3 medicinal preparations include but are not limited to proteins, antibodies, nucleic acids,
182.4 and vaccines.

182.5 **EFFECTIVE DATE.** This section is effective retroactively to capital investments
182.6 made and jobs created after December 31, 2012, and effective retroactively for sales and
182.7 purchases made after December 31, 2012, and before July 1, 2019.

182.8 Sec. 38. Minnesota Statutes 2012, section 297A.71, is amended by adding a
182.9 subdivision to read:

182.10 Subd. 46. **Research and development facility.** Materials and supplies used or
182.11 consumed in, and equipment incorporated into, the construction or improvement of a
182.12 research and development facility that has laboratory space of at least 400,000 square feet
182.13 and utilizes both high-intensity and low-intensity laboratories, provided that the project
182.14 has a total construction cost of at least \$140,000,000 within a 24-month period. The tax on
182.15 purchases imposed under this subdivision must be imposed and collected as if the rate under
182.16 section 297A.62 applied and then refunded in the manner provided in section 297A.75.

182.17 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
182.18 June 30, 2013, and before September 1, 2015.

182.19 Sec. 39. Minnesota Statutes 2012, section 297A.71, is amended by adding a
182.20 subdivision to read:

182.21 Subd. 47. **Industrial measurement manufacturing and controls facility.** (a)
182.22 Materials and supplies used or consumed in, capital equipment incorporated into,
182.23 fixtures installed in, and privately owned infrastructure in support of the construction,
182.24 improvement, or expansion of an industrial measurement manufacturing and controls
182.25 facility are exempt if:

182.26 (1) the total capital investment made at the facility is at least \$60,000,000;

182.27 (2) the facility employs at least 250 full-time equivalent employees that are not
182.28 employees currently employed by the company in the state; and

182.29 (3) the Department of Employment and Economic Development determines that
182.30 the expansion, remodeling, or improvement of the facility has a significant impact on
182.31 the state economy.

183.1 (b) The tax must be imposed and collected as if the rate under section 297A.62
183.2 applied and refunded in the manner provided in section 297A.75, only after the following
183.3 criteria are met:

183.4 (1) a refund may not be issued until the owner of the facility has received
183.5 certification from the Department of Employment and Economic Development that the
183.6 company meets the requirements in paragraph (a); and

183.7 (2) to receive the refund, the owner of the industrial measurement manufacturing
183.8 and controls facility must initially apply to the Department of Employment and Economic
183.9 Development for certification no later than one year from the final completion date of
183.10 construction, improvement, or expansion of the industrial measurement manufacturing
183.11 and controls facility.

183.12 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
183.13 June 30, 2013, and before December 31, 2015.

183.14 Sec. 40. Minnesota Statutes 2012, section 297A.75, subdivision 1, is amended to read:

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

183.18 ~~(1) capital equipment exempt under section 297A.68, subdivision 5;~~

183.19 ~~(2)~~ (1) building materials for an agricultural processing facility exempt under section
183.20 297A.71, subdivision 13;

183.21 ~~(3)~~ (2) building materials for mineral production facilities exempt under section
183.22 297A.71, subdivision 14;

183.23 ~~(4)~~ (3) building materials for correctional facilities under section 297A.71,
183.24 subdivision 3;

183.25 ~~(5)~~ (4) building materials used in a residence for disabled veterans exempt under
183.26 section 297A.71, subdivision 11;

183.27 ~~(6)~~ (5) elevators and building materials exempt under section 297A.71, subdivision
183.28 12;

183.29 ~~(7)~~ (6) building materials for the Long Lake Conservation Center exempt under
183.30 section 297A.71, subdivision 17;

183.31 ~~(8)~~ (7) materials and supplies for qualified low-income housing under section
183.32 297A.71, subdivision 23;

183.33 ~~(9)~~ (8) materials, supplies, and equipment for municipal electric utility facilities
183.34 under section 297A.71, subdivision 35;

- 184.1 ~~(10)~~ (9) equipment and materials used for the generation, transmission, and
184.2 distribution of electrical energy and an aerial camera package exempt under section
184.3 297A.68, subdivision 37;
- 184.4 ~~(11)~~ (10) commuter rail vehicle and repair parts under section 297A.70, subdivision
184.5 3, paragraph (a), clause (10);
- 184.6 ~~(12)~~ (11) materials, supplies, and equipment for construction or improvement of
184.7 projects and facilities under section 297A.71, subdivision 40;
- 184.8 ~~(13)~~ (12) materials, supplies, and equipment for construction or improvement of a
184.9 meat processing facility exempt under section 297A.71, subdivision 41;
- 184.10 ~~(14)~~ (13) materials, supplies, and equipment for construction, improvement, or
184.11 expansion of:
- 184.12 (i) an aerospace defense manufacturing facility exempt under section 297A.71,
184.13 subdivision 42;
- 184.14 (ii) a biopharmaceutical manufacturing facility exempt under section 297A.71,
184.15 subdivision 45;
- 184.16 (iii) a research and development facility exempt under section 297A.71, subdivision
184.17 4b; and
- 184.18 (iv) an industrial measurement manufacturing and controls facility exempt under
184.19 section 297A.71, subdivision 47;
- 184.20 ~~(15)~~ (14) enterprise information technology equipment and computer software for
184.21 use in a qualified data center exempt under section 297A.68, subdivision 42; ~~and~~
- 184.22 ~~(16)~~ (15) materials, supplies, and equipment for qualifying capital projects under
184.23 section 297A.71, subdivision 44;
- 184.24 (16) items purchased for use in providing critical access dental services exempt
184.25 under section 297A.70, subdivision 7, paragraph (c); and
- 184.26 (17) items and services purchased under a business subsidy agreement for use or
184.27 consumption primarily in greater Minnesota exempt under section 297A.68, subdivision 49.

184.28 **EFFECTIVE DATE.** The change to clause (1) is effective for sales and purchases
184.29 made after August 31, 2014. The changes in clauses (13), (16), and (17), are effective the
184.30 day following final enactment.

184.31 Sec. 41. Minnesota Statutes 2012, section 297A.75, subdivision 2, is amended to read:

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

185.1 (1) for subdivision 1, clauses ~~(1) to (3)~~, (2), and (16), the applicant must be the
185.2 purchaser;

185.3 (2) for subdivision 1, clauses ~~(4)~~ (3) and ~~(7)~~ (6), the applicant must be the
185.4 governmental subdivision;

185.5 (3) for subdivision 1, clause ~~(5)~~ (4), the applicant must be the recipient of the
185.6 benefits provided in United States Code, title 38, chapter 21;

185.7 (4) for subdivision 1, clause ~~(6)~~ (5), the applicant must be the owner of the
185.8 homestead property;

185.9 (5) for subdivision 1, clause ~~(8)~~ (7), the owner of the qualified low-income housing
185.10 project;

185.11 (6) for subdivision 1, clause ~~(9)~~ (8), the applicant must be a municipal electric utility
185.12 or a joint venture of municipal electric utilities;

185.13 (7) for subdivision 1, clauses ~~(10)~~, (9), (12), (13), (14), ~~and (15)~~ and (17), the owner
185.14 of the qualifying business; and

185.15 (8) for subdivision 1, clauses (10), (11), ~~(12)~~, and ~~(16)~~ (15), the applicant must be
185.16 the governmental entity that owns or contracts for the project or facility.

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

185.18 Sec. 42. Minnesota Statutes 2012, section 297A.75, subdivision 3, is amended to read:

185.19 Subd. 3. **Application.** (a) The application must include sufficient information
185.20 to permit the commissioner to verify the tax paid. If the tax was paid by a contractor,
185.21 subcontractor, or builder, under subdivision 1, ~~clause (4), (5), (6), (7), (8), (9), (10), (11),~~
185.22 ~~(12), (13), (14),~~ clauses (3) to (15), or ~~(16)~~ (17), the contractor, subcontractor, or builder
185.23 must furnish to the refund applicant a statement including the cost of the exempt items and
185.24 the taxes paid on the items unless otherwise specifically provided by this subdivision. The
185.25 provisions of sections 289A.40 and 289A.50 apply to refunds under this section.

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

185.28 (c) Total refunds for purchases of items in section 297A.71, subdivision 40, must not
185.29 exceed \$5,000,000 in fiscal years 2010 and 2011. Applications for refunds for purchases
185.30 of items in sections 297A.70, subdivision 3, paragraph (a), clause (11), and 297A.71,
185.31 subdivision 40, must not be filed until after June 30, 2009.

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

185.33 Sec. 43. Minnesota Statutes 2012, section 297A.99, subdivision 1, is amended to read:

186.1 Subdivision 1. **Authorization; scope.** (a) A political subdivision of this state may
186.2 impose a general sales tax (1) under section 297A.992, (2) under section 297A.993, (3) if
186.3 permitted by special law, or (4) if the political subdivision enacted and imposed the tax
186.4 before January 1, 1982, and its predecessor provision.

186.5 (b) This section governs the imposition of a general sales tax by the political
186.6 subdivision. The provisions of this section preempt the provisions of any special law:

186.7 (1) enacted before June 2, 1997, or

186.8 (2) enacted on or after June 2, 1997, that does not explicitly exempt the special law
186.9 provision from this section's rules by reference.

186.10 (c) This section does not apply to or preempt a sales tax on motor vehicles or a
186.11 special excise tax on motor vehicles.

186.12 (d) A political subdivision may not advertise or expend funds for the promotion of a
186.13 referendum to support imposing a local option sales tax.

186.14 (e) Notwithstanding paragraph (d), a political subdivision may only expend funds to:

186.15 (1) conduct the referendum;

186.16 (2) disseminate information included in the resolution adopted under subdivision 2;

186.17 (3) provide notice of, and conduct public forums at which proponents and opponents

186.18 on the merits of the referendum are given equal time to express their opinions on the
186.19 merits of the referendum;

186.20 (4) provide facts and data on the impact of the proposed sales tax on consumer
186.21 purchases; and

186.22 (5) provide facts and data related to the programs and projects to be funded with
186.23 the sales tax.

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

186.25 Sec. 44. Laws 1993, chapter 375, article 9, section 46, subdivision 2, as amended by
186.26 Laws 1997, chapter 231, article 7, section 40, Laws 1998, chapter 389, article 8, section
186.27 30, Laws 2003, First Special Session chapter 21, article 8, section 13, Laws 2005, First
186.28 Special Session chapter 3, article 5, section 26, and Laws 2009, chapter 88, article 4,
186.29 section 15, is amended to read:

186.30 Subd. 2. **Use of revenues.** Revenues received from the tax authorized by subdivision
186.31 1 may only be used by the city to pay the cost of collecting the tax, and, except as provided in
186.32 paragraph (e), to pay for the following projects or to secure or pay any principal, premium,
186.33 or interest on bonds issued in accordance with subdivision 3 for the following projects.

186.34 (a) To pay all or a portion of the capital expenses of construction, equipment and
186.35 acquisition costs for the expansion and remodeling of the St. Paul Civic Center complex,

187.1 including the demolition of the existing arena and the construction and equipping of a
187.2 new arena.

187.3 (b) Except as provided in paragraphs (e) and (f), the remainder of the funds must be
187.4 spent for:

187.5 (1) capital projects to further residential, cultural, commercial, and economic
187.6 development in both downtown St. Paul and St. Paul neighborhoods; and

187.7 (2) capital and operating expenses of cultural organizations in the city, provided
187.8 that the amount spent under this clause must equal ten percent of the total amount spent
187.9 under this paragraph in any year.

187.10 (c) The amount apportioned under paragraph (b) shall be no less than 60 percent
187.11 of the revenues derived from the tax each year, except to the extent that a portion of that
187.12 amount is required to pay debt service on (1) bonds issued for the purposes of paragraph (a)
187.13 prior to March 1, 1998; or (2) bonds issued for the purposes of paragraph (a) after March 1,
187.14 1998, but only if the city council determines that 40 percent of the revenues derived from
187.15 the tax together with other revenues pledged to the payment of the bonds, including the
187.16 proceeds of definitive bonds, is expected to exceed the annual debt service on the bonds.

187.17 (d) If in any year more than 40 percent of the revenue derived from the tax authorized
187.18 by subdivision 1 is used to pay debt service on the bonds issued for the purposes of
187.19 paragraph (a) and to fund a reserve for the bonds, the amount of the debt service payment
187.20 that exceeds 40 percent of the revenue must be determined for that year. In any year when
187.21 40 percent of the revenue produced by the sales tax exceeds the amount required to pay
187.22 debt service on the bonds and to fund a reserve for the bonds under paragraph (a), the
187.23 amount of the excess must be made available for capital projects to further residential,
187.24 cultural, commercial, and economic development in the neighborhoods and downtown
187.25 until the cumulative amounts determined for all years under the preceding sentence have
187.26 been made available under this sentence. The amount made available as reimbursement in
187.27 the preceding sentence is not included in the 60 percent determined under paragraph (c).

187.28 ~~(e) In each of calendar years 2006 to 2014, revenue not to exceed \$3,500,000 may be~~
187.29 ~~used to pay the principal of bonds issued for capital projects of the city. After December~~
187.30 ~~31, 2014, revenue from the tax imposed under subdivision 1 may not be used for this~~
187.31 ~~purpose. If the amount necessary to meet obligations under paragraphs (a) and (d) are less~~
187.32 ~~than 40 percent of the revenue from the tax in any year, the city may place the difference~~
187.33 ~~between 40 percent of the revenue and the amounts allocated under paragraphs (a) and (d)~~
187.34 ~~in an economic development fund to be used for any economic development purposes.~~

187.35 (f) By January 15 of each year, the mayor and the city council must report to the
187.36 legislature on the use of sales tax revenues during the preceding one-year period.

188.1 **EFFECTIVE DATE.** This section is effective the day after compliance by the
188.2 governing body of the city of St. Paul with Minnesota Statutes, section 645.021,
188.3 subdivisions 2 and 3.

188.4 Sec. 45. Laws 1993, chapter 375, article 9, section 46, subdivision 5, as amended by
188.5 Laws 1998, chapter 389, article 8, section 32, is amended to read:

188.6 Subd. 5. **Expiration of taxing authority.** The authority granted by subdivision 1 to
188.7 the city to impose a sales tax shall expire on December 31, ~~2030~~ 2042, or at an earlier
188.8 time as the city shall, by ordinance, determine. Any funds remaining after completion of
188.9 projects approved under subdivision 2, paragraph (a) and retirement or redemption of any
188.10 bonds or other obligations may be placed in the general fund of the city.

188.11 **EFFECTIVE DATE.** This section is effective the day after compliance by the
188.12 governing body of the city of St. Paul with Minnesota Statutes, section 645.021,
188.13 subdivisions 2 and 3.

188.14 Sec. 46. Laws 2002, chapter 377, article 3, section 25, as amended by Laws 2009,
188.15 chapter 88, article 4, section 19, and Laws 2010, chapter 389, article 5, section 3, is
188.16 amended to read:

188.17 Sec. 25. **ROCHESTER LODGING TAX.**

188.18 Subdivision 1. **Authorization.** Notwithstanding Minnesota Statutes, section
188.19 469.190 or 477A.016, or any other law, the city of Rochester may impose an additional
188.20 tax of one percent on the gross receipts from the furnishing for consideration of lodging at
188.21 a hotel, motel, rooming house, tourist court, or resort, other than the renting or leasing of it
188.22 for a continuous period of 30 days or more.

188.23 Subd. 1a. **Authorization.** Notwithstanding Minnesota Statutes, section 469.190 or
188.24 477A.016, or any other law, and in addition to the tax authorized by subdivision 1, the city
188.25 of Rochester may impose an additional tax of ~~one~~ three percent on the gross receipts from
188.26 the furnishing for consideration of lodging at a hotel, motel, rooming house, tourist court, or
188.27 resort, other than the renting or leasing of it for a continuous period of 30 days or more only
188.28 upon the approval of the city governing body of a total financial package for the project.

188.29 Subd. 2. **Disposition of proceeds.** (a) The gross proceeds from the tax imposed
188.30 under subdivision 1 must be used by the city to fund a local convention or tourism bureau
188.31 for the purpose of marketing and promoting the city as a tourist or convention center.

188.32 (b) The gross proceeds from the ~~one~~ three percent tax imposed under subdivision
188.33 1a shall be used to pay for (1) design, construction, renovation, improvement, and
188.34 expansion of the Mayo Civic Center Complex and related infrastructure, including but not

189.1 limited to, skyway access, lighting, parking, or landscaping; and (2) for payment of any
189.2 principal, interest, or premium on bonds issued to finance the construction, renovation,
189.3 improvement, and expansion of the Mayo Civic Center Complex.

189.4 Subd. 2a. **Bonds.** The city of Rochester may issue, without an election, general
189.5 obligation bonds of the city, in one or more series, in the aggregate principal amount not to
189.6 exceed ~~\$43,500,000~~ \$50,000,000, to pay for capital and administrative costs for the design,
189.7 construction, renovation, improvement, and expansion of the Mayo Civic Center Complex,
189.8 and related infrastructure, including but not limited to, skyway, access, lighting, parking,
189.9 and landscaping. The city may pledge the lodging tax authorized by subdivision 1a ~~and the~~
189.10 ~~food and beverage tax authorized under Laws 2009, chapter 88, article 4, section 23,~~ to the
189.11 payment of the bonds. The debt represented by the bonds is not included in computing any
189.12 debt limitations applicable to the city, and the levy of taxes required by Minnesota Statutes,
189.13 section 475.61, to pay the principal of and interest on the bonds is not subject to any levy
189.14 limitation or included in computing or applying any levy limitation applicable to the city.

189.15 Subd. 3. **Expiration of taxing authority.** ~~The authority of the city to impose a tax~~
189.16 ~~under subdivision 1a shall expire when the principal and interest on any bonds or other~~
189.17 ~~obligations issued prior to December 31, 2014, to finance the construction, renovation,~~
189.18 ~~improvement, and expansion of the Mayo Civic Center Complex and related skyway~~
189.19 ~~access, lighting, parking, or landscaping have been paid, including any bonds issued to~~
189.20 ~~refund such bonds, or at an earlier time as the city shall, by ordinance, determine. Any~~
189.21 ~~funds remaining after completion of the project and retirement or redemption of the bonds~~
189.22 ~~shall be placed in the general fund of the city. The city may, by ordinance, repeal the~~
189.23 ~~tax provided that:~~

189.24 (1) the revenues raised before the repeal are sufficient to meet all bond or other
189.25 obligations backed by revenues of the tax; and

189.26 (2) the repeal date meets the requirements of section 297A.99, subdivision 12.

189.27 **EFFECTIVE DATE.** This section is effective the day after the governing body of
189.28 the city of Rochester and its chief fiscal officer comply with Minnesota Statutes, section
189.29 645.021, subdivisions 2 and 3.

189.30 Sec. 47. Laws 2005, First Special Session chapter 3, article 5, section 37, subdivision
189.31 2, is amended to read:

189.32 Subd. 2. **Use of revenues.** (a) Revenues received from the tax authorized by
189.33 subdivision 1 by the city of St. Cloud must be used for the cost of collecting and
189.34 administering the tax and to pay all or part of the capital or administrative costs of the
189.35 development, acquisition, construction, improvement, and securing and paying debt

190.1 service on bonds or other obligations issued to finance the following regional projects as
190.2 approved by the voters and specifically detailed in the referendum authorizing the tax or
190.3 extending the tax:

190.4 (1) St. Cloud Regional Airport;

190.5 (2) regional transportation improvements;

190.6 (3) regional community and aquatics centers;

190.7 (4) regional public libraries; and

190.8 (5) acquisition and improvement of regional park land and open space.

190.9 (b) Revenues received from the tax authorized by subdivision 1 by the cities of St.
190.10 Joseph, Waite Park, Sartell, Sauk Rapids, and St. Augusta must be used for the cost of
190.11 collecting and administering the tax and to pay all or part of the capital or administrative
190.12 costs of the development, acquisition, construction, improvement, and securing and paying
190.13 debt service on bonds or other obligations issued to fund the projects specifically approved
190.14 by the voters at the referendum authorizing the tax or extending the tax. The portion of
190.15 revenues from the city going to fund the regional airport or regional library located in the
190.16 city of St. Cloud will be as required under the applicable joint powers agreement.

190.17 (c) The use of revenues received from the taxes authorized in subdivision 1 for
190.18 projects allowed under paragraphs (a) and (b) are limited to the amount authorized for
190.19 each project under the enabling referendum.

190.20 **EFFECTIVE DATE.** This section is effective for the city that approves them the
190.21 day after compliance by the governing body of each city with Minnesota Statutes, section
190.22 645.021, subdivision 3.

190.23 Sec. 48. Laws 2005, First Special Session chapter 3, article 5, section 37, subdivision
190.24 4, is amended to read:

190.25 Subd. 4. **Termination of tax.** The tax imposed in the cities of St. Joseph, St.
190.26 Cloud, St. Augusta, Sartell, Sauk Rapids, and Waite Park under subdivision 1 expires
190.27 when the city council determines that sufficient funds have been collected from the tax
190.28 to retire or redeem the bonds and obligations authorized under subdivision 2, paragraph
190.29 (a), but no later than December 31, 2018. Notwithstanding Minnesota Statutes, section
190.30 297A.99, subdivision 3, paragraphs (a), (c), and (d), a city may extend the tax imposed
190.31 under subdivision 1 through December 31, 2038, if approved by voters of the city no later
190.32 than November 7, 2017, at either a general election or at a special election held on a first
190.33 Tuesday after a first Monday in November.

191.1 **EFFECTIVE DATE.** This section is effective for the city that approves them the
191.2 day after compliance by the governing body of each city with Minnesota Statutes, section
191.3 645.021, subdivision 3.

191.4 Sec. 49. Laws 2008, chapter 366, article 7, section 19, subdivision 3, as amended by
191.5 Laws 2011, First Special Session chapter 7, article 4, section 8, is amended to read:

191.6 Subd. 3. **Use of revenues.** Notwithstanding Minnesota Statutes, section 297A.99,
191.7 subdivision 3, paragraph (b), the proceeds of the tax imposed under this section shall be
191.8 used to pay for the costs of improvements to the Sportsman Park/Ballfields, Riverside
191.9 Park, Lions Park/Pavilion, Cedar South Park also known as Eldorado Park, and Spring
191.10 Street Park; improvements to and extension of the River County Bike Trail; acquisition,
191.11 and construction, improvement, and development of regional parks, bicycle trails, park
191.12 land, open space, and of a pedestrian walkways, as described in the city improvement
191.13 plan adopted by the city council by resolution on December 12, 2006, and walkway
191.14 over Interstate 94 and State Highway 24; and the acquisition of land and construction of
191.15 buildings for a community and recreation center. The total amount of revenues from the
191.16 taxes in subdivisions 1 and 2 that may be used to fund these projects is \$12,000,000
191.17 plus any associated bond costs.

191.18 **EFFECTIVE DATE.** This section is effective the day after compliance by the
191.19 governing body of the city of Clearwater with Minnesota Statutes, section 645.021,
191.20 subdivisions 2 and 3.

191.21 Sec. 50. Laws 2010, chapter 389, article 5, section 6, subdivision 6, is amended to read:

191.22 Subd. 6. **Use of food and beverages tax.** The revenues derived from the tax
191.23 imposed under subdivision 5 must be used by the city of Marshall to pay the costs of
191.24 collecting and administering the food and beverages tax, to pay all or part of the operating
191.25 costs of the new and existing facilities of the Minnesota Emergency Response and
191.26 Industry Training Center, including the payment of debt service on bonds issued under
191.27 subdivision 2, and to pay all or part of the operating costs of the facilities of the Southwest
191.28 Minnesota Regional Amateur Sports Center, including the payment of debt service on
191.29 bonds issued under subdivision 2. Authorized expenses for each organization include,
191.30 but are not limited to, acquiring property; predesign; design; and paying construction,
191.31 furnishing, and equipment costs related to these facilities and paying debt service on
191.32 bonds or other obligations issued by the city.

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

193.1 Subd. 5. **Exception; parking facilities.** Notwithstanding section 469.068, the
193.2 Bloomington port authority need not require competitive bidding with respect to a
193.3 structured parking facility or other public improvements constructed in conjunction with,
193.4 and directly above or below, or adjacent and integrally related to, a development and
193.5 financed with the proceeds of tax increment or, revenue bonds, or other funds of the
193.6 port authority and the city of Bloomington.

193.7 **EFFECTIVE DATE.** This section is effective upon compliance of the governing
193.8 body of the city of Bloomington with the requirements of Minnesota Statutes, section
193.9 645.021, subdivision 3.

193.10 Sec. 2. Minnesota Statutes 2012, section 469.169, is amended by adding a subdivision
193.11 to read:

193.12 Subd. 19. **Additional border city allocation; 2013.** (a) In addition to the tax
193.13 reductions authorized in subdivisions 12 to 18, the commissioner shall allocate \$750,000
193.14 for tax reductions to border city enterprise zones in cities located on the western border
193.15 of the state. The commissioner shall allocate this amount among cities on a per capita
193.16 basis. Allocations made under this subdivision may be used for tax reductions under
193.17 section 469.171, or for other offsets of taxes imposed on or remitted by businesses located
193.18 in the enterprise zone, but only if the municipality determines that the granting of the tax
193.19 reduction or offset is necessary to retain a business within or attract a business to the zone.
193.20 The city alternatively may elect to use any portion of the allocation under this paragraph
193.21 for tax reductions under section 469.1732 or 469.1734.

193.22 (b) The commissioner shall allocate \$750,000 for tax reductions under section
193.23 469.1732 or 469.1734 to cities with border city enterprise zones located on the western
193.24 border of the state. The commissioner shall allocate this amount among the cities on a per
193.25 capita basis. The city alternatively may elect to use any portion of the allocation provided
193.26 in this paragraph for tax reductions under section 469.171.

193.27 **EFFECTIVE DATE.** This section is effective July 1, 2013.

193.28 Sec. 3. Minnesota Statutes 2012, section 469.176, subdivision 4c, is amended to read:

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

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

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

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

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

194.7 (5) tourism facilities; or

194.8 ~~(6) qualified border retail facilities; or~~

194.9 ~~(7) space necessary for and related to the activities listed in clauses (1) to (6)~~ (5).

194.10 (b) Notwithstanding the provisions of this subdivision, revenues derived from tax
194.11 increment from an economic development district may be used to provide improvements,
194.12 loans, subsidies, grants, interest rate subsidies, or assistance in any form for up to 15,000
194.13 square feet of any separately owned commercial facility located within the municipal
194.14 jurisdiction of a small city, if the revenues derived from increments are spent only to
194.15 assist the facility directly or for administrative expenses, the assistance is necessary to
194.16 develop the facility, and all of the increments, except those for administrative expenses,
194.17 are spent only for activities within the district.

194.18 (c) A city is a small city for purposes of this subdivision if the city was a small city
194.19 in the year in which the request for certification was made and applies for the rest of
194.20 the duration of the district, regardless of whether the city qualifies or ceases to qualify
194.21 as a small city.

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

194.27 ~~(1) the municipality finds that the project will create or retain jobs in this state,~~
194.28 ~~including construction jobs, and that construction of the project would not have~~
194.29 ~~commenced before July 1, 2012, without the authority providing assistance under the~~
194.30 ~~provisions of this paragraph;~~

194.31 ~~(2) construction of the project begins no later than July 1, 2012;~~

194.32 ~~(3) the request for certification of the district is made no later than June 30, 2012; and~~

194.33 ~~(4) for development of housing under this paragraph, the construction must begin~~
194.34 ~~before January 1, 2012.~~

195.1 The provisions of this paragraph may not be used to assist housing that is developed
195.2 to qualify under section 469.1761, subdivision 2 or 3, or similar requirements of other law,
195.3 if construction of the project begins later than July 1, 2011.

195.4 **EFFECTIVE DATE.** This section is effective for districts for which the request for
195.5 certification was made after June 30, 2012.

195.6 Sec. 4. Minnesota Statutes 2012, section 469.176, subdivision 4g, is amended to read:

195.7 Subd. 4g. **General government use prohibited.** (a) Tax increments may not be
195.8 used to circumvent existing levy limit law.

195.9 (b) No tax increment from any district may be used for the acquisition, construction,
195.10 renovation, operation, or maintenance of a building to be used primarily and regularly
195.11 for conducting the business of a municipality, county, school district, or any other local
195.12 unit of government or the state or federal government. This provision does not prohibit
195.13 the use of revenues derived from tax increments for the construction or renovation of
195.14 a parking structure.

195.15 ~~(e)(1) Tax increments may not be used to pay for the cost of public improvements,~~
195.16 ~~equipment, or other items, if:~~

195.17 ~~(i) the improvements, equipment, or other items are located outside of the area of the~~
195.18 ~~tax increment financing district from which the increments were collected; and~~

195.19 ~~(ii) the improvements, equipment, or items that (A) primarily serve a decorative or~~
195.20 ~~aesthetic purpose, or (B) serve a functional purpose, but their cost is increased by more than~~
195.21 ~~100 percent as a result of the selection of materials, design, or type as compared with more~~
195.22 ~~commonly used materials, designs, or types for similar improvements, equipment, or items.~~

195.23 ~~(2) The provisions of this paragraph do not apply to expenditures related to the~~
195.24 ~~rehabilitation of historic structures that are:~~

195.25 ~~(i) individually listed on the National Register of Historic Places; or~~

195.26 ~~(ii) a contributing element to a historic district listed on the National Register~~
195.27 ~~of Historic Places.~~

195.28 **EFFECTIVE DATE.** This section is effective the day following final enactment for
195.29 all tax increment financing districts, regardless of when the request for certification was
195.30 made, but applies only to amounts spent after final enactment.

195.31 Sec. 5. Minnesota Statutes 2012, section 469.176, subdivision 6, is amended to read:

195.32 Subd. 6. **Action required.** (a) If, after four years from the date of certification of
195.33 the original net tax capacity of the tax increment financing district pursuant to section

196.1 469.177, no demolition, rehabilitation, or renovation of property or other site preparation,
196.2 including qualified improvement of a street adjacent to a parcel but not installation
196.3 of utility service including sewer or water systems, has been commenced on a parcel
196.4 located within a tax increment financing district by the authority or by the owner of the
196.5 parcel in accordance with the tax increment financing plan, no additional tax increment
196.6 may be taken from that parcel, and the original net tax capacity of that parcel shall be
196.7 excluded from the original net tax capacity of the tax increment financing district. If the
196.8 authority or the owner of the parcel subsequently commences demolition, rehabilitation,
196.9 or renovation or other site preparation on that parcel including qualified improvement of
196.10 a street adjacent to that parcel, in accordance with the tax increment financing plan, the
196.11 authority shall certify to the county auditor that the activity has commenced, and the
196.12 county auditor shall certify the net tax capacity thereof as most recently certified by the
196.13 commissioner of revenue and add it to the original net tax capacity of the tax increment
196.14 financing district. The county auditor must enforce the provisions of this subdivision. The
196.15 authority must submit to the county auditor evidence that the required activity has taken
196.16 place for each parcel in the district. The evidence for a parcel must be submitted by
196.17 February 1 of the fifth year following the year in which the parcel was certified as included
196.18 in the district. For purposes of this subdivision, qualified improvements of a street are
196.19 limited to (1) construction or opening of a new street, (2) relocation of a street, and (3)
196.20 substantial reconstruction or rebuilding of an existing street.

196.21 (b) For districts which were certified on or after January 1, 2005, and before April
196.22 20, 2009, the four-year period under paragraph (a) is ~~increased to six years~~ deemed to end
196.23 on December 31, 2016.

196.24 **EFFECTIVE DATE.** This section is effective the day following final enactment
196.25 and applies to districts certified on or after January 1, 2005, and before April 20, 2009.

196.26 Sec. 6. Minnesota Statutes 2012, section 469.177, subdivision 1a, is amended to read:

196.27 Subd. 1a. **Original local tax rate.** At the time of the initial certification of the
196.28 original net tax capacity for a tax increment financing district or a subdistrict, the county
196.29 auditor shall certify the original local tax rate that applies to the district or subdistrict. The
196.30 original local tax rate is the sum of all the local tax rates, excluding that portion of the
196.31 school rate attributable to the general education levy under section 126C.13, that apply
196.32 to a property in the district or subdistrict. The local tax rate to be certified is the rate in
196.33 effect for the same taxes payable year applicable to the tax capacity values certified as
196.34 the district's or subdistrict's original tax capacity. The resulting tax capacity rate is the
196.35 original local tax rate for the life of the district or subdistrict.

197.1 **EFFECTIVE DATE.** This section is effective for districts for which the request for
197.2 certification is made after April 15, 2013.

197.3 Sec. 7. Minnesota Statutes 2012, section 469.177, is amended by adding a subdivision
197.4 to read:

197.5 Subd. 1d. **Original net tax capacity adjustment; homestead market value**
197.6 **exclusion.** (a) Upon approval by the municipality, by resolution, the authority may elect to
197.7 reduce the original net tax capacity of a qualified district by the amount of the tax capacity
197.8 attributable to the market value exclusion under section 273.13, subdivision 35, for taxes
197.9 payable in the year preceding the election. The amount of the reduction may not reduce
197.10 the original net tax capacity below zero.

197.11 (b) For purposes of this subdivision, a qualified district means a tax increment
197.12 financing district that satisfies the following conditions:

197.13 (1) for taxes payable in 2011, the authority received a homestead market value credit
197.14 reimbursement under section 273.1384 for the district of \$10,000 or more;

197.15 (2) for taxes payable in 2013, the reduction in captured tax capacity resulting from
197.16 the market value exclusion for the district was equal to or greater than 1.75 percent of the
197.17 district's captured tax capacity; and

197.18 (3) either (i) the authority is permitted to expend increments on activities under the
197.19 provisions of section 469.1763, subdivision 3, or an equivalent provision of special law
197.20 on July 1, 2013, or (ii) the district's tax increments received for taxes payable in 2012
197.21 exceeded the amount of debt service payments due during calendar year 2012 on bonds
197.22 issued under section 469.178 to which the district's increments are pledged.

197.23 The calculation of the amount under clause (2) must reflect any adjustments to original
197.24 net tax capacity made under subdivision 1, paragraphs (d) and (e), for the homestead
197.25 market value exclusion.

197.26 (c) The authority must notify the county auditor of its election under this section no
197.27 later than July 1, 2014. Notifications made by July 1, 2013, are effective beginning for
197.28 taxes payable in 2014, and notifications made after July 1, 2013, are effective beginning
197.29 for taxes payable in 2015.

197.30 **EFFECTIVE DATE.** This section is effective the day following final enactment
197.31 and applies to all tax increment financing districts regardless of when the request for
197.32 certification was made.

197.33 Sec. 8. Minnesota Statutes 2012, section 469.177, is amended by adding a subdivision
197.34 to read:

198.1 Subd. 1e. **Adjustments; qualifying districts.** (a) For any tax increment financing
198.2 district that satisfies the requirements of paragraph (b), the original net tax capacity must
198.3 be reduced by the full amount of the original net tax capacity or \$20,000, whichever is less.

198.4 (b) A tax increment financing district qualifies under this subdivision if it satisfies
198.5 the following conditions:

198.6 (1) the district was certified after January 1, 2011, and before January 1, 2012;

198.7 (2) for assessment year 2012, at least 75 percent of the tax capacity of the district
198.8 is class 4d property; and

198.9 (3) for assessment year 2012, the average estimated market value is over \$115,000
198.10 per housing unit for the portion of the property that is class 4d.

198.11 (c) An authority or a property owner within a tax increment financing district must
198.12 notify the county assessor of a district that qualifies under this subdivision by July 1, 2013.

198.13 (d) This subdivision expires on December 31, 2021.

198.14 **EFFECTIVE DATE.** This section is effective beginning for taxes payable in 2014.

198.15 Sec. 9. Minnesota Statutes 2012, section 469.177, subdivision 9, is amended to read:

198.16 **Subd. 9. Distributions of excess taxes on captured net tax capacity.** (a) If the
198.17 amount of tax paid on captured net tax capacity exceeds the amount of tax increment,
198.18 the county auditor shall distribute the excess, except increment attributable to the
198.19 general education levy, to the municipality, county, and school district as follows: each
198.20 governmental unit's share of the excess equals

198.21 (1) the total amount of the excess for the tax increment financing district, multiplied by

198.22 (2) a fraction, the numerator of which is the current local tax rate of the governmental
198.23 unit less the governmental unit's local tax rate for the year the original local tax rate for the
198.24 district was certified (in no case may this amount be less than zero) and the denominator
198.25 of which is the sum of the numerators for the municipality, county, and school district.

198.26 If the entire increase in the local tax rate is attributable to a taxing district, other than
198.27 the municipality, county, or school district, then the excess must be distributed to the
198.28 municipality, county, and school district in proportion to their respective local tax rates.

198.29 (b) The amounts distributed shall be deducted in computing the levy limits of the
198.30 taxing district for the succeeding taxable year.

198.31 (c) In the case of distributions to a school district, the county auditor shall report
198.32 amounts distributed to the commissioner of education in the same manner as provided
198.33 for excess increments under section 469.176, subdivision 2, and the distribution shall be
198.34 deducted from the school district's state aid payments and levy limitation according to
198.35 section 127A.49, subdivision 3.

199.1 (d) The amount of taxes attributable to imposing the general education levy under
199.2 section 126C.13 must be returned to the school district within which the tax increment
199.3 financing district is located.

199.4 **EFFECTIVE DATE.** This section is effective for districts for which the request for
199.5 certification is made after April 15, 2013.

199.6 Sec. 10. Minnesota Statutes 2012, section 473F.08, is amended by adding a subdivision
199.7 to read:

199.8 Subd. 3c. **Mall of America.** (a) When computing the net tax capacity under section
199.9 473F.05, the Hennepin County auditor shall exclude the captured tax capacity of Tax
199.10 Increment Financing Districts No. 1-C and No. 1-G in the city of Bloomington.

199.11 (b) Notwithstanding the provisions of subdivision 2, paragraph (a), the
199.12 commercial-industrial contribution percentage for the city of Bloomington is the
199.13 contribution net tax capacity divided by the total net tax capacity of commercial-industrial
199.14 property in the city, excluding any commercial-industrial property that is captured tax
199.15 capacity of Tax Increment Financing Districts No. 1-C and No. 1-G.

199.16 (c) The property taxes to be paid on commercial-industrial tax capacity that is
199.17 included in the captured tax capacity of Tax Increment Financing Districts No. 1-C and
199.18 No. 1-G in the city of Bloomington must be determined as described in subdivision 6,
199.19 except that the portion of the tax that is based on the areawide tax rate is to be treated
199.20 as tax increment under section 469.176.

199.21 (d) The provisions of this subdivision take effect only if the clerk of the city of
199.22 Bloomington certifies to the Hennepin County auditor that the city has entered into a
199.23 binding written agreement with the Metropolitan Council to repair and restore, or to
199.24 replace, the old Cedar Avenue bridge for use by bicycle commuters and recreational users.

199.25 (e) This subdivision expires on the earliest of the following dates:

199.26 (1) when the tax increment financing districts have been decertified in 2024 or 2035,
199.27 as provided by section 22, subdivision 2 or 4; or

199.28 (2) on January 1, 2014, if the city clerk fails to make the certification provided in
199.29 paragraph (d) or if the city fails to file its local approval of section 23 with the secretary
199.30 of state by December 31, 2013.

199.31 **EFFECTIVE DATE.** This section is effective beginning for property taxes payable
199.32 in 2014.

199.33 Sec. 11. Laws 2008, chapter 366, article 5, section 26, is amended to read:

200.1 Sec. 26. **BLOOMINGTON TAX INCREMENT FINANCING; FIVE-YEAR**
200.2 **RULE.**

200.3 (a) The requirements of Minnesota Statutes, section 469.1763, subdivision 3, that
200.4 activities must be undertaken within a five-year period from the date of certification of
200.5 a tax increment financing district, are increased to a ~~ten-year~~ 15-year period for the
200.6 Port Authority of the City of Bloomington's Tax Increment Financing District No. 1-I,
200.7 Bloomington Central Station.

200.8 (b) Notwithstanding the provisions of Minnesota Statutes, section 469.176, or any
200.9 other law to the contrary, the city of Bloomington and its port authority may extend the
200.10 duration limits of the district for a period through December 31, 2039.

200.11 (c) Effective for taxes payable in 2014, tax increment for the district must be
200.12 computed using the current local tax rate, notwithstanding the provisions of Minnesota
200.13 Statutes, section 469.177, subdivision 1a.

200.14 **EFFECTIVE DATE.** Paragraphs (a) and (c) are effective upon compliance by
200.15 the governing body of the city of Bloomington with the requirements of Minnesota
200.16 Statutes, section 645.021, subdivision 3. Paragraph (b) is effective upon compliance by
200.17 the governing bodies of the city of Bloomington, Hennepin County, and Independent
200.18 School District No. 271 with the requirements of Minnesota Statutes, sections 469.1782,
200.19 subdivision 2, and 645.021, subdivision 3.

200.20 Sec. 12. Laws 2008, chapter 366, article 5, section 34, as amended by Laws 2009,
200.21 chapter 88, article 5, section 11, is amended to read:

200.22 Sec. 34. **CITY OF OAKDALE; ORIGINAL TAX CAPACITY PARCELS**
200.23 **DEEMED OCCUPIED.**

200.24 ~~(a) The provisions of this section apply to redevelopment tax increment financing~~
200.25 ~~districts created by the Housing and Redevelopment Authority in and for the city of~~
200.26 ~~Oakdale in the areas comprised of the parcels with the following parcel identification~~
200.27 ~~numbers: (1) 3102921320053; 3102921320054; 3102921320055; 3102921320056;~~
200.28 ~~3102921320057; 3102921320058; 3102921320062; 3102921320063; 3102921320059;~~
200.29 ~~3102921320060; 3102921320061; 3102921330005; and 3102921330004; and (2)~~
200.30 ~~2902921330001 and 2902921330005.~~

200.31 ~~(b) For a district subject to this section, the Housing and Redevelopment Authority~~
200.32 ~~may, when requesting certification of the original tax capacity of the district under~~
200.33 ~~Minnesota Statutes, section 469.177, elect to have the original tax capacity of the district~~
200.34 ~~be certified as the tax capacity of the land.~~

201.1 ~~(e) The authority to request certification of a district under this section expires on~~
201.2 ~~July 1, 2013.~~

201.3 (a) Parcel numbers 3102921320054, 3102921320055, 3102921320056,
201.4 3102921320057, 3102921320061, and 3102921330004 are deemed to meet the
201.5 requirements of Minnesota Statutes, section 469.174, subdivision 10, paragraph (d),
201.6 notwithstanding any contrary provisions of that paragraph, if the following conditions
201.7 are met:

201.8 (1) a building located on any part of each of the specified parcels was demolished after
201.9 the Housing and Redevelopment Authority for the city of Oakdale adopted a resolution
201.10 under Minnesota Statutes, section 469.174, subdivision 10, paragraph (d), clause (3);

201.11 (2) the building was removed either by the authority, by a developer under a
201.12 development agreement with the Housing and Redevelopment Authority for the city of
201.13 Oakdale, or by the owner of the property without entering into a development agreement
201.14 with the Housing and Redevelopment Authority for the city of Oakdale; and

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

201.17 (b) The provisions of this section allow an election by the Housing and
201.18 Redevelopment Authority for the city of Oakdale for the parcels deemed occupied under
201.19 paragraph (a), notwithstanding the provisions of Minnesota Statutes, sections 469.174,
201.20 subdivision 10, paragraph (d), and 469.177, subdivision 1, paragraph (f).

201.21 (c) The city may elect, in the tax increment financing plan, to collect increment from
201.22 a redevelopment district created under the provisions of this section for an additional ten
201.23 years beyond the limit in Minnesota Statutes, section 469.176, subdivision 1b.

201.24 **EFFECTIVE DATE.** This section is effective upon compliance by the governing
201.25 body of the city of Oakdale with the requirements of Minnesota Statutes, section 645.021,
201.26 subdivision 3, except that the provisions of paragraph (c) are effective only upon
201.27 compliance with Minnesota Statutes, section 469.1782, subdivision 2, by Ramsey County
201.28 and Independent School District No. 622.

201.29 Sec. 13. Laws 2010, chapter 216, section 55, is amended to read:

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

201.31 Subdivision 1. **Duration of district.** Notwithstanding the provisions of Minnesota
201.32 Statutes, section 469.176, subdivision 1b, the city of Oakdale may collect tax increments
201.33 from Tax Increment Financing District No. 6 (Bergen Plaza) through December 31, 2024
201.34 2040, subject to the conditions described in subdivision 2.

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

202.3 (1) by July 1, 2011, the city of Oakdale has entered into a development agreement
202.4 with a private developer for development or redevelopment of all or a substantial part of
202.5 the area parcels described in clause (2); and

202.6 (2) by November 1, 2011, the city of Oakdale or a private developer commences
202.7 construction of streets, traffic improvements, water, sewer, or related infrastructure that
202.8 serves one or both of the parcels with the following parcel identification numbers:
202.9 2902921330001 and 2902921330005. For the purposes of this section, construction
202.10 commences upon grading or other visible improvements that are part of the subject
202.11 infrastructure.

202.12 (b) All tax increments received by the city of Oakdale under subdivision 1 after
202.13 December 31, 2016, must be used only to pay costs that are both:

202.14 (1) related to redevelopment of the parcels specified in this subdivision or
202.15 parcel numbers 3102921320053, 3102921320054, 3102921320055, 3102921320056,
202.16 3102921320057, 3102921320058, 3102921320059, 3102921320060, 3102921320061,
202.17 3102921320062, 3102921320063, 3102921330004, and 3102921330005, including,
202.18 without limitation, any ~~of the infrastructure referenced in this subdivision~~ that serves
202.19 any of the referenced parcels; and

202.20 (2) otherwise eligible under law to be paid with increments from the specified tax
202.21 increment financing district, ~~except the authority under this clause does not apply to~~
202.22 ~~increments collected after the conclusion of the duration limit under general law.~~

202.23 **EFFECTIVE DATE.** This section is effective upon compliance by the governing
202.24 body of the city of Oakdale with the requirements of Minnesota Statutes, section 645.021,
202.25 subdivision 3, except that the amendments to subdivision 1 are effective only upon
202.26 compliance with Minnesota Statutes, section 469.1782, subdivision 2, by Ramsey County
202.27 and Independent School District No. 622.

202.28 Sec. 14. **ST. CLOUD; TAX INCREMENT FINANCING.**

202.29 The request for certification of Tax Increment Financing District No. 2, commonly
202.30 referred to as the Norwest District, in the city of St. Cloud is deemed to have been made
202.31 on or after August 1, 1979, and before July 1, 1982. Revenues derived from tax increment
202.32 for that district must be treated for purposes of any law as revenue of a tax increment
202.33 financing district for which the request for certification was made during that time period.

203.1 **EFFECTIVE DATE.** This section is effective upon approval by the governing
203.2 body of the city of St. Cloud and compliance with Minnesota Statutes, section 645.021,
203.3 subdivision 3.

203.4 Sec. 15. **CITY OF GLENCOE; TAX INCREMENT FINANCING DISTRICT**
203.5 **EXTENSION.**

203.6 Subdivision 1. **Duration of district.** Notwithstanding the provisions of Minnesota
203.7 Statutes, section 469.176, subdivision 1b, paragraph (a), clause (4), or any other law to the
203.8 contrary, the city of Glencoe may collect tax increments from Tax Increment Financing
203.9 District No. 4 (McLeod County District No. 007) through December 31, 2023, subject to
203.10 the conditions in subdivision 2.

203.11 Subd. 2. **Exclusive use of revenues.** (a) All tax increments derived from Tax
203.12 Increment Financing District No. 4 (McLeod County District No. 007) that are collected
203.13 after December 31, 2013, must be used only to pay debt service on or to defease bonds that
203.14 were outstanding on January 1, 2013 and that were issued to finance improvements serving:

203.15 (1) Tax Increment Financing District No. 14 (McLeod County District No. 033)
203.16 (Downtown);

203.17 (2) Tax Increment Financing District No. 15 (McLeod County District No. 035)
203.18 (Industrial Park); and

203.19 (3) benefited properties as further described in proceedings related to the city's series
203.20 2007A bonds, dated September 1, 2007, and any bonds issued to refund those bonds.

203.21 (b) Increments may also be used to pay debt service on or to defease bonds issued to
203.22 refund the bonds described in paragraph (a), if the refunding bonds do not increase the
203.23 present value of debt service due on the refunded bonds when the refunding is closed.

203.24 (c) When the bonds described in paragraphs (a) and (b) have been paid or defeased,
203.25 the district must be decertified and any remaining increment returned to the city, county,
203.26 and school district as provided in Minnesota Statutes, section 469.176, subdivision 2,
203.27 paragraph (c), clause (4).

203.28 **EFFECTIVE DATE.** This section is effective upon compliance by the governing
203.29 bodies of the city of Glencoe, McLeod County, and Independent School District No.
203.30 2859 with the requirements of Minnesota Statutes, sections 469.1782, subdivision 2, and
203.31 645.021, subdivision 3.

203.32 Sec. 16. **CITY OF ELY; TAX INCREMENT FINANCING.**

204.1 Subdivision 1. **Extension of district.** Notwithstanding Minnesota Statutes, section
204.2 469.176, subdivision 1b, or any other law to the contrary, the city of Ely may collect
204.3 tax increment from Tax Increment Financing District No. 1 through December 31,
204.4 2021. Increments from the district may only be used to pay binding obligations and
204.5 administrative expenses.

204.6 Subd. 2. **Binding obligations.** For purposes of this section, "binding obligations"
204.7 means the binding contractual or debt obligation of Tax Increment Financing District
204.8 No. 1 entered into before January 1, 2013.

204.9 Subd. 3. **Expenditures outside district.** Notwithstanding Minnesota Statutes,
204.10 section 469.1763, subdivision 2, the governing body of the city of Ely may elect to
204.11 transfer revenues derived from increments from its Tax Increment Financing District No.
204.12 3 to the tax increment account established under Minnesota Statutes, section 469.177,
204.13 subdivision 5, for Tax Increment Financing District No. 1. The amount that may be
204.14 transferred is limited to the lesser of:

204.15 (1) \$168,000; or

204.16 (2) the total amount due on binding obligations and outstanding on that date, less the
204.17 amount of increment collected by Tax Increment Financing District No. 1 after December
204.18 31, 2012, and administrative expenses of Tax Increment Financing District No. 1 incurred
204.19 after December 31, 2012.

204.20 **EFFECTIVE DATE.** This section is effective upon approval by the governing
204.21 bodies of the city of Ely, St. Louis County, and Independent School District No. 696 with
204.22 the requirements of Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021,
204.23 subdivision 3.

204.24 Sec. 17. **DAKOTA COUNTY COMMUNITY DEVELOPMENT AGENCY; TAX**
204.25 **INCREMENT FINANCING DISTRICT.**

204.26 Subdivision 1. **Authorization.** Notwithstanding the provisions of any other law,
204.27 the Dakota County Community Development Agency may establish a redevelopment tax
204.28 increment financing district comprised of the properties that (1) were included in the CDA
204.29 10 Robert Street and Smith Avenue district in the city of West St. Paul, and (2) were not
204.30 decertified before July 1, 2012. The district created under this section terminates no later
204.31 than December 31, 2023.

204.32 Subd. 2. **Special rules.** The requirements for qualifying a redevelopment district
204.33 under Minnesota Statutes, section 469.174, subdivision 10, do not apply to parcels located

205.1 within the district. Minnesota Statutes, section 469.176, subdivision 4j, do not apply to the
205.2 district. The original tax capacity of the district is \$93,239.

205.3 Subd. 3. **Authorized expenditures.** Tax increment from the district may be
205.4 expended to pay for any eligible activities authorized by Minnesota Statutes, chapter 469,
205.5 within the redevelopment area that includes the district provided that the boundaries of the
205.6 redevelopment area may not be expanded to add new area after April 1, 2013. All such
205.7 expenditures are deemed to be activities within the district under Minnesota Statutes,
205.8 section 469.1763, subdivisions 2 and 4.

205.9 Subd. 4. **Adjusted net tax capacity.** The captured tax capacity of the district must
205.10 be included in the adjusted net tax capacity of the city, county, and school district for the
205.11 purposes of determining local government aid, education aid, and county program aid.
205.12 The county auditor shall report to the commissioner of revenue the amount of the captured
205.13 tax capacity for the district at the time the assessment abstracts are filed.

205.14 **EFFECTIVE DATE.** This section is effective upon compliance by the governing
205.15 body of the Dakota County Community Development Agency with the requirements of
205.16 Minnesota Statutes, section 645.021, subdivision 3.

205.17 Sec. 18. **CITY OF APPLE VALLEY; TAX INCREMENT FINANCING**
205.18 **DISTRICT.**

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

205.21 (b) "City" means the city of Apple Valley.

205.22 (c) "Project area" means the following parcels: parcel numbers 01-03500-25-010,
205.23 01-03500-03-011, 01-03500-02-010, 01-03500-52-011, 01-03500-78-011,
205.24 01-03500-77-014, 01-03500-75-010, 01-03400-05-050,

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

205.28 (1) unusual terrain or soil deficiencies that occurred over 70 percent of the acreage in
205.29 the district require substantial filling, grading, or other physical preparation for use; and

205.30 (2) the estimated cost of the physical preparation under clause (1), but excluding
205.31 costs directly related to roads as defined in Minnesota Statutes, section 160.01, and local
205.32 improvements as described in Minnesota Statutes, sections 429.021, subdivision 1, other

206.1 than clauses (8) to (10), and 430.01, exceeds the fair market value of the land before
206.2 completion of the preparation.

206.3 Subd. 2. **Special rules.** (a) If the city elects, upon the adoption of the tax increment
206.4 financing plan for a district, the rules under this section apply to a redevelopment
206.5 district, renewal and renovation district, soil condition district, or soil deficiency district
206.6 established by the city or a development authority of the city in the project area. The city,
206.7 or a development authority acting on its behalf, may establish one or more soils deficiency
206.8 districts within the project area.

206.9 (b) Prior to or upon the adoption of the first tax increment plan subject to the special
206.10 rules under this subdivision, the city must find by resolution that parcels consisting
206.11 of at least 70 percent of the acreage of the project area, excluding street and railroad
206.12 rights-of-way, are characterized by one or more of the following conditions:

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

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

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

206.18 (4) quarries or similar resource extraction sites;

206.19 (5) floodway; and

206.20 (6) substandard buildings, within the meaning of Minnesota Statutes, section
206.21 469.174, subdivision 10.

206.22 (c) For the purposes of paragraph (b), clauses (1) to (5), a parcel is characterized by
206.23 the relevant condition if at least 60 percent of the area of the parcel contains the relevant
206.24 condition. For the purposes of paragraph (b), clause (6), a parcel is characterized by
206.25 substandard buildings if substandard buildings occupy at least 30 percent of the area
206.26 of the parcel.

206.27 (d) The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, is
206.28 extended to ten years for any district, and the period under Minnesota Statutes, section
206.29 469.1763, subdivision 4, is extended to 11 years.

206.30 (e) Notwithstanding any provision to the contrary in Minnesota Statutes, section
206.31 469.1763, subdivision 2, paragraph (a), not more than 80 percent of the total revenue
206.32 derived from tax increments paid by properties in any district, measured over the life of
206.33 the district, may be expended on activities outside the district but within the project area.

206.34 (f) For a soil deficiency district:

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

207.1 (2) except as otherwise provided in this subdivision, increments may be used only to:
207.2 (i) acquire parcels on which the improvements described in item (ii) will occur;
207.3 (ii) pay for the cost of correcting the unusual terrain or soil deficiencies and the
207.4 additional cost of installing public improvements directly caused by the deficiencies; and
207.5 (iii) pay for the administrative expenses of the authority allocable to the district.
207.6 (g) The authority to approve tax increment financing plans to establish tax increment
207.7 financing districts under this section expires December 31, 2022.

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

207.10 Sec. 19. **CITY OF APPLE VALLEY; USE OF TAX INCREMENT FINANCING.**

207.11 Subdivision 1. **Developments consisting of building and ancillary facilities.**
207.12 Notwithstanding Minnesota Statutes, section 469.176, subdivisions 4c and 4m, the city of
207.13 Apple Valley may use tax increment financing to provide improvements, loans, subsidies,
207.14 grants, interest rate subsidies, or assistance in any form to developments consisting of
207.15 buildings and ancillary facilities, if all of the following conditions are met:

207.16 (1) the city of Apple Valley finds that the project will create or retain jobs in
207.17 Minnesota, including construction jobs;

207.18 (2) the city of Apple Valley finds that construction of the project will not commence
207.19 before July 1, 2014, without the use of tax increment financing;

207.20 (3) the request for certification of the district is made no later than June 30, 2014;

207.21 (4) construction of the project begins no later than July 1, 2014; and

207.22 (5) for development of housing, construction of the project begins no later than
207.23 December 31, 2013.

207.24 Subd. 2. **Extension of authority to spend tax increments.** Notwithstanding the
207.25 time limits in Minnesota Statutes, section 469.176, subdivision 4m, the city of Apple
207.26 Valley has the authority to spend tax increments under Minnesota Statutes, section
207.27 469.176, subdivision 4m, until December 31, 2014.

207.28 **EFFECTIVE DATE.** This section is effective upon approval by the governing
207.29 body of the city of Apple Valley and timely compliance with Minnesota Statutes, section
207.30 645.021, subdivision 3.

207.31 Sec. 20. **CITY OF MINNEAPOLIS; STREETCAR FINANCING.**

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

208.3 (b) "City" means the city of Minneapolis.

208.4 (c) "County" means Hennepin County.

208.5 (d) "District" means the areas certified by the city under subdivision 2 for collection
208.6 of value capture taxes.

208.7 (e) "Project area" means the area including one city block on either side of a streetcar
208.8 line designated by the city to serve the downtown and adjacent neighborhoods of the city.

208.9 Subd. 2. **Authority to establish district.** (a) The governing body of the city may, by
208.10 resolution, establish a value capture district consisting of some or all of the taxable parcels
208.11 located within one or more of the following areas of the city, as described in the resolution:

208.12 (1) the area bounded by Nicollet Avenue on the west, 16th Street East on the south,
208.13 First Avenue South on the east, and 14th Street East on the north;

208.14 (2) the area bounded by Spruce Place on the west, 14th Street West on the south,
208.15 LaSalle Avenue on the east, and Grant Street West on the north;

208.16 (3) the area bounded by Nicollet Avenue or Mall on the west, Fifth Street South on
208.17 the south, Marquette Avenue on the east, and Fourth Street South on the north;

208.18 (4) the area bounded by First Avenue North on the west, Washington Avenue on the
208.19 south, Hennepin Avenue on the east, and Second Street North on the north; and

208.20 (5) the area bounded by Fifth Street North East on the west, Central Avenue North
208.21 East on the southeast, Sixth Street North East on the east, Hennepin Avenue East on the
208.22 south, and First Avenue North East on the north.

208.23 (b) The city may establish the district and the project area only after holding a public
208.24 hearing on its proposed creation after publishing notice of the hearing and the proposal at
208.25 least once not less than ten days nor more than 30 days before the date of the hearing.

208.26 Subd. 3. **Calculation of value capture district; administrative provisions.** (a) If
208.27 the city establishes a value capture district under subdivision 2, the city shall request the
208.28 county auditor to certify the district for calculation of the district's tax revenues.

208.29 (b) For purposes of calculating the tax revenues of the district, the county auditor
208.30 shall treat the district as if it were a request for certification of a tax increment financing
208.31 district under the provisions of Minnesota Statutes, section 469.177, subdivision 1,
208.32 and shall calculate the tax revenues of the district for each year of its duration under
208.33 subdivision 5 as equaling the amount of tax increment that would be computed by
208.34 applying the provisions of Minnesota Statutes, section 469.177, subdivisions 1, 2, and
208.35 3, to determine captured tax capacity and multiplying by the current tax rate, excluding

209.1 the state general tax rate. The city shall provide the county auditor with the necessary
209.2 information to certify the district, including the option for calculating revenues derived
209.3 from the areawide tax rate under Minnesota Statutes, chapter 473F.

209.4 (c) The county auditor shall pay to the city at the same times provided for settlement
209.5 of taxes and payment of tax increments the tax revenues of the district. The city must use
209.6 the tax revenues as provided under subdivision 4.

209.7 Subd. 4. **Permitted uses of district tax revenues.** (a) In addition to paying for
209.8 reasonable administrative costs of the district, the city may spend tax revenues of the
209.9 district for property acquisition, improvements, and equipment to be used for operations
209.10 within the project area, along with related costs, for:

209.11 (1) planning, design, and engineering services related to the construction of the
209.12 streetcar line;

209.13 (2) acquiring property for, constructing, and installing a streetcar line;

209.14 (3) acquiring and maintaining equipment and rolling stock and related facilities, such
209.15 as maintenance facilities, which need not be located in the project area;

209.16 (4) acquiring, constructing, or improving transit stations; and

209.17 (5) acquiring or improving public space, including the construction and installation
209.18 of improvements to streets and sidewalks, decorative lighting and surfaces, and plantings
209.19 related to the streetcar line.

209.20 (b) The city may issue bonds or other obligations under Minnesota Statutes, chapter
209.21 475, without an election, to fund acquisition or improvement of property of a capital
209.22 nature authorized by this section, including any costs of issuance. The city may also issue
209.23 bonds or other obligations to refund those bonds or obligations. Payment of principal
209.24 and interest on the bonds or other obligations issued under this paragraph is a permitted
209.25 use of the district's tax revenues.

209.26 (c) Tax revenues of the district may not be used for the operation of the streetcar line.

209.27 Subd. 5. **Duration of the district.** A district established under this section is limited
209.28 to the lesser of (1) 25 years of tax revenues, or (2) the time necessary to collect tax revenues
209.29 equal to the amount of the capital costs permitted under subdivision 4 or the amount needed
209.30 to pay or defease bonds or other obligations issued under subdivision 4, whichever is later.

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

209.32 Sec. 21. **CITY OF MAPLEWOOD; TAX INCREMENT FINANCING**
209.33 **DISTRICT; SPECIAL RULES.**

210.1 (a) If the city of Maplewood elects, upon the adoption of a tax increment financing
210.2 plan for a district, the rules under this section apply to one or more redevelopment
210.3 tax increment financing districts established by the city or the economic development
210.4 authority of the city. The area within which the redevelopment tax increment districts may
210.5 be created is parcel 362922240002 (the "parcel") or any replatted parcels constituting a
210.6 part of the parcel and the adjacent rights-of-way. For purposes of this section, the parcel is
210.7 the "3M Renovation and Retention Project Area" or "project area."

210.8 (b) The requirements for qualifying redevelopment tax increment districts under
210.9 Minnesota Statutes, section 469.174, subdivision 10, do not apply to the parcel, which is
210.10 deemed eligible for inclusion in a redevelopment tax increment district.

210.11 (c) The 90 percent rule under Minnesota Statutes, section 469.176, subdivision
210.12 4j, does not apply to the parcel.

210.13 (d) The expenditures outside district rule under Minnesota Statutes, section
210.14 469.1763, subdivision 2, does not apply; the five-year rule under Minnesota Statutes,
210.15 section 469.1763, subdivision 3, is extended to ten years; and expenditures must only
210.16 be made within the project area.

210.17 (e) If, after one year from the date of certification of the original net tax capacity
210.18 of the tax increment district, no demolition, rehabilitation, or renovation of property has
210.19 been commenced on a parcel located within the tax increment district, no additional tax
210.20 increment may be taken from that parcel, and the original net tax capacity of the parcel
210.21 shall be excluded from the original net tax capacity of the tax increment district. If 3M
210.22 Company subsequently commences demolition, rehabilitation, or renovation, the authority
210.23 shall certify to the county auditor that the activity has commenced, and the county auditor
210.24 shall certify the net tax capacity thereof as most recently certified by the commissioner
210.25 of revenue and add it to the original net tax capacity of the tax increment district. The
210.26 authority must submit to the county auditor evidence that the required activity has taken
210.27 place for each parcel in the district.

210.28 (f) The authority to approve a tax increment financing plan and to establish a tax
210.29 increment financing district under this section expires December 31, 2018.

210.30 **EFFECTIVE DATE.** This section is effective upon approval by the governing
210.31 body of the city of Maplewood and upon compliance with Minnesota Statutes, section
210.32 645.021, subdivision 3.

210.33 **Sec. 22. CITY OF BLOOMINGTON; TAX INCREMENT FINANCING.**

211.1 Subdivision 1. **Addition of property to Tax Increment Financing District**
211.2 **No. 1-G. (a)** Notwithstanding the provisions of Minnesota Statutes, section 469.175,
211.3 subdivision 4, or any other law to the contrary, the governing bodies of the Port Authority
211.4 of the city of Bloomington and the city of Bloomington may elect to eliminate the real
211.5 property north of the existing building line on Lot 1, Block 1, Mall of America 7th
211.6 Addition, exclusive of Lots 2 and 3 from Tax Increment Financing District No. 1-C
211.7 within Industrial Development District No. 1 Airport South in the city of Bloomington,
211.8 Minnesota, and expand the boundaries of Tax Increment Financing District No. 1-G
211.9 to include that property.

211.10 (b) If the city elects to transfer parcels under this authority, the county auditor shall
211.11 transfer the original tax capacity of the affected parcels from Tax Increment Financing
211.12 District No. 1-C to Tax Increment Financing District No. 1-G.

211.13 Subd. 2. **Authority to extend duration limit; computation of increment.** (a)
211.14 Notwithstanding Minnesota Statutes, section 469.176, or Laws 1996, chapter 464, article
211.15 1, section 8, or any other law to the contrary, the city of Bloomington and its port authority
211.16 may extend the duration limits of Tax Increment Financing Districts No. 1-C and No.
211.17 1-G through December 31, 2034.

211.18 (b) Effective for property taxes payable in 2017 through 2034, the captured tax
211.19 capacity of Tax Increment Financing District No. 1-C must be included in computing the
211.20 tax rates of each local taxing district and the tax increment equals only the amount of tax
211.21 computed under Minnesota Statutes, section 473F.08, subdivision 3c, paragraph (c).

211.22 (c) Effective for property taxes payable in 2019 through 2034, the captured tax
211.23 capacity of Tax Increment Financing District No. 1-G must be included in computing the
211.24 tax rates of each local taxing district and the tax increment for the district equals only
211.25 the amount of tax computed under Minnesota Statutes, section 473F.08, subdivision
211.26 3c, paragraph (c).

211.27 Subd. 3. **Treatment of increment.** Increments received under the provisions
211.28 of subdivision 2, paragraph (b) or (c), and Minnesota Statutes, section 473F.08,
211.29 subdivision 3c, are deemed to be tax increments of Tax Increment Financing District No.
211.30 1-G, notwithstanding any law to the contrary, and without regard to whether they are
211.31 attributable to captured tax capacity of Tax Increment Financing District No. 1-C.

211.32 Subd. 4. **Condition.** The authority under this section expires and Tax Increment
211.33 Financing Districts No. 1-C and No. 1-G must be decertified for taxes payable in 2024
211.34 and thereafter, if the total estimated market value of improvements for parcels located in

212.1 Tax Increment Financing District No. 1-G, as modified, do not exceed \$100,000,000
212.2 by taxes payable in 2023.

212.3 **EFFECTIVE DATE.** This section is effective upon compliance of the governing
212.4 body of the city of Bloomington with the requirements of Minnesota Statutes, section
212.5 645.021, subdivision 3, but only if the city enters into a binding written agreement with
212.6 the Metropolitan Council to repair and restore, or to replace, the old Cedar Avenue bridge
212.7 for use by bicycle commuters and recreational users. This section is effective without
212.8 approval of the county and school district under Minnesota Statutes, section 469.1782,
212.9 subdivision 2. The legislature finds that the county and school district are not "affected
212.10 local government units" within the meaning of Minnesota Statutes, section 469.1782,
212.11 because the provision allowing extended collection of increment by the tax increment
212.12 financing districts does not affect their tax bases and tax rates dissimilarly to other counties
212.13 and school districts in the metropolitan area.

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

212.15 (a) Notwithstanding any law to the contrary, the city of Bloomington shall transfer
212.16 from the tax increment financing accounts for its Tax Increment Financing District No.
212.17 1-C and Tax Increment Financing District No. 1-G an amount equal to the tax increment
212.18 for each district that is computed under the provisions of Minnesota Statutes, section
212.19 473F.08, subdivision 3c, for taxes payable in 2014 to an account or fund established for
212.20 the repair, restoration, or replacement of the Old Cedar Avenue bridge for use by bicycle
212.21 commuters and recreational users. The city is authorized to and must use the transferred
212.22 funds to complete the repair, renovation, or replacement of the bridge.

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

212.26 **EFFECTIVE DATE.** This section is effective upon compliance by the city of
212.27 Bloomington with the requirements of Minnesota Statutes, section 645.021, subdivision 3.

212.28 **ARTICLE 10**

212.29 **DESTINATION MEDICAL CENTER**

212.30 Section 1. Minnesota Statutes 2012, section 13.792, is amended to read:

212.31 **13.792 PRIVATE DONOR GIFT DATA.**

212.32 The following data maintained by the Minnesota Zoological Garden, the University
212.33 of Minnesota, the Minnesota State Colleges and Universities, the Regional Parks

213.1 Foundation of the Twin Cities, State Services for the Blind, the Destination Medical
213.2 Center Corporation established pursuant to section 469.41, and any related entity subject
213.3 to chapter 13 are classified as private or nonpublic:

213.4 (1) research information about prospects and donors gathered to aid in determining
213.5 appropriateness of solicitation and level of gift request;

213.6 (2) specific data in prospect lists that would identify prospects to be solicited, dollar
213.7 amounts to be requested, and name of solicitor;

213.8 (3) portions of solicitation letters and proposals that identify the prospect being
213.9 solicited and the dollar amount being requested;

213.10 (4) letters, pledge cards, and other responses received from donors regarding
213.11 prospective gifts in response to solicitations;

213.12 (5) portions of thank-you letters and other gift acknowledgment communications
213.13 that would identify the name of the donor and the specific amount of the gift, pledge,
213.14 or pledge payment;

213.15 (6) donor financial or estate planning information, or portions of memoranda, letters,
213.16 or other documents commenting on any donor's financial circumstances; and

213.17 (7) data detailing dates of gifts, payment schedule of gifts, form of gifts, and specific
213.18 gift amounts made by donors.

213.19 Names of donors and gift ranges are public data.

213.20 Sec. 2. Minnesota Statutes 2012, section 297A.71, is amended by adding a subdivision
213.21 to read:

213.22 Subd. 48. **Construction materials, public infrastructure related to the**
213.23 **destination medical center.** Materials and supplies used in, and equipment incorporated
213.24 into, the construction and improvement of publicly owned buildings and infrastructure
213.25 included in the development plan adopted under section 469.43, and financed with public
213.26 funds, are exempt.

213.27 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
213.28 June 30, 2015, and before July 1, 2049.

213.29 Sec. 3. **[469.40] DEFINITIONS.**

213.30 Subdivision 1. **Application.** For the purposes of sections 469.40 to 469.47, the
213.31 terms defined in this section have the meanings given them.

213.32 Subd. 2. **City.** "City" means the city of Rochester.

213.33 Subd. 3. **County.** "County" means Olmsted County.

214.1 Subd. 4. **Destination Medical Center Corporation, corporation, DMCC.**
214.2 "Destination Medical Center Corporation," "corporation," or "DMCC" means the
214.3 nonprofit corporation created by the city as provided in section 469.41, and organized
214.4 under chapter 317A.

214.5 Subd. 5. **Destination Medical Center Development District.** "Destination medical
214.6 center development district" or "development district" means a geographic area in the city
214.7 identified in the DMCC development plan in which public infrastructure projects are
214.8 implemented.

214.9 Subd. 6. **Development plan.** "Development plan" means the plan adopted by
214.10 the DMCC under section 469.43.

214.11 Subd. 7. **Financial interest.** "Financial interest" means a person's direct or indirect
214.12 ownership or investment interest or compensation arrangement, whether through business,
214.13 investment, or family, including spouse, children and stepchildren, and other relatives
214.14 living with the person, as follows:

214.15 (1) ownership or investment interest in the development, acquisition, or construction
214.16 of a project in the development district;

214.17 (2) compensation arrangement with respect to the development, acquisition, or
214.18 construction of a project in the development district; or

214.19 (3) potential ownership or investment interest in, or compensation arrangement with
214.20 respect to, the development, acquisition, or construction of a project in the development
214.21 district.

214.22 Subd. 8. **Medical business entity.** "Medical business entity" means a medical
214.23 business entity with its principal place of business in the city that, as of the effective date
214.24 of this section, together with all business entities of which it is the sole member or sole
214.25 shareholder, collectively employs more than 30,000 persons in the state.

214.26 Subd. 9. **Nonprofit economic development agency, agency.** "Nonprofit economic
214.27 development agency" or "agency" means the nonprofit agency required under section
214.28 469.43 to provide experience and expertise to the DMCC for purposes of developing and
214.29 marketing the destination medical center.

214.30 Subd. 10. **Project.** "Project" means a project to implement the development plan,
214.31 whether public or private.

214.32 Subd. 11. **Public infrastructure project.** (a) "Public infrastructure project" means
214.33 a project financed in part or in whole with public money in order to support the medical
214.34 business entity's development plans, as identified in the DMCC development plan. A
214.35 public infrastructure project may:

214.36 (1) acquire real property and other assets associated with the real property;

215.1 (2) demolish, repair, or rehabilitate buildings;
215.2 (3) remediate land and buildings as required to prepare the property for acquisition
215.3 or development;

215.4 (4) install, construct, or reconstruct elements of public infrastructure required to
215.5 support the overall development of the destination medical center development district
215.6 including, but not limited to, streets, roadways, utilities systems and related facilities,
215.7 utility relocations and replacements, network and communication systems, streetscape
215.8 improvements, drainage systems, sewer and water systems, subgrade structures and
215.9 associated improvements, landscaping, façade construction and restoration, wayfinding
215.10 and signage, and other components of community infrastructure;

215.11 (5) acquire, construct or reconstruct, and equip parking facilities and other facilities
215.12 to encourage intermodal transportation and public transit;

215.13 (6) install, construct or reconstruct, furnish, and equip parks, cultural, and
215.14 recreational facilities, facilities to promote tourism and hospitality, conferencing and
215.15 conventions, broadcast and related multimedia infrastructure;

215.16 (7) make related site improvements including, without limitation, excavation,
215.17 earth retention, soil stabilization and correction, and site improvements to support the
215.18 destination medical center development district;

215.19 (8) prepare land for private development and to sell or lease land;

215.20 (9) costs of providing relocation benefits to occupants of acquired properties; and

215.21 (10) construct and equip all or a portion of one or more suitable structures on land
215.22 owned by the city for sale or lease to private development; provided, however, that the
215.23 portion of any structure directly financed by the city as a public infrastructure project must
215.24 not be sold or leased to a medical business entity.

215.25 (b) A public infrastructure project is not a business subsidy under section 116J.993.

215.26 Subd. 12. **Year.** "Year" means a calendar year, except where otherwise provided.

215.27 **Sec. 4. [469.41] DESTINATION MEDICAL CENTER CORPORATION**
215.28 **ESTABLISHED.**

215.29 Subdivision 1. **DMCC created.** The city must establish a destination medical
215.30 center corporation as a nonprofit corporation under chapter 317A to provide the city with
215.31 expertise in preparing and implementing the development plan to establish the city as a
215.32 destination medical center. Except as provided in sections 469.40 to 469.47, the nonprofit
215.33 corporation is not subject to laws governing the city.

215.34 Subd. 2. **Membership; quorum.** (a) The corporation's governing board consists
215.35 of eight members appointed, as follows:

216.1 (1) the mayor of the city, or the mayor's designee, subject to approval by the city
216.2 council;

216.3 (2) the city council president, or the city council president's designee, subject
216.4 to approval by the city council;

216.5 (3) the chair or member of the county board, appointed by the county board;

216.6 (4) a representative of the medical business entity appointed by and serving at the
216.7 pleasure of the medical business entity; and

216.8 (5) four members appointed by the governor, subject to confirmation by the senate.

216.9 (b) Appointing authorities must make their respective appointments as soon as
216.10 practicable after the effective date of this section, but no later than 60 days after enactment
216.11 of this section.

216.12 (c) A quorum of the board is six members.

216.13 Subd. 3. **Terms.** (a) A member first appointed after the effective date of this section
216.14 under subdivision 2, paragraph (a), clauses (1), (2), and (3), serves for a term coterminous
216.15 with the term of the elected office, but may be reappointed.

216.16 (b) Two members first appointed after the effective date of this section under
216.17 subdivision 2, paragraph (a), clause (5), serve from the date of appointment until the first
216.18 Tuesday after the first Monday in January 2017, and two members first appointed after the
216.19 effective date of this section under subdivision 2, paragraph (a), clause (5), serve from
216.20 the date of appointment until the first Tuesday after the first Monday in January 2020.
216.21 Thereafter, members appointed by the governor serve six-year terms.

216.22 Subd. 4. **Vacancies.** A vacancy occurs as provided in section 351.02 or upon
216.23 a member's removal under subdivision 7. A vacancy on the board must be filled by
216.24 the appointing authority for the balance of the term in the same manner as a regular
216.25 appointment.

216.26 Subd. 5. **Chair.** The board must elect a chair from among the governor's appointees.
216.27 The governor must convene the first meeting within 30 days of completion of all
216.28 appointments to the board.

216.29 Subd. 6. **Pay.** Members must be compensated as provided in section 15.0575,
216.30 subdivision 3. For the purposes of this subdivision, the member representing the medical
216.31 business entity shall be treated as if an employee of a political subdivision. All money
216.32 paid for compensation or reimbursement must be paid out of the corporation's budget.

216.33 Subd. 7. **Removal for cause.** A member may be removed by the board for
216.34 inefficiency, neglect of duty, or misconduct in office. A member may be removed only
216.35 after a hearing of the board. A copy of the charges must be given to the board member at
216.36 least ten days before the hearing. The board member must be given an opportunity to be

217.1 heard in person or by counsel at the hearing. When written charges have been submitted
217.2 against a board member, the board may temporarily suspend the member. If the board finds
217.3 that those charges have not been substantiated, the board member must be immediately
217.4 reinstated. If a board member is removed, a record of the proceedings, together with the
217.5 charges and findings, must be filed with the office of the appointing authority.

217.6 Subd. 8. **Open meeting law; data practices.** Meetings of the corporation and any
217.7 committee or subcommittee of the corporation are subject to the open meeting law in
217.8 chapter 13D. The corporation is a government entity for purposes of chapter 13.

217.9 Subd. 9. **Conflicts of interest.** Except for the member appointed by the medical
217.10 business entity, a member must not be a director, officer, or employee of the medical
217.11 business entity. A member must not participate in or vote on a decision of the corporation
217.12 relating to any project authorized by or under consideration by the corporation in which
217.13 the member has either a direct or indirect financial interest. No member may serve as a
217.14 lobbyist, as defined under section 10A.01, subdivision 21.

217.15 Subd. 10. **Public official.** A member of the corporation is a public official, as
217.16 defined in section 10A.01, subdivision 35.

217.17 Subd. 11. **Powers.** The corporation may exercise any other powers that are
217.18 granted by its articles of incorporation and bylaws to the extent that those powers are not
217.19 inconsistent with the provisions of sections 469.40 to 469.47.

217.20 Subd. 12. **Contract for services.** (a) The corporation may contract for the services
217.21 of the nonprofit economic development agency, financial advisors, other consultants,
217.22 agents, public accountants, legal counsel, and other persons needed to perform its duties
217.23 and exercise its powers. The corporation may contract with the city or county to provide
217.24 administrative, clerical, and accounting services to the corporation.

217.25 (b) The corporation must contract with the nonprofit agency for the services
217.26 enumerated in section 469.43, subdivision 6, paragraph (a). The requirement to contract
217.27 with the nonprofit agency does not limit the corporation's authority to contract with other
217.28 providers for the services.

217.29 Subd. 13. **DMCC approval of projects.** A project must be approved by the
217.30 corporation before it is proposed to the city. The corporation must review the project
217.31 proposed for consistency with the adopted development plan.

217.32 Subd. 14. **Dissolution.** The city must provide for the terms for dissolution of the
217.33 corporation in the articles of incorporation.

217.34 Sec. 5. **[469.42] OFFICERS; DUTIES; ORGANIZATIONAL MATTERS.**

218.1 Subdivision 1. **Bylaws, rules, seal.** The corporation may adopt bylaws and rules of
218.2 procedure and may adopt an official seal.

218.3 Subd. 2. **Officers.** The corporation must annually elect a treasurer. The chair must
218.4 appoint a secretary and assistant treasurer. The secretary and assistant treasurer need
218.5 not, but may, be members of the board.

218.6 Subd. 3. **Duties and powers.** The officers have the usual duties and powers of their
218.7 offices. They may be given other duties and powers by the corporation. The corporation
218.8 must establish and maintain a Web site.

218.9 Subd. 4. **Treasurer's duties.** The treasurer:

218.10 (1) must receive and is responsible for corporation money;

218.11 (2) is responsible for the acts of the assistant treasurer;

218.12 (3) must disburse corporation money by check or electronic procedures;

218.13 (4) must keep an account of the source of all receipts, and of the nature, purpose, and
218.14 authority of all disbursements; and

218.15 (5) must file the corporation's detailed financial statement with its secretary at least
218.16 once a year at times set by the authority.

218.17 Subd. 5. **Secretary.** The secretary must perform duties as required by the board.

218.18 Subd. 6. **Assistant treasurer.** The assistant treasurer has the powers and duties of
218.19 the treasurer if the treasurer is absent or disabled.

218.20 Sec. 6. **[469.43] DEVELOPMENT PLAN.**

218.21 Subdivision 1. **Development plan; adoption by DMCC; notice; findings.** (a) The
218.22 corporation, working with the city and the nonprofit economic development agency, must
218.23 prepare and adopt a development plan. The corporation must hold a public hearing before
218.24 adopting a development plan. At least 60 days before the hearing, the corporation must
218.25 make copies of the proposed plan available to the public at the corporation and city offices
218.26 during normal business hours, on the corporation's and city's Web site, and as otherwise
218.27 determined appropriate by the corporation. At least ten days before the hearing, the
218.28 corporation must publish notice of the hearing in the official newspaper of the city. The
218.29 development plan may not be adopted, unless the corporation finds, by resolution, that:

218.30 (1) the plan provides an outline for the development of the city as a destination
218.31 medical center, and the plan is sufficiently complete, including the identification of planned
218.32 and anticipated projects, to indicate its relationship to definite state and local objectives;

218.33 (2) the proposed development affords maximum opportunity, consistent with the
218.34 needs of the city, county, and state, for the development of the city by private enterprise
218.35 as a destination medical center;

219.1 (3) the proposed development conforms to the general plan for the development of
219.2 the city and is consistent with the city comprehensive plan;

219.3 (4) the plan includes:

219.4 (i) strategic planning consistent with a destination medical center in the core areas of
219.5 commercial research and technology, learning environment, hospitality and convention,
219.6 sports and recreation, livable communities, including mixed-use urban development
219.7 and neighborhood residential development, retail/dining/entertainment, and health and
219.8 wellness;

219.9 (ii) estimates of short- and long-range fiscal and economic impacts;

219.10 (iii) a framework to identify and prioritize short- and long-term public investment
219.11 and public infrastructure project development and to facilitate private investment
219.12 and development, including the criteria and process for evaluating and underwriting
219.13 development proposals;

219.14 (iv) land use planning;

219.15 (v) transportation and transit planning;

219.16 (vi) operational planning required to support the medical center development
219.17 district; and

219.18 (vii) ongoing market research plans; and

219.19 (5) the city has approved the plan.

219.20 (b) The identification of planned and anticipated projects under paragraph (a), clause
219.21 (1), must give priority to projects that will pay wages at least equal to the basic cost of living
219.22 wage as calculated by the commissioner of employment and economic development for
219.23 the county in which the project is located. The calculation of the basic cost of living wage
219.24 must be done as provided for under section 116J.013, if enacted by the 2013 legislature.

219.25 Subd. 2. **Development plan approval by city.** Section 15.99 does not apply to
219.26 review and approval of the development plan. The city shall act on the development plan
219.27 within 60 days following its submission by the corporation. The city may incorporate the
219.28 development plan into the city's comprehensive plan.

219.29 Subd. 3. **Subject to city requirements.** All projects are subject to the planning,
219.30 zoning, sanitary, and building laws; ordinances; regulations; and land use plans that apply
219.31 to the city.

219.32 Subd. 4. **Modification of development plan.** The corporation may modify the
219.33 development plan at any time. The corporation must update the development plan not less
219.34 than every five years. A modification or update under this subdivision must be adopted by
219.35 the corporation upon the notice and after the public hearing and findings required for the
219.36 original adoption of the development plan, including approval by the city.

220.1 Subd. 5. **Medical center development districts; creation; notice; findings.** As
220.2 part of the development plan, the corporation may create and define the boundaries of
220.3 medical center development districts and subdistricts at any place or places within the
220.4 city. Projects may be undertaken within defined medical center development districts
220.5 consistent with the development plan.

220.6 Subd. 6. **Nonprofit economic development agency.** (a) The medical business
220.7 entity must establish a nonprofit economic development agency organized under chapter
220.8 317A to provide experience and expertise in developing and marketing the destination
220.9 medical center. The corporation must engage the agency to assist the corporation in
220.10 preparing the development plan. The governing board of the agency must be comprised of
220.11 members of the medical community, city, and county. The agency must collaborate with
220.12 city, county, and other community representatives. The nonprofit agency must provide
220.13 services to assist the corporation and city in implementing the goals, objectives, and
220.14 strategies in the development plan including, but not limited to:

220.15 (1) facilitating private investment through development of a comprehensive
220.16 marketing program to global interests;

220.17 (2) developing and updating the criteria for evaluating and underwriting
220.18 development proposals;

220.19 (3) drafting and implementing the development plan, including soliciting and
220.20 evaluating proposals for development and evaluating and making recommendations to the
220.21 authority and the city regarding those proposals;

220.22 (4) providing transactional services in connection with approved projects;

220.23 (5) developing patient, visitor, and community outreach programs for a destination
220.24 medical center development district;

220.25 (6) working with the corporation to acquire and facilitate the sale, lease, or other
220.26 transactions involving land and real property;

220.27 (7) seeking financial support for the corporation, the city, and a project;

220.28 (8) partnering with other development agencies and organizations, the city, and the
220.29 county in joint efforts to promote economic development and establish a destination
220.30 medical center;

220.31 (9) supporting and administering the planning and development activities required to
220.32 implement the development plan;

220.33 (10) preparing and supporting the marketing and promotion of the medical center
220.34 development district;

220.35 (11) preparing and implementing a program for community and public relations in
220.36 support of the medical center development district;

221.1 (12) assisting the corporation or city and others in applications for federal grants, tax
221.2 credits, and other sources of funding to aid both private and public development; and

221.3 (13) making other general advisory recommendations to the corporation and the
221.4 city, as requested.

221.5 (b) The nonprofit economic development agency must disclose to the city and
221.6 to the corporation the existence, nature, and all material facts regarding any financial
221.7 interest its employees or contractors have in any public infrastructure project submitted
221.8 to the city for approval and any financial interest its employees or contractors have in
221.9 the destination medical center development. "Contractors" includes affiliates of the
221.10 contractors or members or shareholders with an ownership interest of more than 20
221.11 percent in the contractor.

221.12 Subd. 7. **Audit of nonprofit economic development agency contract.** Any contract
221.13 for services between the corporation and the nonprofit economic development agency
221.14 paid, in whole or in part, with public money provides the corporation, the city, and the state
221.15 auditor the right to audit the books and records of the agency that are necessary to certify:

221.16 (1) the nature and extent of the services furnished pursuant to the contract; and

221.17 (2) that the payment for services and related disbursements complies with all state
221.18 laws, regulations, and the terms of the contract.

221.19 Any contract for services between the corporation and the agency paid, in whole
221.20 or in part, with public money must require the corporation to maintain for the life of the
221.21 corporation accurate and complete books and records directly relating to the contract.

221.22 Subd. 8. **Report.** By February 15 of each year, the corporation and city must jointly
221.23 submit a report to the chairs and ranking minority members of the legislative committees
221.24 and divisions with jurisdiction over local and state government operations, economic
221.25 development, and taxes, and to the commissioners of revenue and employment and
221.26 economic development, and the county. The corporation and city must also submit the
221.27 report as provided in section 3.195. The report must include:

221.28 (1) the development plan and any proposed changes to the development plan;

221.29 (2) progress of projects identified in the development plan;

221.30 (3) actual costs and financing sources, including the amount paid with state aid under
221.31 section 469.47, and required local contributions of projects completed in the previous two
221.32 years by the corporation, city, county, and the medical business entity;

221.33 (4) estimated costs and financing sources for projects to be started in the next two
221.34 years by the corporation, city, county, and the medical business entity; and

221.35 (5) debt service schedules for all outstanding obligations of the city for debt issued
221.36 for projects identified in the plan.

222.1 **Sec. 7. [469.44] CITY POWERS, DUTIES; AUTHORITY TO ISSUE BONDS.**

222.2 **Subdivision 1. Port authority powers.** The city may exercise the powers of a
222.3 port authority under sections 469.048 to 469.068 for the purposes of implementing the
222.4 destination medical center development plan.

222.5 **Subd. 2. Support to the corporation.** The city must provide financial and
222.6 administrative support, and office and other space, to the corporation. The city may
222.7 appropriate city funds to the corporation for its work.

222.8 **Subd. 3. City to issue debt.** The city may issue general obligation bonds, revenue
222.9 bonds, or other obligations, as it determines appropriate, to finance public infrastructure
222.10 projects, as provided by chapter 475. Notwithstanding section 475.53, obligations issued
222.11 under this section are not subject to the limits on net debt, regardless of their source of
222.12 security or payment. Notwithstanding section 475.58 or any other law or charter provision
222.13 to the contrary, issuance of obligations under the provisions of this section are not subject
222.14 to approval of the electors. The city may pledge any of its revenues, including property
222.15 taxes, the taxes authorized by sections 469.45 and 469.46, and the state aid under section
222.16 469.47, as security for and to pay the obligations. The city must not issue obligations that
222.17 are only payable from or secured by state aid under section 469.47.

222.18 **Subd. 4. Local government tax base not reduced.** Nothing in sections 469.40 to
222.19 469.47 reduces the tax base or affects the taxes due and payable to the city, the county,
222.20 or any school district within the boundaries of the city, including without limitation,
222.21 the city's general local sales tax.

222.22 **Subd. 5. Project implementation before plan adoption.** The city may exercise the
222.23 powers under subdivision 3 with respect to any public infrastructure project commenced
222.24 within the area that will be in the destination medical center development district after the
222.25 effective date of this section but before the development plan is adopted subject to approval
222.26 by the corporation. Actions taken under this authority must be approved by the corporation
222.27 to be credited against the local contribution required under section 469.47, subdivision 4.

222.28 **Subd. 6. American made steel.** The city must require that a public infrastructure
222.29 project use American steel products to the extent practicable. In determining whether it
222.30 is practicable, the city may consider the exceptions to the requirement in Public Law
222.31 111-5, section 1605.

222.32 **Subd. 7. City contracts; construction requirements.** For all public infrastructure
222.33 projects, the city must make every effort to hire and cause the construction manager and
222.34 any subcontractors to employ women and members of minority communities. Goals for
222.35 construction contracts must be established in the manner required under the city's minority
222.36 and women-owned business enterprises utilization plan.

223.1 Subd. 8. **Conduit bond issuance.** (a) Upon the request of the corporation or the
223.2 nonprofit agency, the city or its economic development authority shall issue revenue bonds
223.3 or other similar obligations for a qualifying project. Revenue bonds or other obligations as
223.4 used in this subdivision means bonds or other obligations issued under sections 469.152
223.5 to 469.165 or under chapter 462C, the interest on which is tax exempt. The city or its
223.6 development authority shall use its best efforts to issue the bonds or other obligations
223.7 as promptly and efficiently as possible following the request and the provision of the
223.8 information and completion of the actions by the corporation or the nonprofit agency that
223.9 are necessary for the issuance. Upon request of the corporation or nonprofit agency,
223.10 the city or its economic development authority shall adopt methods and procedures that
223.11 preserve the confidentiality of private donors or other private participants in the qualifying
223.12 project, including structures and methods that do not require disclosing information on
223.13 the donors or participants to the city or its economic development authority, and shall
223.14 segregate in separate accounts all funds related to a qualifying project from other city
223.15 and authority funds.

223.16 (b) For purposes of this section, a "qualifying project" means a project, as that
223.17 term is defined in section 469.153, or a project that would qualify for financing under
223.18 chapter 462C, that:

223.19 (1) the corporation finds is consistent with and will further the goals of the
223.20 development plan;

223.21 (2) is located in a medical development district; and

223.22 (3) has a commitment of private funding sources such as donations of money or
223.23 in-kind contributions, other than revenues generated by the project, equal to at least ten
223.24 percent of the total capital cost of the project.

223.25 Subd. 9. **Public bidding exemption.** (a) Notwithstanding section 469.068 or any
223.26 other law to the contrary, the city need not require competitive bidding with respect to a
223.27 parking facility or other public improvements constructed in conjunction with, and directly
223.28 above or below, or adjacent and integrally related to, a private development financed
223.29 or developed under the development plan.

223.30 (b) For purposes of this section, "city" includes the development authority
223.31 established by the city.

223.32 **Sec. 8. [469.45] CITY TAX AUTHORITY.**

223.33 Subdivision 1. **Rochester, other local taxes authorized.** (a) Notwithstanding
223.34 section 477A.016, or any other contrary provision of law, ordinance, or city charter, and in
223.35 addition to any taxes the city may impose on these transactions under another statute or

224.1 law, the city of Rochester may, by ordinance, impose at a rate or rates, determined by the
224.2 city, any of the following taxes:

224.3 (1) a tax on the gross receipts from the furnishing for consideration of lodging and
224.4 related services as defined in section 297A.61, subdivision 3, paragraph (g), clause (2); the
224.5 city may choose to impose a differential tax based on the number of rooms in the facility;

224.6 (2) a tax on the gross receipts of food and beverages sold primarily for consumption
224.7 on the premises by restaurants and places of refreshment that occur in the city of
224.8 Rochester; the city may elect to impose the tax in a defined district of the city; and

224.9 (3) a tax on the admission receipts to entertainment and recreational facilities, as
224.10 defined by ordinance, in the city of Rochester.

224.11 (b) The provisions of section 297A.99, subdivisions 4 to 13, govern the
224.12 administration, collection, and enforcement of any tax imposed by the city under
224.13 paragraph (a).

224.14 (c) The proceeds of any taxes imposed under this subdivision, less refunds and
224.15 costs of collection, must be used by the city only to meet its share of obligations for
224.16 public infrastructure projects contained in the development plan and approved by the
224.17 corporation, including any associated financing costs. Any tax imposed under paragraph
224.18 (a) expires at the earlier of December 31, 2049, or when the city council determines
224.19 that sufficient funds have been raised from the tax plus all other local funding sources
224.20 authorized in this article to meet the city obligation for financing public infrastructure
224.21 projects contained in the development plan and approved by the corporation, including
224.22 any associated financing costs.

224.23 Subd. 2. **General sales tax authority.** The city may elect to extend the existing
224.24 local sales and use tax under section 13 or to impose an additional rate of up to one quarter
224.25 of one percent tax on sales and use under section 11. The proceeds of any extended or
224.26 additional taxes imposed under this subdivision, less refunds and costs of collection, must
224.27 be used by the city only to meet its share of obligations for public infrastructure projects
224.28 contained in the development plan and approved by the corporation, including all financing
224.29 costs. Revenues collected in any year to meet the obligations must be used for payment of
224.30 obligations or expenses for public infrastructure projects approved by the corporation.

224.31 Subd. 3. **Special abatement rules.** (a) If the city or the county elects to use tax
224.32 abatement under sections 469.1812 to 469.1815 to finance costs of public infrastructure
224.33 projects, including all financing costs, the special rules under this subdivision apply.
224.34 Taxes abated for public infrastructure projects must be used only for obligations or other
224.35 infrastructure projects approved by the corporation.

225.1 (b) The limitations under section 469.1813, subdivision 6, do not apply to the city
225.2 or the county.

225.3 (c) The limitations under section 469.1813, subdivision 8, do not apply and property
225.4 taxes abated by the city or the county to finance costs of public infrastructure projects are
225.5 not included for purposes of applying section 469.1813, subdivision 8, to the use of tax
225.6 abatement for other purposes of the city or the county; however, the total amount of property
225.7 taxes abated by the city and the county under this authority must not exceed \$87,750,000.

225.8 Subd. 4. **Special tax increment financing rules.** If the city elects to establish
225.9 one or more redevelopment tax increment financing districts within the area of the
225.10 destination medical center development district to fund public infrastructure projects, the
225.11 requirements, definitions, limitations, or restrictions in the following statutes do not apply:
225.12 sections 469.174, subdivisions 10 and 25, clause (2); 469.176, subdivisions 4j, 4l, and 5;
225.13 and 469.1763, subdivisions 2, 3, and 4. The provisions of this subdivision expire effective
225.14 for tax increments expended after December 31, 2049. After that date, the provisions of
225.15 section 469.1763, subdivision 4, apply to any remaining unspent or unobligated increments.

225.16 Sec. 9. **[469.46] COUNTY TAX AUTHORITY.**

225.17 (a) Notwithstanding sections 297A.99, 297A.993, and 477A.016, or any other
225.18 contrary provision of law, ordinance, or charter, and in addition to any taxes the county
225.19 may impose under another law or statute, the Board of Commissioners of Olmsted County
225.20 may, by resolution, impose a transit tax of up to one quarter of one percent on retail sales
225.21 and uses taxable under chapter 297A. The provisions of section 297A.99, subdivisions
225.22 4 to 13, govern the imposition, administration, collection, and enforcement of the tax
225.23 authorized under this paragraph.

225.24 (b) The Board of Commissioners of Olmsted County may, by resolution, levy an
225.25 annual wheelage tax of up to \$10 on each motor vehicle kept in the county when not in
225.26 operation which is subject to annual registration and taxation under chapter 168, for
225.27 transportation projects within the county. The wheelage tax must not be imposed on the
225.28 vehicles exempt from wheelage tax under section 163.051, subdivision 1. The board,
225.29 by resolution, may provide for collection of the wheelage tax by county officials, or it
225.30 may request that the tax be collected by the state registrar on behalf of the county. The
225.31 provisions of section 163.051, subdivisions 2, 2a, 3, and 7, must govern the administration,
225.32 collection, and enforcement of the tax authorized under this paragraph. The tax authorized
225.33 under this section is in addition to any tax the county may be authorized to impose under
225.34 section 163.051, but until January 1, 2018, the county tax imposed under this paragraph,

226.1 in combination with any tax imposed under section 163.051, must equal the specified
226.2 rate under section 163.051.

226.3 (c) The proceeds of any taxes imposed under paragraph (a), less refunds and costs
226.4 of collection, must be first used by the county to meet its local matching contributions
226.5 under section 469.47, subdivision 6, for financing transit infrastructure related to the
226.6 public infrastructure projects contained in the development plan and approved by the
226.7 corporation, including any financing costs. Revenues collected in any calendar year in
226.8 excess of the county obligation to pay for projects contained in the development plan may
226.9 be retained by the county and used for funding other transportation projects, including
226.10 roads and bridges, airports, and transportation improvements.

226.11 (d) Any taxes imposed under paragraph (a) expire December 31, 2049, or at an
226.12 earlier time if approved by resolution of the county board of commissioners. The taxes
226.13 must not terminate before the county board of commissioners determines that revenues
226.14 from these taxes and any other revenue source the county dedicates are sufficient to pay
226.15 the county share of transit project costs and financing costs under the development plan.

226.16 Sec. 10. **[469.47] STATE INFRASTRUCTURE AID.**

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

226.19 (b) "Commissioner" means the commissioner of employment and economic
226.20 development.

226.21 (c) "Construction projects" means:

226.22 (1) for expenditures by a medical business entity, construction of buildings in the
226.23 city for which the building permit was issued after June 30, 2013; and

226.24 (2) for any other expenditures, construction of privately owned buildings and other
226.25 improvements that are undertaken pursuant to or as part of the development plan and are
226.26 located within a medical center development district.

226.27 (d) "Expenditures" means expenditures made by a medical business entity or by an
226.28 individual or private entity on construction projects for the capital cost of the project
226.29 including, but not limited to:

226.30 (1) design and predesign, including architectural, engineering, and similar services;

226.31 (2) legal, regulatory, and other compliance costs of the project;

226.32 (3) land acquisition, demolition of existing improvements, and other site preparation
226.33 costs;

226.34 (4) construction costs, including all materials and supplies of the project; and

226.35 (5) equipment and furnishings that are attached to or become part of the real property.

227.1 Expenditures excludes supplies and other items with a useful life of less than a
227.2 year that are not used or consumed in constructing improvements to real property or
227.3 are otherwise chargeable to capital costs.

227.4 (e) "Qualified expenditures" has the following meaning. In the first year in which aid
227.5 is paid under this section, "qualified expenditures" means the total certified expenditures
227.6 since June 30, 2013, through the end of the preceding year, minus \$200,000,000. For
227.7 subsequent years, "qualified expenditures" means the certified expenditures for the
227.8 preceding year.

227.9 (f) "Transit costs" means the portions of a public infrastructure project that are for
227.10 public transit intended primarily to serve the district, such as transit stations, equipment,
227.11 rights-of-way, and similar costs.

227.12 Subd. 2. **Certification of expenditures.** By April 1 of each year, the medical
227.13 business entity must certify to the commissioner the amount of expenditures made by the
227.14 medical business entity in the preceding year. For expenditures made by an individual
227.15 or entity other than the medical business entity, the corporation shall compile the
227.16 information on the expenditures and may certify the amount to the commissioner. The
227.17 certification must be made in the form that the commissioner prescribes and include
227.18 any documentation of and supporting information regarding the expenditures that the
227.19 commissioner requires. By August 1 of each year, the commissioner must determine the
227.20 amount of the expenditures for the preceding year.

227.21 Subd. 3. **General state infrastructure aid.** (a) General state infrastructure aid may
227.22 not be paid out under this section until total expenditures exceed \$200,000,000.

227.23 (b) The amount of the general state infrastructure aid for a fiscal year equals the sum
227.24 of qualified expenditures, multiplied by 2.75 percent. The maximum amount of state
227.25 aid payable in any year is limited to no more than \$30,000,000. If the aid entitlement
227.26 for the year exceeds the maximum annual limit, the excess is an aid carryover to later
227.27 years. The carryover aid must be paid in the first year in which the aid entitlement for the
227.28 current year is less than the maximum annual limit, but only to the extent the carryover,
227.29 when added to the current year aid, is less than the maximum annual limit. If the
227.30 commissioner determines that the city has made the required matching local contribution
227.31 under subdivision 4, the commissioner must pay to the city the amount of general state
227.32 infrastructure aid for the year by September 1.

227.33 (c) The city must use general state infrastructure aid it receives under this subdivision
227.34 for improvements and other capital costs related to the public infrastructure projects
227.35 approved by the corporation, other than transit costs. The city must maintain appropriate
227.36 records to document the use of the funds under this requirement.

228.1 (d) The commissioner, in consultation with the commissioner of management and
228.2 budget, and representatives of the city and the corporation, must establish a total limit on
228.3 the amount of state aid payable under this subdivision that will be adequate to finance, in
228.4 combination with the local contribution, \$455,000,000 of general public infrastructure
228.5 projects.

228.6 Subd. 4. **General aid; local matching contribution.** In order to qualify for general
228.7 state infrastructure aid, the city must enter a written agreement with the commissioner
228.8 that requires the city to make a qualifying local matching contribution to pay for
228.9 \$128,000,000 of the cost of public infrastructure projects approved by the corporation,
228.10 including financing costs, using funds other than state aid received under this section.
228.11 The \$128,000,000 required local matching contribution is reduced by one half of the
228.12 amounts the city pays for operating and administrative costs of the corporation up to a
228.13 maximum amount agreed to by the board and the city. The agreement must provide for the
228.14 manner, timing, and amounts of the city contributions, including the city's commitment
228.15 for each year. Notwithstanding any law to the contrary, the agreement may provide that
228.16 the city contributions for public infrastructure project principal costs may be made over a
228.17 20-year period at a rate not greater than \$1 from the city for each \$2.55 from the state.
228.18 The local match contribution may be provided by the city from any source identified in
228.19 section 469.45 and any other local tax proceeds or other funds from the city and may
228.20 include providing funds to assist developers undertaking projects in accordance with the
228.21 development plan or by the city directly undertaking public infrastructure projects in
228.22 accordance with the development plan, provided the projects have been approved by the
228.23 corporation. City contributions that are in excess of this ratio carry forward and are credited
228.24 towards subsequent years. The commissioner and city may agree to amend the agreement
228.25 at any time in light of new information or other appropriate factors. The city may enter
228.26 into arrangements with the county to pay for or otherwise meet the local matching
228.27 contribution requirement. Any public infrastructure project within the area that will be in
228.28 the destination medical center development district whose implementation is started or
228.29 funded by the city after the effective date of this section but before the development plan
228.30 is adopted, as provided by section 469.46, subdivision 5, will be included for the purposes
228.31 of determining the amount the city has contributed as required by this section and the
228.32 agreement with the commissioner, subject to approval by the corporation.

228.33 Subd. 5. **State transit aid.** (a) The city qualifies for state transit aid under this section
228.34 if the county contributes the required local matching contribution under subdivision 6 or the
228.35 city or county has agreed to make an equivalent contribution out of other funds for the year.

229.1 (b) If the city qualifies for aid under paragraph (a), the commissioner must pay the
229.2 city the state transit aid in the amount calculated under this paragraph. The amount of the
229.3 state transit aid for a fiscal year equals the sum of qualified expenditures, as certified by
229.4 the commissioner for the prior year, multiplied by 0.75 percent, reduced by the amount
229.5 of the local contribution under subdivision 6. The maximum amount of state transit aid
229.6 payable in any year is limited to no more than \$7,500,000. If the aid entitlement for the
229.7 year exceeds the maximum annual limit, the excess is an aid carryover to later years. The
229.8 carryover aid must be paid in the first year in which the aid entitlement for the current year
229.9 is less than the maximum annual limit, but only to the extent the carryover, when added to
229.10 the current year aid, is less than the maximum annual limit.

229.11 (c) The commissioner, in consultation with the commissioner of management and
229.12 budget, and representatives of the city and the corporation, must establish a total limit on
229.13 the amount of state aid payable under this subdivision that will be adequate to finance, in
229.14 combination with the local contribution, \$116,000,000 of transit costs.

229.15 (d) The city must use state transit aid it receives under this subdivision for transit
229.16 costs. The city must maintain appropriate records to document the use of the funds
229.17 under this requirement.

229.18 Subd. 6. **Transit aid; local matching contribution.** (a) The required local matching
229.19 contribution for state transit aid equals the lesser of:

229.20 (1) 40 percent of the state transit aid under subdivision 5; or

229.21 (2) the amount that would be raised by a 0.15 percent sales tax imposed by the
229.22 county in the preceding year.

229.23 The county may impose the sales tax or the wheelage tax under section 469.46
229.24 to meet this obligation.

229.25 (b) If the county elects not to impose any of the taxes authorized under section 469.46,
229.26 the county, or city, or both, may agree to make the local contribution out of other available
229.27 funds, other than state aid payable under this section. The commissioner of revenue must
229.28 estimate the required amount and certify it to the commissioner, city, and county.

229.29 Subd. 7. **Prevailing wage requirement.** During the construction, installation,
229.30 remodelling, and repairs of any public infrastructure project funded by state aid or a local
229.31 matching contribution under this section, laborers and mechanics at the site must be paid
229.32 the prevailing wage rate as defined in section 177.42, subdivision 6, and the project is
229.33 subject to the requirements of sections 177.30 and 177.41 to 177.44.

229.34 Subd. 8. **Termination.** No aid may be paid under this section after fiscal year 2049.

230.1 Subd. 9. **Appropriation.** An amount sufficient to pay the state general infrastructure
230.2 and state transit aid authorized under this section is appropriated to the commissioner
230.3 from the general fund.

230.4 Sec. 11. Laws 1998, chapter 389, article 8, section 43, subdivision 1, is amended to read:

230.5 Subdivision 1. **Sales and use taxes authorized.** (a) Notwithstanding Minnesota
230.6 Statutes, section 477A.016, or any other contrary provision of law, ordinance, or city
230.7 charter, upon termination of the taxes authorized under Laws 1992, chapter 511, article
230.8 8, section 33, subdivision 1, and if approved by the voters of the city at a general or
230.9 special election held within one year of the date of final enactment of this act, the city of
230.10 Rochester may, by ordinance, impose an additional sales and use tax of up to one-half
230.11 of one percent. The provisions of Minnesota Statutes, section ~~297A.48~~ 297A.99, govern
230.12 the imposition, administration, collection, and enforcement of the tax authorized under
230.13 this ~~subdivision~~ paragraph.

230.14 (b) Notwithstanding Minnesota Statutes, sections 297A.99 and 477A.016, or any
230.15 other contrary provision of law, ordinance, or charter, the city of Rochester may, by
230.16 ordinance, impose an additional sales and use tax of up to one quarter of one percent. The
230.17 provisions of Minnesota Statutes, section 297A.99, subdivisions 1 and 4 to 13, govern
230.18 the imposition, administration, collection, and enforcement of the tax authorized under
230.19 this ~~subdivision~~ paragraph.

230.20 Sec. 12. Laws 1998, chapter 389, article 8, section 43, subdivision 3, as amended by
230.21 Laws 2005, First Special Session chapter 3, article 5, section 28, and Laws 2011, First
230.22 Special Session chapter 7, article 4, section 5, is amended to read:

230.23 Subd. 3. **Use of revenues.** (a) Revenues received from the taxes authorized by
230.24 subdivisions 1, paragraph (a), and 2 must be used by the city to pay for the cost of
230.25 collecting and administering the taxes and to pay for the following projects:

230.26 (1) transportation infrastructure improvements including regional highway and
230.27 airport improvements;

230.28 (2) improvements to the civic center complex;

230.29 (3) a municipal water, sewer, and storm sewer project necessary to improve regional
230.30 ground water quality; and

230.31 (4) construction of a regional recreation and sports center and other higher education
230.32 facilities available for both community and student use.

230.33 (b) The total amount of capital expenditures or bonds for projects listed in paragraph
230.34 (a) that may be paid from the revenues raised from the taxes authorized in this section

231.1 may not exceed \$111,500,000. The total amount of capital expenditures or bonds for the
231.2 project in clause (4) that may be paid from the revenues raised from the taxes authorized
231.3 in this section may not exceed \$28,000,000.

231.4 (c) In addition to the projects authorized in paragraph (a) and not subject to the
231.5 amount stated in paragraph (b), the city of Rochester may, if approved by the voters at an
231.6 election under subdivision 5, paragraph (c), use the revenues received from the taxes and
231.7 bonds authorized in this section to pay the costs of or bonds for the following purposes:

231.8 (1) \$17,000,000 for capital expenditures and bonds for the following Olmsted
231.9 County transportation infrastructure improvements:

231.10 (i) County State Aid Highway 34 reconstruction;

231.11 (ii) Trunk Highway 63 and County State Aid Highway 16 interchange;

231.12 (iii) phase II of the Trunk Highway 52 and County State Aid Highway 22 interchange;

231.13 (iv) widening of County State Aid Highway 22 West Circle Drive; and

231.14 (v) 60th Avenue Northwest corridor preservation;

231.15 (2) \$30,000,000 for city transportation projects including:

231.16 (i) Trunk Highway 52 and 65th Street interchange;

231.17 (ii) NW transportation corridor acquisition;

231.18 (iii) Phase I of the Trunk Highway 52 and County State Aid Highway 22 interchange;

231.19 (iv) Trunk Highway 14 and Trunk Highway 63 intersection;

231.20 (v) Southeast transportation corridor acquisition;

231.21 (vi) Rochester International Airport expansion; and

231.22 (vii) a transit operations center bus facility;

231.23 (3) \$14,000,000 for the University of Minnesota Rochester academic and
231.24 complementary facilities;

231.25 (4) \$6,500,000 for the Rochester Community and Technical College/Winona State
231.26 University career technical education and science and math facilities;

231.27 (5) \$6,000,000 for the Rochester Community and Technical College regional
231.28 recreation facilities at University Center Rochester;

231.29 (6) \$20,000,000 for the Destination Medical Community Initiative;

231.30 (7) \$8,000,000 for the regional public safety and 911 dispatch center facilities;

231.31 (8) \$20,000,000 for a regional recreation/senior center;

231.32 (9) \$10,000,000 for an economic development fund; and

231.33 (10) \$8,000,000 for downtown infrastructure.

231.34 (d) No revenues from the taxes raised from the taxes authorized in subdivisions 1
231.35 and 2 may be used to fund transportation improvements related to a railroad bypass that
231.36 would divert traffic from the city of Rochester.

232.1 (e) ~~The city shall use \$5,000,000 of the money allocated to the purpose in paragraph~~
232.2 ~~(e), clause (9), for grants to the cities of Byron, Chatfield, Dodge Center, Dover, Elgin,~~
232.3 ~~Eyota, Kasson, Mantorville, Oronoco, Pine Island, Plainview, St. Charles, Stewartville,~~
232.4 ~~Zumbrota, Spring Valley, West Concord, and Hayfield for economic development projects~~
232.5 ~~that these communities would fund through their economic development authority or~~
232.6 ~~housing and redevelopment authority. Notwithstanding Minnesota Statutes, section~~
232.7 297A.99, subdivisions 2 and 3, if the city decides to extend the taxes in subdivisions 1,
232.8 paragraph (a), and 2, as allowed under subdivision 5, paragraph (c), the city must use
232.9 any amount in excess of the amount necessary to meet obligations under paragraphs (a)
232.10 to (c) from those taxes to fund obligations, including financing costs, related to public
232.11 infrastructure projects in the development plan adopted under Minnesota Statutes, section
232.12 469.43.

232.13 (f) Revenues from the tax under subdivision 1, paragraph (b), must be used to
232.14 fund obligations, including financing costs, related to the public infrastructure projects
232.15 contained in the development plan approved by the DMCC and adopted by the city under
232.16 Minnesota Statutes, section 469.43.

232.17 Sec. 13. Laws 1998, chapter 389, article 8, section 43, subdivision 5, as amended by
232.18 Laws 2005, First Special Session chapter 3, article 5, section 30, and Laws 2011, First
232.19 Special Session chapter 7, article 4, section 7, is amended to read:

232.20 Subd. 5. **Termination of taxes.** (a) The taxes imposed under subdivisions 1 and 2
232.21 expire at the later of (1) December 31, 2009, or (2) when the city council determines that
232.22 sufficient funds have been received from the taxes to finance the first \$71,500,000 of capital
232.23 expenditures and bonds for the projects authorized in subdivision 3, including the amount to
232.24 prepay or retire at maturity the principal, interest, and premium due on any bonds issued for
232.25 the projects under subdivision 4, unless the taxes are extended as allowed in paragraph (b).
232.26 Any funds remaining after completion of the project and retirement or redemption of the
232.27 bonds shall also be used to fund the projects under subdivision 3. The taxes imposed under
232.28 subdivisions 1 and 2 may expire at an earlier time if the city so determines by ordinance.

232.29 (b) Notwithstanding Minnesota Statutes, sections 297A.99 and 477A.016, or any
232.30 other contrary provision of law, ordinance, or city charter, the city of Rochester may, by
232.31 ordinance, extend the taxes authorized in subdivisions 1 and 2 beyond December 31, 2009,
232.32 if approved by the voters of the city at a special election in 2005 or the general election in
232.33 2006. The question put to the voters must indicate that an affirmative vote would allow
232.34 up to an additional \$40,000,000 of sales tax revenues be raised and up to \$40,000,000
232.35 of bonds to be issued above the amount authorized in the June 23, 1998, referendum for

233.1 the projects specified in subdivision 3. If the taxes authorized in subdivisions 1 and 2 are
233.2 extended under this paragraph, the taxes expire when the city council determines that
233.3 sufficient funds have been received from the taxes to finance the projects and to prepay
233.4 or retire at maturity the principal, interest, and premium due on any bonds issued for the
233.5 projects under subdivision 4. Any funds remaining after completion of the project and
233.6 retirement or redemption of the bonds may be placed in the general fund of the city.

233.7 (c) Notwithstanding Minnesota Statutes, sections 297A.99 and 477A.016, or any
233.8 other contrary provision of law, ordinance, or city charter, the city of Rochester may, by
233.9 ordinance, extend the taxes authorized in subdivisions 1, paragraph (a), and 2 beyond the
233.10 date, up to December 31, 2049, provided that all additional revenues above those necessary
233.11 to fund the projects and associated financing costs listed in subdivision 3, paragraphs (a) to
233.12 (e), are committed to fund public infrastructure projects contained in the development plan
233.13 adopted under Minnesota Statutes, section 469.43, including all financing costs; otherwise
233.14 the taxes terminate when the city council determines that sufficient funds have been
233.15 received from the taxes to finance \$111,500,000 of expenditures and bonds for the projects
233.16 authorized in subdivision 3, ~~paragraph (a)~~ paragraphs (a) to (e), plus an amount equal to
233.17 the costs of issuance of the bonds and including the amount to prepay or retire at maturity
233.18 the principal, interest, and premiums due on any bonds issued for the projects under
233.19 subdivision 4, ~~paragraph (a)~~, if approved by the voters of the city at the general election in
233.20 2012. If the election to authorize the additional \$139,500,000 of bonds plus an amount
233.21 equal to the costs of the issuance of the bonds is placed on the general election ballot in
233.22 2012, the city may continue to collect the taxes authorized in subdivisions 1 and 2 until
233.23 December 31, 2012. The question put to the voters must indicate that an affirmative vote
233.24 would allow sales tax revenues be raised for an extended period of time and an additional
233.25 \$139,500,000 of bonds plus an amount equal to the costs of issuance of the bonds, to be
233.26 issued above the amount authorized in the previous elections required under paragraphs
233.27 (a) and (b) for the projects and amounts specified in subdivision 3. If the taxes authorized
233.28 in subdivisions 1 and 2 are extended under this paragraph, the taxes expire when the city
233.29 council determines that \$139,500,000 has been received from the taxes to finance the
233.30 projects plus an amount sufficient to prepay or retire at maturity the principal, interest,
233.31 and premium due on any bonds issued for the projects under subdivision 4, including any
233.32 bonds issued to refund the bonds. Any funds remaining after completion of the projects
233.33 and retirement or redemption of the bonds may be placed in the general fund of the city.

233.34 (d) The tax imposed under subdivision 1, paragraph (b), expires at the earlier of
233.35 2049, or when the city council determines that sufficient funds have been raised from the
233.36 tax plus all other city funding sources authorized in this article to meet the city obligation

234.1 for financing the public infrastructure projects contained in the development plan adopted
234.2 under Minnesota Statutes, section 469.43, including all financing costs.

234.3 Sec. 14. **ROCHESTER SALES TAX SHARING.**

234.4 The city council may, after holding a public hearing and passing a resolution, use
234.5 \$5,000,000 of the \$10,000,000 allocated to an economic development fund in Laws 1998,
234.6 chapter 389, article 8, section 43, subdivision 3, as amended by Laws 2005, First Special
234.7 Session chapter 3, article 5, section 28, and Laws 2011, First Special Session chapter 7,
234.8 article 4, section 5, paragraph (c), clause (9), for grants to any or all of the cities of Byron,
234.9 Chatfield, Dodge Center, Dover, Elgin, Eyota, Hayfield, Kasson, Mantorville, Oronoco,
234.10 Pine Island, Plainview, Spring Valley, St. Charles, Stewartville, West Concord, and
234.11 Zumbrota for economic development projects that these communities would fund through
234.12 their economic development authority or housing and redevelopment authority. The
234.13 public hearing may be part of a regular city council meeting. If the council does not pass
234.14 the resolution by September 1, 2013, the \$5,000,000 may not be used for grants to the
234.15 other cities but shall instead be used to fund public infrastructure projects contained in the
234.16 development plan under Minnesota Statutes, section 469.42.

234.17 Sec. 15. **OLMSTED INTERREGIONAL PASSENGER RAIL STUDY.**

234.18 The study by the Olmsted County Regional Rail authority, in conjunction with the
234.19 Minnesota Department of Transportation, on interregional passenger rail, and funded
234.20 under Laws 2009, chapter 93, article 1, section 11, subdivision 5, must include analysis
234.21 of the feasibility of a high-speed rail connection between Rochester and the Mall of
234.22 America via Minnesota State Highway 77 with connections to the Minneapolis-St. Paul
234.23 International Airport and the Union Depot in St. Paul; and, to the extent feasible, take into
234.24 account available data, forecasts, available transportation demand modeling information,
234.25 and transportation impacts of major economic initiatives and proposals including, but not
234.26 limited to, expansion of the Mayo Clinic.

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

234.28 Sec. 16. **EFFECTIVE DATE.**

234.29 Except as otherwise provided, this article is effective the day after the governing
234.30 body of the city of Rochester and its chief clerical officer timely comply with Minnesota
234.31 Statutes, section 645.021, subdivisions 2 and 3.

235.1 **ARTICLE 11**

235.2 **MINERALS TAXES**

235.3 Section 1. Minnesota Statutes 2012, section 126C.48, subdivision 8, is amended to read:

235.4 Subd. 8. **Taconite payment and other reductions.** (1) Reductions in levies
235.5 pursuant to subdivision 1 must be made prior to the reductions in clause (2).

235.6 (2) Notwithstanding any other law to the contrary, districts that have revenue
235.7 pursuant to sections 298.018; 298.225; 298.24 to 298.28, except an amount distributed
235.8 under sections 298.26; 298.28, subdivision 4, paragraphs (c), clause (ii), and (d); 298.34
235.9 to 298.39; 298.391 to 298.396; 298.405; 477A.15; and any law imposing a tax upon
235.10 severed mineral values must reduce the levies authorized by this chapter and chapters
235.11 120B, 122A, 123A, 123B, 124A, 124D, 125A, and 127A by 95 percent of the sum of the
235.12 previous year's revenue specified under this clause and the amount attributable to the same
235.13 production year distributed to the cities and townships within the school district under
235.14 section 298.28, subdivision 2, paragraph (c).

235.15 (3) The amount of any voter approved referendum, facilities down payment, and
235.16 debt levies shall not be reduced by more than 50 percent under this subdivision. In
235.17 administering this paragraph, the commissioner shall first reduce the nonvoter approved
235.18 levies of a district; then, if any payments, severed mineral value tax revenue or recognized
235.19 revenue under paragraph (2) remains, the commissioner shall reduce any voter approved
235.20 referendum levies authorized under section 126C.17; then, if any payments, severed
235.21 mineral value tax revenue or recognized revenue under paragraph (2) remains, the
235.22 commissioner shall reduce any voter approved facilities down payment levies authorized
235.23 under section 123B.63 and then, if any payments, severed mineral value tax revenue or
235.24 recognized revenue under paragraph (2) remains, the commissioner shall reduce any
235.25 voter approved debt levies.

235.26 (4) Before computing the reduction pursuant to this subdivision of the health and
235.27 safety levy authorized by sections 123B.57 and 126C.40, subdivision 5, the commissioner
235.28 shall ascertain from each affected school district the amount it proposes to levy under
235.29 each section or subdivision. The reduction shall be computed on the basis of the amount
235.30 so ascertained.

235.31 (5) To the extent the levy reduction calculated under paragraph (2) exceeds the
235.32 limitation in paragraph (3), an amount equal to the excess must be distributed from the
235.33 school district's distribution under sections 298.225, 298.28, and 477A.15 in the following
235.34 year to the cities and townships within the school district in the proportion that their
235.35 taxable net tax capacity within the school district bears to the taxable net tax capacity of
235.36 the school district for property taxes payable in the year prior to distribution. No city or

236.1 township shall receive a distribution greater than its levy for taxes payable in the year prior
236.2 to distribution. The commissioner of revenue shall certify the distributions of cities and
236.3 towns under this paragraph to the county auditor by September 30 of the year preceding
236.4 distribution. The county auditor shall reduce the proposed and final levies of cities and
236.5 towns receiving distributions by the amount of their distribution. Distributions to the cities
236.6 and towns shall be made at the times provided under section 298.27.

236.7 **EFFECTIVE DATE.** This section is effective for levies certified in 2013 and later.

236.8 Sec. 2. Minnesota Statutes 2012, section 298.17, is amended to read:

236.9 **298.17 OCCUPATION TAXES TO BE APPORTIONED.**

236.10 (a) All occupation taxes paid by persons, copartnerships, companies, joint stock
236.11 companies, corporations, and associations, however or for whatever purpose organized,
236.12 engaged in the business of mining or producing iron ore or other ores, when collected
236.13 shall be apportioned and distributed in accordance with the Constitution of the state of
236.14 Minnesota, article X, section 3, in the manner following: 90 percent shall be deposited
236.15 in the state treasury and credited to the general fund of which four-ninths shall be used
236.16 for the support of elementary and secondary schools; and ten percent of the proceeds of
236.17 the tax imposed by this section shall be deposited in the state treasury and credited to the
236.18 general fund for the general support of the university.

236.19 (b) Of the moneys apportioned to the general fund by this section: (1) there is
236.20 annually appropriated and credited to the mining environmental and regulatory account in
236.21 the special revenue fund an amount equal to that which would have been generated by a
236.22 two and one-half cent tax imposed by section 298.24 on each taxable ton produced in the
236.23 preceding calendar year. Money in the mining environmental and regulatory account is
236.24 appropriated annually to the commissioner of natural resources to fund agency staff to
236.25 work on environmental issues and provide regulatory services for ferrous and nonferrous
236.26 mining operations in this state. Payment to the mining environmental and regulatory
236.27 account shall be made by July 1 annually. The commissioner of natural resources shall
236.28 execute an interagency agreement with the pollution control agency to assist with the
236.29 provision of environmental regulatory services such as monitoring and permitting required
236.30 for ferrous and nonferrous mining operations; and (2) there is annually appropriated and
236.31 credited to the Iron Range Resources and Rehabilitation Board account in the special
236.32 revenue fund an amount equal to that which would have been generated by a 1.5 cent tax
236.33 imposed by section 298.24 on each taxable ton produced in the preceding calendar year, to
236.34 be expended for the purposes of section 298.22.

237.1 The money appropriated pursuant to ~~this section~~ clause (2) shall be used ~~(1)~~ (i)
237.2 to provide environmental development grants to local governments located within any
237.3 county in region 3 as defined in governor's executive order number 60, issued on June
237.4 12, 1970, which does not contain a municipality qualifying pursuant to section 273.134,
237.5 paragraph (b), or ~~(2)~~ (ii) to provide economic development loans or grants to businesses
237.6 located within any such county, provided that the county board or an advisory group
237.7 appointed by the county board to provide recommendations on economic development
237.8 shall make recommendations to the Iron Range Resources and Rehabilitation Board
237.9 regarding the loans. Payment to the Iron Range Resources and Rehabilitation Board
237.10 account shall be made by May 15 annually.

237.11 (c) Of the money allocated to Koochiching County, one-third must be paid to the
237.12 Koochiching County Economic Development Commission.

237.13 **EFFECTIVE DATE.** This section is effective beginning for the 2013 production
237.14 year.

237.15 Sec. 3. Minnesota Statutes 2012, section 298.227, as amended by Laws 2013, chapter
237.16 3, section 17, is amended to read:

237.17 **298.227 TACONITE ECONOMIC DEVELOPMENT FUND.**

237.18 (a) An amount equal to that distributed pursuant to each taconite producer's taxable
237.19 production and qualifying sales under section 298.28, subdivision 9a, shall be held by
237.20 the Iron Range Resources and Rehabilitation Board in a separate taconite economic
237.21 development fund for each taconite and direct reduced ore producer. Money from the
237.22 fund for each producer shall be released by the commissioner after review by a joint
237.23 committee consisting of an equal number of representatives of the salaried employees and
237.24 the nonsalaried production and maintenance employees of that producer. The District 11
237.25 director of the United States Steelworkers of America, on advice of each local employee
237.26 president, shall select the employee members. In nonorganized operations, the employee
237.27 committee shall be elected by the nonsalaried production and maintenance employees. The
237.28 review must be completed no later than six months after the producer presents a proposal
237.29 for expenditure of the funds to the committee. The funds held pursuant to this section may
237.30 be released only for workforce development and associated public facility improvement,
237.31 or for acquisition of plant and stationary mining equipment and facilities for the producer
237.32 or for research and development in Minnesota on new mining, or taconite, iron, or steel
237.33 production technology, but only if the producer provides a matching expenditure equal to
237.34 the amount of the distribution to be used for the same purpose ~~of at least 50 percent of~~

238.1 ~~the distribution based on 14.7 cents per ton~~ beginning with distributions in ~~2002~~ 2014.
238.2 Effective for proposals for expenditures of money from the fund beginning May 26, 2007,
238.3 the commissioner may not release the funds before the next scheduled meeting of the
238.4 board. If a proposed expenditure is not approved by the board, the funds must be deposited
238.5 in the Taconite Environmental Protection Fund under sections 298.222 to 298.225. If a
238.6 producer uses money which has been released from the fund prior to May 26, 2007 to
238.7 procure haulage trucks, mobile equipment, or mining shovels, and the producer removes
238.8 the piece of equipment from the taconite tax relief area defined in section 273.134 within
238.9 ten years from the date of receipt of the money from the fund, a portion of the money
238.10 granted from the fund must be repaid to the taconite economic development fund. The
238.11 portion of the money to be repaid is 100 percent of the grant if the equipment is removed
238.12 from the taconite tax relief area within 12 months after receipt of the money from the fund,
238.13 declining by ten percent for each of the subsequent nine years during which the equipment
238.14 remains within the taconite tax relief area. If a taconite production facility is sold after
238.15 operations at the facility had ceased, any money remaining in the fund for the former
238.16 producer may be released to the purchaser of the facility on the terms otherwise applicable
238.17 to the former producer under this section. If a producer fails to provide matching funds
238.18 for a proposed expenditure within six months after the commissioner approves release
238.19 of the funds, the funds are available for release to another producer in proportion to the
238.20 distribution provided and under the conditions of this section. Any portion of the fund
238.21 which is not released by the commissioner within one year of its deposit in the fund shall
238.22 be divided between the taconite environmental protection fund created in section 298.223
238.23 and the Douglas J. Johnson economic protection trust fund created in section 298.292 for
238.24 placement in their respective special accounts. Two-thirds of the unreleased funds shall be
238.25 distributed to the taconite environmental protection fund and one-third to the Douglas J.
238.26 Johnson economic protection trust fund.

238.27 (b)(i) Notwithstanding the requirements of paragraph (a), setting the amount of
238.28 distributions and the review process, an amount equal to ten cents per taxable ton of
238.29 production in 2007, for distribution in 2008 only, that would otherwise be distributed
238.30 under paragraph (a), may be used for a loan or grant for the cost of providing for a
238.31 value-added wood product facility located in the taconite tax relief area and in a county
238.32 that contains a city of the first class. This amount must be deducted from the distribution
238.33 under paragraph (a) for which a matching expenditure by the producer is not required. The
238.34 granting of the loan or grant is subject to approval by the board. If the money is provided
238.35 as a loan, interest must be payable on the loan at the rate prescribed in section 298.2213,
238.36 subdivision 3. (ii) Repayments of the loan and interest, if any, must be deposited in the

239.1 taconite environment protection fund under sections 298.222 to 298.225. If a loan or
239.2 grant is not made under this paragraph by July 1, 2012, the amount that had been made
239.3 available for the loan under this paragraph must be transferred to the taconite environment
239.4 protection fund under sections 298.222 to 298.225. (iii) Money distributed in 2008 to the
239.5 fund established under this section that exceeds ten cents per ton is available to qualifying
239.6 producers under paragraph (a) on a pro rata basis.

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

239.15 **EFFECTIVE DATE.** This section is effective beginning for the 2014 distribution.

239.16 Sec. 4. Minnesota Statutes 2012, section 298.24, subdivision 1, is amended to read:

239.17 Subdivision 1. **Imposed; calculation.** (a) For concentrate produced in ~~2001, 2002,~~
239.18 ~~and 2003~~ 2013, there is imposed upon taconite and iron sulphides, and upon the mining
239.19 and quarrying thereof, and upon the production of iron ore concentrate therefrom, and
239.20 upon the concentrate so produced, a tax of ~~\$2.103~~ \$2.56 per gross ton of merchantable
239.21 iron ore concentrate produced therefrom. ~~For concentrates produced in 2005, the tax rate~~
239.22 ~~is the same rate imposed for concentrates produced in 2004. For concentrates produced in~~
239.23 ~~2009 and subsequent years,~~ The tax is also imposed upon other iron-bearing material.

239.24 (b) For concentrates produced in ~~2006~~ 2014 and subsequent years, the tax rate shall
239.25 be equal to the preceding year's tax rate plus an amount equal to the preceding year's tax
239.26 rate multiplied by the percentage increase in the implicit price deflator from the fourth
239.27 quarter of the second preceding year to the fourth quarter of the preceding year. "Implicit
239.28 price deflator" means the implicit price deflator for the gross domestic product prepared by
239.29 the Bureau of Economic Analysis of the United States Department of Commerce.

239.30 (c) An additional tax is imposed equal to three cents per gross ton of merchantable
239.31 iron ore concentrate for each one percent that the iron content of the product exceeds 72
239.32 percent, when dried at 212 degrees Fahrenheit.

239.33 (d) The tax on taconite and iron sulphides shall be imposed on the average of the
239.34 production for the current year and the previous two years. The rate of the tax imposed
239.35 will be the current year's tax rate. This clause shall not apply in the case of the closing

240.1 of a taconite facility if the property taxes on the facility would be higher if this clause
240.2 and section 298.25 were not applicable. The tax on other iron-bearing material shall be
240.3 imposed on the current year production.

240.4 (e) If the tax or any part of the tax imposed by this subdivision is held to be
240.5 unconstitutional, a tax of ~~\$2.103~~ \$2.56 per gross ton of merchantable iron ore concentrate
240.6 produced shall be imposed.

240.7 (f) Consistent with the intent of this subdivision to impose a tax based upon the
240.8 weight of merchantable iron ore concentrate, the commissioner of revenue may indirectly
240.9 determine the weight of merchantable iron ore concentrate included in fluxed pellets by
240.10 subtracting the weight of the limestone, dolomite, or olivine derivatives or other basic
240.11 flux additives included in the pellets from the weight of the pellets. For purposes of this
240.12 paragraph, "fluxed pellets" are pellets produced in a process in which limestone, dolomite,
240.13 olivine, or other basic flux additives are combined with merchantable iron ore concentrate.
240.14 No subtraction from the weight of the pellets shall be allowed for binders, mineral and
240.15 chemical additives other than basic flux additives, or moisture.

240.16 (g)(1) Notwithstanding any other provision of this subdivision, for the first two years
240.17 of a plant's commercial production of direct reduced ore from ore mined in this state, no
240.18 tax is imposed under this section. As used in this paragraph, "commercial production" is
240.19 production of more than 50,000 tons of direct reduced ore in the current year or in any prior
240.20 year, "noncommercial production" is production of 50,000 tons or less of direct reduced ore
240.21 in any year, and "direct reduced ore" is ore that results in a product that has an iron content
240.22 of at least 75 percent. For the third year of a plant's commercial production of direct
240.23 reduced ore, the rate to be applied to direct reduced ore is 25 percent of the rate otherwise
240.24 determined under this subdivision. For the fourth commercial production year, the rate is
240.25 50 percent of the rate otherwise determined under this subdivision; for the fifth commercial
240.26 production year, the rate is 75 percent of the rate otherwise determined under this
240.27 subdivision; and for all subsequent commercial production years, the full rate is imposed.

240.28 (2) Subject to clause (1), production of direct reduced ore in this state is subject to
240.29 the tax imposed by this section, but if that production is not produced by a producer of
240.30 taconite, iron sulfides, or other iron-bearing material, the production of taconite, iron
240.31 sulfides, or other iron-bearing material, that is consumed in the production of direct
240.32 reduced iron in this state is not subject to the tax imposed by this section on taconite,
240.33 iron sulfides, or other iron-bearing material.

240.34 (3) Notwithstanding any other provision of this subdivision, no tax is imposed
240.35 on direct reduced ore under this section during the facility's noncommercial production
240.36 of direct reduced ore. The taconite or iron sulphides consumed in the noncommercial

241.1 production of direct reduced ore is subject to the tax imposed by this section on taconite
241.2 and iron sulphides. Three-year average production of direct reduced ore does not
241.3 include production of direct reduced ore in any noncommercial year. Three-year average
241.4 production for a direct reduced ore facility that has noncommercial production is the
241.5 average of the commercial production of direct reduced ore for the current year and the
241.6 previous two commercial years.

241.7 (4) This paragraph applies only to plants for which all environmental permits have
241.8 been obtained and construction has begun before July 1, 2008.

241.9 **EFFECTIVE DATE.** This section is effective beginning for the 2013 production
241.10 year.

241.11 Sec. 5. Minnesota Statutes 2012, section 298.28, subdivision 4, is amended to read:

241.12 Subd. 4. **School districts.** (a) ~~23.15~~ 32.15 cents per taxable ton, plus the increase
241.13 provided in paragraph (d), less the amount that would have been computed under
241.14 Minnesota Statutes 2008, section 126C.21, subdivision 4, for the current year for that
241.15 district, must be allocated to qualifying school districts to be distributed, based upon the
241.16 certification of the commissioner of revenue, under paragraphs (b), (c), and (f).

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

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

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

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

241.30 (3) proceeds from the Mittal Steel Company and Minntac or their successors are
241.31 distributed to Independent School Districts Nos. 712, Mountain Iron-Buhl, 706, Virginia,
241.32 2711, Mesabi East, and 2154, Eveleth-Gilbert, or their successor districts;

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

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

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

242.7 (c)(i) ~~15.72~~ 24.72 cents per taxable ton, less any amount distributed under paragraph
242.8 (e), shall be distributed to a group of school districts comprised of those school districts
242.9 which qualify as a tax relief area under section 273.134, paragraph (b), or in which there is
242.10 a qualifying municipality as defined by section 273.134, paragraph (a), in direct proportion
242.11 to school district indexes as follows: for each school district, its pupil units determined
242.12 under section 126C.05 for the prior school year shall be multiplied by the ratio of the
242.13 average adjusted net tax capacity per pupil unit for school districts receiving aid under
242.14 this clause as calculated pursuant to chapters 122A, 126C, and 127A for the school year
242.15 ending prior to distribution to the adjusted net tax capacity per pupil unit of the district.
242.16 Each district shall receive that portion of the distribution which its index bears to the sum
242.17 of the indices for all school districts that receive the distributions.

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

242.30 (d)(1) Any school district described in paragraph (c) where a levy increase pursuant
242.31 to section 126C.17, subdivision 9, was authorized by referendum for taxes payable in
242.32 2001, shall receive a distribution of 21.3 cents per ton. Each district shall receive \$175
242.33 times the pupil units identified in section 126C.05, subdivision 1, enrolled in the second
242.34 previous year or the 1983-1984 school year, whichever is greater, less the product of 1.8
242.35 percent times the district's taxable net tax capacity in ~~the second previous year~~ 2011.

243.1 (2) Districts qualifying under paragraph (c) must receive additional taconite aid each
243.2 year equal to 22.5 percent of the amount obtained by subtracting:

243.3 (i) 1.8 percent of the district's net tax capacity for 2011, from:

243.4 (ii) the district's weighted average daily membership for fiscal year 2012 multiplied
243.5 by the sum of:

243.6 (A) \$415, plus

243.7 (B) the district's referendum revenue allowance for fiscal year 2013.

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

243.17 Each district receiving money according to this paragraph shall reserve the lesser of
243.18 the amount received under this paragraph or \$25 times the number of pupil units served
243.19 in the district. It may use the money for early childhood programs ~~or for outcome-based~~
243.20 ~~learning programs that enhance the academic quality of the district's curriculum. The~~
243.21 ~~outcome-based learning programs must be approved by the commissioner of education.~~

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

243.24 (f) Four cents per taxable ton must be distributed to qualifying school districts
243.25 according to the distribution specified in paragraph (b), clause (ii), and ~~two~~ 11 cents
243.26 per taxable ton must be distributed according to the distribution specified in paragraph
243.27 (c). These amounts are not subject to sections 126C.21, subdivision 4, and 126C.48,
243.28 subdivision 8.

243.29 **EFFECTIVE DATE.** This section is effective beginning for the 2014 distribution.

243.30 Sec. 6. Minnesota Statutes 2012, section 298.28, subdivision 6, is amended to read:

243.31 Subd. 6. **Property tax relief.** (a) In ~~2002~~ 2014 and thereafter, ~~33.9~~ 34.8 cents per
243.32 taxable ton, less any amount required to be distributed under paragraphs (b) and (c), or
243.33 section 298.2961, subdivision 5, must be allocated to St. Louis County acting as the
243.34 counties' fiscal agent, to be distributed as provided in sections 273.134 to 273.136.

244.1 (b) If an electric power plant owned by and providing the primary source of power
244.2 for a taxpayer mining and concentrating taconite is located in a county other than the
244.3 county in which the mining and the concentrating processes are conducted, .1875 cent per
244.4 taxable ton of the tax imposed and collected from such taxpayer shall be paid to the county.

244.5 (c) If an electric power plant owned by and providing the primary source of power
244.6 for a taxpayer mining and concentrating taconite is located in a school district other than
244.7 a school district in which the mining and concentrating processes are conducted, .4541
244.8 cent per taxable ton of the tax imposed and collected from the taxpayer shall be paid to
244.9 the school district.

244.10 **EFFECTIVE DATE.** This section is effective beginning for the 2014 distribution.

244.11 Sec. 7. Minnesota Statutes 2012, section 298.28, subdivision 9c, is amended to read:

244.12 Subd. 9c. **Temporary Distribution; city of Eveleth.** 0.20 cent per taxable ton
244.13 must be paid to the city of Eveleth for distribution in ~~2007 through 2011~~ only 2013
244.14 and thereafter, to be used for the support of the Hockey Hall of Fame, provided that it
244.15 continues to operate in that city, and provided that the city of Eveleth certifies to the St.
244.16 Louis County auditor that it has received donations for the support of the Hockey Hall of
244.17 Fame from ~~professional hockey organizations or other donors in an amount at least equal~~
244.18 ~~to the amount of the distribution under this subdivision.~~ If the Hockey Hall of Fame
244.19 ceases to operate in the city of Eveleth prior to receipt of the distribution in ~~either any~~
244.20 year, and the governing body of the city determines that it is unlikely to resume operation
244.21 there within a six-month period, the distribution under this subdivision shall be made to
244.22 the Iron Range Resources and Rehabilitation Board. ~~If the amount of the distribution~~
244.23 ~~authorized under this subdivision exceeds the total amount of donations for the support of~~
244.24 ~~the Hockey Hall of Fame during the 12-month period ending 30 days before the date of~~
244.25 ~~the distribution, the amount by which 0.20 cent per ton exceeds the donations shall be~~
244.26 ~~distributed to the Iron Range Resources and Rehabilitation Board.~~

244.27 Sec. 8. Minnesota Statutes 2012, section 298.28, subdivision 10, is amended to read:

244.28 Subd. 10. **Increase.** (a) Except as provided in paragraph (b), beginning with
244.29 distributions in 2000, the amount determined under subdivision 9 shall be increased in the
244.30 same proportion as the increase in the implicit price deflator as provided in section 298.24,
244.31 subdivision 1. Beginning with distributions in ~~2003~~ 2015, the amount determined under
244.32 subdivision 6, paragraph (a), shall be increased in the same proportion as the increase in
244.33 the implicit price deflator as provided in section 298.24, subdivision 1.

245.1 (b) For distributions in 2005 and subsequent years, an amount equal to the increased
245.2 tax proceeds attributable to the increase in the implicit price deflator as provided in
245.3 section 298.24, subdivision 1, for taxes paid in 2005, except for the amount of revenue
245.4 increases provided in subdivision 4, paragraph (d), is distributed to the grant and loan fund
245.5 established in section 298.2961, subdivision 4.

245.6 **EFFECTIVE DATE.** This section is effective beginning for the 2014 distribution.

245.7 Sec. 9. **IRON RANGE FISCAL DISPARITIES STUDY.**

245.8 The commissioner of revenue, in coordination with the commissioner of the Iron
245.9 Range Resources and Rehabilitation Board, shall conduct a study of the tax relief
245.10 area revenue distribution program contained in Minnesota Statutes, chapter 276A,
245.11 commonly known as the Iron Range fiscal disparities program. By February 1, 2014, the
245.12 commissioner of revenue shall submit a report to the chairs and ranking minority members
245.13 of the house of representatives and senate tax committees consisting of the findings of the
245.14 study and identification of issues for policy makers to consider. The study must analyze:

- 245.15 (1) trends in population, property tax base, property tax rates, and contribution
245.16 and distribution capacity across the region;
245.17 (2) the volatility of the program's distribution and causes of the volatility;
245.18 (3) the impact of state tax policy changes on the fiscal disparities program; and
245.19 (4) the interaction between the program and the distribution of property tax aids and
245.20 credits, taconite aid, and Iron Range Resources and Rehabilitation Board funding across
245.21 the region.

245.22 **EFFECTIVE DATE.** This section is effective June 1, 2013.

245.23 Sec. 10. **2013 DISTRIBUTION ONLY.**

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

- 245.28 (1) 5.1 cents per ton to the city of Hibbing for improvements to the city's water
245.29 supply system;
245.30 (2) 4.3 cents per ton to the city of Mountain Iron for the cost of moving utilities
245.31 required as a result of actions undertaken by United States Steel Corporation;
245.32 (3) 2.5 cents per ton to the city of Biwabik for improvements to the city's water supply
245.33 system, payable upon agreement with ArcelorMittal to satisfy water permit conditions;

- 246.1 (4) 2 cents per ton to the city of Tower for the Tower Marina;
246.2 (5) 2.4 cents per ton to the city of Grand Rapids for an eco-friendly heat transfer
246.3 system to replace aging effluent lines and for parking lot repaving;
246.4 (6) 2.4 cents per ton to the city of Two Harbors for wastewater treatment plant
246.5 improvements;
246.6 (7) 0.9 cents per ton to the city of Ely for the sanitary sewer replacement project;
246.7 (8) 0.6 cents per ton to the town of Crystal Bay for debt service of the Claire Nelson
246.8 Intermodal Transportation Center;
246.9 (9) 0.5 cents per ton to the Greenway Joint Recreation Board for the Coleraine
246.10 hockey arena renovations;
246.11 (10) 1.2 cents per ton for the West Range Regional Fire Hall and Training Center
246.12 to merge the existing fire services of Coleraine, Bovey, Taconite Marble, Calumet, and
246.13 Greenway Township;
246.14 (11) 2.5 cents per ton to the city of Hibbing for the Memorial Building;
246.15 (12) 0.7 cents per ton to the city of Chisholm for public works infrastructure;
246.16 (13) 1.8 cents per ton to the Crane Lake Water and Sanitary District for sanitary
246.17 sewer extension;
246.18 (14) 2.5 cents per ton for the city of Buhl for the roof on the Mesabi Academy;
246.19 (15) 1.2 cents per ton to the city of Gilbert for the New Jersey/Ohio Avenue project;
246.20 (16) 1.5 cents per ton to the city of Cook for street improvements, business park
246.21 infrastructure, and a maintenance garage;
246.22 (17) 0.5 cents per ton to the city of Cook for a water line project;
246.23 (18) 1.8 cents per ton to the city of Eveleth to be used for Jones Street reconstruction
246.24 and the city auditorium;
246.25 (19) 0.5 cents for the city of Keewatin for an electrical substation and water line
246.26 replacements;
246.27 (20) 3.3 cents for the city of Virginia for Fourth Street North infrastructure and
246.28 Franklin Park improvement; and
246.29 (21) 0.5 cents per ton to the city of Grand Rapids for an economic development
246.30 project.

246.31 **EFFECTIVE DATE.** This section is effective for the 2013 distribution, and all
246.32 payments must be made separately and within ten days of the date of the August 2013
246.33 payment. This section supersedes article 5, section 46, of 2013 H.F. No. 729, if enacted in
246.34 the 2013 regular session of the legislature.

248.1 Subd. 3. **State and local securities.** Funds may be invested in the following:

248.2 (1) any security which is a general obligation of any state or local government with
248.3 taxing powers which is rated "A" or better by a national bond rating service;

248.4 (2) any security which is a revenue obligation of any state or local government with
248.5 ~~taxing powers~~ which is rated "AA" or better by a national bond rating service; and

248.6 (3) a general obligation of the Minnesota housing finance agency which is a moral
248.7 obligation of the state of Minnesota and is rated "A" or better by a national bond rating
248.8 agency.; and

248.9 (4) any security which is an obligation of a school district with an original maturity
248.10 not exceeding 13 months and (i) rated in the highest category by a national bond rating
248.11 service or (ii) enrolled in the credit enhancement program pursuant to section 126C.55.

248.12 Sec. 2. Minnesota Statutes 2012, section 118A.05, subdivision 5, is amended to read:

248.13 Subd. 5. **Guaranteed investment contracts.** Agreements or contracts for
248.14 guaranteed investment contracts may be entered into if they are issued or guaranteed
248.15 by United States commercial banks, domestic branches of foreign banks, United States
248.16 insurance companies, or their Canadian subsidiaries, or the domestic affiliates of any
248.17 of the foregoing. The credit quality of the issuer's or guarantor's short- and long-term
248.18 unsecured debt must be rated in one of the two highest categories by a nationally
248.19 recognized rating agency. Agreements or contracts for guaranteed investment contracts
248.20 with a term of 18 months or less may be entered into regardless of the credit quality of
248.21 the issuer's or guarantor's long-term unsecured debt, provided that the credit quality of
248.22 the issuer's short-term unsecured debt is rated in the highest category by a nationally
248.23 recognized rating agency. Should the issuer's or guarantor's credit quality be downgraded
248.24 below "A", the government entity must have withdrawal rights.

248.25 Sec. 3. Minnesota Statutes 2012, section 216C.436, subdivision 7, is amended to read:

248.26 Subd. 7. **Repayment.** An implementing entity that finances an energy improvement
248.27 under this section must:

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

248.29 (2) collect repayments as a special assessment as provided for in section 429.101
248.30 or by charter, provided that special assessments may be made payable in up to 20 equal
248.31 annual installments.

248.32 If the implementing entity is an authority, the local government that authorized
248.33 the authority to act as implementing entity shall impose and collect special assessments

249.1 necessary to pay debt service on bonds issued by the implementing entity under subdivision
249.2 8, and shall transfer all collections of the assessments upon receipt to the authority.

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

249.4 Sec. 4. Minnesota Statutes 2012, section 373.01, subdivision 3, is amended to read:

249.5 Subd. 3. **Capital notes.** (a) A county board may, by resolution and without
249.6 referendum, issue capital notes subject to the county debt limit to purchase capital
249.7 equipment useful for county purposes that has an expected useful life at least equal to the
249.8 term of the notes. The notes shall be payable in not more than ten years and shall be
249.9 issued on terms and in a manner the board determines. A tax levy shall be made for
249.10 payment of the principal and interest on the notes, in accordance with section 475.61,
249.11 as in the case of bonds.

249.12 (b) For purposes of this subdivision, "capital equipment" means:

249.13 (1) public safety, ambulance, road construction or maintenance, and medical
249.14 equipment; and

249.15 (2) computer hardware and software, whether bundled with machinery or equipment
249.16 or unbundled, together with application development services and training related to the
249.17 use of the computer hardware or software.

249.18 Sec. 5. Minnesota Statutes 2012, section 373.40, subdivision 1, is amended to read:

249.19 Subdivision 1. **Definitions.** For purposes of this section, the following terms have
249.20 the meanings given.

249.21 (a) "Bonds" means an obligation as defined under section 475.51.

249.22 (b) "Capital improvement" means acquisition or betterment of public lands,
249.23 buildings, or other improvements within the county for the purpose of a county courthouse,
249.24 administrative building, health or social service facility, correctional facility, jail, law
249.25 enforcement center, hospital, morgue, library, park, qualified indoor ice arena, roads
249.26 and bridges, public works facilities, fairground buildings, and records and data storage
249.27 facilities, and the acquisition of development rights in the form of conservation easements
249.28 under chapter 84C. An improvement must have an expected useful life of five years or more
249.29 to qualify. "Capital improvement" does not include a recreation or sports facility building
249.30 (such as, but not limited to, a gymnasium, ice arena, racquet sports facility, swimming
249.31 pool, exercise room or health spa), unless the building is part of an outdoor park facility
249.32 and is incidental to the primary purpose of outdoor recreation. For purposes of this section,
249.33 "capital improvement" includes expenditures for purposes described in this paragraph that
249.34 have been incurred by a county before approval of a capital improvement plan, if such

250.1 expenditures are included in a capital improvement plan approved on or before the date of
250.2 the public hearing under subdivision 2 regarding issuance of bonds for such expenditures.

250.3 (c) "Metropolitan county" means a county located in the seven-county metropolitan
250.4 area as defined in section 473.121 or a county with a population of 90,000 or more.

250.5 (d) "Population" means the population established by the most recent of the
250.6 following (determined as of the date the resolution authorizing the bonds was adopted):

250.7 (1) the federal decennial census,

250.8 (2) a special census conducted under contract by the United States Bureau of the
250.9 Census, or

250.10 (3) a population estimate made either by the Metropolitan Council or by the state
250.11 demographer under section 4A.02.

250.12 (e) "Qualified indoor ice arena" means a facility that meets the requirements of
250.13 section 373.43.

250.14 (f) "Tax capacity" means total taxable market value, but does not include captured
250.15 market value.

250.16 Sec. 6. Minnesota Statutes 2012, section 373.40, subdivision 2, is amended to read:

250.17 Subd. 2. **Application of election requirement.** (a) Bonds issued by a county
250.18 to finance capital improvements under an approved capital improvement plan are not
250.19 subject to the election requirements of section 375.18 or 475.58. The bonds must be
250.20 approved by vote of at least three-fifths of the members of the county board. In the case
250.21 of a metropolitan county, the bonds must be approved by vote of at least two-thirds of
250.22 the members of the county board.

250.23 (b) Before issuance of bonds qualifying under this section, the county must publish
250.24 a notice of its intention to issue the bonds and the date and time of a hearing to obtain
250.25 public comment on the matter. The notice must be published in the official newspaper
250.26 of the county or in a newspaper of general circulation in the county. The notice must be
250.27 published at least 14, but not more than 28, days before the date of the hearing.

250.28 (c) A county may issue the bonds only upon obtaining the approval of a majority of
250.29 the voters voting on the question of issuing the obligations, if a petition requesting a vote
250.30 on the issuance is signed by voters equal to five percent of the votes cast in the county in
250.31 the last county general election and is filed with the county auditor within 30 days after
250.32 the public hearing. ~~The commissioner of revenue shall prepare a suggested form of the~~
250.33 ~~question to be presented at the election.~~ If the county elects not to submit the question to
250.34 the voters, the county shall not propose the issuance of bonds under this section for the
250.35 same purpose and in the same amount for a period of 365 days from the date of receipt

251.1 of the petition. If the question of issuing the bonds is submitted and not approved by the
251.2 voters, the provisions of section 475.58, subdivision 1a, shall apply.

251.3 Sec. 7. Minnesota Statutes 2012, section 383D.41, is amended by adding a subdivision
251.4 to read:

251.5 Subd. 10. **Housing improvement areas.** (a) In addition to its other powers, the
251.6 Dakota County Community Development Agency shall have all powers of a city under
251.7 sections 428A.11 to 428A.21 in connection with housing improvement areas in Dakota
251.8 County.

251.9 (b) For purposes of the Dakota County Community Development Agency's exercise
251.10 of the powers granted in this subdivision, references in sections 428A.11 to 428A.21 to:

251.11 (1) a "mayor" shall be references to the chair of the board of commissioners of the
251.12 Dakota County Community Development Agency;

251.13 (2) a "council" shall be references to the board of commissioners of the Dakota
251.14 County Community Development Agency; and

251.15 (3) a "city clerk" shall be references to an official of the Dakota County Community
251.16 Development Agency designated by the executive director of the Dakota County
251.17 Community Development Agency.

251.18 (c) Notwithstanding sections 428A.11, subdivision 3, and 428A.13, subdivision 1,
251.19 the governing body of the Dakota County Community Development Agency may adopt
251.20 a resolution, rather than an ordinance, establishing one or more housing improvement
251.21 areas, and "enabling ordinance" for purposes of sections 428A.11 to 428A.21 means a
251.22 resolution under this clause.

251.23 (d) The community development agency (1) shall send a copy of each petition
251.24 for the establishment of a housing improvement area to the city in which the proposed
251.25 housing improvement area is located, and (2) may not hold the public hearing required in
251.26 section 428A.13, subdivision 2, fewer than 30 days after the date on which the related
251.27 application was sent pursuant to clause (1). The community development agency may
251.28 not establish a housing improvement area if the applicable city council opposes the
251.29 establishment by resolution adopted within 30 days after the petition required to be sent
251.30 pursuant to clause (1).

251.31 Sec. 8. Minnesota Statutes 2012, section 410.32, is amended to read:

251.32 **410.32 CITIES MAY ISSUE CAPITAL NOTES FOR CAPITAL EQUIPMENT.**

252.1 (a) Notwithstanding any contrary provision of other law or charter, a home rule
252.2 charter city may, by resolution and without public referendum, issue capital notes subject
252.3 to the city debt limit to purchase capital equipment.

252.4 (b) For purposes of this section, "capital equipment" means:

252.5 (1) public safety equipment, ambulance and other medical equipment, road
252.6 construction and maintenance equipment, and other capital equipment; and

252.7 (2) computer hardware and software, whether bundled with machinery or equipment
252.8 or unbundled, together with application development services and training related to the
252.9 use of the computer hardware and software.

252.10 (c) The equipment or software must have an expected useful life at least as long
252.11 as the term of the notes.

252.12 (d) The notes shall be payable in not more than ten years and be issued on terms and
252.13 in the manner the city determines. The total principal amount of the capital notes issued
252.14 in a fiscal year shall not exceed 0.03 percent of the market value of taxable property
252.15 in the city for that year.

252.16 (e) A tax levy shall be made for the payment of the principal and interest on the
252.17 notes, in accordance with section 475.61, as in the case of bonds.

252.18 (f) Notes issued under this section shall require an affirmative vote of two-thirds of
252.19 the governing body of the city.

252.20 (g) Notwithstanding a contrary provision of other law or charter, a home rule charter
252.21 city may also issue capital notes subject to its debt limit in the manner and subject to the
252.22 limitations applicable to statutory cities pursuant to section 412.301.

252.23 Sec. 9. Minnesota Statutes 2012, section 412.301, is amended to read:

252.24 **412.301 FINANCING PURCHASE OF CERTAIN EQUIPMENT.**

252.25 (a) The council may issue certificates of indebtedness or capital notes subject to the
252.26 city debt limits to purchase capital equipment.

252.27 (b) For purposes of this section, "capital equipment" means:

252.28 (1) public safety equipment, ambulance and other medical equipment, road
252.29 construction and maintenance equipment, and other capital equipment; and

252.30 (2) computer hardware and software, whether bundled with machinery or equipment
252.31 or unbundled, together with application development services and training related to the
252.32 use of the computer hardware or software.

252.33 (c) The equipment or software must have an expected useful life at least as long as
252.34 the terms of the certificates or notes.

253.1 (d) Such certificates or notes shall be payable in not more than ten years and shall be
253.2 issued on such terms and in such manner as the council may determine.

253.3 (e) If the amount of the certificates or notes to be issued to finance any such purchase
253.4 exceeds 0.25 percent of the market value of taxable property in the city, they shall not
253.5 be issued for at least ten days after publication in the official newspaper of a council
253.6 resolution determining to issue them; and if before the end of that time, a petition asking
253.7 for an election on the proposition signed by voters equal to ten percent of the number of
253.8 voters at the last regular municipal election is filed with the clerk, such certificates or notes
253.9 shall not be issued until the proposition of their issuance has been approved by a majority
253.10 of the votes cast on the question at a regular or special election.

253.11 (f) A tax levy shall be made for the payment of the principal and interest on such
253.12 certificates or notes, in accordance with section 475.61, as in the case of bonds.

253.13 Sec. 10. Minnesota Statutes 2012, section 473.39, is amended by adding a subdivision
253.14 to read:

253.15 Subd. 1s. **Obligations.** After July 1, 2013, in addition to other authority in this
253.16 section, the council may issue certificates of indebtedness, bonds, or other obligations
253.17 under this section in an amount not exceeding \$35,800,000 for capital expenditures as
253.18 prescribed in the council's transit capital improvement program and for related costs,
253.19 including the costs of issuance and sale of the obligations.

253.20 **EFFECTIVE DATE.** This section is effective the day following final enactment
253.21 and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and
253.22 Washington. This section is not effective if the legislature authorizes and enacts issuance
253.23 authority of at least \$35,800,000 in 2013 H.F. No. 1444. If the legislature authorizes and
253.24 enacts issuance authority of less than \$35,800,000 in 2013 H.F. No. 1444, this section
253.25 prevails, regardless of order of enactment.

253.26 Sec. 11. Minnesota Statutes 2012, section 473.606, subdivision 3, is amended to read:

253.27 Subd. 3. **Treasurer; investments.** The treasurer shall receive and be responsible
253.28 for all moneys of the corporation, from whatever source derived, and the same shall be
253.29 considered public funds. The treasurer shall disburse the moneys of the corporation only
253.30 on orders made by the executive and operating officer, herein provided for, countersigned
253.31 by such other officer or such employee of the corporation as may be authorized and
253.32 directed so to do by the corporation, showing the name of the claimant and the nature of
253.33 the claim. No disbursement shall be certified by such officers until the same have been
253.34 approved by said commissioners at a meeting thereof. Whenever the executive director of

254.1 the corporation shall certify, pursuant to action taken by the commissioners at a meeting
254.2 thereof, that there are moneys and the amount thereof in the possession of the treasurer not
254.3 currently needed, then the treasurer may invest said amount or any part thereof in:

254.4 ~~(a) Treasury bonds, certificates of indebtedness, bonds or notes of the United States~~
254.5 ~~of America, or bonds, notes or certificates of indebtedness of the state of Minnesota, all of~~
254.6 ~~which must mature not later than three years from the date of purchase.~~

254.7 ~~(b) Bonds, notes, debentures or other obligations issued by any agency or~~
254.8 ~~instrumentality of the United States or any securities guaranteed by the United States~~
254.9 ~~government, or for which the credit of the United States is pledged for the payment of~~
254.10 ~~the principal and interest thereof, all of which must mature not later than three years~~
254.11 ~~from date of purchase.~~

254.12 ~~(c) Commercial paper of prime quality, or rated among the top third of the quality~~
254.13 ~~categories, not applicable to defaulted paper, as defined by a nationally recognized~~
254.14 ~~organization which rates such securities as eligible for investment in the state employees~~
254.15 ~~retirement fund except that any nonbanking issuing corporation, or parent company in the~~
254.16 ~~case of paper issued by operating utility or finance subsidiaries, must have total assets~~
254.17 ~~exceeding \$500,000,000. Such commercial paper may constitute no more than 30 percent~~
254.18 ~~of the book value of the fund at the time of purchase, and the commercial paper of any~~
254.19 ~~one corporation shall not constitute more than four percent of the book value of the fund~~
254.20 ~~at the time of such investment.~~

254.21 ~~(d) Any securities eligible under the preceding provisions, purchased with~~
254.22 ~~simultaneous repurchase agreement under which the securities will be sold to the particular~~
254.23 ~~dealer on a specified date at a predetermined price. In such instances, all maturities of~~
254.24 ~~United States government securities, or securities issued or guaranteed by the United~~
254.25 ~~States government or an agency thereof, may be purchased so long as any such securities~~
254.26 ~~which mature later than three years from the date of purchase have a current market~~
254.27 ~~value exceeding the purchase price by at least five percent on the date of purchase, and~~
254.28 ~~so long as such repurchase agreement involving securities extending beyond three years~~
254.29 ~~in maturity be limited to a period not exceeding 45 days.~~

254.30 ~~(e) Certificates of deposit issued by any official depository of the commission. The~~
254.31 ~~commission may purchase certificates of deposit from a depository bank in an amount~~
254.32 ~~exceeding that insured by federal depository insurance to the extent that those certificates~~
254.33 ~~are secured by collateral maintained by the bank in a manner as prescribed for investments~~
254.34 ~~of the State Board of Investment.~~

254.35 ~~(f) securities approved for investment under section 118A.04.~~

255.1 Whenever it shall appear to the commissioners that any invested funds are needed
255.2 for current purposes before the maturity dates of the securities held, they shall cause the
255.3 executive director to so certify to the treasurer and it shall then be the duty of the treasurer
255.4 to order the sale or conversion into cash of the securities in the amount so certified. All
255.5 interest and profit on said investments shall be credited to and constitute a part of the
255.6 funds of the commission. The treasurer shall keep an account of all moneys received
255.7 and disbursed, and at least once a year, at times to be designated by the corporation, file
255.8 with the secretary a financial statement of the corporation, showing in appropriate and
255.9 identifiable groupings the receipts and disbursements since the last approved statements;
255.10 moneys on hand and the purposes for which the same are appropriated; and shall keep an
255.11 account of all securities purchased as herein provided, the funds from which purchased
255.12 and the interest and profit which may have accrued thereon, and shall accompany the
255.13 financial statement aforesaid with a statement setting forth such account. The corporation
255.14 may pay to the treasurer from time to time compensation in such amount as it may
255.15 determine to cover clerk hire to enable the treasurer to carry out duties and those required
255.16 in connection with bonds issued by the corporation as in this act authorized.

255.17 Sec. 12. Minnesota Statutes 2012, section 474A.04, subdivision 1a, is amended to read:

255.18 Subd. 1a. **Entitlement reservations; carryforward; deduction.** Any amount
255.19 returned by an entitlement issuer before July 15 shall be reallocated through the housing
255.20 pool. Any amount returned on or after July 15 shall be reallocated through the unified
255.21 pool. An amount returned after the last Monday in November shall be reallocated to the
255.22 Minnesota Housing Finance Agency. ~~Any amount of bonding authority that an entitlement~~
255.23 ~~issuer carries forward under federal tax law that is not permanently issued or for which~~
255.24 ~~the governing body of the entitlement issuer has not enacted a resolution electing to use~~
255.25 ~~the authority for mortgage credit certificates and has not provided a notice of issue to the~~
255.26 ~~commissioner before 4:30 p.m. on the last business day in December of the succeeding~~
255.27 ~~calendar year shall be deducted from the entitlement allocation for that entitlement issuer~~
255.28 ~~in the next succeeding calendar year. Any amount deducted from an entitlement issuer's~~
255.29 ~~allocation under this subdivision shall be reallocated to other entitlement issuers, the~~
255.30 ~~housing pool, the small issue pool, and the public facilities pool on a proportional basis~~
255.31 ~~consistent with section 474A.03.~~

255.32 **EFFECTIVE DATE.** This section is effective the day following final enactment
255.33 and applies to any bonding authority allocated in 2012 and subsequent years.

255.34 Sec. 13. Minnesota Statutes 2012, section 474A.062, is amended to read:

256.1 **474A.062 MINNESOTA OFFICE OF HIGHER EDUCATION 120-DAY**
256.2 **ISSUANCE EXEMPTION.**

256.3 The Minnesota Office of Higher Education is exempt from the 120-day issuance
256.4 requirements in this chapter and may carry forward allocations for student loan bonds ~~into~~
256.5 ~~one successive calendar year~~, subject to carryforward notice requirements of section
256.6 474A.131, subdivision 2.

256.7 **EFFECTIVE DATE.** This section is effective the day following final enactment
256.8 and applies to any bonding authority allocated in 2012 and subsequent years.

256.9 Sec. 14. Minnesota Statutes 2012, section 474A.091, subdivision 3a, is amended to read:

256.10 Subd. 3a. **Mortgage bonds.** (a) Bonding authority remaining in the unified pool on
256.11 October 1 is available for single-family housing programs for cities that applied in January
256.12 and received an allocation under section 474A.061, subdivision 2a, in the same calendar
256.13 year. The Minnesota Housing Finance Agency shall receive an allocation for mortgage
256.14 bonds pursuant to this section, minus any amounts for a city or consortium that intends to
256.15 issue bonds on its own behalf under paragraph (c).

256.16 (b) The agency may issue bonds on behalf of participating cities. The agency shall
256.17 request an allocation from the commissioner for all applicants who choose to have the
256.18 agency issue bonds on their behalf and the commissioner shall allocate the requested
256.19 amount to the agency. Allocations shall be awarded by the commissioner each Monday
256.20 commencing on the first Monday in October through the last Monday in November for
256.21 applications received by 4:30 p.m. on the Monday of the week preceding an allocation.

256.22 For cities who choose to have the agency issue bonds on their behalf, allocations
256.23 will be made loan by loan, on a first-come, first-served basis among the cities. The
256.24 agency shall submit an application fee pursuant to section 474A.03, subdivision 4, and an
256.25 application deposit equal to two percent of the requested allocation to the commissioner
256.26 when requesting an allocation from the unified pool. After awarding an allocation and
256.27 receiving a notice of issuance for mortgage bonds issued on behalf of the participating
256.28 cities, the commissioner shall transfer the application deposit to the Minnesota Housing
256.29 Finance Agency.

256.30 For purposes of paragraphs (a) to (d), "city" means a county or a consortium of
256.31 local government units that agree through a joint powers agreement to apply together
256.32 for single-family housing programs, and has the meaning given it in section 462C.02,
256.33 subdivision 6. "Agency" means the Minnesota Housing Finance Agency.

256.34 (c) Any city that received an allocation pursuant to section 474A.061, subdivision
256.35 2a, paragraph (f), in the current year that wishes to receive an additional allocation from

257.1 the unified pool and issue bonds on its own behalf or pursuant to a joint powers agreement
257.2 shall notify the Minnesota Housing Finance Agency by the third Monday in September.
257.3 The total amount of allocation for mortgage bonds for a city choosing to issue bonds on its
257.4 own behalf or through a joint powers agreement is limited to the lesser of: (i) the amount
257.5 requested, or (ii) the product of the total amount available for mortgage bonds from the
257.6 unified pool, multiplied by the ratio of the population of each city that applied in January
257.7 and received an allocation under section 474A.061, subdivision 2a, in the same calendar
257.8 year, as determined by the most recent estimate of the city's population released by the
257.9 state demographer's office to the total of the population of all the cities that applied in
257.10 January and received an allocation under section 474A.061, subdivision 2a, in the same
257.11 calendar year. If a city choosing to issue bonds on its own behalf or through a joint powers
257.12 agreement is located within a county that has also chosen to issue bonds on its own behalf
257.13 or through a joint powers agreement, the city's population will be deducted from the
257.14 county's population in calculating the amount of allocations under this paragraph.

257.15 The Minnesota Housing Finance Agency shall notify each city choosing to issue
257.16 bonds on its own behalf or pursuant to a joint powers agreement of the amount of its
257.17 allocation by October 15. Upon determining the amount of the allocation of each choosing
257.18 to issue bonds on its own behalf or through a joint powers agreement, the agency shall
257.19 forward a list specifying the amounts allotted to each city.

257.20 A city that chooses to issue bonds on its own behalf or through a joint powers
257.21 agreement may request an allocation from the commissioner by forwarding an application
257.22 with an application fee pursuant to section 474A.03, subdivision 4, and an application
257.23 deposit equal to two percent of the requested amount to the commissioner no later than
257.24 4:30 p.m. on the Monday of the week preceding an allocation. Allocations to cities that
257.25 choose to issue bonds on their own behalf shall be awarded by the commissioner on
257.26 the first Monday after October 15 through the last Monday in November. No city may
257.27 receive an allocation from the commissioner after the last Monday in November. The
257.28 commissioner shall allocate the requested amount to the city or cities subject to the
257.29 limitations under this subdivision.

257.30 If a city issues mortgage bonds from an allocation received under this paragraph,
257.31 the issuer must provide for the recycling of funds into new loans. If the issuer is not
257.32 able to provide for recycling, the issuer must notify the commissioner in writing of the
257.33 reason that recycling was not possible and the reason the issuer elected not to have the
257.34 Minnesota Housing Finance Agency issue the bonds. "Recycling" means the use of money
257.35 generated from the repayment and prepayment of loans for further eligible loans or for the
257.36 redemption of bonds and the issuance of current refunding bonds.

258.1 (d) No entitlement city or county or city in an entitlement county may apply for or
258.2 be allocated authority to issue mortgage bonds or use mortgage credit certificates from
258.3 the unified pool.

258.4 (e) An allocation awarded to the agency for mortgage bonds under this section
258.5 may be carried forward by the agency ~~into the next succeeding calendar year~~ subject to
258.6 notice requirements under section 474A.131 ~~and is available until the last business day in~~
258.7 ~~December of that succeeding calendar year.~~

258.8 **EFFECTIVE DATE.** This section is effective the day following final enactment
258.9 and applies to any bonding authority allocated in 2012 and subsequent years.

258.10 Sec. 15. Minnesota Statutes 2012, section 475.521, subdivision 1, is amended to read:

258.11 Subdivision 1. **Definitions.** For purposes of this section, the following terms have
258.12 the meanings given.

258.13 (a) "Bonds" mean an obligation defined under section 475.51.

258.14 (b) "Capital improvement" means acquisition or betterment of public lands,
258.15 buildings or other improvements for the purpose of a city hall, town hall, library, public
258.16 safety facility, and public works facility. An improvement must have an expected useful
258.17 life of five years or more to qualify. Capital improvement does not include light rail transit
258.18 or any activity related to it, or a park, road, bridge, administrative building other than a
258.19 city or town hall, or land for any of those facilities. For purposes of this section, "capital
258.20 improvement" includes expenditures for purposes described in this paragraph that have
258.21 been incurred by a municipality before approval of a capital improvement plan, if such
258.22 expenditures are included in a capital improvement plan approved on or before the date of
258.23 the public hearing under subdivision 2 regarding issuance of bonds for such expenditures.

258.24 (c) "Municipality" means a home rule charter or statutory city or a town described in
258.25 section 368.01, subdivision 1 or 1a.

258.26 Sec. 16. Minnesota Statutes 2012, section 475.521, subdivision 2, is amended to read:

258.27 Subd. 2. **Election requirement.** (a) Bonds issued by a municipality to finance
258.28 capital improvements under an approved capital improvements plan are not subject to the
258.29 election requirements of section 475.58. The bonds must be approved by an affirmative
258.30 vote of three-fifths of the members of a five-member governing body. In the case of a
258.31 governing body having more or less than five members, the bonds must be approved by a
258.32 vote of at least two-thirds of the members of the governing body.

258.33 (b) Before the issuance of bonds qualifying under this section, the municipality
258.34 must publish a notice of its intention to issue the bonds and the date and time of the

259.1 hearing to obtain public comment on the matter. The notice must be published in the
259.2 official newspaper of the municipality or in a newspaper of general circulation in the
259.3 municipality. Additionally, the notice may be posted on the official Web site, if any, of the
259.4 municipality. The notice must be published at least 14 but not more than 28 days before
259.5 the date of the hearing.

259.6 (c) A municipality may issue the bonds only after obtaining the approval of a
259.7 majority of the voters voting on the question of issuing the obligations, if a petition
259.8 requesting a vote on the issuance is signed by voters equal to five percent of the votes cast
259.9 in the municipality in the last municipal general election and is filed with the clerk within
259.10 30 days after the public hearing. ~~The commissioner of revenue shall prepare a suggested~~
259.11 ~~form of the question to be presented at the election.~~ If the municipality elects not to submit
259.12 the question to the voters, the municipality shall not propose the issuance of bonds under
259.13 this section for the same purpose and in the same amount for a period of 365 days from the
259.14 date of receipt of the petition. If the question of issuing the bonds is submitted and not
259.15 approved by the voters, the provisions of section 475.58, subdivision 1a, shall apply.

259.16 Sec. 17. Minnesota Statutes 2012, section 475.58, subdivision 3b, is amended to read:

259.17 Subd. 3b. **Street reconstruction and bituminous overlays.** (a) A municipality may,
259.18 without regard to the election requirement under subdivision 1, issue and sell obligations
259.19 for street reconstruction or bituminous overlays, if the following conditions are met:

259.20 (1) the streets are reconstructed or overlaid under a street reconstruction or overlay
259.21 plan that describes the street reconstruction or overlay to be financed, the estimated costs,
259.22 and any planned reconstruction or overlay of other streets in the municipality over the
259.23 next five years, and the plan and issuance of the obligations has been approved by a vote
259.24 of all of the members of the governing body present at the meeting following a public
259.25 hearing for which notice has been published in the official newspaper at least ten days but
259.26 not more than 28 days prior to the hearing; and

259.27 (2) if a petition requesting a vote on the issuance is signed by voters equal to
259.28 five percent of the votes cast in the last municipal general election and is filed with the
259.29 municipal clerk within 30 days of the public hearing, the municipality may issue the bonds
259.30 only after obtaining the approval of a majority of the voters voting on the question of the
259.31 issuance of the obligations. If the municipality elects not to submit the question to the
259.32 voters, the municipality shall not propose the issuance of bonds under this section for the
259.33 same purpose and in the same amount for a period of 365 days from the date of receipt
259.34 of the petition. If the question of issuing the bonds is submitted and not approved by the
259.35 voters, the provisions of section 475.58, subdivision 1a, shall apply.

260.1 (b) Obligations issued under this subdivision are subject to the debt limit of the
260.2 municipality and are not excluded from net debt under section 475.51, subdivision 4.

260.3 (c) For purposes of this subdivision, street reconstruction and bituminous overlays
260.4 includes utility replacement and relocation and other activities incidental to the street
260.5 reconstruction, turn lanes and other improvements having a substantial public safety
260.6 function, realignments, other modifications to intersect with state and county roads, and
260.7 the local share of state and county road projects. For purposes of this subdivision, "street
260.8 reconstruction" includes expenditures for street reconstruction that have been incurred
260.9 by a municipality before approval of a street reconstruction plan, if such expenditures
260.10 are included in a street reconstruction plan approved on or before the date of the public
260.11 hearing under paragraph (a), clause (1), regarding issuance of bonds for such expenditures.

260.12 (d) Except in the case of turn lanes, safety improvements, realignments, intersection
260.13 modifications, and the local share of state and county road projects, street reconstruction
260.14 and bituminous overlays does not include the portion of project cost allocable to widening
260.15 a street or adding curbs and gutters where none previously existed.

260.16 Sec. 18. Laws 1971, chapter 773, section 1, subdivision 2, as amended by Laws 1974,
260.17 chapter 351, section 5, Laws 1976, chapter 234, sections 1 and 7, Laws 1978, chapter 788,
260.18 section 1, Laws 1981, chapter 369, section 1, Laws 1983, chapter 302, section 1, Laws
260.19 1988, chapter 513, section 1, Laws 1992, chapter 511, article 9, section 23, Laws 1998,
260.20 chapter 389, article 3, section 27, and Laws 2002, chapter 390, section 23, is amended to
260.21 read:

260.22 Subd. 2. For each of the years ~~2003 to~~ 2013 to 2024, the city of St. Paul is
260.23 authorized to issue bonds in the aggregate principal amount of \$20,000,000 for each year.

260.24 **EFFECTIVE DATE.** This section is effective the day after compliance by the
260.25 governing body of the city of St. Paul with Minnesota Statutes, section 645.021,
260.26 subdivisions 2 and 3.

260.27 Sec. 19. **CARRYFORWARD OF BONDING AUTHORITY FOR 2011; NO**
260.28 **DEDUCTION FROM ENTITLEMENT ALLOCATION.**

260.29 Notwithstanding Minnesota Statutes, section 474A.04, subdivision 1a, bonding
260.30 authority that was allocated to an entitlement issuer in 2011 and that was carried forward
260.31 under federal tax law, but for which the entitlement issuer did not provide a notice of issue
260.32 to the commissioner of management and budget before 4:30 p.m. on the last business
260.33 day of December 2012 must not be deducted from the entitlement allocation for that
260.34 entitlement issuer in 2013.

261.1 **EFFECTIVE DATE.** This section is effective the day following final enactment
261.2 and applies retroactively to rescind any reallocation by the commissioner of management
261.3 and budget under Minnesota Statutes, section 474A.04, subdivision 1a, of any amounts so
261.4 deducted.

261.5 Sec. 20. **LOCAL MATCH; INDEPENDENT SCHOOL DISTRICT NO. 435;**
261.6 **WAUBUN-OGEMA-WHITE EARTH.**

261.7 (a) Independent School District No. 435, Waubun-Ogema-White Earth, may expand
261.8 classroom space at its Ogema Elementary site using a grant of \$551,532 that was awarded
261.9 to the district by the Department of Human Services on August 12, 2012, pursuant to a
261.10 grant agreement as provided by Minnesota Statutes, section 16A.695, subdivision 9.
261.11 Notwithstanding Minnesota Statutes, section 16A.695, subdivision 6, to satisfy the match
261.12 requirements of the grant agreement, the district may use a lease-purchase agreement.
261.13 Notwithstanding Minnesota Statutes, section 465.71, the lease-purchase agreement must
261.14 provide that the title to the lease-purchased property must be held by the district.

261.15 (b) Notwithstanding Minnesota Statutes, section 126C.13, subdivision 4, if the
261.16 school district enters a lease-purchase agreement to satisfy the local match under
261.17 paragraph (a), but fails to make a lease-purchase payment, the commissioner of education
261.18 shall reduce its general education aid under Minnesota Statutes, section 126C.13,
261.19 subdivision 4, by the amount of the lease-purchase payment.

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

261.21 Sec. 21. **LEGISLATIVE OFFICE FACILITIES.**

261.22 (a) The commissioner of administration may enter into a long-term lease-purchase
261.23 agreement for a term of up to 25 years, to predesign, design, construct, and equip offices,
261.24 hearing rooms, and parking facilities for legislative and other functions. The facility must
261.25 be located on the block bounded by Sherburne Avenue on the north, Park Street on the
261.26 west, University Avenue on the south, and North Capitol Boulevard on the east. The
261.27 legislative office facility must provide office accommodations for all senators and senate
261.28 staff who do not have offices in the Capitol building and on-site parking facilities for all
261.29 members and staff and disabled visitors to senate offices. A parking structure may also
261.30 be built on the state-owned land located in the block bounded by Sherburne Avenue
261.31 on the north, Park Street on the east, University Avenue on the south, and Rice Street
261.32 on the west. The commissioner of management and budget may issue lease revenue
261.33 bonds or certificates of participation associated with the lease-purchase agreement. The
261.34 lease-purchase agreements must not be terminated, except for nonappropriation of

262.1 money. The lease-purchase agreements must provide the state with a unilateral right to
262.2 purchase the leased premises at specified times for specified amounts. The lease-purchase
262.3 agreements are exempt from Minnesota Statutes, section 16B.24, subdivisions 6 and 6a.

262.4 (b) The facilities under the lease-purchase agreement are exempt from the design
262.5 competition requirement under Minnesota Statutes, section 15B.10. Notwithstanding
262.6 anything to the contrary under Minnesota Statutes, sections 16C.32 and 16C.33, if the
262.7 commissioner of administration elects to use a design-build delivery method to design and
262.8 construct one or more facilities under this appropriation, the Capitol Area Architectural and
262.9 Planning Board, in cooperation with the commissioner, shall create a selection committee
262.10 to act as the board under Minnesota Statutes, sections 16C.32 and 16C.33, for the design
262.11 and construction of the facilities. Notwithstanding Minnesota Statutes, section 16B.33, if
262.12 the commissioner elects to contract with a primary designer to design one or more facilities
262.13 under this appropriation, the Capitol Area Architectural and Planning Board, in cooperation
262.14 with the commissioner, shall create a selection committee to conduct the selection process
262.15 in accordance with standards under Minnesota Statutes, chapters 15B, 16B, and 16C. A
262.16 selection committee created under this section must contain no more than seven members,
262.17 including at least three representatives designated by the senate Committee on Rules and
262.18 Administration and three representatives designated by the speaker of the house.

262.19 (c) Notwithstanding any provision to the contrary in Minnesota Statutes, sections
262.20 16C.32 and 16C.33, if the commissioner of administration elects to use a design-build
262.21 delivery method to design, construct, and equip one or more facilities and associated
262.22 infrastructure to provide audio and video broadcast services for the Capitol building, State
262.23 Office Building, and a new legislative office building, if applicable, the commissioner
262.24 shall create a selection committee to act as the board under Minnesota Statutes, sections
262.25 16C.32 and 16C.33, to design, build, and equip the facilities. The selected design-builder
262.26 may self-perform trade work or name an audio and video subcontractor as a member of
262.27 the design-builder's team. If an audio and video subcontractor is named as a member of
262.28 the design-builder's team, the design-builder is not required to competitively bid the trade
262.29 work. Notwithstanding Minnesota Statutes, section 16C.33, subdivision 5, paragraph (b),
262.30 after obtaining and evaluating qualifications from each design-builder, in accordance
262.31 with the weighted criteria and subcriteria and procedures provided in the request for
262.32 qualifications, the selection committee shall select a short list of up to five proposals. If
262.33 the commissioner does not receive any proposals, the commissioner may either:

262.34 (1) solicit new proposals;

262.35 (2) revise the request for qualifications and thereafter solicit new proposals using
262.36 the revised request for qualifications; or

263.1 (3) request selection of a primary designer under Minnesota Statutes, section
263.2 16B.33, 16C.08, or 16C.095, and proceed with competitive bidding pursuant to Minnesota
263.3 Statutes, sections 16C.25 to 16C.29.

263.4 (d) The commissioner of administration may enter into a ground lease for state-owned
263.5 property in the capitol area in conjunction with the execution of a lease-purchase
263.6 agreement entered into under this section for any improvements constructed on that site.
263.7 Notwithstanding the requirements of Minnesota Statutes, section 16A.695, subdivision 2,
263.8 paragraph (b), the ground lease must be for a term equal to the term of the lease-purchase
263.9 agreement, and must include an option to purchase the land at its then fair market value, if
263.10 the improvements are not purchased by the state at the end of the term of the lease-purchase
263.11 agreement, or at any earlier time that the lease-purchase agreement is terminated.

263.12 (e) The commissioner of administration must not prepare final plans and
263.13 specifications for any construction authorized under this section until the program plan
263.14 and cost estimates for all elements necessary to complete the project have been approved
263.15 by the senate Committee on Rules and Administration.

263.16 (f) \$3,000,000 is appropriated in fiscal year 2014 from the general fund to the
263.17 commissioner of administration for predesign and design of facilities authorized under
263.18 paragraph (a). This appropriation is available for expenditure the day following final
263.19 enactment and until June 30, 2015.

263.20 (g) The commissioner of administration may reserve a portion of money from
263.21 appropriations for office space costs of the legislature to fund future repairs for facilities
263.22 constructed under the authority provided in this section. Money reserved under this
263.23 paragraph must be credited to a segregated account for each building in the special
263.24 revenue fund and is appropriated to the commissioner to make the repairs. When the state
263.25 acquires title to a building with an account established under this paragraph, the account
263.26 for that building must be abolished and the balance remaining in the account must be
263.27 transferred to the appropriate asset preservation and replacement account.

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

263.29 Sec. 22. **APPROPRIATION; RELOCATION EXPENSES.**

263.30 \$1,860,000 is appropriated from the general fund to the commissioner of
263.31 administration for rent loss and relocation expenses related to the Capitol renovation
263.32 project for fiscal year 2014. Notwithstanding Minnesota Statutes, section 16A.642,
263.33 this appropriation is available until June 30, 2015. The base for this appropriation is
263.34 \$1,380,000 in fiscal year 2016, \$960,000 in fiscal year 2017, and \$0 after that.

264.1 **ARTICLE 13**

264.2 **MISCELLANEOUS PROVISIONS**

264.3 Section 1. Minnesota Statutes 2012, section 16A.727, is amended to read:

264.4 **16A.727 BACKUP REVENUES; FOOTBALL STADIUM FUNDING.**

264.5 (a) If the commissioner of management and budget determines that the amount of
264.6 revenues under section 297E.021, subdivision 2, for the next fiscal year, plus \$20,000,000,
264.7 will be less than the amounts specified in section 297E.021, subdivision 3, ~~paragraph (a),~~
264.8 clause (1), items (i) to (iii), for that fiscal year, the commissioner may implement the
264.9 revenue options authorized in Laws 2012, chapter 299, article 6; provided that this section
264.10 does not constitute a pledge of tax revenues as security for the payment of principal and
264.11 interest on appropriation bonds issued under section 16A.695. If the commissioner
264.12 determines to exercise the authority under this section for a fiscal year, the commissioner
264.13 must implement the revenue options, as necessary, in the following order:

264.14 (1) a sports-themed lottery game under section 349A.20; and

264.15 (2) a tax on suites as provided under section 473J.14.

264.16 (b) Revenue raised under the authority granted by this section must be deposited
264.17 in the general fund.

264.18 (c) If the commissioner determines to implement one or more of the revenue options
264.19 authorized by this section, each subsequent year the commissioner must determine if
264.20 the revenue is needed and will be imposed and collected for the next fiscal year. If the
264.21 commissioner determines that one or more revenue options implemented for a fiscal year
264.22 are not needed for a subsequent fiscal year, the commissioner must terminate them in the
264.23 reverse order they were required to be implemented by paragraph (a) with the last option
264.24 implemented terminated first and so forth.

264.25 (d) Before implementing a revenue source authorized under this section, the
264.26 commissioner must report the intent to do so to the Legislative Commission on Planning
264.27 and Fiscal Policy. The commissioner must inform the commission of determinations to
264.28 continue or discontinue each revenue source for a subsequent fiscal year.

264.29 (e) The provisions of this section no longer apply after the Minnesota Sports
264.30 Facilities Authority certifies to the commissioner that it has determined that the revenues
264.31 of the general fund under section 297A.994, the increased revenues under chapter 297E,
264.32 and other available resources of the authority provide adequate financial security for
264.33 the state and the authority.

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

265.1 Sec. 2. **[116V.03] APPROPRIATION.**

265.2 \$1,000,000 in fiscal year 2014 and each year thereafter is appropriated from the
265.3 general fund to the commissioner of revenue for transfer to the agricultural project
265.4 utilization account in the special revenue fund for the Agricultural Utilization Research
265.5 Institute established under section 116V.01.

265.6 Sec. 3. Minnesota Statutes 2012, section 237.52, subdivision 3, is amended to read:

265.7 Subd. 3. **Collection.** Every provider of services capable of originating a TRS call,
265.8 including cellular communications and other nonwire access services, in this state shall,
265.9 except as provided in subdivision 3a, collect the charges established by the commission
265.10 under subdivision 2 and transfer amounts collected to the commissioner of public
265.11 safety in the same manner as provided in section 403.11, subdivision 1, paragraph (d).
265.12 The commissioner of public safety must deposit the receipts in the fund established in
265.13 subdivision 1.

265.14 **EFFECTIVE DATE.** This section is effective January 1, 2014.

265.15 Sec. 4. Minnesota Statutes 2012, section 237.52, is amended by adding a subdivision
265.16 to read:

265.17 Subd. 3a. **Fee for prepaid wireless telecommunications service.** The fee
265.18 established in subdivision 2 does not apply to prepaid wireless telecommunications
265.19 services as defined in section 403.02, subdivision 17b, which are instead subject to the
265.20 prepaid wireless telecommunications access Minnesota fee established in section 403.161,
265.21 subdivision 1, paragraph (b). Collection, remittance, and deposit of prepaid wireless
265.22 telecommunications access Minnesota fees are governed by sections 403.161 and 403.162.

265.23 **EFFECTIVE DATE.** This section is effective January 1, 2014.

265.24 Sec. 5. Minnesota Statutes 2012, section 270B.01, subdivision 8, is amended to read:

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

265.27 (1) the taxes, refunds, and fees administered by or paid to the commissioner under
265.28 chapters 115B, 289A (except taxes imposed under sections 298.01, 298.015, and 298.24),
265.29 290, 290A, 291, 295, 297A, 297B, ~~and 297H,~~ and 403, or any similar Indian tribal tax
265.30 administered by the commissioner pursuant to any tax agreement between the state and
265.31 the Indian tribal government, and includes any laws for the assessment, collection, and
265.32 enforcement of those taxes, refunds, and fees; and

266.1 (2) section 273.1315.

266.2 **EFFECTIVE DATE.** This section is effective January 1, 2014.

266.3 Sec. 6. Minnesota Statutes 2012, section 270B.12, subdivision 4, is amended to read:

266.4 Subd. 4. **Department of Public Safety.** The commissioner may disclose return
266.5 information to the Department of Public Safety for the purpose of and to the extent
266.6 necessary to administer ~~section~~ sections 270C.725 and 403.16 to 403.162.

266.7 **EFFECTIVE DATE.** This section is effective January 1, 2014.

266.8 Sec. 7. Minnesota Statutes 2012, section 270C.03, subdivision 1, is amended to read:

266.9 Subdivision 1. **Powers and duties.** The commissioner shall have and exercise
266.10 the following powers and duties:

266.11 (1) administer and enforce the assessment and collection of taxes;

266.12 (2) make determinations, corrections, and assessments with respect to taxes,
266.13 including interest, additions to taxes, and assessable penalties;

266.14 (3) use statistical or other sampling techniques consistent with generally accepted
266.15 auditing standards in examining returns or records and making assessments;

266.16 (4) investigate the tax laws of other states and countries, and formulate and submit
266.17 to the legislature such legislation as the commissioner may deem expedient to prevent
266.18 evasions of state revenue laws and to secure just and equal taxation and improvement in
266.19 the system of state revenue laws;

266.20 (5) consult and confer with the governor upon the subject of taxation, the
266.21 administration of the laws in regard thereto, and the progress of the work of the
266.22 department, and furnish the governor, from time to time, such assistance and information
266.23 as the governor may require relating to tax matters;

266.24 (6) execute and administer any agreement with the secretary of the treasury or the
266.25 Bureau of Alcohol, Tobacco, Firearms and Explosives in the Department of Justice of the
266.26 United States or a representative of another state regarding the exchange of information
266.27 and administration of the state revenue laws;

266.28 (7) require town, city, county, and other public officers to report information as to the
266.29 collection of taxes received from licenses and other sources, and such other information
266.30 as may be needful in the work of the commissioner, in such form as the commissioner
266.31 may prescribe;

266.32 (8) authorize the use of unmarked motor vehicles to conduct seizures or criminal
266.33 investigations pursuant to the commissioner's authority;

267.1 (9) authorize the participation in audits performed by the Multistate Tax Commission.
267.2 For the purposes of chapter 270B, the Multistate Tax Commission will be considered to be
267.3 a state for the purposes of auditing corporate sales, excise, and income tax returns.

267.4 (10) maintain toll-free telephone access for taxpayer assistance for calls from
267.5 locations within the state; and

267.6 ~~(10)~~ (11) exercise other powers and authority and perform other duties required of or
267.7 imposed upon the commissioner by law.

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

267.9 Sec. 8. Minnesota Statutes 2012, section 271.06, subdivision 2a, as added by Laws
267.10 2013, chapter 36, section 1, is amended to read:

267.11 Subd. 2a. **Timely mailing treated as timely filing.** (a) If, after the period prescribed
267.12 by subdivision 2, the original notice of appeal, proof of service upon the commissioner,
267.13 and filing fee are delivered by ~~mail in the United States~~ mail to the Tax Court administrator
267.14 or the court administrator of district court acting as court administrator of the Tax Court,
267.15 then the date of filing is the date of the United States postmark stamped on the envelope
267.16 or other appropriate wrapper in which the notice of appeal, proof of service upon the
267.17 commissioner, and filing fee are mailed.

267.18 (b) This subdivision applies only if the postmark date falls within the period
267.19 prescribed by subdivision 2 and the original notice of appeal, proof of service upon the
267.20 commissioner, and filing fee are, within the time prescribed by subdivision 2, deposited in
267.21 the mail in the United States in an envelope or other appropriate wrapper, postage prepaid,
267.22 properly addressed to the Tax Court administrator or the court administrator of district
267.23 court acting as court administrator of the Tax Court.

267.24 (c) Only the postmark of the United States Postal Service qualifies as proof of
267.25 timely mailing under this subdivision. Private postage meters do not qualify as proof of
267.26 timely filing under this subdivision. If the original notice of appeal, proof of service
267.27 upon the commissioner, and filing fee are sent by United States registered mail, the date
267.28 of registration is the postmark date. If the original notice of appeal, proof of service
267.29 upon the commissioner, and filing fee are sent by United States certified mail and the
267.30 sender's receipt is postmarked by the postal employee to whom the envelope containing
267.31 the original notice of appeal, proof of service upon the commissioner, and filing fee is
267.32 presented, the date of the United States postmark on the receipt is the postmark date.

267.33 (d) A reference in this section to ~~mail in the United States~~ mail must be treated as
267.34 including a reference to any designated delivery service and a reference in this section to
267.35 a postmark by the United States Postal Service must be treated as including a reference

268.1 to any date recorded or marked by any designated delivery service in accordance with
268.2 section 7502(f) of the Internal Revenue Code.

268.3 **EFFECTIVE DATE.** This section is effective for filings delivered by the United
268.4 States Postal Service with a postmark date after August 1, 2013.

268.5 Sec. 9. Minnesota Statutes 2012, section 297E.021, subdivision 3, is amended to read:

268.6 Subd. 3. **Available revenues.** For purposes of this section, "available revenues"
268.7 equals the amount determined under subdivision 2, plus up to \$20,000,000 each fiscal year
268.8 from the taxes imposed under section 290.06, subdivision 1:

268.9 (1) reduced by the following amounts paid for the fiscal year under:

268.10 (i) the appropriation to principal and interest on appropriation bonds under section
268.11 16A.965, subdivision 8;

268.12 (ii) the appropriation from the general fund to make operating expense payments
268.13 under section 473J.13, subdivision 2, paragraph (b);

268.14 (iii) the appropriation for contributions to the capital reserve fund under section
268.15 473J.13, subdivision 4, paragraph (c);

268.16 (iv) the appropriations under Laws 2012, chapter 299, article 4, for administration
268.17 and any successor appropriation;

268.18 (v) the reduction in revenues resulting from the sales tax exemptions under section
268.19 297A.71, subdivision 43;

268.20 (vi) reimbursements authorized by section 473J.15, subdivision 2, paragraph (d);

268.21 (vii) the compulsive gambling appropriations under section 297E.02, subdivision 3,
268.22 paragraph (c), and any successor appropriation; and

268.23 (viii) the appropriation for the city of St. Paul under section 16A.726, paragraph
268.24 (c); and

268.25 (2) increased by the revenue deposited in the general fund under section 297A.994,
268.26 subdivision 4, clauses (1) to (3), for the fiscal year.

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

268.28 Sec. 10. Minnesota Statutes 2012, section 403.02, is amended by adding a subdivision
268.29 to read:

268.30 Subd. 17b. **Prepaid wireless telecommunications service.** "Prepaid wireless
268.31 telecommunications service" means a wireless telecommunications service that allows the
268.32 caller to dial 911 to access the 911 system, which service must be paid for in advance and is:

269.1 (1) sold in predetermined units or dollars of which the number declines with use in a
269.2 known amount; or

269.3 (2) provides unlimited use for a predetermined time period.

269.4 The inclusion of nontelecommunications services, including the download of digital
269.5 products delivered electronically, content, and ancillary services, with a prepaid wireless
269.6 telecommunications service does not preclude that service from being considered a
269.7 prepaid wireless telecommunications service under this chapter.

269.8 **EFFECTIVE DATE.** This section is effective January 1, 2014.

269.9 Sec. 11. Minnesota Statutes 2012, section 403.02, is amended by adding a subdivision
269.10 to read:

269.11 Subd. 20a. **Wireless telecommunications service.** Wireless telecommunications
269.12 service means a commercial mobile radio service, as that term is defined in United
269.13 States Code, title 47, section 332, subsection (d), including all broadband personal
269.14 communication services, wireless radio telephone services, and geographic area
269.15 specialized mobile radio licensees, that offer real-time, two-way voice service
269.16 interconnected with the public switched telephone network.

269.17 **EFFECTIVE DATE.** This section is effective January 1, 2014.

269.18 Sec. 12. Minnesota Statutes 2012, section 403.02, subdivision 21, is amended to read:

269.19 Subd. 21. **Wireless telecommunications service provider.** "Wireless
269.20 telecommunications service provider" means a provider of eommereial mobile radio
269.21 services, as that term is defined in United States Code, title 47, section 332, subsection
269.22 (d), including all broadband personal communications services, wireless radio telephone
269.23 services, geographic area specialized and enhanced specialized mobile radio services, and
269.24 incumbent wide area specialized mobile radio licensees, that offers real-time, two-way
269.25 voice service interconnected with the public switched telephone network and that is doing
269.26 business in the state of Minnesota wireless telecommunications service.

269.27 **EFFECTIVE DATE.** This section is effective January 1, 2014.

269.28 Sec. 13. Minnesota Statutes 2012, section 403.06, subdivision 1a, is amended to read:

269.29 Subd. 1a. **Biennial budget; annual financial report.** The commissioner shall
269.30 prepare a biennial budget for maintaining the 911 system. By December 15 of each year,
269.31 the commissioner shall submit a report to the legislature detailing the expenditures for
269.32 maintaining the 911 system, the 911 fees collected, the balance of the 911 fund, and the

270.1 911-related administrative expenses of the commissioner, and the most recent forecast of
270.2 revenues and expenditures for the 911 emergency telecommunications service account,
270.3 including a separate projection of E911 fees from prepaid wireless customers and
270.4 projections of year-end fund balances. The commissioner is authorized to expend money
270.5 that has been appropriated to pay for the maintenance, enhancements, and expansion
270.6 of the 911 system.

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

270.8 Sec. 14. Minnesota Statutes 2012, section 403.11, subdivision 1, is amended to read:

270.9 Subdivision 1. **Emergency telecommunications service fee; account.** (a) Each
270.10 customer of a wireless or wire-line switched or packet-based telecommunications service
270.11 provider connected to the public switched telephone network that furnishes service capable
270.12 of originating a 911 emergency telephone call is assessed a fee based upon the number
270.13 of wired or wireless telephone lines, or their equivalent, to cover the costs of ongoing
270.14 maintenance and related improvements for trunking and central office switching equipment
270.15 for 911 emergency telecommunications service, to offset administrative and staffing costs
270.16 of the commissioner related to managing the 911 emergency telecommunications service
270.17 program, to make distributions provided for in section 403.113, and to offset the costs,
270.18 including administrative and staffing costs, incurred by the State Patrol Division of the
270.19 Department of Public Safety in handling 911 emergency calls made from wireless phones.

270.20 (b) Money remaining in the 911 emergency telecommunications service account
270.21 after all other obligations are paid must not cancel and is carried forward to subsequent
270.22 years and may be appropriated from time to time to the commissioner to provide financial
270.23 assistance to counties for the improvement of local emergency telecommunications
270.24 services. The improvements may include providing access to 911 service for
270.25 telecommunications service subscribers currently without access and upgrading existing
270.26 911 service to include automatic number identification, local location identification,
270.27 automatic location identification, and other improvements specified in revised county
270.28 911 plans approved by the commissioner.

270.29 (c) The fee may not be less than eight cents nor more than 65 cents a month until
270.30 June 30, 2008, not less than eight cents nor more than 75 cents a month until June 30,
270.31 2009, not less than eight cents nor more than 85 cents a month until June 30, 2010, and
270.32 not less than eight cents nor more than 95 cents a month on or after July 1, 2010, for
270.33 each customer access line or other basic access service, including trunk equivalents as
270.34 designated by the Public Utilities Commission for access charge purposes and including
270.35 wireless telecommunications services. With the approval of the commissioner of

271.1 management and budget, the commissioner of public safety shall establish the amount of
271.2 the fee within the limits specified and inform the companies and carriers of the amount to
271.3 be collected. When the revenue bonds authorized under section 403.27, subdivision 1,
271.4 have been fully paid or defeased, the commissioner shall reduce the fee to reflect that debt
271.5 service on the bonds is no longer needed. The commissioner shall provide companies and
271.6 carriers a minimum of 45 days' notice of each fee change. The fee must be the same for all
271.7 customers, except that the fee imposed under this subdivision does not apply to prepaid
271.8 wireless telecommunications service, which is instead subject to the fee imposed under
271.9 section 403.161, subdivision 1, paragraph (a).

271.10 (d) The fee must be collected by each wireless or wire-line telecommunications
271.11 service provider subject to the fee. Fees are payable to and must be submitted to the
271.12 commissioner monthly before the 25th of each month following the month of collection,
271.13 except that fees may be submitted quarterly if less than \$250 a month is due, or annually if
271.14 less than \$25 a month is due. Receipts must be deposited in the state treasury and credited
271.15 to a 911 emergency telecommunications service account in the special revenue fund. The
271.16 money in the account may only be used for 911 telecommunications services.

271.17 (e) This subdivision does not apply to customers of interexchange carriers.

271.18 (f) The installation and recurring charges for integrating wireless 911 calls into
271.19 enhanced 911 systems are eligible for payment by the commissioner if the 911 service
271.20 provider is included in the statewide design plan and the charges are made pursuant to
271.21 contract.

271.22 (g) Competitive local exchanges carriers holding certificates of authority from the
271.23 Public Utilities Commission are eligible to receive payment for recurring 911 services.

271.24 **EFFECTIVE DATE.** This section is effective January 1, 2014.

271.25 Sec. 15. Minnesota Statutes 2012, section 403.11, is amended by adding a subdivision
271.26 to read:

271.27 **Subd. 3d. Eligible telecommunications carrier; requirement.** No wireless
271.28 communications provider may provide telecommunications services under a designation
271.29 of eligible telecommunications carrier, as provided under Minnesota Rule 7811.1400,
271.30 until and unless the commissioner of public safety certifies to the chair of the public
271.31 utilities commission that the wireless telecommunications provider is not in arrears in
271.32 amounts owed to the 911 emergency telecommunications service account in the special
271.33 revenue fund.

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

272.1 Sec. 16. Minnesota Statutes 2012, section 403.11, is amended by adding a subdivision
272.2 to read:

272.3 Subd. 6. **Report.** (a) Beginning September 1, 2013, and continuing semiannually
272.4 thereafter, each wireless telecommunications service provider shall report to the
272.5 commissioner, based on the mobile telephone number, both the total number of prepaid
272.6 wireless telecommunications subscribers sourced to Minnesota and the total number of
272.7 wireless telecommunications subscribers sourced to Minnesota. The report must be filed
272.8 on the same schedule as Federal Communications Commission Form 477.

272.9 (b) The commissioner shall make a standard form available to all wireless
272.10 telecommunications service providers for submitting information required to compile
272.11 the report required under this subdivision.

272.12 (c) The information provided to the commissioner under this subdivision is
272.13 considered trade secret information under section 13.37 and may only be used for purposes
272.14 of administering this chapter.

272.15 **EFFECTIVE DATE.** This section is effective January 1, 2014.

272.16 Sec. 17. **[403.16] DEFINITIONS.**

272.17 Subdivision 1. **Scope.** For the purposes of sections 403.16 to 403.164, the terms
272.18 defined in this section have the meanings given them.

272.19 Subd. 2. **Consumer.** "Consumer" means a person who purchases prepaid wireless
272.20 telecommunications service in a retail transaction.

272.21 Subd. 3. **Department.** "Department" means the Department of Revenue.

272.22 Subd. 4. **Prepaid wireless E911 fee.** "Prepaid wireless E911 fee" means the fee that
272.23 is required to be collected by a seller from a consumer as established in section 403.161,
272.24 subdivision 1, paragraph (a).

272.25 Subd. 5. **Prepaid wireless telecommunications access Minnesota fee.** "Prepaid
272.26 wireless telecommunications access Minnesota fee" means the fee that is required to be
272.27 collected by a seller from a consumer as established in section 403.161, subdivision 1,
272.28 paragraph (b).

272.29 Subd. 6. **Provider.** "Provider" means a person that provides prepaid wireless
272.30 telecommunications service under a license issued by the Federal Communications
272.31 Commission.

272.32 Subd. 7. **Retail transaction.** "Retail transaction" means the purchase of prepaid
272.33 wireless telecommunications service from a seller for any purpose other than resale.

272.34 Subd. 8. **Seller.** "Seller" means a person who sells prepaid wireless
272.35 telecommunications service to another person.

273.1 **EFFECTIVE DATE.** This section is effective January 1, 2014.

273.2 Sec. 18. **[403.161] PREPAID WIRELESS FEES IMPOSED; COLLECTION;**
273.3 **REMITTANCE.**

273.4 Subdivision 1. **Fees imposed.** (a) A prepaid wireless E911 fee of 80 cents per retail
273.5 transaction is imposed on prepaid wireless telecommunications service until the fee is
273.6 adjusted as an amount per retail transaction under subdivision 7.

273.7 (b) A prepaid wireless telecommunications access Minnesota fee, in the amount of
273.8 the monthly charge provided for in section 237.52, subdivision 2, is imposed on each
273.9 retail transaction for prepaid wireless telecommunications service until the fee is adjusted
273.10 as an amount per retail transaction under subdivision 7.

273.11 Subd. 2. **Exemption.** The fees established under subdivision 1 are not imposed on a
273.12 minimal amount of prepaid wireless telecommunications service that is sold with a prepaid
273.13 wireless device and is charged a single nonitemized price, and a seller may not apply the
273.14 fees to such a transaction. For purposes of this subdivision, a minimal amount of service
273.15 means an amount of service denominated as either ten minutes or less or \$5 or less.

273.16 Subd. 3. **Fee collected.** The prepaid wireless E911 and telecommunications
273.17 access Minnesota fees must be collected by the seller from the consumer for each retail
273.18 transaction occurring in this state. The amount of each fee must be combined into one
273.19 amount, which must be separately stated on an invoice, receipt, or other similar document
273.20 that is provided to the consumer by the seller.

273.21 Subd. 4. **Sales and use tax treatment.** For purposes of this section, a retail
273.22 transaction conducted in person by a consumer at a business location of the seller must
273.23 be treated as occurring in this state if that business location is in this state, and any other
273.24 retail transaction must be treated as occurring in this state if the retail transaction is treated
273.25 as occurring in this state for purposes of the sales and use tax as specified in section
273.26 297A.669, subdivision 3, paragraph (c).

273.27 Subd. 5. **Remittance.** The prepaid wireless E911 and telecommunications access
273.28 Minnesota fees are the liability of the consumer and not of the seller or of any provider,
273.29 except that the seller is liable to remit all fees as provided in section 403.162.

273.30 Subd. 6. **Exclusion for calculating other charges.** The combined amount of the
273.31 prepaid wireless E911 and telecommunications access Minnesota fees collected by a seller
273.32 from a consumer must not be included in the base for measuring any tax, fee, surcharge,
273.33 or other charge that is imposed by this state, any political subdivision of this state, or
273.34 any intergovernmental agency.

274.1 Subd. 7. **Fee changes.** (a) The prepaid wireless E911 and telecommunications
274.2 access Minnesota fee must be proportionately increased or reduced upon any change to
274.3 the fee imposed under section 403.11, subdivision 1, paragraph (c), after July 1, 2013, or
274.4 the fee imposed under section 237.52, subdivision 2, as applicable.

274.5 (b) The department shall post notice of any fee changes on its Web site at least 30
274.6 days in advance of the effective date of the fee changes. It is the responsibility of sellers to
274.7 monitor the department's Web site for notice of fee changes.

274.8 (c) Fee changes are effective 60 days after the first day of the first calendar month
274.9 after the commissioner of public safety or the Public Utilities Commission, as applicable,
274.10 changes the fee.

274.11 **EFFECTIVE DATE.** This section is effective January 1, 2014.

274.12 Sec. 19. **[403.162] ADMINISTRATION OF PREPAID WIRELESS E911 FEES.**

274.13 Subdivision 1. **Remittance.** Prepaid wireless E911 and telecommunications access
274.14 Minnesota fees collected by sellers must be remitted to the commissioner of revenue
274.15 at the times and in the manner provided by chapter 297A with respect to the general
274.16 sales and use tax. The commissioner of revenue shall establish registration and payment
274.17 procedures that substantially coincide with the registration and payment procedures that
274.18 apply in chapter 297A.

274.19 Subd. 2. **Seller's fee retention.** A seller may deduct and retain three percent of
274.20 prepaid wireless E911 and telecommunications access Minnesota fees collected by the
274.21 seller from consumers.

274.22 Subd. 3. **Department of Revenue provisions.** The audit, assessment, appeal,
274.23 collection, refund, penalty, interest, enforcement, and administrative provisions of
274.24 chapters 270C and 289A that are applicable to the taxes imposed by chapter 297A apply
274.25 to any fee imposed under section 403.161.

274.26 Subd. 4. **Procedures for resale transactions.** The commissioner of revenue shall
274.27 establish procedures by which a seller of prepaid wireless telecommunications service
274.28 may document that a sale is not a retail transaction. These procedures must substantially
274.29 coincide with the procedures for documenting sale for resale transactions as provided in
274.30 chapter 297A.

274.31 Subd. 5. **Fees deposited.** (a) The commissioner of revenue shall, based on
274.32 the relative proportion of the prepaid wireless E911 fee and the prepaid wireless
274.33 telecommunications access Minnesota fee imposed per retail transaction, divide the fees
274.34 collected in corresponding proportions. Within 30 days of receipt of the collected fees,
274.35 the commissioner shall:

275.1 (1) deposit the proportion of the collected fees attributable to the prepaid wireless
275.2 E911 fee in the 911 emergency telecommunications service account in the special revenue
275.3 fund; and

275.4 (2) deposit the proportion of collected fees attributable to the prepaid wireless
275.5 telecommunications access Minnesota fee in the telecommunications access fund
275.6 established in section 237.52, subdivision 1.

275.7 (b) The department may deduct and retain an amount, not to exceed two percent of
275.8 collected fees, to reimburse its direct costs of administering the collection and remittance
275.9 of prepaid wireless E911 fees and prepaid wireless telecommunications access Minnesota
275.10 fees.

275.11 **EFFECTIVE DATE.** This section is effective January 1, 2014.

275.12 Sec. 20. **[403.163] LIABILITY PROTECTION FOR SELLERS AND**
275.13 **PROVIDERS.**

275.14 (a) A provider or seller of prepaid wireless telecommunications service is not liable
275.15 for damages to any person resulting from or incurred in connection with providing any
275.16 lawful assistance in good faith to any investigative or law enforcement officer of the
275.17 United States, this or any other state, or any political subdivision of this or any other state.

275.18 (b) In addition to the protection from liability provided by paragraph (a), section
275.19 403.08, subdivision 11, applies to sellers and providers.

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

275.21 Sec. 21. **[403.164] EXCLUSIVITY OF PREPAID WIRELESS E911 FEE.**

275.22 The prepaid wireless E911 fee imposed by section 403.161 is the only E911 funding
275.23 obligation imposed with respect to prepaid wireless telecommunications service in this
275.24 state, and no tax, fee, surcharge, or other charge may be imposed by this state, any political
275.25 subdivision of this state, or any intergovernmental agency, for E911 funding purposes,
275.26 upon any provider, seller, or consumer with respect to the sale, purchase, use, or provision
275.27 of prepaid wireless telecommunications service.

275.28 **EFFECTIVE DATE.** This section is effective January 1, 2014.

275.29 Sec. 22. **PURPOSE STATEMENTS; TAX EXPENDITURES.**

275.30 Subdivision 1. **Authority.** This section is intended to fulfill the requirement under
275.31 Minnesota Statutes, section 3.192, that a bill creating, renewing, or continuing a tax

276.1 expenditure provide a purpose for the tax expenditure and a standard or goal against
276.2 which its effectiveness may be measured.

276.3 Subd. 2. **Federal conformity.** The provisions of article 6 conforming Minnesota
276.4 individual income tax to changes in federal law related to bonus depreciation and section
276.5 179 expensing are intended to simplify compliance with and administration of the
276.6 individual income tax.

276.7 Subd. 3. **Sales tax exemption for certain aircraft parts and labor.** The provisions
276.8 of article 5 exempting parts and labor for certain aircraft, is intended to encourage the
276.9 growth of the aviation services industry in the state.

276.10 Subd. 4. **Railroad track maintenance subtraction.** The provisions of article 6
276.11 allowing an individual income and corporate franchise tax subtraction for the amount
276.12 allowed under the federal credit for railroad maintenance expenses, are intended to
276.13 increase the combined federal and state tax incentives available to Class II and Class III
276.14 railroads for maintaining and upgrading track in Minnesota. The standard against which
276.15 effectiveness is to be measured is the additional miles of track maintained or upgraded
276.16 following allowance of the state tax subtraction in addition to the existing federal tax credit.

276.17 Subd. 5. **Historic structure rehabilitation credit.** The provisions of article 6
276.18 extending the sunset date of the historic structure rehabilitation credit and modifying
276.19 the effective date of the credit, are intended to encourage the preservation of historic
276.20 structures in Minnesota and to create and retain jobs related to rehabilitation of historic
276.21 structures in the state. The standard against which the effectiveness of the extension
276.22 of the credit and modification of the effective date is to be measured is the number of
276.23 jobs created through the rehabilitation of historic structures and the number of historic
276.24 structures rehabilitated and placed in service.

276.25 Subd. 6. **Greater Minnesota internship credit.** The provisions of article 6
276.26 providing a tax credit to employers of qualified interns, are intended to encourage
276.27 Minnesota businesses to employ and provide valuable education and work experience
276.28 to Minnesota students and foster long-term relationships between students and greater
276.29 Minnesota employers. The standard against which the effectiveness of the extension of the
276.30 credit is the number of students who participated in the program who were subsequently
276.31 employed full time by the employer.

277.1 Subd. 7. Sales tax exemption for greater Minnesota business expansion. The
277.2 provisions of article 8 are intended to induce existing businesses in greater Minnesota to
277.3 increase investment and expand employment in greater Minnesota.

277.4 Subd. 8. Expansion of sales tax exemption on durable medical products and
277.5 prosthetics. The provisions of article 8 expanding the definition of items included in
277.6 repair and replacement parts of durable medical equipment and prosthetics and exempting
277.7 Medicare and medicaid purchases is intended to simplify sales tax administration in this
277.8 area and provide relief for sellers who cannot collect the tax under these programs.

277.9 Subd. 9. Sales tax exemption for established religious orders. The provisions
277.10 of article 8 exempting certain sales between a religious order and an affiliated institute
277.11 of higher education, is intended to retain an existing sales tax exemption that exists
277.12 between St. John's Abbey and St. John's University after a governing restructure between
277.13 the two entities.

277.14 Subd. 10. Sales tax exemption for certain dental providers. The provisions
277.15 of article 8 exempting certain purchases by qualifying critical access dental providers,
277.16 is intended to assist critical access dental providers in defraying the overall cost of the
277.17 services they provide to underserved communities.

277.18 Subd. 11. Sales tax exemption for nursing homes and boarding care homes.
277.19 The provisions of article 8 exempting certain nursing homes and boarding care homes is
277.20 intended to clarify that an existing exemption for these facilities is not affected by a recent
277.21 property tax case related to defining nonprofit organizations engaged in charitable activities.

277.22 Subd. 12. Construction sales tax exemptions. The provisions of article 8
277.23 exempting from sales tax construction materials for various entities, are intended to
277.24 increase jobs and reduce tax pyramiding by reducing the tax on inputs used to provide
277.25 taxable goods and services.

277.26 Subd. 13. Sales tax exemption on certain public infrastructure. The provisions
277.27 of article 10 exempting construction materials used in public infrastructure projects related
277.28 to the destination medical center plan is intended to reduce city costs for those projects.

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

277.30 Sec. 23. APPROPRIATIONS.

278.1 (a) \$950,000 is appropriated from the general fund to the commissioner of revenue
278.2 in fiscal year 2014 for administering this act. This appropriation does not cancel but is
278.3 available until June 30, 2015. \$300,000 of this amount is added to the annual base budget.

278.4 (b) \$25,000 in fiscal year 2014 and \$25,000 in fiscal year 2015 are appropriated
278.5 from the general fund to the commissioner of employment and economic development for
278.6 administering the provisions of article 10.

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

278.8 Sec. 24. **REPEALER.**

278.9 Minnesota Statutes 2012, sections 290.171; 290.173; and 290.174, are repealed.

278.10 **ARTICLE 14**

278.11 **MARKET VALUE DEFINITIONS**

278.12 Section 1. Minnesota Statutes 2012, section 38.18, is amended to read:

278.13 **38.18 COUNTY FAIRGROUNDS; IMPROVEMENT AIDED.**

278.14 ~~Any~~ Each town, statutory city, or school district in this state, ~~now or hereafter~~ at any
278.15 time having a an estimated market value of all its taxable property, ~~exclusive of money and~~
278.16 ~~credits~~, of more than \$105,000,000, and having a county fair located within its corporate
278.17 limits, ~~is hereby authorized to aid in defraying~~ may pay part of the expense of improving
278.18 ~~any such~~ the fairground, ~~by appropriating and paying over~~ to the treasurer of the county
278.19 owning the fairground ~~such sum of money~~, not exceeding \$10,000, ~~for each of the political~~
278.20 ~~subdivisions~~, as the its governing body of the town, statutory city, or school district may,
278.21 by resolution, ~~determine~~ determines to be for the best interest of the political subdivision;
278.22 ~~The sums so appropriated to~~ amounts paid to the county must be used solely for the purpose
278.23 ~~of aiding in the improvement of~~ to improve the fairground in ~~such~~ the manner as the county
278.24 board of the county ~~shall determine~~ determines to be for the best interest of the county.

278.25 Sec. 2. Minnesota Statutes 2012, section 40A.15, subdivision 2, is amended to read:

278.26 Subd. 2. **Eligible recipients.** All counties within the state, municipalities that prepare
278.27 plans and official controls instead of a county, and districts are eligible for assistance
278.28 under the program. Counties and districts may apply for assistance on behalf of other
278.29 municipalities. In order to be eligible for financial assistance a county or municipality must
278.30 agree to levy at least 0.01209 percent of ~~taxable~~ estimated market value for agricultural
278.31 land preservation and conservation activities or otherwise spend the equivalent amount of
278.32 local money on those activities, or spend \$15,000 of local money, whichever is less.

279.1 Sec. 3. Minnesota Statutes 2012, section 69.011, subdivision 1, is amended to read:

279.2 Subdivision 1. **Definitions.** Unless the language or context clearly indicates that
279.3 a different meaning is intended, the following words and terms, for the purposes of this
279.4 chapter and chapters 423, 423A, 424 and 424A, have the meanings ascribed to them:

279.5 (a) "Commissioner" means the commissioner of revenue.

279.6 (b) "Municipality" means:

279.7 (1) a home rule charter or statutory city;

279.8 (2) an organized town;

279.9 (3) a park district subject to chapter 398;

279.10 (4) the University of Minnesota;

279.11 (5) for purposes of the fire state aid program only, an American Indian tribal
279.12 government entity located within a federally recognized American Indian reservation;

279.13 (6) for purposes of the police state aid program only, an American Indian tribal
279.14 government with a tribal police department which exercises state arrest powers under
279.15 section 626.90, 626.91, 626.92, or 626.93;

279.16 (7) for purposes of the police state aid program only, the Metropolitan Airports
279.17 Commission; and

279.18 (8) for purposes of the police state aid program only, the Department of Natural
279.19 Resources and the Department of Public Safety with respect to peace officers covered
279.20 under chapter 352B.

279.21 (c) "Minnesota Firetown Premium Report" means a form prescribed by the
279.22 commissioner containing space for reporting by insurers of fire, lightning, sprinkler
279.23 leakage and extended coverage premiums received upon risks located or to be performed
279.24 in this state less return premiums and dividends.

279.25 (d) "Firetown" means the area serviced by any municipality having a qualified fire
279.26 department or a qualified incorporated fire department having a subsidiary volunteer
279.27 firefighters' relief association.

279.28 (e) "Estimated market value" means latest available estimated market value of all
279.29 property in a taxing jurisdiction, whether the property is subject to taxation, or exempt
279.30 from ad valorem taxation obtained from information which appears on abstracts filed with
279.31 the commissioner of revenue or equalized by the State Board of Equalization.

279.32 (f) "Minnesota Aid to Police Premium Report" means a form prescribed by the
279.33 commissioner for reporting by each fire and casualty insurer of all premiums received
279.34 upon direct business received by it in this state, or by its agents for it, in cash or otherwise,
279.35 during the preceding calendar year, with reference to insurance written for insuring against
279.36 the perils contained in auto insurance coverages as reported in the Minnesota business

280.1 schedule of the annual financial statement which each insurer is required to file with
280.2 the commissioner in accordance with the governing laws or rules less return premiums
280.3 and dividends.

280.4 (g) "Peace officer" means any person:

280.5 (1) whose primary source of income derived from wages is from direct employment
280.6 by a municipality or county as a law enforcement officer on a full-time basis of not less
280.7 than 30 hours per week;

280.8 (2) who has been employed for a minimum of six months prior to December 31
280.9 preceding the date of the current year's certification under subdivision 2, clause (b);

280.10 (3) who is sworn to enforce the general criminal laws of the state and local ordinances;

280.11 (4) who is licensed by the Peace Officers Standards and Training Board and is
280.12 authorized to arrest with a warrant; and

280.13 (5) who is a member of the State Patrol retirement plan or the public employees
280.14 police and fire fund.

280.15 (h) "Full-time equivalent number of peace officers providing contract service" means
280.16 the integral or fractional number of peace officers which would be necessary to provide
280.17 the contract service if all peace officers providing service were employed on a full-time
280.18 basis as defined by the employing unit and the municipality receiving the contract service.

280.19 (i) "Retirement benefits other than a service pension" means any disbursement
280.20 authorized under section 424A.05, subdivision 3, clauses (3) and (4).

280.21 (j) "Municipal clerk, municipal clerk-treasurer, or county auditor" means:

280.22 (1) for the police state aid program and police relief association financial reports:

280.23 (i) the person who was elected or appointed to the specified position or, in the
280.24 absence of the person, another person who is designated by the applicable governing body;

280.25 (ii) in a park district, the secretary of the board of park district commissioners;

280.26 (iii) in the case of the University of Minnesota, the official designated by the Board
280.27 of Regents;

280.28 (iv) for the Metropolitan Airports Commission, the person designated by the
280.29 commission;

280.30 (v) for the Department of Natural Resources or the Department of Public Safety, the
280.31 respective commissioner;

280.32 (vi) for a tribal police department which exercises state arrest powers under section
280.33 626.90, 626.91, 626.92, or 626.93, the person designated by the applicable American
280.34 Indian tribal government; and

280.35 (2) for the fire state aid program and fire relief association financial reports, the
280.36 person who was elected or appointed to the specified position, or, for governmental

281.1 entities other than counties, if the governing body of the governmental entity designates
281.2 the position to perform the function, the chief financial official of the governmental entity
281.3 or the chief administrative official of the governmental entity.

281.4 (k) "Voluntary statewide lump-sum volunteer firefighter retirement plan" means the
281.5 retirement plan established by chapter 353G.

281.6 Sec. 4. Minnesota Statutes 2012, section 69.021, subdivision 7, is amended to read:

281.7 Subd. 7. **Apportionment of fire state aid to municipalities and relief associations.**

281.8 (a) The commissioner shall apportion the fire state aid relative to the premiums reported
281.9 on the Minnesota Firetown Premium Reports filed under this chapter to each municipality
281.10 and/or firefighters relief association.

281.11 (b) The commissioner shall calculate an initial fire state aid allocation amount for
281.12 each municipality or fire department under paragraph (c) and a minimum fire state aid
281.13 allocation amount for each municipality or fire department under paragraph (d). The
281.14 municipality or fire department must receive the larger fire state aid amount.

281.15 (c) The initial fire state aid allocation amount is the amount available for
281.16 apportionment as fire state aid under subdivision 5, without inclusion of any additional
281.17 funding amount to support a minimum fire state aid amount under section 423A.02,
281.18 subdivision 3, allocated one-half in proportion to the population as shown in the last official
281.19 statewide federal census for each fire town and one-half in proportion to the estimated
281.20 market value of each fire town, including (1) the estimated market value of tax-exempt
281.21 property and (2) the estimated market value of natural resources lands receiving in lieu
281.22 payments under sections 477A.11 to 477A.14, but excluding the estimated market value
281.23 of minerals. In the case of incorporated or municipal fire departments furnishing fire
281.24 protection to other cities, towns, or townships as evidenced by valid fire service contracts
281.25 filed with the commissioner, the distribution must be adjusted proportionately to take
281.26 into consideration the crossover fire protection service. Necessary adjustments must be
281.27 made to subsequent apportionments. In the case of municipalities or independent fire
281.28 departments qualifying for the aid, the commissioner shall calculate the state aid for the
281.29 municipality or relief association on the basis of the population and the estimated market
281.30 value of the area furnished fire protection service by the fire department as evidenced by
281.31 duly executed and valid fire service agreements filed with the commissioner. If one or
281.32 more fire departments are furnishing contracted fire service to a city, town, or township,
281.33 only the population and estimated market value of the area served by each fire department
281.34 may be considered in calculating the state aid and the fire departments furnishing service
281.35 shall enter into an agreement apportioning among themselves the percent of the population

282.1 and the estimated market value of each service area. The agreement must be in writing
282.2 and must be filed with the commissioner.

282.3 (d) The minimum fire state aid allocation amount is the amount in addition to the
282.4 initial fire state allocation amount that is derived from any additional funding amount
282.5 to support a minimum fire state aid amount under section 423A.02, subdivision 3, and
282.6 allocated to municipalities with volunteer firefighters relief associations or covered by the
282.7 voluntary statewide lump-sum volunteer firefighter retirement plan based on the number
282.8 of active volunteer firefighters who are members of the relief association as reported
282.9 in the annual financial reporting for the calendar year 1993 to the Office of the State
282.10 Auditor, but not to exceed 30 active volunteer firefighters, so that all municipalities or
282.11 fire departments with volunteer firefighters relief associations receive in total at least a
282.12 minimum fire state aid amount per 1993 active volunteer firefighter to a maximum of
282.13 30 firefighters. If a relief association is established after calendar year 1993 and before
282.14 calendar year 2000, the number of active volunteer firefighters who are members of the
282.15 relief association as reported in the annual financial reporting for calendar year 1998
282.16 to the Office of the State Auditor, but not to exceed 30 active volunteer firefighters,
282.17 shall be used in this determination. If a relief association is established after calendar
282.18 year 1999, the number of active volunteer firefighters who are members of the relief
282.19 association as reported in the first annual financial reporting submitted to the Office of
282.20 the State Auditor, but not to exceed 20 active volunteer firefighters, must be used in this
282.21 determination. If a relief association is terminated as a result of providing retirement
282.22 coverage for volunteer firefighters by the voluntary statewide lump-sum volunteer
282.23 firefighter retirement plan under chapter 353G, the number of active volunteer firefighters
282.24 of the municipality covered by the statewide plan as certified by the executive director of
282.25 the Public Employees Retirement Association to the commissioner and the state auditor,
282.26 but not to exceed 30 active firefighters, must be used in this determination.

282.27 (e) Unless the firefighters of the applicable fire department are members of the
282.28 voluntary statewide lump-sum volunteer firefighter retirement plan, the fire state aid must
282.29 be paid to the treasurer of the municipality where the fire department is located and the
282.30 treasurer of the municipality shall, within 30 days of receipt of the fire state aid, transmit
282.31 the aid to the relief association if the relief association has filed a financial report with the
282.32 treasurer of the municipality and has met all other statutory provisions pertaining to the
282.33 aid apportionment. If the firefighters of the applicable fire department are members of
282.34 the voluntary statewide lump-sum volunteer firefighter retirement plan, the fire state aid
282.35 must be paid to the executive director of the Public Employees Retirement Association
282.36 and deposited in the voluntary statewide lump-sum volunteer firefighter retirement fund.

283.1 (f) The commissioner may make rules to permit the administration of the provisions
283.2 of this section.

283.3 (g) Any adjustments needed to correct prior misallocations must be made to
283.4 subsequent apportionments.

283.5 Sec. 5. Minnesota Statutes 2012, section 69.021, subdivision 8, is amended to read:

283.6 Subd. 8. **Population and estimated market value.** (a) In computations relating to
283.7 fire state aid requiring the use of population figures, only official statewide federal census
283.8 figures are to be used. Increases or decreases in population disclosed by reason of any
283.9 special census must not be taken into consideration.

283.10 (b) In calculations relating to fire state aid requiring the use of estimated market
283.11 value property figures, only the latest available estimated market value property figures
283.12 may be used.

283.13 Sec. 6. Minnesota Statutes 2012, section 88.51, subdivision 3, is amended to read:

283.14 Subd. 3. **Determination of estimated market value.** In determining the net tax
283.15 capacity of property within any taxing district the value of the surface of lands within any
283.16 auxiliary forest therein, as determined by the county board under the provisions of section
283.17 88.48, subdivision 3, shall, for all purposes except the levying of taxes on lands within any
283.18 such forest, be deemed the estimated market value thereof.

283.19 Sec. 7. Minnesota Statutes 2012, section 103B.245, subdivision 3, is amended to read:

283.20 Subd. 3. **Tax.** After adoption of the ordinance under subdivision 2, a local
283.21 government unit may annually levy a tax on all taxable property in the district for the
283.22 purposes for which the tax district is established. The tax may not exceed 0.02418 percent
283.23 of estimated market value on taxable property located in rural towns other than urban
283.24 towns, unless allowed by resolution of the town electors. The proceeds of the tax shall
283.25 be paid into a fund reserved for these purposes. Any proceeds remaining in the reserve
283.26 fund at the time the tax is terminated or the district is dissolved shall be transferred and
283.27 irrevocably pledged to the debt service fund of the local unit to be used solely to reduce
283.28 tax levies for bonded indebtedness of taxable property in the district.

283.29 Sec. 8. Minnesota Statutes 2012, section 103B.251, subdivision 8, is amended to read:

283.30 Subd. 8. **Tax.** (a) For the payment of principal and interest on the bonds issued
283.31 under subdivision 7 and the payment required under subdivision 6, the county shall
283.32 irrevocably pledge and appropriate the proceeds of a tax levied on all taxable property

284.1 located within the territory of the watershed management organization or subwatershed
284.2 unit for which the bonds are issued. Each year until the reserve for payment of the bonds
284.3 is sufficient to retire the bonds, the county shall levy on all taxable property in the territory
284.4 of the organization or unit, without respect to any statutory or other limitation on taxes, an
284.5 amount of taxes sufficient to pay principal and interest on the bonds and to restore any
284.6 deficiencies in reserves required to be maintained for payment of the bonds.

284.7 (b) The tax levied on rural towns other than urban towns may not exceed 0.02418
284.8 percent of ~~taxable~~ estimated market value, unless approved by resolution of the town
284.9 electors.

284.10 (c) If at any time the amounts available from the levy on property in the territory of
284.11 the organization are insufficient to pay principal and interest on the bonds when due, the
284.12 county shall make payment from any available funds in the county treasury.

284.13 (d) The amount of any taxes which are required to be levied outside of the territory
284.14 of the watershed management organization or unit or taken from the general funds of the
284.15 county to pay principal or interest on the bonds shall be reimbursed to the county from
284.16 taxes levied within the territory of the watershed management organization or unit.

284.17 Sec. 9. Minnesota Statutes 2012, section 103B.635, subdivision 2, is amended to read:

284.18 Subd. 2. **Municipal funding of district.** (a) The governing body or board of
284.19 supervisors of each municipality in the district must provide the funds necessary to meet
284.20 its proportion of the total cost determined by the board, provided the total funding from
284.21 all municipalities in the district for the costs shall not exceed an amount equal to .00242
284.22 percent of the total ~~taxable~~ estimated market value within the district, unless three-fourths
284.23 of the municipalities in the district pass a resolution concurring to the additional costs.

284.24 (b) The funds must be deposited in the treasury of the district in amounts and at
284.25 times as the treasurer of the district requires.

284.26 Sec. 10. Minnesota Statutes 2012, section 103B.691, subdivision 2, is amended to read:

284.27 Subd. 2. **Municipal funding of district.** (a) The governing body or board of
284.28 supervisors of each municipality in the district shall provide the funds necessary to meet its
284.29 proportion of the total cost to be borne by the municipalities as finally certified by the board.

284.30 (b) The municipality's funds may be raised by any means within the authority of
284.31 the municipality. The municipalities may each levy a tax not to exceed .02418 percent of
284.32 ~~taxable~~ estimated market value on the taxable property located in the district to provide
284.33 the funds. The levy shall be within all other limitations provided by law.

285.1 (c) The funds must be deposited into the treasury of the district in amounts and at
285.2 times as the treasurer of the district requires.

285.3 Sec. 11. Minnesota Statutes 2012, section 103D.905, subdivision 2, is amended to read:

285.4 Subd. 2. **Organizational expense fund.** (a) An organizational expense fund,
285.5 consisting of an ad valorem tax levy, shall not exceed 0.01596 percent of ~~taxable~~ estimated
285.6 market value, or \$60,000, whichever is less. The money in the fund shall be used for
285.7 organizational expenses and preparation of the watershed management plan for projects.

285.8 (b) The managers may borrow from the affected counties up to 75 percent of the
285.9 anticipated funds to be collected from the organizational expense fund levy and the
285.10 counties affected may make the advancements.

285.11 (c) The advancement of anticipated funds shall be apportioned among affected
285.12 counties in the same ratio as the net tax capacity of the area of the counties within
285.13 the watershed district bears to the net tax capacity of the entire watershed district. If a
285.14 watershed district is enlarged, an organizational expense fund may be levied against the
285.15 area added to the watershed district in the same manner as provided in this subdivision.

285.16 (d) Unexpended funds collected for the organizational expense may be transferred to
285.17 the administrative fund and used for the purposes of the administrative fund.

285.18 Sec. 12. Minnesota Statutes 2012, section 103D.905, subdivision 3, is amended to read:

285.19 Subd. 3. **General fund.** A general fund, consisting of an ad valorem tax levy, may
285.20 not exceed 0.048 percent of ~~taxable~~ estimated market value, or \$250,000, whichever is
285.21 less. The money in the fund shall be used for general administrative expenses and for
285.22 the construction or implementation and maintenance of projects of common benefit to
285.23 the watershed district. The managers may make an annual levy for the general fund as
285.24 provided in section 103D.911. In addition to the annual general levy, the managers may
285.25 annually levy a tax not to exceed 0.00798 percent of ~~taxable~~ estimated market value
285.26 for a period not to exceed 15 consecutive years to pay the cost attributable to the basic
285.27 water management features of projects initiated by petition of a political subdivision
285.28 within the watershed district or by petition of at least 50 resident owners whose property
285.29 is within the watershed district.

285.30 Sec. 13. Minnesota Statutes 2012, section 103D.905, subdivision 8, is amended to read:

285.31 Subd. 8. **Survey and data acquisition fund.** (a) A survey and data acquisition fund
285.32 is established and used only if other funds are not available to the watershed district to pay
285.33 for making necessary surveys and acquiring data.

286.1 (b) The survey and data acquisition fund consists of the proceeds of a property tax
286.2 that can be levied only once every five years. The levy may not exceed 0.02418 percent of
286.3 ~~taxable~~ estimated market value.

286.4 (c) The balance of the survey and data acquisition fund may not exceed \$50,000.

286.5 (d) In a subsequent proceeding for a project where a survey has been made, the
286.6 attributable cost of the survey as determined by the managers shall be included as a part of
286.7 the cost of the work and the sum shall be repaid to the survey and data acquisition fund.

286.8 Sec. 14. Minnesota Statutes 2012, section 117.025, subdivision 7, is amended to read:

286.9 Subd. 7. **Structurally substandard.** "Structurally substandard" means a building:

286.10 (1) that was inspected by the appropriate local government and cited for one or more
286.11 enforceable housing, maintenance, or building code violations;

286.12 (2) in which the cited building code violations involve one or more of the following:

286.13 (i) a roof and roof framing element;

286.14 (ii) support walls, beams, and headers;

286.15 (iii) foundation, footings, and subgrade conditions;

286.16 (iv) light and ventilation;

286.17 (v) fire protection, including egress;

286.18 (vi) internal utilities, including electricity, gas, and water;

286.19 (vii) flooring and flooring elements; or

286.20 (viii) walls, insulation, and exterior envelope;

286.21 (3) in which the cited housing, maintenance, or building code violations have not
286.22 been remedied after two notices to cure the noncompliance; and

286.23 (4) has uncured housing, maintenance, and building code violations, satisfaction of
286.24 which would cost more than 50 percent of the ~~assessor's taxable~~ estimated market value
286.25 for the building, excluding land value, as determined under section 273.11 for property
286.26 taxes payable in the year in which the condemnation is commenced.

286.27 A local government is authorized to seek from a judge or magistrate an administrative
286.28 warrant to gain access to inspect a specific building in a proposed development or
286.29 redevelopment area upon showing of probable cause that a specific code violation has
286.30 occurred and that the violation has not been cured, and that the owner has denied the local
286.31 government access to the property. Items of evidence that may support a conclusion of
286.32 probable cause may include recent fire or police inspections, housing inspection, exterior
286.33 evidence of deterioration, or other similar reliable evidence of deterioration in the specific
286.34 building.

287.1 Sec. 15. Minnesota Statutes 2012, section 127A.48, subdivision 1, is amended to read:

287.2 Subdivision 1. **Computation.** The Department of Revenue must annually conduct
287.3 an assessment/sales ratio study of the taxable property in each county, city, town, and
287.4 school district in accordance with the procedures in subdivisions 2 and 3. Based upon the
287.5 results of this assessment/sales ratio study, the Department of Revenue must determine an
287.6 ~~aggregate~~ equalized net tax capacity for the various classes of taxable property in each
287.7 taxing district, the aggregate of which tax capacity shall be is designated as the adjusted net
287.8 tax capacity. The adjusted net tax capacity must be reduced by the captured tax capacity of
287.9 tax increment districts under section 469.177, subdivision 2, fiscal disparities contribution
287.10 tax capacities under sections 276A.06 and 473F.08, and the tax capacity of transmission
287.11 lines required to be subtracted from the local tax base under section 273.425; and increased
287.12 by fiscal disparities distribution tax capacities under sections 276A.06 and 473F.08. The
287.13 adjusted net tax capacities shall be determined using the net tax capacity percentages in
287.14 effect for the assessment year following the assessment year of the study. The Department
287.15 of Revenue must make whatever estimates are necessary to account for changes in the
287.16 classification system. The Department of Revenue may incur the expense necessary to
287.17 make the determinations. The commissioner of revenue may reimburse any county or
287.18 governmental official for requested services performed in ascertaining the adjusted net tax
287.19 capacity. On or before March 15 annually, the Department of Revenue shall file with the
287.20 chair of the Tax Committee of the house of representatives and the chair of the Committee
287.21 on Taxes and Tax laws of the senate a report of adjusted net tax capacities for school
287.22 districts. On or before June 15 annually, the Department of Revenue shall file its final report
287.23 on the adjusted net tax capacities for school districts established by the previous year's
287.24 assessments and the current year's net tax capacity percentages with the commissioner of
287.25 education and each county auditor for those school districts for which the auditor has the
287.26 responsibility for determination of local tax rates. A copy of the report so filed shall be
287.27 mailed to the clerk of each school district involved and to the county assessor or supervisor
287.28 of assessments of the county or counties in which each school district is located.

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

287.30 Sec. 16. Minnesota Statutes 2012, section 138.053, is amended to read:

287.31 **138.053 COUNTY HISTORICAL SOCIETY; TAX LEVY; CITIES OR**
287.32 **TOWNS.**

287.33 The governing body of any home rule charter or statutory city or town may annually
287.34 appropriate from its general fund an amount not to exceed 0.02418 percent of taxable

288.1 estimated market value, derived from ad valorem taxes on property or other revenues, to
288.2 be paid to the historical society of its respective county to be used for the promotion of
288.3 historical work and to aid in defraying the expenses of carrying on the historical work in the
288.4 county. No city or town may appropriate any funds for the benefit of any historical society
288.5 unless the society is affiliated with and approved by the Minnesota Historical Society.

288.6 Sec. 17. Minnesota Statutes 2012, section 144F.01, subdivision 4, is amended to read:

288.7 Subd. 4. **Property tax levy authority.** The district's board may levy a tax on the
288.8 taxable real and personal property in the district. The ad valorem tax levy may not exceed
288.9 0.048 percent of the ~~taxable~~ estimated market value of the district or \$400,000, whichever
288.10 is less. The proceeds of the levy must be used as provided in subdivision 5. The board shall
288.11 certify the levy at the times as provided under section 275.07. The board shall provide the
288.12 county with whatever information is necessary to identify the property that is located within
288.13 the district. If the boundaries include a part of a parcel, the entire parcel shall be included
288.14 in the district. The county auditors must spread, collect, and distribute the proceeds of the
288.15 tax at the same time and in the same manner as provided by law for all other property taxes.

288.16 Sec. 18. Minnesota Statutes 2012, section 162.07, subdivision 3, is amended to read:

288.17 Subd. 3. **Computation for rural counties.** An amount equal to a levy of 0.01596
288.18 percent on each rural county's total ~~taxable~~ estimated market value for the last preceding
288.19 calendar year shall be computed and shall be subtracted from the county's total estimated
288.20 construction costs. The result thereof shall be the money needs of the county. For the
288.21 purpose of this section, "rural counties" means all counties having a population of less
288.22 than 175,000.

288.23 Sec. 19. Minnesota Statutes 2012, section 162.07, subdivision 4, is amended to read:

288.24 Subd. 4. **Computation for urban counties.** An amount equal to a levy of 0.00967
288.25 percent on each urban county's total ~~taxable~~ estimated market value for the last preceding
288.26 calendar year shall be computed and shall be subtracted from the county's total estimated
288.27 construction costs. The result thereof shall be the money needs of the county. For
288.28 the purpose of this section, "urban counties" means all counties having a population
288.29 of 175,000 or more.

288.30 Sec. 20. Minnesota Statutes 2012, section 163.04, subdivision 3, is amended to read:

288.31 Subd. 3. **Bridges within certain cities.** When the council of any statutory city or
288.32 city of the third or fourth class may determine that it is necessary to build or improve any

289.1 bridge or bridges, including approaches thereto, and any dam or retaining works connected
289.2 therewith, upon or forming a part of streets or highways either wholly or partly within
289.3 its limits, the county board shall appropriate one-half of the money as may be necessary
289.4 therefor from the county road and bridge fund, not exceeding during any year one-half
289.5 the amount of taxes paid into the county road and bridge fund during the preceding year,
289.6 on property within the corporate limits of the city. The appropriation shall be made upon
289.7 the petition of the council, which petition shall be filed by the council with the county
289.8 board prior to the fixing by the board of the annual county tax levy. The county board
289.9 shall determine the plans and specifications, shall let all necessary contracts, shall have
289.10 charge of construction, and upon its request, warrants in payment thereof shall be issued
289.11 by the county auditor, from time to time, as the construction work proceeds. Any unpaid
289.12 balance may be paid or advanced by the city. On petition of the council, the appropriations
289.13 of the county board, during not to exceed three successive years, may be made to apply
289.14 on the construction of the same items and to repay any money advanced by the city in
289.15 the construction thereof. None of the provisions of this section shall be construed to
289.16 be mandatory as applied to any city whose estimated market value exceeds \$2,100 per
289.17 capita of its population.

289.18 Sec. 21. Minnesota Statutes 2012, section 163.06, subdivision 6, is amended to read:

289.19 Subd. 6. **Expenditure in certain counties.** In any county having not less than 95
289.20 nor more than 105 full and fractional townships, and having ~~a~~ an estimated market value
289.21 of not less than \$12,000,000 nor more than \$21,000,000, ~~exclusive of money and credits,~~
289.22 the county board, by resolution, may expend the funds provided in subdivision 4 in any
289.23 ~~organized or unorganized township~~ town or unorganized territory or portion thereof in
289.24 such county.

289.25 Sec. 22. Minnesota Statutes 2012, section 165.10, subdivision 1, is amended to read:

289.26 Subdivision 1. **Certain counties may issue and sell.** The county board of any
289.27 county having no outstanding road and bridge bonds may issue and sell county road bonds
289.28 in an amount not exceeding 0.12089 percent of the estimated market value of the taxable
289.29 property within the county ~~exclusive of money and credits,~~ for the purpose of constructing,
289.30 reconstructing, improving, or maintaining any bridge or bridges on any highway under its
289.31 jurisdiction, without submitting the matter to a vote of the electors of the county.

289.32 Sec. 23. Minnesota Statutes 2012, section 272.03, is amended by adding a subdivision
289.33 to read:

290.1 Subd. 14. **Estimated market value.** "Estimated market value" means the assessor's
290.2 determination of market value, including the effects of any orders made under section
290.3 270.12 or chapter 274, for the parcel. The provisions of section 273.032 apply for certain
290.4 uses in determining the total estimated market value for the taxing jurisdiction.

290.5 Sec. 24. Minnesota Statutes 2012, section 272.03, is amended by adding a subdivision
290.6 to read:

290.7 Subd. 15. **Taxable market value.** "Taxable market value" means estimated market
290.8 value for the parcel as reduced by market value exclusions, deferrals of value, or other
290.9 adjustments required by law, that reduce market value before the application of class rates.

290.10 Sec. 25. Minnesota Statutes 2012, section 273.032, is amended to read:

290.11 **273.032 MARKET VALUE DEFINITION.**

290.12 (a) Unless otherwise provided, for the purpose of determining any property tax
290.13 levy limitation based on market value or any limit on net debt, the issuance of bonds,
290.14 certificates of indebtedness, or capital notes based on market value, any qualification to
290.15 receive state aid based on market value, or any state aid amount based on market value, the
290.16 terms "market value," "~~taxable~~ estimated market value," and "market valuation," whether
290.17 equalized or unequalized, mean the ~~total~~ taxable estimated market value of taxable property
290.18 within the local unit of government before any of the following or similar adjustments for:

290.19 (1) the market value exclusions under:

290.20 (i) section 273.11, subdivisions 14a and 14c (vacant platted land);

290.21 (ii) section 273.11, subdivision 16 (certain improvements to homestead property);

290.22 (iii) section 273.11, subdivisions 19 and 20 (certain improvements to business
290.23 properties);

290.24 (iv) section 273.11, subdivision 21 (homestead property damaged by mold);

290.25 (v) section 273.11, subdivision 22 (qualifying lead hazardous reduction projects);

290.26 (vi) section 273.13, subdivision 34 (homestead of a disabled veteran or family
290.27 caregiver);

290.28 (vii) section 273.13, subdivision 35 (homestead market value exclusion); or

290.29 (2) the deferral of value under:

290.30 (i) the Minnesota Agricultural Property Tax Law, section 273.111;

290.31 (ii) the Aggregate Resource Preservation Law, section 273.1115;

290.32 (iii) the Minnesota Open Space Property Tax Law, section 273.112;

290.33 (iv) the rural preserves property tax program, section 273.114; or

290.34 (v) the Metropolitan Agricultural Preserves Act, section 473H.10; or

291.1 (3) the adjustments to tax capacity for:
291.2 (i) tax increment, financing under sections 469.174 to 469.1794;
291.3 (ii) fiscal disparity, disparities under chapter 276A or 473F; or
291.4 (iii) powerline credit, or wind energy values, but after the limited market adjustments
291.5 ~~under section 273.11, subdivision 1a, and after the market value exclusions of certain~~
291.6 ~~improvements to homestead property under section 273.11, subdivision 16~~ under section
291.7 273.425.

291.8 (b) Estimated market value under paragraph (a) also includes the market value
291.9 of tax-exempt property if the applicable law specifically provides that the limitation,
291.10 qualification, or aid calculation includes tax-exempt property.

291.11 (c) Unless otherwise provided, "market value," "taxable estimated market value,"
291.12 and "market valuation" for purposes of this paragraph property tax levy limitations and
291.13 calculation of state aid, refer to the taxable estimated market value for the previous
291.14 assessment year and for purposes of limits on net debt, the issuance of bonds, certificates of
291.15 indebtedness, or capital notes refer to the estimated market value as last finally equalized.

291.16 ~~For the purpose of determining any net debt limit based on market value, or any limit~~
291.17 ~~on the issuance of bonds, certificates of indebtedness, or capital notes based on market~~
291.18 ~~value, the terms "market value," "taxable market value," and "market valuation," whether~~
291.19 ~~equalized or unequalized, mean the total taxable market value of property within the local~~
291.20 ~~unit of government before any adjustments for tax increment, fiscal disparity, powerline~~
291.21 ~~credit, or wind energy values, but after the limited market value adjustments under section~~
291.22 ~~273.11, subdivision 1a, and after the market value exclusions of certain improvements to~~
291.23 ~~homestead property under section 273.11, subdivision 16. Unless otherwise provided,~~
291.24 ~~"market value," "taxable market value," and "market valuation" for purposes of this~~
291.25 ~~paragraph, mean the taxable market value as last finally equalized.~~

291.26 (d) For purposes of a provision of a home rule charter or of any special law that is not
291.27 codified in the statutes and that imposes a levy limitation based on market value or any limit
291.28 on debt, the issuance of bonds, certificates of indebtedness, or capital notes based on market
291.29 value, the terms "market value," "taxable market value," and "market valuation," whether
291.30 equalized or unequalized, mean "estimated market value" as defined in paragraph (a).

291.31 Sec. 26. Minnesota Statutes 2012, section 273.11, subdivision 1, is amended to read:

291.32 Subdivision 1. **Generally.** Except as provided in this section or section 273.17,
291.33 subdivision 1, all property shall be valued at its market value. The market value as
291.34 determined pursuant to this section shall be stated such that any amount under \$100 is
291.35 rounded up to \$100 and any amount exceeding \$100 shall be rounded to the nearest \$100.

292.1 In estimating and determining such value, the assessor shall not adopt a lower or different
292.2 standard of value because the same is to serve as a basis of taxation, nor shall the assessor
292.3 adopt as a criterion of value the price for which such property would sell at a forced sale,
292.4 or in the aggregate with all the property in the town or district; but the assessor shall value
292.5 each article or description of property by itself, and at such sum or price as the assessor
292.6 believes the same to be fairly worth in money. The assessor shall take into account the
292.7 effect on the market value of property of environmental factors in the vicinity of the
292.8 property. In assessing any tract or lot of real property, the value of the land, exclusive of
292.9 structures and improvements, shall be determined, and also the value of all structures and
292.10 improvements thereon, and the aggregate value of the property, including all structures
292.11 and improvements, excluding the value of crops growing upon cultivated land. In valuing
292.12 real property upon which there is a mine or quarry, it shall be valued at such price as such
292.13 property, including the mine or quarry, would sell for at a fair, voluntary sale, for cash,
292.14 if the material being mined or quarried is not subject to taxation under section 298.015
292.15 and the mine or quarry is not exempt from the general property tax under section 298.25.
292.16 In valuing real property which is vacant, platted property shall be assessed as provided
292.17 in ~~subdivision 14~~ subdivisions 14a and 14c. All property, or the use thereof, which is
292.18 taxable under section 272.01, subdivision 2, or 273.19, shall be valued at the market
292.19 value of such property and not at the value of a leasehold estate in such property, or at
292.20 some lesser value than its market value.

292.21 Sec. 27. Minnesota Statutes 2012, section 273.124, subdivision 3a, is amended to read:

292.22 Subd. 3a. **Manufactured home park cooperative.** (a) When a manufactured home
292.23 park is owned by a corporation or association organized under chapter 308A or 308B,
292.24 and each person who owns a share or shares in the corporation or association is entitled
292.25 to occupy a lot within the park, the corporation or association may claim homestead
292.26 treatment for the park. Each lot must be designated by legal description or number, and
292.27 each lot is limited to not more than one-half acre of land.

292.28 (b) The manufactured home park shall be entitled to homestead treatment if all
292.29 of the following criteria are met:

292.30 (1) the occupant or the cooperative corporation or association is paying the ad
292.31 valorem property taxes and any special assessments levied against the land and structure
292.32 either directly, or indirectly through dues to the corporation or association; and

292.33 (2) the corporation or association organized under chapter 308A or 308B is wholly
292.34 owned by persons having a right to occupy a lot owned by the corporation or association.

293.1 (c) A charitable corporation, organized under the laws of Minnesota with no
293.2 outstanding stock, and granted a ruling by the Internal Revenue Service for 501(c)(3)
293.3 tax-exempt status, qualifies for homestead treatment with respect to a manufactured home
293.4 park if its members hold residential participation warrants entitling them to occupy a lot
293.5 in the manufactured home park.

293.6 (d) "Homestead treatment" under this subdivision means the class rate provided for
293.7 class 4c property classified under section 273.13, subdivision 25, paragraph (d), clause (5),
293.8 item (ii). The homestead market value ~~credit~~ exclusion under section ~~273.1384~~ 273.13,
293.9 subdivision 35, does not apply and the property taxes assessed against the park shall not
293.10 be included in the determination of taxes payable for rent paid under section 290A.03.

293.11 **EFFECTIVE DATE.** This section is effective for taxes payable in 2013 and
293.12 thereafter.

293.13 Sec. 28. Minnesota Statutes 2012, section 273.124, subdivision 13, is amended to read:

293.14 Subd. 13. **Homestead application.** (a) A person who meets the homestead
293.15 requirements under subdivision 1 must file a homestead application with the county
293.16 assessor to initially obtain homestead classification.

293.17 (b) The format and contents of a uniform homestead application shall be prescribed
293.18 by the commissioner of revenue. The application must clearly inform the taxpayer that
293.19 this application must be signed by all owners who occupy the property or by the qualifying
293.20 relative and returned to the county assessor in order for the property to receive homestead
293.21 treatment.

293.22 (c) Every property owner applying for homestead classification must furnish to the
293.23 county assessor the Social Security number of each occupant who is listed as an owner
293.24 of the property on the deed of record, the name and address of each owner who does not
293.25 occupy the property, and the name and Social Security number of each owner's spouse who
293.26 occupies the property. The application must be signed by each owner who occupies the
293.27 property and by each owner's spouse who occupies the property, or, in the case of property
293.28 that qualifies as a homestead under subdivision 1, paragraph (c), by the qualifying relative.

293.29 If a property owner occupies a homestead, the property owner's spouse may not
293.30 claim another property as a homestead unless the property owner and the property owner's
293.31 spouse file with the assessor an affidavit or other proof required by the assessor stating that
293.32 the property qualifies as a homestead under subdivision 1, paragraph (e).

293.33 Owners or spouses occupying residences owned by their spouses and previously
293.34 occupied with the other spouse, either of whom fail to include the other spouse's name
293.35 and Social Security number on the homestead application or provide the affidavits or

294.1 other proof requested, will be deemed to have elected to receive only partial homestead
294.2 treatment of their residence. The remainder of the residence will be classified as
294.3 nonhomestead residential. When an owner or spouse's name and Social Security number
294.4 appear on homestead applications for two separate residences and only one application is
294.5 signed, the owner or spouse will be deemed to have elected to homestead the residence for
294.6 which the application was signed.

294.7 The Social Security numbers, state or federal tax returns or tax return information,
294.8 including the federal income tax schedule F required by this section, or affidavits or other
294.9 proofs of the property owners and spouses submitted under this or another section to
294.10 support a claim for a property tax homestead classification are private data on individuals as
294.11 defined by section 13.02, subdivision 12, but, notwithstanding that section, the private data
294.12 may be disclosed to the commissioner of revenue, or, for purposes of proceeding under the
294.13 Revenue Recapture Act to recover personal property taxes owing, to the county treasurer.

294.14 (d) If residential real estate is occupied and used for purposes of a homestead by a
294.15 relative of the owner and qualifies for a homestead under subdivision 1, paragraph (c), in
294.16 order for the property to receive homestead status, a homestead application must be filed
294.17 with the assessor. The Social Security number of each relative and spouse of a relative
294.18 occupying the property shall be required on the homestead application filed under this
294.19 subdivision. If a different relative of the owner subsequently occupies the property, the
294.20 owner of the property must notify the assessor within 30 days of the change in occupancy.
294.21 The Social Security number of a relative or relative's spouse occupying the property
294.22 is private data on individuals as defined by section 13.02, subdivision 12, but may be
294.23 disclosed to the commissioner of revenue, or, for the purposes of proceeding under the
294.24 Revenue Recapture Act to recover personal property taxes owing, to the county treasurer.

294.25 (e) The homestead application shall also notify the property owners that the
294.26 application filed under this section will not be mailed annually and that if the property
294.27 is granted homestead status for any assessment year, that same property shall remain
294.28 classified as homestead until the property is sold or transferred to another person, or
294.29 the owners, the spouse of the owner, or the relatives no longer use the property as their
294.30 homestead. Upon the sale or transfer of the homestead property, a certificate of value must
294.31 be timely filed with the county auditor as provided under section 272.115. Failure to
294.32 notify the assessor within 30 days that the property has been sold, transferred, or that the
294.33 owner, the spouse of the owner, or the relative is no longer occupying the property as a
294.34 homestead, shall result in the penalty provided under this subdivision and the property
294.35 will lose its current homestead status.

295.1 (f) If the homestead application is not returned within 30 days, the county will send a
295.2 second application to the present owners of record. The notice of proposed property taxes
295.3 prepared under section 275.065, subdivision 3, shall reflect the property's classification. If
295.4 a homestead application has not been filed with the county by December 15, the assessor
295.5 shall classify the property as nonhomestead for the current assessment year for taxes
295.6 payable in the following year, provided that the owner may be entitled to receive the
295.7 homestead classification by proper application under section 375.192.

295.8 (g) At the request of the commissioner, each county must give the commissioner a
295.9 list that includes the name and Social Security number of each occupant of homestead
295.10 property who is the property owner, property owner's spouse, qualifying relative of a
295.11 property owner, or a spouse of a qualifying relative. The commissioner shall use the
295.12 information provided on the lists as appropriate under the law, including for the detection
295.13 of improper claims by owners, or relatives of owners, under chapter 290A.

295.14 (h) If the commissioner finds that a property owner may be claiming a fraudulent
295.15 homestead, the commissioner shall notify the appropriate counties. Within 90 days of
295.16 the notification, the county assessor shall investigate to determine if the homestead
295.17 classification was properly claimed. If the property owner does not qualify, the county
295.18 assessor shall notify the county auditor who will determine the amount of homestead
295.19 benefits that had been improperly allowed. For the purpose of this section, "homestead
295.20 benefits" means the tax reduction resulting from the classification as a homestead and the
295.21 homestead market value exclusion under section 273.13, the taconite homestead credit
295.22 under section 273.135, the ~~residential homestead~~ and agricultural homestead ~~credits~~ credit
295.23 under section 273.1384, and the supplemental homestead credit under section 273.1391.

295.24 The county auditor shall send a notice to the person who owned the affected property
295.25 at the time the homestead application related to the improper homestead was filed,
295.26 demanding reimbursement of the homestead benefits plus a penalty equal to 100 percent
295.27 of the homestead benefits. The person notified may appeal the county's determination
295.28 by serving copies of a petition for review with county officials as provided in section
295.29 278.01 and filing proof of service as provided in section 278.01 with the Minnesota Tax
295.30 Court within 60 days of the date of the notice from the county. Procedurally, the appeal
295.31 is governed by the provisions in chapter 271 which apply to the appeal of a property tax
295.32 assessment or levy, but without requiring any prepayment of the amount in controversy. If
295.33 the amount of homestead benefits and penalty is not paid within 60 days, and if no appeal
295.34 has been filed, the county auditor shall certify the amount of taxes and penalty to the county
295.35 treasurer. The county treasurer will add interest to the unpaid homestead benefits and
295.36 penalty amounts at the rate provided in section 279.03 for real property taxes becoming

296.1 delinquent in the calendar year during which the amount remains unpaid. Interest may be
296.2 assessed for the period beginning 60 days after demand for payment was made.

296.3 If the person notified is the current owner of the property, the treasurer may add the
296.4 total amount of homestead benefits, penalty, interest, and costs to the ad valorem taxes
296.5 otherwise payable on the property by including the amounts on the property tax statements
296.6 under section 276.04, subdivision 3. The amounts added under this paragraph to the ad
296.7 valorem taxes shall include interest accrued through December 31 of the year preceding
296.8 the taxes payable year for which the amounts are first added. These amounts, when added
296.9 to the property tax statement, become subject to all the laws for the enforcement of real or
296.10 personal property taxes for that year, and for any subsequent year.

296.11 If the person notified is not the current owner of the property, the treasurer may
296.12 collect the amounts due under the Revenue Recapture Act in chapter 270A, or use any of
296.13 the powers granted in sections 277.20 and 277.21 without exclusion, to enforce payment
296.14 of the homestead benefits, penalty, interest, and costs, as if those amounts were delinquent
296.15 tax obligations of the person who owned the property at the time the application related to
296.16 the improperly allowed homestead was filed. The treasurer may relieve a prior owner of
296.17 personal liability for the homestead benefits, penalty, interest, and costs, and instead extend
296.18 those amounts on the tax lists against the property as provided in this paragraph to the extent
296.19 that the current owner agrees in writing. On all demands, billings, property tax statements,
296.20 and related correspondence, the county must list and state separately the amounts of
296.21 homestead benefits, penalty, interest and costs being demanded, billed or assessed.

296.22 (i) Any amount of homestead benefits recovered by the county from the property
296.23 owner shall be distributed to the county, city or town, and school district where the
296.24 property is located in the same proportion that each taxing district's levy was to the total
296.25 of the three taxing districts' levy for the current year. Any amount recovered attributable
296.26 to taconite homestead credit shall be transmitted to the St. Louis County auditor to be
296.27 deposited in the taconite property tax relief account. Any amount recovered that is
296.28 attributable to supplemental homestead credit is to be transmitted to the commissioner of
296.29 revenue for deposit in the general fund of the state treasury. The total amount of penalty
296.30 collected must be deposited in the county general fund.

296.31 (j) If a property owner has applied for more than one homestead and the county
296.32 assessors cannot determine which property should be classified as homestead, the county
296.33 assessors will refer the information to the commissioner. The commissioner shall make
296.34 the determination and notify the counties within 60 days.

296.35 (k) In addition to lists of homestead properties, the commissioner may ask the
296.36 counties to furnish lists of all properties and the record owners. The Social Security

297.1 numbers and federal identification numbers that are maintained by a county or city
297.2 assessor for property tax administration purposes, and that may appear on the lists retain
297.3 their classification as private or nonpublic data; but may be viewed, accessed, and used by
297.4 the county auditor or treasurer of the same county for the limited purpose of assisting the
297.5 commissioner in the preparation of microdata samples under section 270C.12.

297.6 (l) On or before April 30 each year beginning in 2007, each county must provide the
297.7 commissioner with the following data for each parcel of homestead property by electronic
297.8 means as defined in section 289A.02, subdivision 8:

297.9 (i) the property identification number assigned to the parcel for purposes of taxes
297.10 payable in the current year;

297.11 (ii) the name and Social Security number of each occupant of homestead property
297.12 who is the property owner, property owner's spouse, qualifying relative of a property
297.13 owner, or spouse of a qualifying relative;

297.14 (iii) the classification of the property under section 273.13 for taxes payable in the
297.15 current year and in the prior year;

297.16 (iv) an indication of whether the property was classified as a homestead for taxes
297.17 payable in the current year because of occupancy by a relative of the owner or by a
297.18 spouse of a relative;

297.19 (v) the property taxes payable as defined in section 290A.03, subdivision 13, for the
297.20 current year and the prior year;

297.21 (vi) the market value of improvements to the property first assessed for tax purposes
297.22 for taxes payable in the current year;

297.23 (vii) the assessor's estimated market value assigned to the property for taxes payable
297.24 in the current year and the prior year;

297.25 (viii) the taxable market value assigned to the property for taxes payable in the
297.26 current year and the prior year;

297.27 (ix) whether there are delinquent property taxes owing on the homestead;

297.28 (x) the unique taxing district in which the property is located; and

297.29 (xi) such other information as the commissioner decides is necessary.

297.30 The commissioner shall use the information provided on the lists as appropriate
297.31 under the law, including for the detection of improper claims by owners, or relatives
297.32 of owners, under chapter 290A.

297.33 **EFFECTIVE DATE.** This section is effective for taxes payable in 2013 and
297.34 thereafter.

297.35 Sec. 29. Minnesota Statutes 2012, section 273.13, subdivision 21b, is amended to read:

298.1 Subd. 21b. **Net tax capacity.** ~~(a) Gross tax capacity means the product of the~~
298.2 ~~appropriate gross class rates in this section and market values.~~

298.3 ~~(b) Net tax capacity means the product of the appropriate net class rates in this~~
298.4 ~~section and taxable market values.~~

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

298.6 Sec. 30. Minnesota Statutes 2012, section 273.1398, subdivision 3, is amended to read:

298.7 Subd. 3. **Disparity reduction aid.** The amount of disparity aid certified for each
298.8 taxing district within each unique taxing jurisdiction for taxes payable in the prior year
298.9 shall be multiplied by the ratio of (1) the jurisdiction's tax capacity using the class rates for
298.10 taxes payable in the year for which aid is being computed, to (2) its tax capacity using
298.11 the class rates for taxes payable in the year prior to that for which aid is being computed,
298.12 both based upon taxable market values for taxes payable in the year prior to that for which
298.13 aid is being computed. If the commissioner determines that insufficient information is
298.14 available to reasonably and timely calculate the numerator in this ratio for the first taxes
298.15 payable year that a class rate change or new class rate is effective, the commissioner shall
298.16 omit the effects of that class rate change or new class rate when calculating this ratio for
298.17 aid payable in that taxes payable year. For aid payable in the year following a year for
298.18 which such omission was made, the commissioner shall use in the denominator for the
298.19 class that was changed or created, the tax capacity for taxes payable two years prior to that
298.20 in which the aid is payable, based on taxable market values for taxes payable in the year
298.21 prior to that for which aid is being computed.

298.22 Sec. 31. Minnesota Statutes 2012, section 273.1398, subdivision 4, is amended to read:

298.23 Subd. 4. **Disparity reduction credit.** (a) Beginning with taxes payable in 1989,
298.24 class 4a and class 3a property qualifies for a disparity reduction credit if: (1) the property
298.25 is located in a border city that has an enterprise zone, as defined in section 469.166; (2)
298.26 the property is located in a city with a population greater than 2,500 and less than 35,000
298.27 according to the 1980 decennial census; (3) the city is adjacent to a city in another state or
298.28 immediately adjacent to a city adjacent to a city in another state; and (4) the adjacent city
298.29 in the other state has a population of greater than 5,000 and less than 75,000 according to
298.30 the 1980 decennial census.

298.31 (b) The credit is an amount sufficient to reduce (i) the taxes levied on class 4a
298.32 property to 2.3 percent of the property's taxable market value and (ii) the tax on class 3a
298.33 property to 2.3 percent of taxable market value.

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

299.4 Sec. 32. Minnesota Statutes 2012, section 275.011, subdivision 1, is amended to read:

299.5 Subdivision 1. **Determination of levy limit.** The property tax levied for any
299.6 purpose under a special law that is not codified in Minnesota Statutes or a city charter
299.7 provision and that is subject to a mill rate limitation imposed by the special law or city
299.8 charter provision, excluding levies subject to mill rate limitations that use adjusted
299.9 assessed values determined by the commissioner of revenue under section 124.2131, must
299.10 not exceed the following amount for the years specified:

299.11 (a) for taxes payable in 1988, the product of the applicable mill rate limitation
299.12 imposed by special law or city charter provision multiplied by the total assessed valuation
299.13 of all taxable property subject to the tax as adjusted by the provisions of Minnesota
299.14 Statutes 1986, sections 272.64; 273.13, subdivision 7a; and 275.49;

299.15 (b) for taxes payable in 1989, the product of (1) the property tax levy limitation for
299.16 the taxes payable year 1988 determined under clause (a) multiplied by (2) an index for
299.17 market valuation changes equal to the assessment year 1988 total market valuation of all
299.18 taxable property subject to the tax divided by the assessment year 1987 total market
299.19 valuation of all taxable property subject to the tax; and

299.20 (c) for taxes payable in 1990 and subsequent years, the product of (1) the property
299.21 tax levy limitation for the previous year determined pursuant to this subdivision multiplied
299.22 by (2) an index for market valuation changes equal to the total market valuation of all
299.23 taxable property subject to the tax for the current assessment year divided by the total
299.24 market valuation of all taxable property subject to the tax for the previous assessment year.

299.25 For the purpose of determining the property tax levy limitation for the taxes payable
299.26 year ~~1988~~ 2014 and subsequent years under this subdivision, "total market valuation"
299.27 means the ~~total~~ estimated market ~~valuation~~ value of all taxable property subject to the
299.28 tax ~~without valuation adjustments for fiscal disparities (chapters 276A and 473F), tax~~
299.29 ~~increment financing (sections 469.174 to 469.179), or powerline credit (section 273.425)~~
299.30 as provided under section 273.032.

299.31 Sec. 33. Minnesota Statutes 2012, section 275.077, subdivision 2, is amended to read:

299.32 Subd. 2. **Correction of levy amount.** The difference between the correct levy and
299.33 the erroneous levy shall be added to the township levy for the subsequent levy year;
299.34 provided that if the amount of the difference exceeds 0.12089 percent of ~~taxable~~ estimated

300.1 market value, the excess shall be added to the township levy for the second and later
300.2 subsequent levy years, not to exceed an additional levy of 0.12089 percent of ~~taxable~~
300.3 estimated market value in any year, until the full amount of the difference has been levied.
300.4 The funds collected from the corrected levies shall be used to reimburse the county for the
300.5 payment required by subdivision 1.

300.6 Sec. 34. Minnesota Statutes 2012, section 275.71, subdivision 4, is amended to read:

300.7 Subd. 4. **Adjusted levy limit base.** For taxes levied in 2008 through 2010, the
300.8 adjusted levy limit base is equal to the levy limit base computed under subdivision 2
300.9 or section 275.72, multiplied by:

300.10 (1) one plus the percentage growth in the implicit price deflator, but the percentage
300.11 shall not be less than zero or exceed 3.9 percent;

300.12 (2) one plus a percentage equal to 50 percent of the percentage increase in the number
300.13 of households, if any, for the most recent 12-month period for which data is available; and

300.14 (3) one plus a percentage equal to 50 percent of the percentage increase in the
300.15 ~~taxable~~ estimated market value of the jurisdiction due to new construction of class 3
300.16 property, as defined in section 273.13, subdivision 4, except for state-assessed utility and
300.17 railroad property, for the most recent year for which data is available.

300.18 Sec. 35. Minnesota Statutes 2012, section 276.04, subdivision 2, is amended to read:

300.19 Subd. 2. **Contents of tax statements.** (a) The treasurer shall provide for the printing
300.20 of the tax statements. The commissioner of revenue shall prescribe the form of the property
300.21 tax statement and its contents. The tax statement must not state or imply that property tax
300.22 credits are paid by the state of Minnesota. The statement must contain a tabulated statement
300.23 of the dollar amount due to each taxing authority and the amount of the state tax from the
300.24 parcel of real property for which a particular tax statement is prepared. The dollar amounts
300.25 attributable to the county, the state tax, the voter approved school tax, the other local school
300.26 tax, the township or municipality, and the total of the metropolitan special taxing districts
300.27 as defined in section 275.065, subdivision 3, paragraph (i), must be separately stated.

300.28 The amounts due all other special taxing districts, if any, may be aggregated except that
300.29 any levies made by the regional rail authorities in the county of Anoka, Carver, Dakota,
300.30 Hennepin, Ramsey, Scott, or Washington under chapter 398A shall be listed on a separate
300.31 line directly under the appropriate county's levy. If the county levy under this paragraph
300.32 includes an amount for a lake improvement district as defined under sections 103B.501
300.33 to 103B.581, the amount attributable for that purpose must be separately stated from the
300.34 remaining county levy amount. In the case of Ramsey County, if the county levy under this

301.1 paragraph includes an amount for public library service under section 134.07, the amount
301.2 attributable for that purpose may be separated from the remaining county levy amount.
301.3 The amount of the tax on homesteads qualifying under the senior citizens' property tax
301.4 deferral program under chapter 290B is the total amount of property tax before subtraction
301.5 of the deferred property tax amount. The amount of the tax on contamination value
301.6 imposed under sections 270.91 to 270.98, if any, must also be separately stated. The dollar
301.7 amounts, including the dollar amount of any special assessments, may be rounded to the
301.8 nearest even whole dollar. For purposes of this section whole odd-numbered dollars may
301.9 be adjusted to the next higher even-numbered dollar. The amount of market value excluded
301.10 under section 273.11, subdivision 16, if any, must also be listed on the tax statement.

301.11 (b) The property tax statements for manufactured homes and sectional structures
301.12 taxed as personal property shall contain the same information that is required on the
301.13 tax statements for real property.

301.14 (c) Real and personal property tax statements must contain the following information
301.15 in the order given in this paragraph. The information must contain the current year tax
301.16 information in the right column with the corresponding information for the previous year
301.17 in a column on the left:

301.18 (1) the property's estimated market value under section 273.11, subdivision 1;

301.19 (2) the property's homestead market value exclusion under section 273.13,
301.20 subdivision 35;

301.21 (3) the property's taxable market value ~~after reductions under sections 273.11,~~
301.22 ~~subdivisions 1a and 16, and 273.13, subdivision 35~~ section 272.03, subdivision 15;

301.23 (4) the property's gross tax, before credits;

301.24 (5) for homestead agricultural properties, the credit under section 273.1384;

301.25 (6) any credits received under sections 273.119; 273.1234 or 273.1235; 273.135;

301.26 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of
301.27 credit received under section 273.135 must be separately stated and identified as "taconite
301.28 tax relief"; and

301.29 (7) the net tax payable in the manner required in paragraph (a).

301.30 (d) If the county uses envelopes for mailing property tax statements and if the county
301.31 agrees, a taxing district may include a notice with the property tax statement notifying
301.32 taxpayers when the taxing district will begin its budget deliberations for the current
301.33 year, and encouraging taxpayers to attend the hearings. If the county allows notices to
301.34 be included in the envelope containing the property tax statement, and if more than
301.35 one taxing district relative to a given property decides to include a notice with the tax

302.1 statement, the county treasurer or auditor must coordinate the process and may combine
302.2 the information on a single announcement.

302.3 Sec. 36. Minnesota Statutes 2012, section 276A.01, subdivision 10, is amended to read:

302.4 Subd. 10. **Adjusted market value.** "Adjusted market value" of real and personal
302.5 property within a municipality means the assessor's estimated taxable market value,
302.6 as defined in section 272.03, of all real and personal property, including the value of
302.7 manufactured housing, within the municipality. ~~For purposes of sections 276A.01 to~~
302.8 ~~276A.09, the commissioner of revenue shall annually make determinations and reports~~
302.9 ~~with respect to each municipality which are comparable to those it makes for school~~
302.10 ~~districts, adjusted for sales ratios in a manner similar to the adjustments made to city and~~
302.11 ~~town net tax capacities under section 127A.48, subdivisions 1 to 6, in the same manner~~
302.12 ~~and at the same times prescribed by the subdivision. The commissioner of revenue shall~~
302.13 ~~annually determine, for each municipality, information comparable to that required by~~
302.14 ~~section 475.53, subdivision 4, for school districts, as soon as practicable after it becomes~~
302.15 ~~available. The commissioner of revenue shall then compute the equalized market value of~~
302.16 ~~property within each municipality.~~

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

302.18 Sec. 37. Minnesota Statutes 2012, section 276A.01, subdivision 12, is amended to read:

302.19 Subd. 12. **Fiscal capacity.** "Fiscal capacity" of a municipality means its ~~valuation~~
302.20 adjusted market value, determined as of January 2 of any year, divided by its population,
302.21 determined as of a date in the same year.

302.22 Sec. 38. Minnesota Statutes 2012, section 276A.01, subdivision 13, is amended to read:

302.23 Subd. 13. **Average fiscal capacity.** "Average fiscal capacity" of municipalities
302.24 means the sum of the ~~valuations~~ adjusted market values of all municipalities, determined
302.25 as of January 2 of any year, divided by the sum of their populations, determined as of
302.26 a date in the same year.

302.27 Sec. 39. Minnesota Statutes 2012, section 276A.01, subdivision 15, is amended to read:

302.28 Subd. 15. **Net tax capacity.** "Net tax capacity" means the taxable market value of
302.29 real and personal property multiplied by its net tax capacity rates in section 273.13.

302.30 Sec. 40. Minnesota Statutes 2012, section 276A.06, subdivision 10, is amended to read:

303.1 Subd. 10. **Adjustment of values for other computations.** For the purpose of
303.2 computing the amount or rate of any salary, aid, tax, or debt authorized, required, or
303.3 limited by any provision of any law or charter, where the authorization, requirement, or
303.4 limitation is related to any value or valuation of taxable property within any governmental
303.5 unit, the value or net tax capacity fiscal capacity under section 276A.01, subdivision 12, a
303.6 municipality's taxable market value must be adjusted to reflect the adjustments reductions
303.7 to net tax capacity effected by subdivision 2, clause (a), provided that: ~~(1)~~ in determining
303.8 the taxable market value of commercial-industrial property or any class thereof within
303.9 a ~~governmental unit for any purpose other than section 276A.05~~ municipality, (a) the
303.10 reduction required by this subdivision is that amount which bears the same proportion to
303.11 the amount subtracted from the ~~governmental unit's~~ municipality's net tax capacity pursuant
303.12 to subdivision 2, clause (a), as the taxable market value of commercial-industrial property,
303.13 or such class thereof, located within the ~~governmental unit~~ municipality bears to the net
303.14 tax capacity of commercial-industrial property, or such class thereof, located within the
303.15 ~~governmental unit~~, and (b) ~~the increase required by this subdivision is that amount which~~
303.16 ~~bears the same proportion to the amount added to the governmental unit's net tax capacity~~
303.17 ~~pursuant to subdivision 2, clause (b), as the market value of commercial-industrial property,~~
303.18 ~~or such class thereof, located within the governmental unit bears to the net tax capacity of~~
303.19 ~~commercial-industrial property, or such class thereof, located within the governmental unit;~~
303.20 ~~and (2) in determining the market value of real property within a municipality for purposes~~
303.21 ~~of section 276A.05, the adjustment prescribed by clause (1)(a) must be made and that~~
303.22 ~~prescribed by clause (1)(b) must not be made~~ municipality. No adjustment shall be made
303.23 to taxable market value for the increase in net tax capacity under subdivision 2, clause (b).

303.24 Sec. 41. Minnesota Statutes 2012, section 287.08, is amended to read:

303.25 **287.08 TAX, HOW PAYABLE; RECEIPTS.**

303.26 (a) The tax imposed by sections 287.01 to 287.12 must be paid to the treasurer of
303.27 any county in this state in which the real property or some part is located at or before
303.28 the time of filing the mortgage for record. The treasurer shall endorse receipt on the
303.29 mortgage and the receipt is conclusive proof that the tax has been paid in the amount
303.30 stated and authorizes any county recorder or registrar of titles to record the mortgage. Its
303.31 form, in substance, shall be "registration tax hereon of dollars paid." If the
303.32 mortgage is exempt from taxation the endorsement shall, in substance, be "exempt from
303.33 registration tax." In either case the receipt must be signed by the treasurer. In case the
303.34 treasurer is unable to determine whether a claim of exemption should be allowed, the tax
303.35 must be paid as in the case of a taxable mortgage. For documents submitted electronically,

304.1 the endorsements and tax amount shall be affixed electronically and no signature by the
304.2 treasurer will be required. The actual payment method must be arranged in advance
304.3 between the submitter and the receiving county.

304.4 (b) The county treasurer may refund in whole or in part any mortgage registry tax
304.5 overpayment if a written application by the taxpayer is submitted to the county treasurer
304.6 within 3-1/2 years from the date of the overpayment. If the county has not issued a denial
304.7 of the application, the taxpayer may bring an action in Tax Court in the county in which
304.8 the tax was paid at any time after the expiration of six months from the time that the
304.9 application was submitted. A denial of refund may be appealed within 60 days from
304.10 the date of the denial by bringing an action in Tax Court in the county in which the tax
304.11 was paid. The action is commenced by the serving of a petition for relief on the county
304.12 treasurer, and by filing a copy with the court. The county attorney shall defend the action.
304.13 The county treasurer shall notify the treasurer of each county that has or would receive a
304.14 portion of the tax as paid.

304.15 (c) If the county treasurer determines a refund should be paid, or if a refund is
304.16 ordered by the court, the county treasurer of each county that actually received a portion
304.17 of the tax shall immediately pay a proportionate share of three percent of the refund
304.18 using any available county funds. The county treasurer of each county that received, or
304.19 would have received, a portion of the tax shall also pay their county's proportionate share
304.20 of the remaining 97 percent of the court-ordered refund on or before the 20th day of the
304.21 following month using solely the mortgage registry tax funds that would be paid to the
304.22 commissioner of revenue on that date under section 287.12. If the funds on hand under
304.23 this procedure are insufficient to fully fund 97 percent of the court-ordered refund, the
304.24 county treasurer of the county in which the action was brought shall file a claim with the
304.25 commissioner of revenue under section 16A.48 for the remaining portion of 97 percent of
304.26 the refund, and shall pay over the remaining portion upon receipt of a warrant from the
304.27 state issued pursuant to the claim.

304.28 (d) When any mortgage covers real property located in more than one county in this
304.29 state the total tax must be paid to the treasurer of the county where the mortgage is first
304.30 presented for recording, and the payment must be receipted as provided in paragraph
304.31 (a). If the principal debt or obligation secured by such a multiple county mortgage
304.32 exceeds \$10,000,000, the nonstate portion of the tax must be divided and paid over by
304.33 the county treasurer receiving it, on or before the 20th day of each month after receipt,
304.34 to the county or counties entitled in the ratio that the estimated market value of the real
304.35 property covered by the mortgage in each county bears to the estimated market value of
304.36 all the real property in this state described in the mortgage. In making the division and

305.1 payment the county treasurer shall send a statement giving the description of the real
305.2 property described in the mortgage and the estimated market value of the part located in
305.3 each county. For this purpose, the treasurer of any county may require the treasurer of
305.4 any other county to certify to the former the estimated market ~~valuation~~ value of any tract
305.5 of real property in any mortgage.

305.6 (e) The mortgagor must pay the tax imposed by sections 287.01 to 287.12. The
305.7 mortgagee may undertake to collect and remit the tax on behalf of the mortgagor. If the
305.8 mortgagee collects money from the mortgagor to remit the tax on behalf of the mortgagor,
305.9 the mortgagee has a fiduciary duty to remit the tax on behalf of the mortgagor as to the
305.10 amount of the tax collected for that purpose and the mortgagor is relieved of any further
305.11 obligation to pay the tax as to the amount collected by the mortgagee for this purpose.

305.12 Sec. 42. Minnesota Statutes 2012, section 287.23, subdivision 1, is amended to read:

305.13 Subdivision 1. **Real property outside county.** If any taxable deed or instrument
305.14 describes any real property located in more than one county in this state, the total tax must
305.15 be paid to the treasurer of the county where the document is first presented for recording,
305.16 and the payment must be receipted as provided in section 287.08. If the net consideration
305.17 exceeds \$700,000, the nonstate portion of the tax must be divided and paid over by the
305.18 county treasurer receiving it, on or before the 20th day of each month after receipt, to
305.19 the county or counties entitled in the ratio which the estimated market value of the real
305.20 property covered by the document in each county bears to the estimated market value of
305.21 all the real property in this state described in the document. In making the division and
305.22 payment the county treasurer shall send a statement to the other involved counties giving
305.23 the description of the real property described in the document and the estimated market
305.24 value of the part located in each county. The treasurer of any county may require the
305.25 treasurer of any other county to certify to the former the estimated market ~~valuation~~ value
305.26 of any parcel of real property for this purpose.

305.27 Sec. 43. Minnesota Statutes 2012, section 353G.08, subdivision 2, is amended to read:

305.28 Subd. 2. **Cash flow funding requirement.** If the executive director determines that
305.29 an account in the voluntary statewide lump-sum volunteer firefighter retirement plan has
305.30 insufficient assets to meet the service pensions determined payable from the account,
305.31 the executive director shall certify the amount of the potential service pension shortfall
305.32 to the municipality or municipalities and the municipality or municipalities shall make
305.33 an additional employer contribution to the account within ten days of the certification.
305.34 If more than one municipality is associated with the account, unless the municipalities

306.1 agree to a different allocation, the municipalities shall allocate the additional employer
306.2 contribution one-half in proportion to the population of each municipality and one-half in
306.3 proportion to the estimated market value of the property of each municipality.

306.4 Sec. 44. Minnesota Statutes 2012, section 365.025, subdivision 4, is amended to read:

306.5 Subd. 4. **Major purchases: notice, petition, election.** Before buying anything
306.6 under subdivision 2 that costs more than 0.24177 percent of the estimated market value of
306.7 the town, the town must follow this subdivision.

306.8 The town must publish in its official newspaper the board's resolution to pay for the
306.9 property over time. Then a petition for an election on the contract may be filed with the
306.10 clerk. The petition must be filed within ten days after the resolution is published. To require
306.11 the election the petition must be signed by a number of voters equal to ten percent of the
306.12 voters at the last regular town election. The contract then must be approved by a majority of
306.13 those voting on the question. The question may be voted on at a regular or special election.

306.14 Sec. 45. Minnesota Statutes 2012, section 366.095, subdivision 1, is amended to read:

306.15 Subdivision 1. **Certificates of indebtedness.** The town board may issue certificates
306.16 of indebtedness within the debt limits for a town purpose otherwise authorized by law.
306.17 The certificates shall be payable in not more than ten years and be issued on the terms and
306.18 in the manner as the board may determine. If the amount of the certificates to be issued
306.19 exceeds 0.25 percent of the estimated market value of the town, they shall not be issued
306.20 for at least ten days after publication in a newspaper of general circulation in the town of
306.21 the board's resolution determining to issue them. If within that time, a petition asking for
306.22 an election on the proposition signed by voters equal to ten percent of the number of voters
306.23 at the last regular town election is filed with the clerk, the certificates shall not be issued
306.24 until their issuance has been approved by a majority of the votes cast on the question at
306.25 a regular or special election. A tax levy shall be made to pay the principal and interest
306.26 on the certificates as in the case of bonds.

306.27 Sec. 46. Minnesota Statutes 2012, section 366.27, is amended to read:

306.28 **366.27 FIREFIGHTERS' RELIEF; TAX LEVY.**

306.29 The town board of any town in this state having therein a platted portion on
306.30 which resides 1,200 or more people, and wherein a duly incorporated firefighters' relief
306.31 association is located may each year levy a tax not to exceed 0.00806 percent of ~~taxable~~
306.32 estimated market value for the benefit of the relief association.

307.1 Sec. 47. Minnesota Statutes 2012, section 368.01, subdivision 23, is amended to read:

307.2 Subd. 23. **Financing purchase of certain equipment.** The town board may issue
307.3 certificates of indebtedness within debt limits to purchase fire or police equipment or
307.4 ambulance equipment or street construction or maintenance equipment. The certificates
307.5 shall be payable in not more than five years and be issued on terms and in the manner as the
307.6 board may determine. If the amount of the certificates to be issued to finance a purchase
307.7 exceeds 0.24177 percent of the estimated market value of the town, ~~excluding money~~
307.8 ~~and credits~~; they shall not be issued for at least ten days after publication in the official
307.9 newspaper of a town board resolution determining to issue them. If before the end of that
307.10 time, a petition asking for an election on the proposition signed by voters equal to ten
307.11 percent of the number of voters at the last regular town election is filed with the clerk, the
307.12 certificates shall not be issued until the proposition of their issuance has been approved by a
307.13 majority of the votes cast on the question at a regular or special election. A tax levy shall be
307.14 made for the payment of the principal and interest on the certificates as in the case of bonds.

307.15 Sec. 48. Minnesota Statutes 2012, section 368.47, is amended to read:

307.16 **368.47 TOWNS MAY BE DISSOLVED.**

307.17 (1) When the voters residing within a town have failed to elect any town officials for
307.18 more than ten years continuously;

307.19 (2) when a town has failed for a period of ten years to exercise any of the powers
307.20 and functions of a town;

307.21 (3) when the estimated market value of a town drops to less than \$165,000;

307.22 (4) when the tax delinquency of a town, exclusive of taxes that are delinquent or
307.23 unpaid because they are contested in proceedings for the enforcement of taxes, amounts to
307.24 12 percent of its market value; or

307.25 (5) when the state or federal government has acquired title to 50 percent of the
307.26 real estate of a town,

307.27 which facts, or any of them, may be found and determined by the resolution of the county
307.28 board of the county in which the town is located, according to the official records in the
307.29 office of the county auditor, the county board by resolution may declare the town, naming
307.30 it, dissolved and no longer entitled to exercise any of the powers or functions of a town.

307.31 In Cass, Itasca, and St. Louis Counties, before the dissolution is effective the voters
307.32 of the town shall express their approval or disapproval. The town clerk shall, upon a
307.33 petition signed by a majority of the registered voters of the town, filed with the clerk at
307.34 least 60 days before a regular or special town election, give notice at the same time and
307.35 in the same manner of the election that the question of dissolution of the town will be

308.1 submitted for determination at the election. At the election the question shall be voted
308.2 upon by a separate ballot, the terms of which shall be either "for dissolution" or "against
308.3 dissolution." The ballot shall be deposited in a separate ballot box and the result of the
308.4 voting canvassed, certified, and returned in the same manner and at the same time as
308.5 other facts and returns of the election. If a majority of the votes cast at the election are
308.6 for dissolution, the town shall be dissolved. If a majority of the votes cast at the election
308.7 are against dissolution, the town shall not be dissolved.

308.8 When a town is dissolved under sections 368.47 to 368.49 the county shall acquire
308.9 title to any telephone company or other business conducted by the town. The business
308.10 shall be operated by the board of county commissioners until it can be sold. The
308.11 subscribers or patrons of the business shall have the first opportunity of purchase. If the
308.12 town has any outstanding indebtedness chargeable to the business, the county auditor shall
308.13 levy a tax against the property situated in the dissolved town to pay the indebtedness
308.14 as it becomes due.

308.15 Sec. 49. Minnesota Statutes 2012, section 370.01, is amended to read:

308.16 **370.01 CHANGE OF BOUNDARIES; CREATION OF NEW COUNTIES.**

308.17 The boundaries of counties may be changed by taking territory from a county and
308.18 attaching it to an adjoining county, and new counties may be established out of territory of
308.19 one or more existing counties. A new county shall contain at least 400 square miles and
308.20 have at least 4,000 inhabitants. A proposed new county must have a total ~~taxable~~ estimated
308.21 market value of at least 35 percent of (i) the total ~~taxable~~ estimated market value of the
308.22 existing county, or (ii) the average total ~~taxable~~ estimated market value of the existing
308.23 counties, included in the proposition. The determination of the ~~taxable~~ estimated market
308.24 value of a county must be made by the commissioner of revenue. An existing county shall
308.25 not be reduced in area below 400 square miles, have less than 4,000 inhabitants, or have a
308.26 total ~~taxable~~ estimated market value of less than that required of a new county.

308.27 No change in the boundaries of any county having an area of more than 2,500 square
308.28 miles, whether by the creation of a new county, or otherwise, shall detach from the existing
308.29 county any territory within 12 miles of the county seat.

308.30 Sec. 50. Minnesota Statutes 2012, section 373.40, subdivision 1, is amended to read:

308.31 Subdivision 1. **Definitions.** For purposes of this section, the following terms have
308.32 the meanings given.

308.33 (a) "Bonds" means an obligation as defined under section 475.51.

309.1 (b) "Capital improvement" means acquisition or betterment of public lands,
309.2 buildings, or other improvements within the county for the purpose of a county courthouse,
309.3 administrative building, health or social service facility, correctional facility, jail, law
309.4 enforcement center, hospital, morgue, library, park, qualified indoor ice arena, roads and
309.5 bridges, and the acquisition of development rights in the form of conservation easements
309.6 under chapter 84C. An improvement must have an expected useful life of five years or
309.7 more to qualify. "Capital improvement" does not include a recreation or sports facility
309.8 building (such as, but not limited to, a gymnasium, ice arena, racquet sports facility,
309.9 swimming pool, exercise room or health spa), unless the building is part of an outdoor
309.10 park facility and is incidental to the primary purpose of outdoor recreation.

309.11 (c) "Metropolitan county" means a county located in the seven-county metropolitan
309.12 area as defined in section 473.121 or a county with a population of 90,000 or more.

309.13 (d) "Population" means the population established by the most recent of the
309.14 following (determined as of the date the resolution authorizing the bonds was adopted):

309.15 (1) the federal decennial census,

309.16 (2) a special census conducted under contract by the United States Bureau of the
309.17 Census, or

309.18 (3) a population estimate made either by the Metropolitan Council or by the state
309.19 demographer under section 4A.02.

309.20 (e) "Qualified indoor ice arena" means a facility that meets the requirements of
309.21 section 373.43.

309.22 (f) ~~"Tax capacity" means total taxable market value, but does not include captured~~
309.23 ~~market value.~~

309.24 Sec. 51. Minnesota Statutes 2012, section 373.40, subdivision 4, is amended to read:

309.25 Subd. 4. **Limitations on amount.** A county may not issue bonds under this section
309.26 if the maximum amount of principal and interest to become due in any year on all the
309.27 outstanding bonds issued pursuant to this section (including the bonds to be issued) will
309.28 equal or exceed 0.12 percent of ~~taxable~~ the estimated market value of property in the
309.29 county. Calculation of the limit must be made using the ~~taxable~~ estimated market value for
309.30 the taxes payable year in which the obligations are issued and sold. This section does not
309.31 limit the authority to issue bonds under any other special or general law.

309.32 Sec. 52. Minnesota Statutes 2012, section 375.167, subdivision 1, is amended to read:

309.33 Subdivision 1. **Appropriations.** Notwithstanding any contrary law, a county board
309.34 may appropriate from the general revenue fund to any nonprofit corporation a sum not

310.1 to exceed 0.00604 percent of ~~taxable~~ estimated market value to provide legal assistance
310.2 to persons who are unable to afford private legal counsel.

310.3 Sec. 53. Minnesota Statutes 2012, section 375.18, subdivision 3, is amended to read:

310.4 Subd. 3. **Courthouse.** Each county board may erect, furnish, and maintain a
310.5 suitable courthouse. No indebtedness shall be created for a courthouse in excess of an
310.6 amount equal to a levy of 0.04030 percent of ~~taxable~~ estimated market value without the
310.7 approval of a majority of the voters of the county voting on the question of issuing the
310.8 obligation at an election.

310.9 Sec. 54. Minnesota Statutes 2012, section 375.555, is amended to read:

310.10 **375.555 FUNDING.**

310.11 To implement the county emergency jobs program, the county board may expend
310.12 an amount equal to what would be generated by a levy of 0.01209 percent of ~~taxable~~
310.13 estimated market value. The money to be expended may be from any available funds
310.14 not otherwise earmarked.

310.15 Sec. 55. Minnesota Statutes 2012, section 383B.152, is amended to read:

310.16 **383B.152 BUILDING AND MAINTENANCE FUND.**

310.17 The county board may by resolution levy a tax to provide money which shall be kept
310.18 in a fund known as the county reserve building and maintenance fund. Money in the fund
310.19 shall be used solely for the construction, maintenance, and equipping of county buildings
310.20 that are constructed or maintained by the board. The levy shall not be subject to any limit
310.21 fixed by any other law or by any board of tax levy or other corresponding body, but shall
310.22 not exceed 0.02215 percent of ~~taxable~~ estimated market value, less the amount required by
310.23 chapter 475 to be levied in the year for the payment of the principal of and interest on all
310.24 bonds issued pursuant to Extra Session Laws 1967, chapter 47, section 1.

310.25 Sec. 56. Minnesota Statutes 2012, section 383B.245, is amended to read:

310.26 **383B.245 LIBRARY LEVY.**

310.27 (a) The county board may levy a tax on the taxable property within the county to
310.28 acquire, better, and construct county library buildings and branches and to pay principal
310.29 and interest on bonds issued for that purpose.

310.30 (b) The county board may by resolution adopted by a five-sevenths vote issue and
310.31 sell general obligation bonds of the county in the manner provided in sections 475.60 to

311.1 475.73. The bonds shall not be subject to the limitations of sections 475.51 to 475.59,
311.2 but the maturity years and amounts and interest rates of each series of bonds shall be
311.3 fixed so that the maximum amount of principal and interest to become due in any year,
311.4 on the bonds of that series and of all outstanding series issued by or for the purposes of
311.5 libraries, shall not exceed an amount equal to 0.01612 percent of estimated market value
311.6 of all taxable property in the county as last finally equalized before the issuance of the new
311.7 series. When the tax levy authorized in this section is collected it shall be appropriated
311.8 and credited to a debt service fund for the bonds in amounts required each year in lieu of a
311.9 countywide tax levy for the debt service fund under section 475.61.

311.10 Sec. 57. Minnesota Statutes 2012, section 383B.73, subdivision 1, is amended to read:

311.11 Subdivision 1. **Levy.** To provide funds for the purposes of the Three Rivers Park
311.12 District as set forth in its annual budget, in lieu of the levies authorized by any other
311.13 special law for such purposes, the Board of Park District Commissioners may levy taxes
311.14 on all the taxable property in the county and park district at a rate not exceeding 0.03224
311.15 percent of estimated market value. Notwithstanding section 398.16, on or before October
311.16 1 of each year, after public hearing, the Board of Park District Commissioners shall adopt
311.17 a budget for the ensuing year and shall determine the total amount necessary to be raised
311.18 from ad valorem tax levies to meet its budget. The Board of Park District Commissioners
311.19 shall submit the budget to the county board. The county board may veto or modify an item
311.20 contained in the budget. If the county board determines to veto or to modify an item in the
311.21 budget, it must, within 15 days after the budget was submitted by the district board, state
311.22 in writing the specific reasons for its objection to the item vetoed or the reason for the
311.23 modification. The Park District Board, after consideration of the county board's objections
311.24 and proposed modifications, may reapprove a vetoed item or the original version of an item
311.25 with respect to which a modification has been proposed, by a two-thirds majority. If the
311.26 district board does not reapprove a vetoed item, the item shall be deleted from the budget.
311.27 If the district board does not reapprove the original version of a modified item, the item
311.28 shall be included in the budget as modified by the county board. After adoption of the final
311.29 budget and no later than October 1, the superintendent of the park district shall certify to the
311.30 office of the Hennepin County director of tax and public records exercising the functions
311.31 of the county auditor the total amount to be raised from ad valorem tax levies to meet its
311.32 budget for the ensuing year. The director of tax and public records shall add the amount of
311.33 any levy certified by the district to other tax levies on the property of the county within the
311.34 district for collection by the director of tax and public records with other taxes. When

312.1 collected, the director shall make settlement of such taxes with the district in the same
312.2 manner as other taxes are distributed to the other political subdivisions in Hennepin County.

312.3 Sec. 58. Minnesota Statutes 2012, section 383E.20, is amended to read:

312.4 **383E.20 BONDING FOR COUNTY LIBRARY BUILDINGS.**

312.5 The Anoka County Board may, by resolution adopted by a four-sevenths vote, issue
312.6 and sell general obligation bonds of the county in the manner provided in chapter 475 to
312.7 acquire, better, and construct county library buildings. The bonds shall not be subject to the
312.8 requirements of sections 475.57 to 475.59. The maturity years and amounts and interest
312.9 rates of each series of bonds shall be fixed so that the maximum amount of principal and
312.10 interest to become due in any year, on the bonds of that series and of all outstanding series
312.11 issued by or for the purposes of libraries, shall not exceed an amount equal to .01 percent
312.12 of the ~~taxable~~ estimated market value of all taxable property in the county, excluding any
312.13 taxable property taxed by any city for the support of any free public library. When the tax
312.14 levy authorized in this section is collected, it shall be appropriated and credited to a debt
312.15 service fund for the bonds. The tax levy for the debt service fund under section 475.61
312.16 shall be reduced by the amount available or reasonably anticipated to be available in the
312.17 fund to make payments otherwise payable from the levy pursuant to section 475.61.

312.18 Sec. 59. Minnesota Statutes 2012, section 383E.23, is amended to read:

312.19 **383E.23 LIBRARY TAX.**

312.20 The Anoka County Board may levy a tax of not more than .01 percent of the ~~taxable~~
312.21 estimated market value of taxable property located within the county excluding any
312.22 taxable property taxed by any city for the support of any free public library, to acquire,
312.23 better, and construct county library buildings and to pay principal and interest on bonds
312.24 issued for that purpose. The tax shall be disregarded in the calculation of levies or limits
312.25 on levies provided by section 373.40, or other law.

312.26 Sec. 60. Minnesota Statutes 2012, section 385.31, is amended to read:

312.27 **385.31 PAYMENT OF COUNTY ORDERS OR WARRANTS.**

312.28 When any order or warrant drawn on the treasurer is presented for payment, if there
312.29 is money in the treasury for that purpose, the county treasurer shall redeem the same, and
312.30 write across the entire face thereof the word "redeemed," the date of the redemption, and
312.31 the treasurer's official signature. If there is not sufficient funds in the proper accounts to
312.32 pay such orders they shall be numbered and registered in their order of presentation,

313.1 and proper endorsement thereof shall be made on such orders and they shall be entitled
313.2 to payment in like order. Such orders shall bear interest at not to exceed the rate of six
313.3 percent per annum from such date of presentment. The treasurer, as soon as there is
313.4 sufficient money in the treasury, shall appropriate and set apart a sum sufficient for the
313.5 payment of the orders so presented and registered, and, if entitled to interest, issue to the
313.6 original holder a notice that interest will cease in 30 days from the date of such notice; and,
313.7 if orders thus entitled to priority of payment are not then presented, the next in order of
313.8 registry may be paid until such orders are presented. No interest shall be paid on any order,
313.9 except upon a warrant drawn by the county auditor for that purpose, giving the number
313.10 and the date of the order on account of which the interest warrant is drawn. In any county
313.11 in this state now or hereafter having a an estimated market value of all taxable property;
313.12 ~~exclusive of money and credits~~, of not less than \$1,033,000,000, the county treasurer, in
313.13 order to save payment of interest on county warrants drawn upon a fund in which there
313.14 shall be temporarily insufficient money in the treasury to redeem the same, may borrow
313.15 temporarily from any other fund in the county treasury in which there is a sufficient balance
313.16 to care for the needs of such fund and allow a temporary loan or transfer to any other fund,
313.17 and may pay such warrants out of such funds. Any such money so transferred and used in
313.18 redeeming such county warrants shall be returned to the fund from which drawn as soon
313.19 as money shall come in to the credit of such fund on which any such warrant was drawn
313.20 and paid as aforesaid. Any county operating on a cash basis may use a combined form of
313.21 warrant or order and check, which, when signed by the chair of the county board and by
313.22 the auditor, is an order or warrant for the payment of the claim, and, when countersigned
313.23 by the county treasurer, is a check for the payment of the amount thereof.

313.24 Sec. 61. Minnesota Statutes 2012, section 394.36, subdivision 1, is amended to read:

313.25 Subdivision 1. **Continuation of nonconformity; limitations.** Except as provided in
313.26 subdivision 2, 3, or 4, any nonconformity, including the lawful use or occupation of land
313.27 or premises existing at the time of the adoption of an official control under this chapter,
313.28 may be continued, although the use or occupation does not conform to the official control.
313.29 If the nonconformity or occupancy is discontinued for a period of more than one year, or
313.30 any nonconforming building or structure is destroyed by fire or other peril to the extent of
313.31 50 percent of its estimated market value, any subsequent use or occupancy of the land or
313.32 premises shall be a conforming use or occupancy.

313.33 Sec. 62. Minnesota Statutes 2012, section 398A.04, subdivision 8, is amended to read:

314.1 Subd. 8. **Taxation.** Before deciding to exercise the power to tax, the authority shall
314.2 give six weeks' published notice in all municipalities in the region. If a number of voters
314.3 in the region equal to five percent of those who voted for candidates for governor at the
314.4 last gubernatorial election present a petition within nine weeks of the first published notice
314.5 to the secretary of state requesting that the matter be submitted to popular vote, it shall be
314.6 submitted at the next general election. The question prepared shall be:

314.7 "Shall the regional rail authority have the power to impose a property tax?

314.8 Yes

314.9 No"

314.10 If a majority of those voting on the question approve or if no petition is presented
314.11 within the prescribed time the authority may levy a tax at any annual rate not exceeding
314.12 0.04835 percent of estimated market value of all taxable property situated within the
314.13 municipality or municipalities named in its organization resolution. Its recording officer
314.14 shall file, on or before September 15, in the office of the county auditor of each county
314.15 in which territory under the jurisdiction of the authority is located a certified copy of the
314.16 board of commissioners' resolution levying the tax, and each county auditor shall assess
314.17 and extend upon the tax rolls of each municipality named in the organization resolution the
314.18 portion of the tax that bears the same ratio to the whole amount that the net tax capacity of
314.19 taxable property in that municipality bears to the net tax capacity of taxable property in
314.20 all municipalities named in the organization resolution. Collections of the tax shall be
314.21 remitted by each county treasurer to the treasurer of the authority. For taxes levied in 1991,
314.22 the amount levied for light rail transit purposes under this subdivision shall not exceed 75
314.23 percent of the amount levied in 1990 for light rail transit purposes under this subdivision.

314.24 Sec. 63. Minnesota Statutes 2012, section 401.05, subdivision 3, is amended to read:

314.25 Subd. 3. **Leasing.** (a) A county or joint powers board of a group of counties
314.26 which acquires or constructs and equips or improves facilities under this chapter may,
314.27 with the approval of the board of county commissioners of each county, enter into a
314.28 lease agreement with a city situated within any of the counties, or a county housing and
314.29 redevelopment authority established under chapter 469 or any special law. Under the lease
314.30 agreement, the city or county housing and redevelopment authority shall:

314.31 (1) construct or acquire and equip or improve a facility in accordance with plans
314.32 prepared by or at the request of a county or joint powers board of the group of counties
314.33 and approved by the commissioner of corrections; and

314.34 (2) finance the facility by the issuance of revenue bonds.

315.1 (b) The county or joint powers board of a group of counties may lease the facility
315.2 site, improvements, and equipment for a term upon rental sufficient to produce revenue
315.3 for the prompt payment of the revenue bonds and all interest accruing on them. Upon
315.4 completion of payment, the lessee shall acquire title. The real and personal property
315.5 acquired for the facility constitutes a project and the lease agreement constitutes a revenue
315.6 agreement as provided in sections 469.152 to 469.165. All proceedings by the city or
315.7 county housing and redevelopment authority and the county or joint powers board shall be
315.8 as provided in sections 469.152 to 469.165, with the following adjustments:

315.9 (1) no tax may be imposed upon the property;

315.10 (2) the approval of the project by the commissioner of employment and economic
315.11 development is not required;

315.12 (3) the Department of Corrections shall be furnished and shall record information
315.13 concerning each project as it may prescribe, in lieu of reports required on other projects to
315.14 the commissioner of employment and economic development;

315.15 (4) the rentals required to be paid under the lease agreement shall not exceed in any
315.16 year one-tenth of one percent of the estimated market value of property within the county
315.17 or group of counties as last equalized before the execution of the lease agreement;

315.18 (5) the county or group of counties shall provide for payment of all rentals due
315.19 during the term of the lease agreement in the manner required in subdivision 4;

315.20 (6) no mortgage on the facilities shall be granted for the security of the bonds, but
315.21 compliance with clause (5) may be enforced as a nondiscretionary duty of the county
315.22 or group of counties; and

315.23 (7) the county or the joint powers board of the group of counties may sublease any
315.24 part of the facilities for purposes consistent with their maintenance and operation.

315.25 Sec. 64. Minnesota Statutes 2012, section 410.32, is amended to read:

315.26 **410.32 CITIES MAY ISSUE CAPITAL NOTES FOR CAPITAL EQUIPMENT.**

315.27 (a) Notwithstanding any contrary provision of other law or charter, a home rule
315.28 charter city may, by resolution and without public referendum, issue capital notes subject
315.29 to the city debt limit to purchase capital equipment.

315.30 (b) For purposes of this section, "capital equipment" means:

315.31 (1) public safety equipment, ambulance and other medical equipment, road
315.32 construction and maintenance equipment, and other capital equipment; and

315.33 (2) computer hardware and software, whether bundled with machinery or equipment
315.34 or unbundled.

316.1 (c) The equipment or software must have an expected useful life at least as long
316.2 as the term of the notes.

316.3 (d) The notes shall be payable in not more than ten years and be issued on terms
316.4 and in the manner the city determines. The total principal amount of the capital notes
316.5 issued in a fiscal year shall not exceed 0.03 percent of the estimated market value of
316.6 taxable property in the city for that year.

316.7 (e) A tax levy shall be made for the payment of the principal and interest on the
316.8 notes, in accordance with section 475.61, as in the case of bonds.

316.9 (f) Notes issued under this section shall require an affirmative vote of two-thirds of
316.10 the governing body of the city.

316.11 (g) Notwithstanding a contrary provision of other law or charter, a home rule charter
316.12 city may also issue capital notes subject to its debt limit in the manner and subject to the
316.13 limitations applicable to statutory cities pursuant to section 412.301.

316.14 Sec. 65. Minnesota Statutes 2012, section 412.221, subdivision 2, is amended to read:

316.15 Subd. 2. **Contracts.** The council shall have power to make such contracts as may
316.16 be deemed necessary or desirable to make effective any power possessed by the council.
316.17 The city may purchase personal property through a conditional sales contract and real
316.18 property through a contract for deed under which contracts the seller is confined to the
316.19 remedy of recovery of the property in case of nonpayment of all or part of the purchase
316.20 price, which shall be payable over a period of not to exceed five years. When the contract
316.21 price of property to be purchased by contract for deed or conditional sales contract
316.22 exceeds 0.24177 percent of the estimated market value of the city, the city may not enter
316.23 into such a contract for at least ten days after publication in the official newspaper of a
316.24 council resolution determining to purchase property by such a contract; and, if before the
316.25 end of that time a petition asking for an election on the proposition signed by voters equal
316.26 to ten percent of the number of voters at the last regular city election is filed with the clerk,
316.27 the city may not enter into such a contract until the proposition has been approved by a
316.28 majority of the votes cast on the question at a regular or special election.

316.29 Sec. 66. Minnesota Statutes 2012, section 412.301, is amended to read:

316.30 **412.301 FINANCING PURCHASE OF CERTAIN EQUIPMENT.**

316.31 (a) The council may issue certificates of indebtedness or capital notes subject to the
316.32 city debt limits to purchase capital equipment.

316.33 (b) For purposes of this section, "capital equipment" means:

317.1 (1) public safety equipment, ambulance and other medical equipment, road
317.2 construction and maintenance equipment, and other capital equipment; and

317.3 (2) computer hardware and software, whether bundled with machinery or equipment
317.4 or unbundled.

317.5 (c) The equipment or software must have an expected useful life at least as long as
317.6 the terms of the certificates or notes.

317.7 (d) Such certificates or notes shall be payable in not more than ten years and shall be
317.8 issued on such terms and in such manner as the council may determine.

317.9 (e) If the amount of the certificates or notes to be issued to finance any such purchase
317.10 exceeds 0.25 percent of the estimated market value of taxable property in the city, they
317.11 shall not be issued for at least ten days after publication in the official newspaper of
317.12 a council resolution determining to issue them; and if before the end of that time, a
317.13 petition asking for an election on the proposition signed by voters equal to ten percent
317.14 of the number of voters at the last regular municipal election is filed with the clerk, such
317.15 certificates or notes shall not be issued until the proposition of their issuance has been
317.16 approved by a majority of the votes cast on the question at a regular or special election.

317.17 (f) A tax levy shall be made for the payment of the principal and interest on such
317.18 certificates or notes, in accordance with section 475.61, as in the case of bonds.

317.19 Sec. 67. Minnesota Statutes 2012, section 428A.02, subdivision 1, is amended to read:

317.20 Subdivision 1. **Ordinance.** The governing body of a city may adopt an ordinance
317.21 establishing a special service district. Only property that is classified under section 273.13
317.22 and used for commercial, industrial, or public utility purposes, or is vacant land zoned or
317.23 designated on a land use plan for commercial or industrial use and located in the special
317.24 service district, may be subject to the charges imposed by the city on the special service
317.25 district. Other types of property may be included within the boundaries of the special
317.26 service district but are not subject to the levies or charges imposed by the city on the
317.27 special service district. If 50 percent or more of the estimated market value of a parcel of
317.28 property is classified under section 273.13 as commercial, industrial, or vacant land zoned
317.29 or designated on a land use plan for commercial or industrial use, or public utility for the
317.30 current assessment year, then the entire taxable market value of the property is subject to a
317.31 service charge based on net tax capacity for purposes of sections 428A.01 to 428A.10.
317.32 The ordinance shall describe with particularity the area within the city to be included in
317.33 the district and the special services to be furnished in the district. The ordinance may not
317.34 be adopted until after a public hearing has been held on the question. Notice of the hearing
317.35 shall include the time and place of hearing, a map showing the boundaries of the proposed

318.1 district, and a statement that all persons owning property in the proposed district that
318.2 would be subject to a service charge will be given opportunity to be heard at the hearing.
318.3 Within 30 days after adoption of the ordinance under this subdivision, the governing body
318.4 shall send a copy of the ordinance to the commissioner of revenue.

318.5 Sec. 68. Minnesota Statutes 2012, section 430.102, subdivision 2, is amended to read:

318.6 Subd. 2. **Council approval; special tax levy limitation.** The council shall receive
318.7 and consider the estimate required in subdivision 1 and the items of cost after notice and
318.8 hearing before it or its appropriate committee as it considers necessary or expedient, and
318.9 shall approve the estimate, with necessary amendments. The amounts of each item of cost
318.10 estimated are then appropriated to operate, maintain, and improve the pedestrian mall
318.11 during the next fiscal year. The amount of the special tax to be charged under subdivision
318.12 1, clause (3), must not, however, exceed 0.12089 percent of estimated market value of
318.13 taxable property in the district. The council shall make any necessary adjustment in costs of
318.14 operating and maintaining the district to keep the amount of the tax within this limitation.

318.15 Sec. 69. Minnesota Statutes 2012, section 447.10, is amended to read:

318.16 **447.10 TAX LEVY FOR OPERATING AND MAINTAINING HOSPITAL.**

318.17 The governing body of a city of the first class owning a hospital may annually levy
318.18 a tax to operate and maintain the hospital. The tax must not exceed 0.00806 percent of
318.19 ~~taxable~~ estimated market value.

318.20 Sec. 70. Minnesota Statutes 2012, section 450.19, is amended to read:

318.21 **450.19 TOURIST CAMPING GROUNDS.**

318.22 A home rule charter or statutory city or town may establish and maintain public
318.23 tourist camping grounds. The governing body thereof may acquire by lease, purchase, or
318.24 gift, suitable lands located either within or without the corporate limits for use as public
318.25 tourist camping grounds and provide for the equipment, operation, and maintenance
318.26 of the same. The amount that may be expended for the maintenance, improvement, or
318.27 operation of tourist camping grounds shall not exceed, in any year, a sum equal to 0.00806
318.28 percent of ~~taxable~~ estimated market value.

318.29 Sec. 71. Minnesota Statutes 2012, section 450.25, is amended to read:

318.30 **450.25 MUSEUM, GALLERY, OR SCHOOL OF ARTS OR CRAFTS; TAX**
318.31 **LEVY.**

319.1 After the acquisition of any museum, gallery, or school of arts or crafts, the board
319.2 of park commissioners of the city in which it is located shall cause to be included in the
319.3 annual tax levy upon all the taxable property of the county in which the museum, gallery,
319.4 or school of arts or crafts is located, a tax of 0.00846 percent of estimated market value.
319.5 The board shall certify the levy to the county auditor and it shall be added to, and collected
319.6 with and as part of, the general, real, and personal property taxes, with like penalties and
319.7 interest, in case of nonpayment and default, and all provisions of law in respect to the
319.8 levy, collection, and enforcement of other taxes shall, so far as applicable, be followed in
319.9 respect of these taxes. All of these taxes, penalties, and interest, when collected, shall be
319.10 paid to the city treasurer of the city in which is located the museum, gallery, or school
319.11 of arts or crafts and credited to a fund to be known as the park museum fund, and shall
319.12 be used only for the purposes specified in sections 450.23 to 450.25. Any part of the
319.13 proceeds of the levy not expended for the purposes specified in section 450.24 may be
319.14 used for the erection of new buildings for the same purposes.

319.15 Sec. 72. Minnesota Statutes 2012, section 458A.10, is amended to read:

319.16 **458A.10 PROPERTY TAX.**

319.17 The commission shall annually levy a tax not to exceed 0.12089 percent of estimated
319.18 market value on all the taxable property in the transit area at a rate sufficient to produce
319.19 an amount necessary for the purposes of sections 458A.01 to 458A.15, other than the
319.20 payment of principal and interest due on any revenue bonds issued pursuant to section
319.21 458A.05. Property taxes levied under this section shall be certified by the commission to
319.22 the county auditors of the transit area, extended, assessed, and collected in the manner
319.23 provided by law for the property taxes levied by the governing bodies of cities. The
319.24 proceeds of the taxes levied under this section shall be remitted by the respective county
319.25 treasurers to the treasurer of the commission, who shall credit the same to the funds of
319.26 the commission for use for the purposes of sections 458A.01 to 458A.15 subject to any
319.27 applicable pledges or limitations on account of tax anticipation certificates or other
319.28 specific purposes. At any time after making a tax levy under this section and certifying
319.29 it to the county auditors, the commission may issue general obligation certificates of
319.30 indebtedness in anticipation of the collection of the taxes as provided by section 412.261.

319.31 Sec. 73. Minnesota Statutes 2012, section 458A.31, subdivision 1, is amended to read:

319.32 Subdivision 1. **Levy limit.** Notwithstanding anything to the contrary contained in
319.33 the charter of the city of Duluth, any ordinance thereof, or any statute applicable thereto,
319.34 limiting the amount levied in any one year for general or special purposes, the city council

320.1 of the city of Duluth shall each year levy a tax in an amount not to exceed 0.07253
320.2 percent of taxable estimated market value, by ordinance. An ordinance fixing the levy
320.3 shall take effect immediately upon its passage and approval. The proceeds of the levy
320.4 shall be paid into the city treasury and deposited in the operating fund provided for in
320.5 section 458A.24, subdivision 3.

320.6 Sec. 74. Minnesota Statutes 2012, section 465.04, is amended to read:

320.7 **465.04 ACCEPTANCE OF GIFTS.**

320.8 Cities of the second, third, or fourth class, having at any time a an estimated
320.9 market value of not more than \$41,000,000, ~~exclusive of money and credits~~, as officially
320.10 equalized by the commissioner of revenue, either under home rule charter or under the
320.11 laws of this state, in addition to all other powers possessed by them, hereby are authorized
320.12 and empowered to receive and accept gifts and donations for the use and benefit of
320.13 such cities and the inhabitants thereof upon terms and conditions to be approved by the
320.14 governing bodies of such cities; and such cities are authorized to comply with and perform
320.15 such terms and conditions, which may include payment to the donor or donors of interest
320.16 on the value of the gift at not exceeding five percent per annum payable annually or
320.17 semiannually, during the remainder of the natural life or lives of such donor or donors.

320.18 Sec. 75. Minnesota Statutes 2012, section 469.033, subdivision 6, is amended to read:

320.19 Subd. 6. **Operation area as taxing district, special tax.** All of the territory included
320.20 within the area of operation of any authority shall constitute a taxing district for the
320.21 purpose of levying and collecting special benefit taxes as provided in this subdivision. All
320.22 of the taxable property, both real and personal, within that taxing district shall be deemed
320.23 to be benefited by projects to the extent of the special taxes levied under this subdivision.
320.24 Subject to the consent by resolution of the governing body of the city in and for which
320.25 it was created, an authority may levy a tax upon all taxable property within that taxing
320.26 district. The tax shall be extended, spread, and included with and as a part of the general
320.27 taxes for state, county, and municipal purposes by the county auditor, to be collected and
320.28 enforced therewith, together with the penalty, interest, and costs. As the tax, including any
320.29 penalties, interest, and costs, is collected by the county treasurer it shall be accumulated
320.30 and kept in a separate fund to be known as the "housing and redevelopment project fund."
320.31 The money in the fund shall be turned over to the authority at the same time and in the same
320.32 manner that the tax collections for the city are turned over to the city, and shall be expended
320.33 only for the purposes of sections 469.001 to 469.047. It shall be paid out upon vouchers
320.34 signed by the chair of the authority or an authorized representative. The amount of the

321.1 levy shall be an amount approved by the governing body of the city, but shall not exceed
321.2 0.0185 percent of ~~taxable~~ estimated market value. The authority shall each year formulate
321.3 and file a budget in accordance with the budget procedure of the city in the same manner as
321.4 required of executive departments of the city or, if no budgets are required to be filed, by
321.5 August 1. The amount of the tax levy for the following year shall be based on that budget.

321.6 Sec. 76. Minnesota Statutes 2012, section 469.034, subdivision 2, is amended to read:

321.7 Subd. 2. **General obligation revenue bonds.** (a) An authority may pledge the
321.8 general obligation of the general jurisdiction governmental unit as additional security for
321.9 bonds payable from income or revenues of the project or the authority. The authority
321.10 must find that the pledged revenues will equal or exceed 110 percent of the principal and
321.11 interest due on the bonds for each year. The proceeds of the bonds must be used for a
321.12 qualified housing development project or projects. The obligations must be issued and
321.13 sold in the manner and following the procedures provided by chapter 475, except the
321.14 obligations are not subject to approval by the electors, and the maturities may extend to
321.15 not more than 35 years for obligations sold to finance housing for the elderly and 40 years
321.16 for other obligations issued under this subdivision. The authority is the municipality for
321.17 purposes of chapter 475.

321.18 (b) The principal amount of the issue must be approved by the governing body of
321.19 the general jurisdiction governmental unit whose general obligation is pledged. Public
321.20 hearings must be held on issuance of the obligations by both the authority and the general
321.21 jurisdiction governmental unit. The hearings must be held at least 15 days, but not more
321.22 than 120 days, before the sale of the obligations.

321.23 (c) The maximum amount of general obligation bonds that may be issued and
321.24 outstanding under this section equals the greater of (1) one-half of one percent of the
321.25 ~~taxable~~ estimated market value of the general jurisdiction governmental unit whose
321.26 general obligation is pledged, or (2) \$3,000,000. In the case of county or multicounty
321.27 general obligation bonds, the outstanding general obligation bonds of all cities in the
321.28 county or counties issued under this subdivision must be added in calculating the limit
321.29 under clause (1).

321.30 (d) "General jurisdiction governmental unit" means the city in which the housing
321.31 development project is located. In the case of a county or multicounty authority, the
321.32 county or counties may act as the general jurisdiction governmental unit. In the case of
321.33 a multicounty authority, the pledge of the general obligation is a pledge of a tax on the
321.34 taxable property in each of the counties.

322.1 (e) "Qualified housing development project" means a housing development project
322.2 providing housing either for the elderly or for individuals and families with incomes not
322.3 greater than 80 percent of the median family income as estimated by the United States
322.4 Department of Housing and Urban Development for the standard metropolitan statistical
322.5 area or the nonmetropolitan county in which the project is located. The project must be
322.6 owned for the term of the bonds either by the authority or by a limited partnership or other
322.7 entity in which the authority or another entity under the sole control of the authority is
322.8 the sole general partner and the partnership or other entity must receive (1) an allocation
322.9 from the Department of Management and Budget or an entitlement issuer of tax-exempt
322.10 bonding authority for the project and a preliminary determination by the Minnesota
322.11 Housing Finance Agency or the applicable suballocator of tax credits that the project
322.12 will qualify for four percent low-income housing tax credits or (2) a reservation of nine
322.13 percent low-income housing tax credits from the Minnesota Housing Finance Agency or a
322.14 suballocator of tax credits for the project. A qualified housing development project may
322.15 admit nonelderly individuals and families with higher incomes if:

322.16 (1) three years have passed since initial occupancy;

322.17 (2) the authority finds the project is experiencing unanticipated vacancies resulting in
322.18 insufficient revenues, because of changes in population or other unforeseen circumstances
322.19 that occurred after the initial finding of adequate revenues; and

322.20 (3) the authority finds a tax levy or payment from general assets of the general
322.21 jurisdiction governmental unit will be necessary to pay debt service on the bonds if higher
322.22 income individuals or families are not admitted.

322.23 (f) The authority may issue bonds to refund bonds issued under this subdivision in
322.24 accordance with section 475.67. The finding of the adequacy of pledged revenues required
322.25 by paragraph (a) and the public hearing required by paragraph (b) shall not apply to the
322.26 issuance of refunding bonds. This paragraph applies to refunding bonds issued on and
322.27 after July 1, 1992.

322.28 Sec. 77. Minnesota Statutes 2012, section 469.053, subdivision 4, is amended to read:

322.29 Subd. 4. **Mandatory city levy.** A city shall, at the request of the port authority, levy
322.30 a tax in any year for the benefit of the port authority. The tax must not exceed 0.01813
322.31 percent of ~~taxable~~ estimated market value. The amount levied must be paid by the city
322.32 treasurer to the treasurer of the port authority, to be spent by the authority.

322.33 Sec. 78. Minnesota Statutes 2012, section 469.053, subdivision 4a, is amended to read:

323.1 Subd. 4a. **Seaway port authority levy.** A levy made under this subdivision shall
323.2 replace the mandatory city levy under subdivision 4. A seaway port authority is a special
323.3 taxing district under section 275.066 and may levy a tax in any year for the benefit of the
323.4 seaway port authority. The tax must not exceed 0.01813 percent of ~~taxable~~ estimated
323.5 market value. The county auditor shall distribute the proceeds of the property tax levy to
323.6 the seaway port authority.

323.7 Sec. 79. Minnesota Statutes 2012, section 469.053, subdivision 6, is amended to read:

323.8 Subd. 6. **Discretionary city levy.** Upon request of a port authority, the port
323.9 authority's city may levy a tax to be spent by and for its port authority. The tax must
323.10 enable the port authority to carry out efficiently and in the public interest sections 469.048
323.11 to 469.068 to create and develop industrial development districts. The levy must not be
323.12 more than 0.00282 percent of ~~taxable~~ estimated market value. The county treasurer shall
323.13 pay the proceeds of the tax to the port authority treasurer. The money may be spent by
323.14 the authority in performance of its duties to create and develop industrial development
323.15 districts. In spending the money the authority must judge what best serves the public
323.16 interest. The levy in this subdivision is in addition to the levy in subdivision 4.

323.17 Sec. 80. Minnesota Statutes 2012, section 469.107, subdivision 1, is amended to read:

323.18 Subdivision 1. **City tax levy.** A city may, at the request of the authority, levy a tax in
323.19 any year for the benefit of the authority. The tax must be not more than 0.01813 percent of
323.20 ~~taxable~~ estimated market value. The amount levied must be paid by the city treasurer to
323.21 the treasurer of the authority, to be spent by the authority.

323.22 Sec. 81. Minnesota Statutes 2012, section 469.180, subdivision 2, is amended to read:

323.23 Subd. 2. **Tax levies.** Notwithstanding any law, the county board of any county may
323.24 appropriate from the general revenue fund a sum not to exceed a county levy of 0.00080
323.25 percent of ~~taxable~~ estimated market value to carry out the purposes of this section.

323.26 Sec. 82. Minnesota Statutes 2012, section 469.187, is amended to read:

323.27 **469.187 FIRST CLASS CITY SPENDING FOR PUBLICITY; PUBLICITY**
323.28 **BOARD.**

323.29 Any city of the first class may expend money for city publicity purposes. The city may
323.30 levy a tax, not exceeding 0.00080 percent of ~~taxable~~ estimated market value. The proceeds
323.31 of the levy shall be expended in the manner and for the city publicity purposes the council

324.1 directs. The council may establish and provide for a publicity board or bureau to administer
324.2 the fund, subject to the conditions and limitations the council prescribes by ordinance.

324.3 Sec. 83. Minnesota Statutes 2012, section 469.206, is amended to read:

324.4 **469.206 HAZARDOUS PROPERTY PENALTY.**

324.5 A city may assess a penalty up to one percent of the estimated market value of
324.6 real property, including any building located within the city that the city determines to
324.7 be hazardous as defined in section 463.15, subdivision 3. The city shall send a written
324.8 notice to the address to which the property tax statement is sent at least 90 days before it
324.9 may assess the penalty. If the owner of the property has not paid the penalty or fixed the
324.10 property within 90 days after receiving notice of the penalty, the penalty is considered
324.11 delinquent and is increased by 25 percent each 60 days the penalty is not paid and the
324.12 property remains hazardous. For the purposes of this section, a penalty that is delinquent
324.13 is considered a delinquent property tax and subject to chapters 279, 280, and 281, in the
324.14 same manner as delinquent property taxes.

324.15 Sec. 84. Minnesota Statutes 2012, section 471.24, is amended to read:

324.16 **471.24 TOWNS, STATUTORY CITIES; JOINT MAINTENANCE OF**
324.17 **CEMETERY.**

324.18 Where a statutory city or town owns and maintains an established cemetery or burial
324.19 ground, either within or without the municipal limits, the statutory city or town may, by
324.20 mutual agreement with contiguous statutory cities and towns, each having a an estimated
324.21 market value of not less than \$2,000,000, join together in the maintenance of such public
324.22 cemetery or burial ground for the use of the inhabitants of each of such municipalities; and
324.23 each such municipality is hereby authorized, by action of its council or governing body,
324.24 to levy a tax or make an appropriation for the annual support and maintenance of such
324.25 cemetery or burial ground; provided, the amount thus appropriated by each municipality
324.26 shall not exceed a total of \$10,000 in any one year.

324.27 Sec. 85. Minnesota Statutes 2012, section 471.571, subdivision 1, is amended to read:

324.28 Subdivision 1. **Application.** This section applies to each city in which the net tax
324.29 capacity of real and personal property consists in part of iron ore or lands containing
324.30 taconite or semitaconite and in which the total ~~taxable~~ estimated market value of real
324.31 and personal property exceeds \$2,500,000.

324.32 Sec. 86. Minnesota Statutes 2012, section 471.571, subdivision 2, is amended to read:

325.1 Subd. 2. **Creation of fund, tax levy.** The governing body of the city may create a
325.2 permanent improvement and replacement fund to be maintained by an annual tax levy.
325.3 The governing body may levy a tax in excess of any charter limitation for the support of
325.4 the permanent improvement and replacement fund, but not exceeding the following:

325.5 (a) in cities having a population of not more than 500 inhabitants, the lesser of \$20
325.6 per capita or 0.08059 percent of ~~taxable~~ estimated market value;

325.7 (b) in cities having a population of more than 500 and less than ~~2500~~ 2,500, the
325.8 greater of \$12.50 per capita or \$10,000 but not exceeding 0.08059 percent of ~~taxable~~
325.9 estimated market value;

325.10 (c) in cities having a population of ~~more than 2500~~ 2,500 or more inhabitants,
325.11 the greater of \$10 per capita or \$31,500 but not exceeding 0.08059 percent of ~~taxable~~
325.12 estimated market value.

325.13 Sec. 87. Minnesota Statutes 2012, section 471.73, is amended to read:

325.14 **471.73 ACCEPTANCE OF PROVISIONS.**

325.15 In the case of any city within the class specified in section 471.72 having a an
325.16 estimated market value, ~~as defined in section 471.72~~, in excess of \$37,000,000; and in the
325.17 case of any statutory city within such class having a an estimated market value, ~~as defined~~
325.18 ~~in section 471.72~~, of less than \$5,000,000; and in the case of any statutory city within such
325.19 class which is governed by Laws 1933, chapter 211, or Laws 1937, chapter 356; and in
325.20 the case of any statutory city within such class which is governed by Laws 1929, chapter
325.21 208, and has a an estimated market value of less than \$83,000,000; and in the case of
325.22 any school district within such class having a an estimated market value, ~~as defined in~~
325.23 ~~section 471.72~~, of more than \$54,000,000; and in the case of all towns within said class;
325.24 sections 471.71 to 471.83 apply only if the governing body of the city or statutory city, the
325.25 board of the school district, or the town board of the town shall have adopted a resolution
325.26 determining to issue bonds under the provisions of sections 471.71 to 471.83 or to go
325.27 upon a cash basis in accordance with the provisions thereof.

325.28 Sec. 88. Minnesota Statutes 2012, section 473.325, subdivision 2, is amended to read:

325.29 Subd. 2. **Chapter 475 applies; exceptions.** The Metropolitan Council shall sell and
325.30 issue the bonds in the manner provided in chapter 475, and shall have the same powers
325.31 and duties as a municipality issuing bonds under that law, except that the approval of a
325.32 majority of the electors shall not be required and the net debt limitations shall not apply.
325.33 The terms of each series of bonds shall be fixed so that the amount of principal and interest
325.34 on all outstanding and undischarged bonds, together with the bonds proposed to be issued,

326.1 due in any year shall not exceed 0.01209 percent of estimated market value of all taxable
326.2 property in the metropolitan area as last finally equalized prior to a proposed issue. The
326.3 bonds shall be secured in accordance with section 475.61, subdivision 1, and any taxes
326.4 required for their payment shall be levied by the council, shall not affect the amount or rate
326.5 of taxes which may be levied by the council for other purposes, shall be spread against all
326.6 taxable property in the metropolitan area and shall not be subject to limitation as to rate or
326.7 amount. Any taxes certified by the council to the county auditors for collection shall be
326.8 reduced by the amount received by the council from the commissioner of management and
326.9 budget or the federal government for the purpose of paying the principal and interest on
326.10 bonds to which the levy relates. The council shall certify the fact and amount of all money
326.11 so received to the county auditors, and the auditors shall reduce the levies previously made
326.12 for the bonds in the manner and to the extent provided in section 475.61, subdivision 3.

326.13 Sec. 89. Minnesota Statutes 2012, section 473.629, is amended to read:

326.14 **473.629 VALUE OF PROPERTY FOR BOND ISSUES BY SCHOOL**
326.15 **DISTRICTS.**

326.16 As to any lands ~~to be~~ detached from any school district under ~~the provisions hereof~~
326.17 section 473.625, notwithstanding ~~such prospective~~ the detachment, the estimated market
326.18 value of ~~such~~ the detached lands and ~~the net tax capacity~~ of taxable properties ~~now~~ located
326.19 ~~therein or thereon shall be and~~ on the lands on the date of the detachment constitute
326.20 ~~from and after the date of the enactment hereof~~ a part of the estimated market value of
326.21 properties ~~upon the basis of which such~~ used to calculate the net debt limit of the school
326.22 ~~district may issue its bonds~~. The value of ~~such~~ the lands for such purpose to be and other
326.23 taxable properties for purposes of the school district's net debt limit are 33-1/3 percent of
326.24 the estimated market value thereof as determined and certified by said the assessor to said
326.25 the school district, and it shall be the duty of such the assessor annually on or before the
326.26 tenth day of October from and after the passage hereof, to so of each year, shall determine
326.27 and certify that value; provided, however, that the value of ~~such~~ the detached lands and
326.28 ~~such~~ taxable properties shall never exceed 20 percent of the estimated market value of
326.29 all properties constituting and making up the basis aforesaid used to calculate the net
326.30 debt limit of the school district.

326.31 Sec. 90. Minnesota Statutes 2012, section 473.661, subdivision 3, is amended to read:

326.32 Subd. 3. **Levy limit.** In any budget certified by the commissioners under this section,
326.33 the amount included for operation and maintenance shall not exceed an amount which,
326.34 when extended against the property taxable therefor under section 473.621, subdivision 5,

327.1 will require a levy at a rate of 0.00806 percent of estimated market value. Taxes levied by
327.2 the corporation shall not affect the amount or rate of taxes which may be levied by any other
327.3 local government unit within the metropolitan area under the provisions of any charter.

327.4 Sec. 91. Minnesota Statutes 2012, section 473.667, subdivision 9, is amended to read:

327.5 Subd. 9. **Additional taxes.** Nothing herein shall prevent the commission from
327.6 levying a tax not to exceed 0.00121 percent of estimated market value on taxable property
327.7 within its taxing jurisdiction, in addition to any levies found necessary for the debt
327.8 service fund authorized by section 473.671. Nothing herein shall prevent the levy and
327.9 appropriation for purposes of the commission of any other tax on property or on any
327.10 income, transaction, or privilege, when and if authorized by law. All collections of any
327.11 taxes so levied shall be included in the revenues appropriated for the purposes referred
327.12 to in this section, unless otherwise provided in the law authorizing the levies; but no
327.13 covenant as to the continuance or as to the rate and amount of any such levy shall be made
327.14 with the holders of the commission's bonds unless specifically authorized by law.

327.15 Sec. 92. Minnesota Statutes 2012, section 473.671, is amended to read:

327.16 **473.671 LIMIT OF TAX LEVY.**

327.17 The taxes levied against the property of the metropolitan area in any one year shall
327.18 not exceed 0.00806 percent of ~~taxable~~ estimated market value, exclusive of taxes levied
327.19 to pay the principal or interest on any bonds or indebtedness of the city issued under
327.20 Laws 1943, chapter 500, and exclusive of any taxes levied to pay the share of the city for
327.21 payments on bonded indebtedness of the corporation provided for in Laws 1943, chapter
327.22 500. The levy of taxes authorized in Laws 1943, chapter 500, shall be in addition to the
327.23 maximum rate allowed to be levied to defray the cost of government under the provisions
327.24 of the charter of any city affected by Laws 1943, chapter 500.

327.25 Sec. 93. Minnesota Statutes 2012, section 473.711, subdivision 2a, is amended to read:

327.26 Subd. 2a. **Tax levy.** (a) The commission may levy a tax on all taxable property in the
327.27 district as defined in section 473.702 to provide funds for the purposes of sections 473.701
327.28 to 473.716. The tax shall not exceed the property tax levy limitation determined in this
327.29 subdivision. A participating county may agree to levy an additional tax to be used by the
327.30 commission for the purposes of sections 473.701 to 473.716 but the sum of the county's and
327.31 commission's taxes may not exceed the county's proportionate share of the property tax levy
327.32 limitation determined under this subdivision based on the ratio of its total net tax capacity
327.33 to the total net tax capacity of the entire district as adjusted by section 270.12, subdivision

328.1 3. The auditor of each county in the district shall add the amount of the levy made by the
328.2 district to other taxes of the county for collection by the county treasurer with other taxes.
328.3 When collected, the county treasurer shall make settlement of the tax with the district in
328.4 the same manner as other taxes are distributed to political subdivisions. No county shall
328.5 levy any tax for mosquito, disease vectoring tick, and black gnat (Simuliidae) control
328.6 except under this section. The levy shall be in addition to other taxes authorized by law.

328.7 (b) The property tax levied by the Metropolitan Mosquito Control Commission shall
328.8 not exceed the product of (i) the commission's property tax levy limitation for the previous
328.9 year determined under this subdivision multiplied by (ii) an index for market valuation
328.10 changes equal to the total estimated market valuation value of all taxable property for the
328.11 current tax payable year located within the district plus any area that has been added to the
328.12 district since the previous year, divided by the total estimated market valuation value of all
328.13 taxable property located within the district for the previous taxes payable year.

328.14 (c) ~~For the purpose of determining the commission's property tax levy limitation~~
328.15 ~~under this subdivision, "total market valuation" means the total market valuation of all~~
328.16 ~~taxable property within the district without valuation adjustments for fiscal disparities~~
328.17 ~~(chapter 473F), tax increment financing (sections 469.174 to 469.179), and high voltage~~
328.18 ~~transmission lines (section 273.425).~~

328.19 Sec. 94. Minnesota Statutes 2012, section 473F.02, subdivision 12, is amended to read:

328.20 Subd. 12. **Adjusted market value.** "Adjusted market value" of real and personal
328.21 property within a municipality means the assessor's estimated taxable market value,
328.22 as defined in section 272.03, of all real and personal property, including the value of
328.23 manufactured housing, within the municipality, adjusted for sales ratios in a manner
328.24 similar to the adjustments made to city and town net tax capacities. ~~For purposes~~
328.25 ~~of sections 473F.01 to 473F.13, the commissioner of revenue shall annually make~~
328.26 ~~determinations and reports with respect to each municipality which are comparable to~~
328.27 ~~those it makes for school districts under section 127A.48, subdivisions 1 to 6, in the same~~
328.28 ~~manner and at the same times as are prescribed by the subdivisions. The commissioner~~
328.29 ~~of revenue shall annually determine, for each municipality, information comparable to~~
328.30 ~~that required by section 475.53, subdivision 4, for school districts, as soon as practicable~~
328.31 ~~after it becomes available. The commissioner of revenue shall then compute the equalized~~
328.32 ~~market value of property within each municipality using the aggregate sales ratios from~~
328.33 ~~the Department of Revenue's sales ratio study.~~

328.34 Sec. 95. Minnesota Statutes 2012, section 473F.02, subdivision 14, is amended to read:

329.1 Subd. 14. **Fiscal capacity.** "Fiscal capacity" of a municipality means its ~~valuation~~
329.2 adjusted market value, determined as of January 2 of any year, divided by its population,
329.3 determined as of a date in the same year.

329.4 Sec. 96. Minnesota Statutes 2012, section 473F.02, subdivision 15, is amended to read:

329.5 Subd. 15. **Average fiscal capacity.** "Average fiscal capacity" of municipalities
329.6 means the sum of the ~~valuations~~ adjusted market values of all municipalities, determined
329.7 as of January 2 of any year, divided by the sum of their populations, determined as of
329.8 a date in the same year.

329.9 Sec. 97. Minnesota Statutes 2012, section 473F.02, subdivision 23, is amended to read:

329.10 Subd. 23. **Net tax capacity.** "Net tax capacity" means the taxable market value of
329.11 real and personal property multiplied by its net tax capacity rates in section 273.13.

329.12 Sec. 98. Minnesota Statutes 2012, section 473F.08, subdivision 10, is amended to read:

329.13 Subd. 10. **Adjustment of value ~~or net tax capacity.~~** For the purpose of computing
329.14 ~~the amount or rate of any salary, aid, tax, or debt authorized, required, or limited by any~~
329.15 ~~provision of any law or charter, where such authorization, requirement, or limitation~~
329.16 ~~is related in any manner to any value or valuation of taxable property within any~~
329.17 ~~governmental unit, such value or net tax capacity~~ fiscal capacity under section 473F.02,
329.18 subdivision 14, a municipality's taxable market value shall be adjusted to reflect the
329.19 adjustments reductions to net tax capacity effected by subdivision 2, clause (a), provided
329.20 that: ~~(1) in determining the taxable market value of commercial-industrial property~~
329.21 ~~or any class thereof within a governmental unit for any purpose other than section~~
329.22 ~~473F.07~~ municipality, (a) the reduction required by this subdivision shall be that amount
329.23 which bears the same proportion to the amount subtracted from the governmental unit's
329.24 municipality's net tax capacity pursuant to subdivision 2, clause (a), as the taxable
329.25 market value of commercial-industrial property, or such class thereof, located within the
329.26 governmental unit municipality bears to the net tax capacity of commercial-industrial
329.27 property, or such class thereof, located within the governmental unit, and (b) the increase
329.28 required by this subdivision shall be that amount which bears the same proportion to
329.29 the amount added to the governmental unit's net tax capacity pursuant to subdivision 2,
329.30 clause (b), as the market value of commercial-industrial property, or such class thereof,
329.31 located within the governmental unit bears to the net tax capacity of commercial-industrial
329.32 property, or such class thereof, located within the governmental unit; and (2) in determining
329.33 the market value of real property within a municipality for purposes of section 473F.07,

330.1 ~~the adjustment prescribed by clause (1)(a) hereof shall be made and that prescribed by~~
330.2 ~~clause (1)(b) hereof shall not be made~~ municipality. No adjustment shall be made to
330.3 taxable market value for the increase in net tax capacity under subdivision 2, clause (b).

330.4 Sec. 99. Minnesota Statutes 2012, section 475.521, subdivision 4, is amended to read:

330.5 Subd. 4. **Limitations on amount.** A municipality may not issue bonds under this
330.6 section if the maximum amount of principal and interest to become due in any year on
330.7 all the outstanding bonds issued under this section, including the bonds to be issued,
330.8 will equal or exceed 0.16 percent of the ~~taxable~~ estimated market value of property
330.9 in the municipality. Calculation of the limit must be made using the ~~taxable~~ estimated
330.10 market value for the taxes payable year in which the obligations are issued and sold. In
330.11 the case of a municipality with a population of 2,500 or more, the bonds are subject to
330.12 the net debt limits under section 475.53. In the case of a shared facility in which more
330.13 than one municipality participates, upon compliance by each participating municipality
330.14 with the requirements of subdivision 2, the limitations in this subdivision and the net debt
330.15 represented by the bonds shall be allocated to each participating municipality in proportion
330.16 to its required financial contribution to the financing of the shared facility, as set forth in
330.17 the joint powers agreement relating to the shared facility. This section does not limit the
330.18 authority to issue bonds under any other special or general law.

330.19 Sec. 100. Minnesota Statutes 2012, section 475.53, subdivision 1, is amended to read:

330.20 Subdivision 1. **Generally.** Except as otherwise provided in sections 475.51 to
330.21 475.74, no municipality, except a school district or a city of the first class, shall incur or be
330.22 subject to a net debt in excess of three percent of the estimated market value of taxable
330.23 property in the municipality.

330.24 Sec. 101. Minnesota Statutes 2012, section 475.53, subdivision 3, is amended to read:

330.25 Subd. 3. **Cities first class.** Unless its charter permits a greater net debt a city of
330.26 the first class may not incur a net debt in excess of two percent of the estimated market
330.27 value of all taxable property therein. If the charter of the city permits a net debt of the city
330.28 in excess of two percent of its valuation, it may not incur a net debt in excess of 3-2/3
330.29 percent of the estimated market value of the taxable property therein.

330.30 The county auditor, at the time of preparing the tax list of the city, shall compile a
330.31 statement setting forth the total net tax capacity and the total estimated market value of
330.32 each class of taxable property in such city for such year.

331.1 Sec. 102. Minnesota Statutes 2012, section 475.53, subdivision 4, is amended to read:

331.2 Subd. 4. **School districts.** Except as otherwise provided by law, no school district
331.3 shall be subject to a net debt in excess of 15 percent of the ~~actual~~ estimated market value of
331.4 all taxable property situated within its corporate limits, as computed in accordance with this
331.5 subdivision. The county auditor of each county containing taxable real or personal property
331.6 situated within any school district shall certify to the district upon request the estimated
331.7 market value of all such property. Whenever the commissioner of revenue, in accordance
331.8 with section 127A.48, subdivisions 1 to 6, has determined that the ~~net tax capacity of any~~
331.9 ~~district furnished by county auditors is not based upon the~~ adjusted market value of taxable
331.10 property in the district exceeds the estimated market value of property within the district,
331.11 the commissioner of revenue shall certify to the district upon request the ratio most recently
331.12 ascertained to exist between ~~such~~ the estimated market value and the actual adjusted
331.13 market value of property within the district, and the actual market value of property
331.14 ~~within a district, on which its debt limit under this subdivision is~~ will be based, ~~is (a) the~~
331.15 ~~value certified by the county auditors, or (b) this~~ on the estimated market value divided by
331.16 the ratio certified by the commissioner of revenue, ~~whichever results in a higher value.~~

331.17 Sec. 103. Minnesota Statutes 2012, section 475.58, subdivision 2, is amended to read:

331.18 Subd. 2. **Funding, refunding.** Any county, city, town, or school district whose
331.19 outstanding gross debt, including all items referred to in section 475.51, subdivision
331.20 4, exceed in amount 1.62 percent of its estimated market value may issue bonds under
331.21 this subdivision for the purpose of funding or refunding such indebtedness or any part
331.22 thereof. A list of the items of indebtedness to be funded or refunded shall be made by the
331.23 recording officer and treasurer and filed in the office of the recording officer. The initial
331.24 resolution of the governing body shall refer to this subdivision as authority for the issue,
331.25 state the amount of bonds to be issued and refer to the list of indebtedness to be funded or
331.26 refunded. This resolution shall be published once each week for two successive weeks
331.27 in a legal newspaper published in the municipality or if there be no such newspaper, in
331.28 a legal newspaper published in the county seat. Such bonds may be issued without the
331.29 submission of the question of their issue to the electors unless within ten days after the
331.30 second publication of the resolution a petition requesting such election signed by ten or
331.31 more voters who are taxpayers of the municipality, shall be filed with the recording officer.
331.32 In event such petition is filed, no bonds shall be issued hereunder unless authorized by a
331.33 majority of the electors voting on the question.

331.34 Sec. 104. Minnesota Statutes 2012, section 475.73, subdivision 1, is amended to read:

332.1 Subdivision 1. **May purchase these bonds; conditions.** Obligations sold under the
332.2 provisions of section 475.60 may be purchased by the State Board of Investment if the
332.3 obligations meet the requirements of section 11A.24, subdivision 2, upon the approval of
332.4 the attorney general as to form and execution of the application therefor, and under rules
332.5 as the board may specify, and the state board shall have authority to purchase the same
332.6 to an amount not exceeding 3.63 percent of the estimated market value of the taxable
332.7 property of the municipality, according to the last preceding assessment. The obligations
332.8 shall not run for a shorter period than one year, nor for a longer period than 30 years and
332.9 shall bear interest at a rate to be fixed by the state board but not less than two percent per
332.10 annum. Forthwith upon the delivery to the state of Minnesota of any obligations issued by
332.11 virtue thereof, the commissioner of management and budget shall certify to the respective
332.12 auditors of the various counties wherein are situated the municipalities issuing the same,
332.13 the number, denomination, amount, rate of interest and date of maturity of each obligation.

332.14 Sec. 105. Minnesota Statutes 2012, section 477A.011, subdivision 20, is amended to
332.15 read:

332.16 Subd. 20. **City net tax capacity.** "City net tax capacity" means ~~(1) the net tax~~
332.17 ~~capacity computed using the net tax capacity rates in section 273.13 for taxes payable~~
332.18 ~~in the year of the aid distribution, and the market values, after the exclusion in section~~
332.19 ~~273.13, subdivision 35, for taxes payable in the year prior to the aid distribution plus (2)~~
332.20 ~~a city's fiscal disparities distribution tax capacity under section 276A.06, subdivision 2,~~
332.21 ~~paragraph (b), or 473F.08, subdivision 2, paragraph (b), for taxes payable in the year prior~~
332.22 ~~to that for which aids are being calculated. The market value utilized in computing city~~
332.23 ~~net tax capacity shall be reduced by the sum of (1) a city's market value of commercial~~
332.24 ~~industrial property as defined in section 276A.01, subdivision 3, or 473F.02, subdivision 3,~~
332.25 ~~multiplied by the ratio determined pursuant to section 276A.06, subdivision 2, paragraph~~
332.26 ~~(a), or 473F.08, subdivision 2, paragraph (a), (2) the market value of the captured value~~
332.27 ~~of tax increment financing districts as defined in section 469.177, subdivision 2, and (3)~~
332.28 ~~the market value of transmission lines deducted from a city's total net tax capacity under~~
332.29 ~~section 273.425. The city net tax capacity will be computed using equalized market values~~
332.30 the city's adjusted net tax capacity under section 273.1325.

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

332.32 Sec. 106. Minnesota Statutes 2012, section 477A.0124, subdivision 2, is amended to
332.33 read:

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

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

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

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

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

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

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

333.31 (h) "County net tax capacity" means the ~~net tax capacity of the county, computed~~
333.32 ~~analogously to city net tax capacity under section 477A.011, subdivision 20~~ county's
333.33 adjusted net tax capacity under section 273.1325.

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

333.35 Sec. 107. Minnesota Statutes 2012, section 641.23, is amended to read:

334.1 **641.23 FUNDS; HOW PROVIDED.**

334.2 Before any contract is made for the erection of a county jail, sheriff's residence, or
334.3 both, the county board shall either levy a sufficient tax to provide the necessary funds, or
334.4 issue county bonds therefor in accordance with the provisions of chapter 475, provided
334.5 that no election is required if the amount of all bonds issued for this purpose and interest
334.6 on them which are due and payable in any year does not exceed an amount equal to
334.7 0.09671 percent of estimated market value of taxable property within the county, as last
334.8 determined before the bonds are issued.

334.9 Sec. 108. Minnesota Statutes 2012, section 641.24, is amended to read:

334.10 **641.24 LEASING.**

334.11 The county may, by resolution of the county board, enter into a lease agreement with
334.12 any statutory or home rule charter city situated within the county, or a county housing and
334.13 redevelopment authority established pursuant to chapter 469 or any special law whereby
334.14 the city or county housing and redevelopment authority will construct a jail or other law
334.15 enforcement facilities for the county sheriff, deputy sheriffs, and other employees of the
334.16 sheriff and other law enforcement agencies, in accordance with plans prepared by or at
334.17 the request of the county board and, when required, approved by the commissioner of
334.18 corrections and will finance it by the issuance of revenue bonds, and the county may lease
334.19 the site and improvements for a term and upon rentals sufficient to produce revenue for the
334.20 prompt payment of the bonds and all interest accruing thereon and, upon completion of
334.21 payment, will acquire title thereto. The real and personal property acquired for the jail
334.22 shall constitute a project and the lease agreement shall constitute a revenue agreement
334.23 as contemplated in chapter 469, and all proceedings shall be taken by the city or county
334.24 housing and redevelopment authority and the county in the manner and with the force and
334.25 effect provided in chapter 469; provided that:

334.26 (1) no tax shall be imposed upon or in lieu of a tax upon the property;

334.27 (2) the approval of the project by the commissioner of commerce shall not be required;

334.28 (3) the Department of Corrections shall be furnished and shall record such
334.29 information concerning each project as it may prescribe;

334.30 (4) the rentals required to be paid under the lease agreement shall not exceed in any
334.31 year one-tenth of one percent of the estimated market value of property within the county,
334.32 as last finally equalized before the execution of the agreement;

334.33 (5) the county board shall provide for the payment of all rentals due during the term
334.34 of the lease, in the manner required in section 641.264, subdivision 2;

335.1 (6) no mortgage on the property shall be granted for the security of the bonds, but
335.2 compliance with clause (5) hereof may be enforced as a nondiscretionary duty of the
335.3 county board; and

335.4 (7) the county board may sublease any part of the jail property for purposes consistent
335.5 with the maintenance and operation of a county jail or other law enforcement facility.

335.6 Sec. 109. Minnesota Statutes 2012, section 645.44, is amended by adding a subdivision
335.7 to read:

335.8 Subd. 20. **Estimated market value.** When used in determining or calculating a
335.9 limit on taxation, spending, state aid amounts, or debt, bond, certificate of indebtedness, or
335.10 capital note issuance by or for a local government unit, "estimated market value" has the
335.11 meaning given in section 273.032.

335.12 Sec. 110. **REVISOR'S INSTRUCTION.**

335.13 The revisor of statutes shall recodify Minnesota Statutes, section 127A.48,
335.14 subdivisions 1 to 6, as section 273.1325, subdivisions 1 to 6, and change all
335.15 cross-references to the affected subdivisions accordingly.

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

335.17 Sec. 111. **REPEALER.**

335.18 Minnesota Statutes 2012, sections 276A.01, subdivision 11; 473F.02, subdivision
335.19 13; and 477A.011, subdivision 21, are repealed.

335.20 Sec. 112. **EFFECTIVE DATE.**

335.21 Unless otherwise specifically provided, this article is effective the day following
335.22 final enactment for purposes of limits on net debt, the issuance of bonds, certificates of
335.23 indebtedness, and capital notes and is effective beginning for taxes payable in 2014 for
335.24 all other purposes.

335.25 **ARTICLE 15**

335.26 **DEPARTMENT POLICY AND TECHNICAL: INCOME AND** 335.27 **FRANCHISE TAXES; ESTATE TAXES**

335.28 Section 1. Minnesota Statutes 2012, section 289A.10, is amended by adding a
335.29 subdivision to read:

335.30 Subd. 1a. **Recapture tax return required.** If a disposition or cessation as provided
335.31 by section 291.03, subdivision 11, paragraph (a), has occurred, the qualified heir, as

336.1 defined under section 291.03, subdivision 8, paragraph (c), or personal representative of
336.2 the decedent's estate must submit a recapture tax return to the commissioner.

336.3 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after
336.4 June 30, 2011.

336.5 Sec. 2. Minnesota Statutes 2012, section 289A.12, subdivision 14, is amended to read:

336.6 Subd. 14. **Regulated investment companies; reporting exempt-interest**
336.7 **dividends.** (a) A regulated investment company paying \$10 or more in exempt-interest
336.8 dividends to an individual who is a resident of Minnesota must make a return indicating
336.9 the amount of the exempt-interest dividends, the name, address, and Social Security
336.10 number of the recipient, and any other information that the commissioner specifies. The
336.11 return must be provided to the shareholder by February 15 of the year following the year
336.12 of the payment. The return provided to the shareholder must include a clear statement,
336.13 in the form prescribed by the commissioner, that the exempt-interest dividends must be
336.14 included in the computation of Minnesota taxable income. By June 1 of each year, the
336.15 regulated investment company must file a copy of the return with the commissioner.

336.16 ~~(b) This subdivision applies to regulated investment companies required to register~~
336.17 ~~under chapter 80A.~~

336.18 ~~(e)~~ (b) For purposes of this subdivision, the following definitions apply.

336.19 (1) "Exempt-interest dividends" mean exempt-interest dividends as defined in
336.20 section 852(b)(5) of the Internal Revenue Code, but does not include the portion of
336.21 exempt-interest dividends that are not required to be added to federal taxable income
336.22 under section 290.01, subdivision 19a, clause (1)(ii).

336.23 (2) "Regulated investment company" means regulated investment company as
336.24 defined in section 851(a) of the Internal Revenue Code or a fund of the regulated
336.25 investment company as defined in section 851(g) of the Internal Revenue Code.

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

336.27 Sec. 3. Minnesota Statutes 2012, section 289A.12, is amended by adding a subdivision
336.28 to read:

336.29 Subd. 18. **Returns by qualified heirs.** A qualified heir, as defined in section 291.03,
336.30 subdivision 8, paragraph (c), must file two returns with the commissioner attesting that
336.31 no disposition or cessation as provided by section 291.03, subdivision 11, paragraph
336.32 (a), occurred. The first return must be filed no earlier than 24 months and no later than

337.1 26 months after the decedent's death. The second return must be filed no earlier than 36
337.2 months and no later than 39 months after the decedent's death.

337.3 **EFFECTIVE DATE.** This section is effective for returns required to be filed after
337.4 December 31, 2013.

337.5 Sec. 4. Minnesota Statutes 2012, section 289A.18, is amended by adding a subdivision
337.6 to read:

337.7 Subd. 3a. **Recapture tax return.** A recapture tax return must be filed with the
337.8 commissioner within six months after the date of the disposition or cessation as provided
337.9 by section 291.03, subdivision 11, paragraph (a).

337.10 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after
337.11 June 30, 2011.

337.12 Sec. 5. Minnesota Statutes 2012, section 289A.20, subdivision 3, is amended to read:

337.13 Subd. 3. **Estate tax.** Taxes imposed by ~~chapter 291~~ section 291.03, subdivision 1,
337.14 take effect at and upon the death of the person whose estate is subject to taxation and are
337.15 due and payable on or before the expiration of nine months from that death.

337.16 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after
337.17 June 30, 2011.

337.18 Sec. 6. Minnesota Statutes 2012, section 289A.20, is amended by adding a subdivision
337.19 to read:

337.20 Subd. 3a. **Recapture tax.** The additional estate tax imposed by section 291.03,
337.21 subdivision 11, paragraph (b), is due and payable on or before the expiration of the date
337.22 provided by section 291.03, subdivision 11, paragraph (c).

337.23 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after
337.24 June 30, 2011.

337.25 Sec. 7. Minnesota Statutes 2012, section 289A.26, subdivision 3, is amended to read:

337.26 Subd. 3. **Short taxable year.** (a) A corporation or an entity with a short taxable year
337.27 of less than 12 months, but at least four months, must pay estimated tax in equal installments
337.28 on or before the 15th day of the third, sixth, ninth, and final month of the short taxable
337.29 year, to the extent applicable based on the number of months in the short taxable year.

338.1 (b) A corporation or an entity is not required to make estimated tax payments for a
338.2 short taxable year unless its tax liability before the first day of the last month of the taxable
338.3 year can reasonably be expected to exceed \$500.

338.4 (c) No payment is required for a short taxable year of less than four months.

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

338.6 Sec. 8. Minnesota Statutes 2012, section 289A.26, subdivision 4, is amended to read:

338.7 Subd. 4. **Underpayment of estimated tax.** If there is an underpayment of estimated
338.8 tax by a corporation or an entity, there shall be added to the tax for the taxable year an
338.9 amount determined at the rate in section 270C.40 on the amount of the underpayment,
338.10 determined under subdivision 5, for the period of the underpayment determined under
338.11 subdivision 6. This subdivision does not apply in the first taxable year that a corporation is
338.12 subject to the tax imposed under section 290.02 or an entity is subject to the tax imposed
338.13 under section 290.05, subdivision 3.

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

338.15 Sec. 9. Minnesota Statutes 2012, section 289A.26, subdivision 7, is amended to read:

338.16 Subd. 7. **Required installments.** (a) Except as otherwise provided in this
338.17 subdivision, the amount of a required installment is 25 percent of the required annual
338.18 payment.

338.19 (b) Except as otherwise provided in this subdivision, the term "required annual
338.20 payment" means the lesser of:

338.21 (1) 100 percent of the tax shown on the return for the taxable year, or, if no return is
338.22 filed, 100 percent of the tax for that year; or

338.23 (2) 100 percent of the tax shown on the return of the corporation or entity for the
338.24 preceding taxable year provided the return was for a full 12-month period, showed a
338.25 liability, and was filed by the corporation or entity.

338.26 (c) Except for determining the first required installment for any taxable year,
338.27 paragraph (b), clause (2), does not apply in the case of a large corporation. The term
338.28 "large corporation" means a corporation or any predecessor corporation that had taxable
338.29 net income of \$1,000,000 or more for any taxable year during the testing period. The
338.30 term "testing period" means the three taxable years immediately preceding the taxable
338.31 year involved. A reduction allowed to a large corporation for the first installment that is
338.32 allowed by applying paragraph (b), clause (2), must be recaptured by increasing the next
338.33 required installment by the amount of the reduction.

339.1 (d) In the case of a required installment, if the corporation or entity establishes that
 339.2 the annualized income installment is less than the amount determined in paragraph (a), the
 339.3 amount of the required installment is the annualized income installment and the recapture
 339.4 of previous quarters' reductions allowed by this paragraph must be recovered by increasing
 339.5 later required installments to the extent the reductions have not previously been recovered.

339.6 (e) The "annualized income installment" is the excess, if any, of:

339.7 (1) an amount equal to the applicable percentage of the tax for the taxable year
 339.8 computed by placing on an annualized basis the taxable income:

339.9 (i) for the first two months of the taxable year, in the case of the first required
 339.10 installment;

339.11 (ii) for the first two months or for the first five months of the taxable year, in the
 339.12 case of the second required installment;

339.13 (iii) for the first six months or for the first eight months of the taxable year, in the
 339.14 case of the third required installment; and

339.15 (iv) for the first nine months or for the first 11 months of the taxable year, in the
 339.16 case of the fourth required installment, over

339.17 (2) the aggregate amount of any prior required installments for the taxable year.

339.18 (3) For the purpose of this paragraph, the annualized income shall be computed
 339.19 by placing on an annualized basis the taxable income for the year up to the end of the
 339.20 month preceding the due date for the quarterly payment multiplied by 12 and dividing
 339.21 the resulting amount by the number of months in the taxable year (2, 5, 6, 8, 9, or 11 as
 339.22 the case may be) referred to in clause (1).

339.23 (4) The "applicable percentage" used in clause (1) is:

339.24	For the following	
339.25	required	The applicable
339.26	installments:	percentage is:
339.27	1st	25
339.28	2nd	50
339.29	3rd	75
339.30	4th	100

339.31 (f)(1) If this paragraph applies, the amount determined for any installment must
 339.32 be determined in the following manner:

339.33 (i) take the taxable income for the months during the taxable year preceding the
 339.34 filing month;

339.35 (ii) divide that amount by the base period percentage for the months during the
 339.36 taxable year preceding the filing month;

339.37 (iii) determine the tax on the amount determined under item (ii); and

340.1 (iv) multiply the tax computed under item (iii) by the base period percentage for the
340.2 filing month and the months during the taxable year preceding the filing month.

340.3 (2) For purposes of this paragraph:

340.4 (i) the "base period percentage" for a period of months is the average percent that the
340.5 taxable income for the corresponding months in each of the three preceding taxable years
340.6 bears to the taxable income for the three preceding taxable years;

340.7 (ii) the term "filing month" means the month in which the installment is required
340.8 to be paid;

340.9 (iii) this paragraph only applies if the base period percentage for any six consecutive
340.10 months of the taxable year equals or exceeds 70 percent; and

340.11 (iv) the commissioner may provide by rule for the determination of the base period
340.12 percentage in the case of reorganizations, new corporations or entities, and other similar
340.13 circumstances.

340.14 (3) In the case of a required installment determined under this paragraph, if the
340.15 corporation or entity determines that the installment is less than the amount determined in
340.16 paragraph (a), the amount of the required installment is the amount determined under this
340.17 paragraph and the recapture of previous quarters' reductions allowed by this paragraph
340.18 must be recovered by increasing later required installments to the extent the reductions
340.19 have not previously been recovered.

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

340.21 Sec. 10. Minnesota Statutes 2012, section 289A.26, subdivision 9, is amended to read:

340.22 Subd. 9. **Failure to file an estimate.** In the case of a corporation or an entity
340.23 that fails to file an estimated tax for a taxable year when one is required, the period of
340.24 the underpayment runs from the four installment dates in subdivision 2 or 3, whichever
340.25 applies, to the earlier of the periods in subdivision 6, clauses (1) and (2).

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

340.27 Sec. 11. Minnesota Statutes 2012, section 290.9705, subdivision 1, is amended to read:

340.28 Subdivision 1. **Withholding of payments to out-of-state contractors.** (a) In this
340.29 section, "person" means a person, corporation, or cooperative, the state of Minnesota and
340.30 its political subdivisions, and a city, county, and school district in Minnesota.

340.31 (b) A person who in the regular course of business is hiring, contracting, or having a
340.32 contract with a nonresident person or foreign corporation, ~~as defined in Minnesota Statutes~~
340.33 ~~1986, section 290.01, subdivision 5,~~ to perform construction work in Minnesota, shall

341.1 deduct and withhold eight percent of ~~cumulative calendar year~~ payments made to the
341.2 contractor ~~which exceed~~ if the value of the contract exceeds \$50,000.

341.3 **EFFECTIVE DATE.** This section is effective for payments made to contractors
341.4 after December 31, 2013.

341.5 **ARTICLE 16**

341.6 **DEPARTMENT POLICY AND TECHNICAL: SALES AND USE** 341.7 **TAXES; SPECIAL TAXES**

341.8 Section 1. Minnesota Statutes 2012, section 287.20, is amended by adding a
341.9 subdivision to read:

341.10 Subd. 11. **Partition.** "Partition" means the division by conveyance of real property
341.11 that is held jointly or in common by two or more persons into individually owned interests.
341.12 If one of the co-owners gives consideration for all or a part of the individually owned
341.13 interest conveyed to them, that portion of the conveyance is not a part of the partition.

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

341.15 Sec. 2. Minnesota Statutes 2012, section 289A.20, subdivision 4, is amended to read:

341.16 Subd. 4. **Sales and use tax.** (a) The taxes imposed by chapter 297A are due and
341.17 payable to the commissioner monthly on or before the 20th day of the month following
341.18 the month in which the taxable event occurred, or following another reporting period
341.19 as the commissioner prescribes or as allowed under section 289A.18, subdivision 4,
341.20 paragraph (f) or (g), except that:

341.21 ~~(1) use taxes due on an annual use tax return as provided under section 289A.11,~~
341.22 ~~subdivision 1, are payable by April 15 following the close of the calendar year; and~~

341.23 ~~(2) except as provided in paragraph (f), for a vendor having a liability of \$120,000~~
341.24 ~~or more during a fiscal year ending June 30, 2009, and fiscal years thereafter, the taxes~~
341.25 ~~imposed by chapter 297A, except as provided in paragraph (b), are due and payable to the~~
341.26 ~~commissioner monthly in the following manner:~~

341.27 ~~(i) On or before the 14th day of the month following the month in which the taxable~~
341.28 ~~event occurred, the vendor must remit to the commissioner 90 percent of the estimated~~
341.29 ~~liability for the month in which the taxable event occurred.~~

341.30 ~~(ii) On or before the 20th day of the month in which the taxable event occurs, the~~
341.31 ~~vendor must remit to the commissioner a prepayment for the month in which the taxable~~
341.32 ~~event occurs equal to 67 percent of the liability for the previous month.~~

341.33 ~~(iii) On or before the 20th day of the month following the month in which the taxable~~
341.34 ~~event occurred, the vendor must pay any additional amount of tax not previously remitted~~

342.1 under either item (i) or (ii) or, if the payment made under item (i) or (ii) was greater than
342.2 the vendor's liability for the month in which the taxable event occurred, the vendor may
342.3 take a credit against the next month's liability in a manner prescribed by the commissioner.

342.4 (iv) ~~Once the vendor first pays under either item (i) or (ii), the vendor is required to~~
342.5 ~~continue to make payments in the same manner, as long as the vendor continues having a~~
342.6 ~~liability of \$120,000 or more during the most recent fiscal year ending June 30.~~

342.7 (v) ~~Notwithstanding items (i), (ii), and (iv), if a vendor fails to make the required~~
342.8 ~~payment in the first month that the vendor is required to make a payment under either item~~
342.9 ~~(i) or (ii), then the vendor is deemed to have elected to pay under item (ii) and must make~~
342.10 ~~subsequent monthly payments in the manner provided in item (ii).~~

342.11 (vi) ~~For vendors making an accelerated payment under item (ii), for the first month~~
342.12 ~~that the vendor is required to make the accelerated payment, on the 20th of that month, the~~
342.13 ~~vendor will pay 100 percent of the liability for the previous month and a prepayment for~~
342.14 ~~the first month equal to 67 percent of the liability for the previous month.~~

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

342.18 (1) Two business days before June 30 of the year, the vendor must remit 90 percent
342.19 of the estimated June liability to the commissioner.

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

342.22 (c) A vendor having a liability of:

342.23 (1) \$10,000 or more, but less than \$120,000 during a fiscal year ending June 30,
342.24 2009, and fiscal years thereafter, must remit by electronic means all liabilities on returns
342.25 due for periods beginning in the subsequent calendar year on or before the 20th day of
342.26 the month following the month in which the taxable event occurred, or on or before the
342.27 20th day of the month following the month in which the sale is reported under section
342.28 289A.18, subdivision 4; or

342.29 (2) \$120,000 or more, during a fiscal year ending June 30, 2009, and fiscal years
342.30 thereafter, must remit by electronic means all liabilities in the manner provided in
342.31 paragraph (a), ~~clause (2)~~, on returns due for periods beginning in the subsequent calendar
342.32 year, except for 90 percent of the estimated June liability, which is due two business days
342.33 before June 30. The remaining amount of the June liability is due on August 20.

342.34 (d) Notwithstanding paragraph (b) or (c), a person prohibited by the person's
342.35 religious beliefs from paying electronically shall be allowed to remit the payment by mail.
342.36 The filer must notify the commissioner of revenue of the intent to pay by mail before

343.1 doing so on a form prescribed by the commissioner. No extra fee may be charged to a
343.2 person making payment by mail under this paragraph. The payment must be postmarked
343.3 at least two business days before the due date for making the payment in order to be
343.4 considered paid on a timely basis.

343.5 ~~(e) Whenever the liability is \$120,000 or more separately for: (1) the tax imposed~~
343.6 ~~under chapter 297A; (2) a fee that is to be reported on the same return as and paid with the~~
343.7 ~~chapter 297A taxes; or (3) any other tax that is to be reported on the same return as and~~
343.8 ~~paid with the chapter 297A taxes, then the payment of all the liabilities on the return must~~
343.9 ~~be accelerated as provided in this subdivision.~~

343.10 ~~(f) At the start of the first calendar quarter at least 90 days after the cash flow account~~
343.11 ~~established in section 16A.152, subdivision 1, and the budget reserve account established in~~
343.12 ~~section 16A.152, subdivision 1a, reach the amounts listed in section 16A.152, subdivision~~
343.13 ~~2, paragraph (a), the remittance of the accelerated payments required under paragraph (a),~~
343.14 ~~clause (2), must be suspended. The commissioner of management and budget shall notify~~
343.15 ~~the commissioner of revenue when the accounts have reached the required amounts.~~
343.16 ~~Beginning with the suspension of paragraph (a), clause (2), for a vendor with a liability of~~
343.17 ~~\$120,000 or more during a fiscal year ending June 30, 2009, and fiscal years thereafter, the~~
343.18 ~~taxes imposed by chapter 297A are due and payable to the commissioner on the 20th day~~
343.19 ~~of the month following the month in which the taxable event occurred. Payments of tax~~
343.20 ~~liabilities for taxable events occurring in June under paragraph (b) are not changed.~~

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

343.22 Sec. 3. Minnesota Statutes 2012, section 297A.665, is amended to read:

343.23 **297A.665 PRESUMPTION OF TAX; BURDEN OF PROOF.**

343.24 (a) For the purpose of the proper administration of this chapter and to prevent
343.25 evasion of the tax, until the contrary is established, it is presumed that:

343.26 (1) all gross receipts are subject to the tax; and

343.27 (2) all retail sales for delivery in Minnesota are for storage, use, or other consumption
343.28 in Minnesota.

343.29 (b) The burden of proving that a sale is not a taxable retail sale is on the seller.

343.30 However, a seller is relieved of liability if:

343.31 (1) the seller obtains a fully completed exemption certificate or all the relevant
343.32 information required by section 297A.72, subdivision 2, at the time of the sale or within
343.33 90 days after the date of the sale; or

344.1 (2) if the seller has not obtained a fully completed exemption certificate or all the
344.2 relevant information required by section 297A.72, subdivision 2, within the time provided
344.3 in clause (1), within 120 days after a request for substantiation by the commissioner,
344.4 the seller either:

344.5 (i) obtains ~~in good faith~~ from the purchaser a fully completed exemption certificate
344.6 or all the relevant information required by section 297A.72, subdivision 2, ~~from the~~
344.7 ~~purchaser~~ taken in good faith which means that the exemption certificate claims an
344.8 exemption that (A) was statutorily available on the date of the transaction, (B) could be
344.9 applicable to the item for which the exemption is claimed, and (C) is reasonable for the
344.10 purchaser's type of business; or

344.11 (ii) proves by other means that the transaction was not subject to tax.

344.12 (c) Notwithstanding paragraph (b), relief from liability does not apply to a seller who:

344.13 (1) fraudulently fails to collect the tax; or

344.14 (2) solicits purchasers to participate in the unlawful claim of an exemption.

344.15 (d) Notwithstanding paragraph (b), relief from liability does not apply to a seller
344.16 who has obtained information under paragraph (b), clause (2), if through the audit process
344.17 the commissioner finds the following:

344.18 (1) that at the time the information was provided the seller had knowledge or had
344.19 reason to know that the information relating to the exemption was materially false; or

344.20 (2) that the seller knowingly participated in activity intended to purposefully evade
344.21 the sales tax due on the transaction.

344.22 ~~(d)~~ (e) A certified service provider, as defined in section 297A.995, subdivision 2, is
344.23 relieved of liability under this section to the extent a seller who is its client is relieved of
344.24 liability.

344.25 ~~(e)~~ (f) A purchaser of tangible personal property or any items listed in section 297A.63
344.26 that are shipped or brought to Minnesota by the purchaser has the burden of proving that the
344.27 property was not purchased from a retailer for storage, use, or consumption in Minnesota.

344.28 ~~(f)~~ (g) If a seller claims that certain sales are exempt and does not provide the
344.29 certificate, information, or proof required by paragraph (b), clause (2), within 120 days
344.30 after the date of the commissioner's request for substantiation, then the exemptions
344.31 claimed by the seller that required substantiation are disallowed.

344.32 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2013.

344.33 Sec. 4. Minnesota Statutes 2012, section 297F.01, subdivision 23, is amended to read:

344.34 Subd. 23. **Wholesale sales price.** "Wholesale sales price" means the price stated
344.35 ~~on the price list in effect at the time of sale for which a manufacturer or person sells a~~

345.1 tobacco product to a distributor, exclusive of any discount, promotional offer, or other
345.2 reduction. For purposes of this subdivision, "price list" means the manufacturer's price at
345.3 which tobacco products are made available for sale to all distributors on an ongoing basis
345.4 at which a distributor purchases a tobacco product. Wholesale sales price includes the
345.5 applicable federal excise tax, freight charges, or packaging costs, regardless of whether
345.6 they were included in the purchase price.

345.7 **EFFECTIVE DATE.** This section is effective for purchases made after December
345.8 31, 2013.

345.9 Sec. 5. Minnesota Statutes 2012, section 297G.04, subdivision 2, is amended to read:

345.10 Subd. 2. **Tax credit.** A qualified brewer producing fermented malt beverages
345.11 is entitled to a tax credit of \$4.60 per barrel on 25,000 barrels sold in any fiscal year
345.12 beginning July 1, regardless of the alcohol content of the product. Qualified brewers may
345.13 take the credit on the 18th day of each month, but the total credit allowed may not exceed
345.14 in any fiscal year the lesser of:

- 345.15 (1) the liability for tax; or
345.16 (2) \$115,000.

345.17 For purposes of this subdivision, a "qualified brewer" means a brewer, whether
345.18 or not located in this state, manufacturing less than 100,000 barrels of fermented malt
345.19 beverages in the calendar year immediately preceding the ~~calendar~~ fiscal year for which
345.20 the credit under this subdivision is claimed. In determining the number of barrels, all
345.21 brands or labels of a brewer must be combined. All facilities for the manufacture of
345.22 fermented malt beverages owned or controlled by the same person, corporation, or other
345.23 entity must be treated as a single brewer.

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

345.25 Sec. 6. Minnesota Statutes 2012, section 297I.05, subdivision 7, is amended to read:

345.26 Subd. 7. **Nonadmitted insurance premium tax.** (a) A tax is imposed on surplus
345.27 lines brokers. The rate of tax is equal to three percent of the gross premiums less return
345.28 premiums paid by an insured whose home state is Minnesota.

345.29 (b) A tax is imposed on ~~persons, firms, or corporations~~ a person, firm, corporation,
345.30 or purchasing group as defined in section 60E.02, or any member of a purchasing group,
345.31 that procure procures insurance directly from a nonadmitted insurer. The rate of tax is
345.32 equal to two percent of the gross premiums less return premiums paid by an insured
345.33 whose home state is Minnesota.

346.1 (c) No state other than the home state of an insured may require any premium tax
346.2 payment for nonadmitted insurance. When Minnesota is the home state of the insured,
346.3 as provided under section 297I.01, 100 percent of the gross premiums are taxable in
346.4 Minnesota with no allocation of the tax to other states.

346.5 **EFFECTIVE DATE.** This section is effective for premiums received after
346.6 December 31, 2013.

346.7 Sec. 7. Minnesota Statutes 2012, section 297I.05, subdivision 11, is amended to read:

346.8 Subd. 11. **Retaliatory provisions.** (a) If any other state or country imposes any
346.9 taxes, fines, deposits, penalties, licenses, or fees upon any insurance companies of this
346.10 state and their agents doing business in another state or country that are in addition to or in
346.11 excess of those imposed by the laws of this state upon foreign insurance companies and
346.12 their agents doing business in this state, the same taxes, fines, deposits, penalties, licenses,
346.13 and fees are imposed upon every similar insurance company of that state or country and
346.14 their agents doing or applying to do business in this state.

346.15 (b) If any conditions precedent to the right to do business in any other state or
346.16 country are imposed by the laws of that state or country, beyond those imposed upon
346.17 foreign companies by the laws of this state, the same conditions precedent are imposed
346.18 upon every similar insurance company of that state or country and their agents doing or
346.19 applying to do business in that state.

346.20 (c) For purposes of this subdivision, "taxes, fines, deposits, penalties, licenses, or
346.21 fees" means an amount of money that is deposited in the general revenue fund of the state
346.22 or other similar fund in another state or country and is not dedicated to a special purpose
346.23 or use or money deposited in the general revenue fund of the state or other similar fund in
346.24 another state or country and appropriated to the commissioner of commerce or insurance
346.25 for the operation of the Department of Commerce or other similar agency with jurisdiction
346.26 over insurance. Taxes, fines, deposits, penalties, licenses, or fees do not include:

346.27 (1) special purpose obligations or assessments imposed in connection with particular
346.28 kinds of insurance, including but not limited to assessments imposed in connection with
346.29 residual market mechanisms; or

346.30 (2) assessments made by the insurance guaranty association, life and health
346.31 guarantee association, or similar association.

346.32 (d) This subdivision applies to taxes imposed under subdivisions 1_; 3_; 4_; ~~6~~_; and 12,
346.33 paragraph (a), clauses (1) and (2); and 14.

346.34 (e) This subdivision does not apply to insurance companies organized or domiciled
346.35 in a state or country, the laws of which do not impose retaliatory taxes, fines, deposits,

347.1 penalties, licenses, or fees or which grant, on a reciprocal basis, exemptions from
347.2 retaliatory taxes, fines, deposits, penalties, licenses, or fees to insurance companies
347.3 domiciled in this state.

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

347.5 Sec. 8. Minnesota Statutes 2012, section 297I.05, subdivision 12, is amended to read:

347.6 Subd. 12. **Other entities.** (a) A tax is imposed equal to two percent of:

347.7 (1) gross premiums less return premiums written for risks resident or located in
347.8 Minnesota by a risk retention group;

347.9 (2) gross premiums less return premiums received by an attorney in fact acting
347.10 in accordance with chapter 71A;

347.11 (3) gross premiums less return premiums received pursuant to assigned risk policies
347.12 and contracts of coverage under chapter 79; and

347.13 (4) the direct funded premium received by the reinsurance association under section
347.14 79.34 from self-insurers approved under section 176.181 and political subdivisions that
347.15 self-insure; and

347.16 ~~(5) gross premiums less return premiums paid to an insurer other than a licensed
347.17 insurance company or a surplus lines broker for coverage of risks resident or located in
347.18 Minnesota by a purchasing group or any members of the purchasing group to a broker or
347.19 agent for the purchasing group.~~

347.20 (b) A tax is imposed on a joint self-insurance plan operating under chapter 60F. The
347.21 rate of tax is equal to two percent of the total amount of claims paid during the fund year,
347.22 with no deduction for claims wholly or partially reimbursed through stop-loss insurance.

347.23 (c) A tax is imposed on a joint self-insurance plan operating under chapter 62H.
347.24 The rate of tax is equal to two percent of the total amount of claims paid during the
347.25 fund's fiscal year, with no deduction for claims wholly or partially reimbursed through
347.26 stop-loss insurance.

347.27 (d) A tax is imposed equal to the tax imposed under section 297I.05, subdivision 5,
347.28 on the gross premiums less return premiums on all coverages received by an accountable
347.29 provider network or agents of an accountable provider network in Minnesota, in cash or
347.30 otherwise, during the year.

347.31 **EFFECTIVE DATE.** This section is effective for premiums received after
347.32 December 31, 2013.

347.33 Sec. 9. Minnesota Statutes 2012, section 297I.30, subdivision 1, is amended to read:

348.1 Subdivision 1. **General rule.** On or before March 1, every taxpayer subject to
348.2 taxation under section 297I.05, subdivisions 1 to 5;² 7, paragraph (b);² 12, ~~paragraphs (a),~~
348.3 ~~clauses (1) to (4), (b), (c), and (d);²~~ and 14, shall file an annual return for the preceding
348.4 calendar year in the form prescribed by the commissioner.

348.5 **EFFECTIVE DATE.** This section is effective for premiums received after
348.6 December 31, 2013.

348.7 Sec. 10. Minnesota Statutes 2012, section 297I.30, subdivision 2, is amended to read:

348.8 Subd. 2. **Surplus lines brokers and purchasing groups.** On or before February
348.9 15 and August 15 of each year, every surplus lines broker subject to taxation under
348.10 section 297I.05, subdivision 7, paragraph (a), ~~and every purchasing group or member of~~
348.11 ~~a purchasing group subject to tax under section 297I.05, subdivision 12, paragraph (a),~~
348.12 ~~clause (5),~~ shall file a return with the commissioner for the preceding six-month period
348.13 ending December 31, or June 30, in the form prescribed by the commissioner.

348.14 **EFFECTIVE DATE.** This section is effective for premiums received after
348.15 December 31, 2013.

348.16 Sec. 11. **REPEALER.**

348.17 Minnesota Statutes 2012, section 289A.60, subdivision 31, is repealed.

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

348.19 **ARTICLE 17**

348.20 **DEPARTMENT POLICY AND TECHNICAL: MINERALS** 348.21 **TAXES; PROPERTY TAX**

348.22 Section 1. Minnesota Statutes 2012, section 123A.455, subdivision 1, is amended to
348.23 read:

348.24 Subdivision 1. **Definitions.** "Split residential property parcel" means a parcel of
348.25 real estate that is located within the boundaries of more than one school district and that
348.26 is classified as residential property under:

348.27 (1) section 273.13, subdivision 22, paragraph (a) or (b);

348.28 (2) section 273.13, subdivision 25, paragraph (b), clause (1); or

348.29 (3) section 273.13, subdivision 25, paragraph (c), ~~clause (1).~~

348.30 **EFFECTIVE DATE.** This section is effective for taxes payable in 2014 and
348.31 thereafter.

349.1 Sec. 2. Minnesota Statutes 2012, section 270.077, is amended to read:

349.2 **270.077 TAXES CREDITED TO STATE AIRPORTS FUND.**

349.3 All taxes levied under sections 270.071 to 270.079 must be collected by the
349.4 commissioner and credited to the state airports fund created in section 360.017.

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

349.6 Sec. 3. Minnesota Statutes 2012, section 270.41, subdivision 5, is amended to read:

349.7 Subd. 5. **Prohibited activity.** A licensed assessor or other person employed by an
349.8 assessment jurisdiction or contracting with an assessment jurisdiction for the purpose
349.9 of valuing or classifying property for property tax purposes is prohibited from making
349.10 appraisals or analyses, accepting an appraisal assignment, or preparing an appraisal report
349.11 as defined in section 82B.021, subdivisions 2, 4, 6, and 7, on any property within the
349.12 assessment jurisdiction where the individual is employed or performing the duties of the
349.13 assessor under contract. Violation of this prohibition shall result in immediate revocation
349.14 of the individual's license to assess property for property tax purposes. This prohibition
349.15 must not be construed to prohibit an individual from carrying out any duties required
349.16 for the proper assessment of property for property tax purposes or performing duties
349.17 enumerated in section 273.061, subdivision 7 or 8. If a formal resolution has been adopted
349.18 by the governing body of a governmental unit, which specifies the purposes for which
349.19 such work will be done, this prohibition does not apply to appraisal activities undertaken
349.20 on behalf of and at the request of the governmental unit that has employed or contracted
349.21 with the individual. The resolution may only allow appraisal activities which are related to
349.22 condemnations, right-of-way acquisitions, land exchanges, or special assessments.

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

349.24 Sec. 4. Minnesota Statutes 2012, section 270C.34, subdivision 1, is amended to read:

349.25 Subdivision 1. **Authority.** (a) The commissioner may abate, reduce, or refund any
349.26 penalty or interest that is imposed by a law administered by the commissioner, or imposed
349.27 by section 270.0725, subdivision 1 or 2, or 270.075, subdivision 2, as a result of the late
349.28 payment of tax or late filing of a return, or any part of an additional tax charge under
349.29 section 289A.25, subdivision 2, or 289A.26, subdivision 4, if the failure to timely pay the
349.30 tax or failure to timely file the return is due to reasonable cause, or if the taxpayer is located
349.31 in a presidentially declared disaster or in a presidentially declared state of emergency area
349.32 or in an area declared to be in a state of emergency by the governor under section 12.31.

350.1 (b) The commissioner shall abate any part of a penalty or additional tax charge
350.2 under section 289A.25, subdivision 2, or 289A.26, subdivision 4, attributable to erroneous
350.3 advice given to the taxpayer in writing by an employee of the department acting in
350.4 an official capacity, if the advice:

350.5 (1) was reasonably relied on and was in response to a specific written request of the
350.6 taxpayer; and

350.7 (2) was not the result of failure by the taxpayer to provide adequate or accurate
350.8 information.

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

350.10 Sec. 5. Minnesota Statutes 2012, section 272.01, subdivision 2, is amended to read:

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

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

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

350.22 (2) property of an airport owned by a city, town, county, or group thereof which is:

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

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

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

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

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

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

350.34 (4) property constituting or used as a passenger check-in area or ticket sale counter,
350.35 boarding area, or luggage claim area in connection with a public airport but not the

351.1 airports owned or operated by the Metropolitan Airports Commission or cities of over
351.2 50,000 population or an airport authority therein. Real estate owned by a municipality
351.3 in connection with the operation of a public airport and leased or used for agricultural
351.4 purposes is not exempt;

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

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

351.10 (c) Taxes imposed by this subdivision are payable as in the case of personal property
351.11 taxes and shall be assessed to the lessees or users of real or personal property in the same
351.12 manner as taxes assessed to owners of real or personal property, except that such taxes
351.13 shall not become a lien against the property. When due, the taxes shall constitute a debt due
351.14 from the lessee or user to the state, township, city, county, and school district for which the
351.15 taxes were assessed and shall be collected in the same manner as personal property taxes.
351.16 If property subject to the tax imposed by this subdivision is leased or used jointly by two or
351.17 more persons, each lessee or user shall be jointly and severally liable for payment of the tax.

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

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

351.24 Sec. 6. Minnesota Statutes 2012, section 272.02, subdivision 97, is amended to read:

351.25 Subd. 97. **Property used in business of mining subject to net proceeds tax.** The
351.26 following property used in the business of mining that is subject to the net proceeds tax
351.27 under section 298.015 is exempt:

351.28 (1) deposits of ores, metals, and minerals and the lands in which they are contained;

351.29 (2) all real and personal property used in mining, quarrying, producing, or refining
351.30 ores, minerals, or metals, including lands occupied by or used in connection with the
351.31 mining, quarrying, production, or ore refining facilities; and

351.32 (3) concentrate ~~or direct reduced ore.~~

351.33 This exemption applies for each year that a person subject to tax under section
351.34 298.015 uses the property for mining, quarrying, producing, or refining ores, metals, or
351.35 minerals.

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

352.2 Sec. 7. Minnesota Statutes 2012, section 272.03, subdivision 9, is amended to read:

352.3 Subd. 9. **Person.** "Person" ~~includes~~ means an individual, association, estate, trust,
352.4 partnership, firm, company, or corporation.

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

352.6 Sec. 8. Minnesota Statutes 2012, section 273.114, subdivision 6, is amended to read:

352.7 Subd. 6. **Additional taxes.** (a) When real property which is being, or has been
352.8 valued and assessed under this section is sold, transferred, or no longer qualifies under
352.9 subdivision 2, the portion sold, transferred, or no longer qualifying shall be subject to
352.10 additional taxes in the amount equal to the difference between the taxes determined in
352.11 accordance with subdivision 3 and the amount determined under subdivision 4, provided
352.12 that the amount determined under subdivision 4 shall not be greater than it would have
352.13 been had the actual bona fide sale price of the real property at an arm's-length transaction
352.14 been used in lieu of the market value determined under subdivision 4. The additional taxes
352.15 shall be extended against the property on the tax list for taxes payable in the current year,
352.16 provided that no interest or penalties shall be levied on the additional taxes if timely paid
352.17 and provided that the additional taxes shall only be levied with respect to the current year
352.18 plus two prior years that the property has been valued and assessed under this section.

352.19 (b) In the case of a sale or transfer, the additional taxes under paragraph (a) shall not
352.20 be extended against the property if the new owner submits a successful application under
352.21 this section by the later of May 1 of the current year or 30 days after the sale or transfer.

352.22 (c) For the purposes of this section, the following events do not constitute a sale or
352.23 transfer for property that qualified under subdivision 2 prior to the event:

352.24 (1) death of a property owner when the surviving owners retain ownership of the
352.25 property;

352.26 (2) divorce of a married couple when one of the spouses retains ownership of the
352.27 property;

352.28 (3) marriage of a single property owner when that owner retains ownership of the
352.29 property in whole or in part;

352.30 (4) the organization or reorganization of a farm ownership entity that is not prohibited
352.31 from owning agricultural land in this state under section 500.24, if all owners maintain the
352.32 same beneficial interest both before and after the organization or reorganization; and

353.1 (5) transfer of the property to a trust or trustee, provided that the individual owners
353.2 of the property are the grantors of the trust and they maintain the same beneficial interest
353.3 both before and after placement of the property in trust.

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

353.5 Sec. 9. Minnesota Statutes 2012, section 273.13, subdivision 23, is amended to read:

353.6 Subd. 23. **Class 2.** (a) An agricultural homestead consists of class 2a agricultural
353.7 land that is homesteaded, along with any class 2b rural vacant land that is contiguous to
353.8 the class 2a land under the same ownership. The market value of the house and garage
353.9 and immediately surrounding one acre of land has the same class rates as class 1a or 1b
353.10 property under subdivision 22. The value of the remaining land including improvements
353.11 up to the first tier valuation limit of agricultural homestead property has a net class rate
353.12 of 0.5 percent of market value. The remaining property over the first tier has a class rate
353.13 of one percent of market value. For purposes of this subdivision, the "first tier valuation
353.14 limit of agricultural homestead property" and "first tier" means the limit certified under
353.15 section 273.11, subdivision 23.

353.16 (b) Class 2a agricultural land consists of parcels of property, or portions thereof, that
353.17 are agricultural land and buildings. Class 2a property has a net class rate of one percent of
353.18 market value, unless it is part of an agricultural homestead under paragraph (a). Class 2a
353.19 property must also include any property that would otherwise be classified as 2b, but is
353.20 interspersed with class 2a property, including but not limited to sloughs, wooded wind
353.21 shelters, acreage abutting ditches, ravines, rock piles, land subject to a setback requirement,
353.22 and other similar land that is impractical for the assessor to value separately from the rest of
353.23 the property or that is unlikely to be able to be sold separately from the rest of the property.

353.24 An assessor may classify the part of a parcel described in this subdivision that is used
353.25 for agricultural purposes as class 2a and the remainder in the class appropriate to its use.

353.26 (c) Class 2b rural vacant land consists of parcels of property, or portions thereof,
353.27 that are unplatted real estate, rural in character and not used for agricultural purposes,
353.28 including land used for growing trees for timber, lumber, and wood and wood products,
353.29 that is not improved with a structure. The presence of a minor, ancillary nonresidential
353.30 structure as defined by the commissioner of revenue does not disqualify the property from
353.31 classification under this paragraph. Any parcel of 20 acres or more improved with a
353.32 structure that is not a minor, ancillary nonresidential structure must be split-classified, and
353.33 ten acres must be assigned to the split parcel containing the structure. Class 2b property
353.34 has a net class rate of one percent of market value unless it is part of an agricultural
353.35 homestead under paragraph (a), or qualifies as class 2c under paragraph (d).

354.1 (d) Class 2c managed forest land consists of no less than 20 and no more than 1,920
 354.2 acres statewide per taxpayer that is being managed under a forest management plan that
 354.3 meets the requirements of chapter 290C, but is not enrolled in the sustainable forest
 354.4 resource management incentive program. It has a class rate of .65 percent, provided that
 354.5 the owner of the property must apply to the assessor in order for the property to initially
 354.6 qualify for the reduced rate and provide the information required by the assessor to verify
 354.7 that the property qualifies for the reduced rate. If the assessor receives the application
 354.8 and information before May 1 in an assessment year, the property qualifies beginning
 354.9 with that assessment year. If the assessor receives the application and information after
 354.10 April 30 in an assessment year, the property may not qualify until the next assessment
 354.11 year. The commissioner of natural resources must concur that the land is qualified. The
 354.12 commissioner of natural resources shall annually provide county assessors verification
 354.13 information on a timely basis. The presence of a minor, ancillary nonresidential structure
 354.14 as defined by the commissioner of revenue does not disqualify the property from
 354.15 classification under this paragraph.

354.16 (e) Agricultural land as used in this section means:

354.17 (1) contiguous acreage of ten acres or more, used during the preceding year for
 354.18 agricultural purposes; or

354.19 (2) contiguous acreage used during the preceding year for an intensive livestock or
 354.20 poultry confinement operation, provided that land used only for pasturing or grazing
 354.21 does not qualify under this clause.

354.22 "Agricultural purposes" as used in this section means the raising, cultivation, drying,
 354.23 or storage of agricultural products for sale, or the storage of machinery or equipment
 354.24 used in support of agricultural production by the same farm entity. For a property to be
 354.25 classified as agricultural based only on the drying or storage of agricultural products,
 354.26 the products being dried or stored must have been produced by the same farm entity as
 354.27 the entity operating the drying or storage facility. "Agricultural purposes" also includes
 354.28 enrollment in the Reinvest in Minnesota program under sections 103F.501 to 103F.535 or
 354.29 the federal Conservation Reserve Program as contained in Public Law 99-198 or a similar
 354.30 state or federal conservation program if the property was classified as agricultural (i)
 354.31 under this subdivision for the assessment year 2002 taxes payable in 2003 because of its
 354.32 enrollment in a qualifying program and the land remains enrolled or (ii) in the year prior
 354.33 to its enrollment. Agricultural classification shall not be based upon the market value of
 354.34 any residential structures on the parcel or contiguous parcels under the same ownership.

355.1 "Contiguous acreage," for purposes of this paragraph, means all of, or a contiguous
355.2 portion of, a tax parcel as described in section 272.193, or all of, or a contiguous portion
355.3 of, a set of contiguous tax parcels under that section that are owned by the same person.

355.4 (f) ~~Real estate of~~ Agricultural land under this section also includes:

355.5 (1) contiguous acreage that is less than ten acres, which is in size and exclusively or
355.6 intensively used in the preceding year for raising or cultivating agricultural products, shall
355.7 be considered as agricultural land. To qualify under this paragraph, property that includes
355.8 a residential structure must be used intensively for one of the following purposes:; or

355.9 (2) contiguous acreage that contains a residence and is less than 11 acres in size, if
355.10 the contiguous acreage exclusive of the house, garage, and surrounding one acre of land
355.11 was used in the preceding year for one or more of the following three uses:

355.12 (i) for an intensive grain drying or storage of grain operation, or for intensive
355.13 machinery or equipment storage of machinery or equipment activities used to support
355.14 agricultural activities on other parcels of property operated by the same farming entity;

355.15 (ii) as a nursery, provided that only those acres used intensively to produce nursery
355.16 stock are considered agricultural land; or

355.17 ~~(iii) for livestock or poultry confinement, provided that land that is used only for~~
355.18 ~~pasturing and grazing does not qualify; or~~

355.19 ~~(iv)~~ (iii) for intensive market farming; for purposes of this paragraph, "market
355.20 farming" means the cultivation of one or more fruits or vegetables or production of animal
355.21 or other agricultural products for sale to local markets by the farmer or an organization
355.22 with which the farmer is affiliated.

355.23 "Contiguous acreage," for purposes of this paragraph, means all of a tax parcel as
355.24 described in section 272.193, or all of a set of contiguous tax parcels under that section
355.25 that are owned by the same person.

355.26 (g) Land shall be classified as agricultural even if all or a portion of the agricultural
355.27 use of that property is the leasing to, or use by another person for agricultural purposes.

355.28 Classification under this subdivision is not determinative for qualifying under
355.29 section 273.111.

355.30 (h) The property classification under this section supersedes, for property tax
355.31 purposes only, any locally administered agricultural policies or land use restrictions that
355.32 define minimum or maximum farm acreage.

355.33 (i) The term "agricultural products" as used in this subdivision includes production
355.34 for sale of:

356.1 (1) livestock, dairy animals, dairy products, poultry and poultry products, fur-bearing
356.2 animals, horticultural and nursery stock, fruit of all kinds, vegetables, forage, grains,
356.3 bees, and apiary products by the owner;

356.4 (2) fish bred for sale and consumption if the fish breeding occurs on land zoned
356.5 for agricultural use;

356.6 (3) the commercial boarding of horses, which may include related horse training and
356.7 riding instruction, if the boarding is done on property that is also used for raising pasture
356.8 to graze horses or raising or cultivating other agricultural products as defined in clause (1);

356.9 (4) property which is owned and operated by nonprofit organizations used for
356.10 equestrian activities, excluding racing;

356.11 (5) game birds and waterfowl bred and raised (i) on a game farm licensed under
356.12 section 97A.105, provided that the annual licensing report to the Department of Natural
356.13 Resources, which must be submitted annually by March 30 to the assessor, indicates
356.14 that at least 500 birds were raised or used for breeding stock on the property during the
356.15 preceding year and that the owner provides a copy of the owner's most recent schedule F;
356.16 or (ii) for use on a shooting preserve licensed under section 97A.115;

356.17 (6) insects primarily bred to be used as food for animals;

356.18 (7) trees, grown for sale as a crop, including short rotation woody crops, and not
356.19 sold for timber, lumber, wood, or wood products; and

356.20 (8) maple syrup taken from trees grown by a person licensed by the Minnesota
356.21 Department of Agriculture under chapter 28A as a food processor.

356.22 (j) If a parcel used for agricultural purposes is also used for commercial or industrial
356.23 purposes, including but not limited to:

356.24 (1) wholesale and retail sales;

356.25 (2) processing of raw agricultural products or other goods;

356.26 (3) warehousing or storage of processed goods; and

356.27 (4) office facilities for the support of the activities enumerated in clauses (1), (2),
356.28 and (3),

356.29 the assessor shall classify the part of the parcel used for agricultural purposes as class
356.30 1b, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its
356.31 use. The grading, sorting, and packaging of raw agricultural products for first sale is
356.32 considered an agricultural purpose. A greenhouse or other building where horticultural
356.33 or nursery products are grown that is also used for the conduct of retail sales must be
356.34 classified as agricultural if it is primarily used for the growing of horticultural or nursery
356.35 products from seed, cuttings, or roots and occasionally as a showroom for the retail sale of

357.1 those products. Use of a greenhouse or building only for the display of already grown
357.2 horticultural or nursery products does not qualify as an agricultural purpose.

357.3 (k) The assessor shall determine and list separately on the records the market value
357.4 of the homestead dwelling and the one acre of land on which that dwelling is located. If
357.5 any farm buildings or structures are located on this homesteaded acre of land, their market
357.6 value shall not be included in this separate determination.

357.7 (l) Class 2d airport landing area consists of a landing area or public access area of
357.8 a privately owned public use airport. It has a class rate of one percent of market value.
357.9 To qualify for classification under this paragraph, a privately owned public use airport
357.10 must be licensed as a public airport under section 360.018. For purposes of this paragraph,
357.11 "landing area" means that part of a privately owned public use airport properly cleared,
357.12 regularly maintained, and made available to the public for use by aircraft and includes
357.13 runways, taxiways, aprons, and sites upon which are situated landing or navigational aids.
357.14 A landing area also includes land underlying both the primary surface and the approach
357.15 surfaces that comply with all of the following:

357.16 (i) the land is properly cleared and regularly maintained for the primary purposes of
357.17 the landing, taking off, and taxiing of aircraft; but that portion of the land that contains
357.18 facilities for servicing, repair, or maintenance of aircraft is not included as a landing area;

357.19 (ii) the land is part of the airport property; and

357.20 (iii) the land is not used for commercial or residential purposes.

357.21 The land contained in a landing area under this paragraph must be described and certified
357.22 by the commissioner of transportation. The certification is effective until it is modified,
357.23 or until the airport or landing area no longer meets the requirements of this paragraph.

357.24 For purposes of this paragraph, "public access area" means property used as an aircraft
357.25 parking ramp, apron, or storage hangar, or an arrival and departure building in connection
357.26 with the airport.

357.27 (m) Class 2e consists of land with a commercial aggregate deposit that is not actively
357.28 being mined and is not otherwise classified as class 2a or 2b, provided that the land is not
357.29 located in a county that has elected to opt-out of the aggregate preservation program as
357.30 provided in section 273.1115, subdivision 6. It has a class rate of one percent of market
357.31 value. To qualify for classification under this paragraph, the property must be at least
357.32 ten contiguous acres in size and the owner of the property must record with the county
357.33 recorder of the county in which the property is located an affidavit containing:

357.34 (1) a legal description of the property;

357.35 (2) a disclosure that the property contains a commercial aggregate deposit that is not
357.36 actively being mined but is present on the entire parcel enrolled;

358.1 (3) documentation that the conditional use under the county or local zoning
358.2 ordinance of this property is for mining; and

358.3 (4) documentation that a permit has been issued by the local unit of government
358.4 or the mining activity is allowed under local ordinance. The disclosure must include a
358.5 statement from a registered professional geologist, engineer, or soil scientist delineating
358.6 the deposit and certifying that it is a commercial aggregate deposit.

358.7 For purposes of this section and section 273.1115, "commercial aggregate deposit"
358.8 means a deposit that will yield crushed stone or sand and gravel that is suitable for use
358.9 as a construction aggregate; and "actively mined" means the removal of top soil and
358.10 overburden in preparation for excavation or excavation of a commercial deposit.

358.11 (n) When any portion of the property under this subdivision or subdivision 22 begins
358.12 to be actively mined, the owner must file a supplemental affidavit within 60 days from
358.13 the day any aggregate is removed stating the number of acres of the property that is
358.14 actively being mined. The acres actively being mined must be (1) valued and classified
358.15 under subdivision 24 in the next subsequent assessment year, and (2) removed from the
358.16 aggregate resource preservation property tax program under section 273.1115, if the
358.17 land was enrolled in that program. Copies of the original affidavit and all supplemental
358.18 affidavits must be filed with the county assessor, the local zoning administrator, and the
358.19 Department of Natural Resources, Division of Land and Minerals. A supplemental
358.20 affidavit must be filed each time a subsequent portion of the property is actively mined,
358.21 provided that the minimum acreage change is five acres, even if the actual mining activity
358.22 constitutes less than five acres.

358.23 (o) The definitions prescribed by the commissioner under paragraphs (c) and (d) are
358.24 not rules and are exempt from the rulemaking provisions of chapter 14, and the provisions
358.25 in section 14.386 concerning exempt rules do not apply.

358.26 **EFFECTIVE DATE.** This section is effective for taxes payable in 2014 and
358.27 thereafter.

358.28 Sec. 10. Minnesota Statutes 2012, section 273.19, subdivision 1, is amended to read:

358.29 Subdivision 1. **Tax-exempt property; lease.** Except as provided in subdivision 3 or
358.30 4, tax-exempt property held under a lease for a term of at least one year, and not taxable
358.31 under section 272.01, subdivision 2, or under a contract for the purchase thereof, shall be
358.32 considered, for all purposes of taxation, as the property of the person holding it. In this
358.33 subdivision, "tax-exempt property" means property owned by the United States, the state
358.34 or any of its political subdivisions, a school, or any religious, scientific, or benevolent
358.35 society or institution, incorporated or unincorporated, or any corporation whose property

359.1 is not taxed in the same manner as other property. This subdivision does not apply to
359.2 property exempt from taxation under section 272.01, subdivision 2, paragraph (b), clauses
359.3 (2), (3), and (4), or to property exempt from taxation under section 272.0213.

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

359.5 Sec. 11. Minnesota Statutes 2012, section 273.372, subdivision 4, is amended to read:

359.6 Subd. 4. **Administrative appeals.** (a) Companies that submit the reports under
359.7 section 270.82 or 273.371 by the date specified in that section, or by the date specified by
359.8 the commissioner in an extension, may appeal administratively to the commissioner prior
359.9 to bringing an action in court ~~by submitting.~~

359.10 (b) Companies that must submit reports under section 270.82 must submit a written
359.11 request with to the commissioner for a conference within ten days after the date of the
359.12 commissioner's valuation certification or notice to the company, or by ~~May~~ June 15,
359.13 whichever is earlier.

359.14 (c) Companies that submit reports under section 273.371 must submit a written
359.15 request to the commissioner for a conference within ten days after the date of the
359.16 commissioner's valuation certification or notice to the company, or by July 1, whichever
359.17 is earlier.

359.18 (d) The commissioner shall conduct the conference upon the commissioner's entire
359.19 files and records and such further information as may be offered. The conference must
359.20 be held no later than 20 days after the date of the commissioner's valuation certification
359.21 or notice to the company, or by the date specified by the commissioner in an extension.
359.22 Within 60 days after the conference the commissioner shall make a final determination of
359.23 the matter and shall notify the company promptly of the determination. The conference
359.24 is not a contested case hearing.

359.25 ~~(b)~~ (e) In addition to the opportunity for a conference under paragraph (a), the
359.26 commissioner shall also provide the railroad and utility companies the opportunity to
359.27 discuss any questions or concerns relating to the values established by the commissioner
359.28 through certification or notice in a less formal manner. This does not change or modify
359.29 the deadline for requesting a conference under paragraph (a), the deadline in section
359.30 271.06 for appealing an order of the commissioner, or the deadline in section 278.01 for
359.31 appealing property taxes in court.

359.32 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2014.

359.33 Sec. 12. Minnesota Statutes 2012, section 273.39, is amended to read:

360.1 **273.39 RURAL AREA.**

360.2 As used in sections 273.39 to 273.41, the term "rural area" shall be deemed to mean
360.3 any area of the state not included within the boundaries of any ~~incorporated~~ statutory
360.4 city or home rule charter city, and such term shall be deemed to include both farm and
360.5 nonfarm population thereof.

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

360.7 Sec. 13. Minnesota Statutes 2012, section 279.06, subdivision 1, is amended to read:

360.8 Subdivision 1. **List and notice.** Within five days after the filing of such list, the
360.9 court administrator shall return a copy thereof to the county auditor, with a notice prepared
360.10 and signed by the court administrator, and attached thereto, which may be substantially in
360.11 the following form:

360.12 State of Minnesota)

360.13) ss.

360.14 County of)

360.15 District Court
360.16 Judicial District.

360.17 The state of Minnesota, to all persons, companies, or corporations who have or claim
360.18 any estate, right, title, or interest in, claim to, or lien upon, any of the several parcels of
360.19 land described in the list hereto attached:

360.20 The list of taxes and penalties on real property for the county of
360.21 remaining delinquent on the first Monday in January,, has been filed in the office of
360.22 the court administrator of the district court of said county, of which that hereto attached is a
360.23 copy. Therefore, you, and each of you, are hereby required to file in the office of said court
360.24 administrator, on or before the 20th day after the publication of this notice and list, your
360.25 answer, in writing, setting forth any objection or defense you may have to the taxes, or any
360.26 part thereof, upon any parcel of land described in the list, in, to, or on which you have or
360.27 claim any estate, right, title, interest, claim, or lien, and, in default thereof, judgment will
360.28 be entered against such parcel of land for the taxes on such list appearing against it, and
360.29 for all penalties, interest, and costs. Based upon said judgment, the land shall be sold to
360.30 the state of Minnesota on the second Monday in May, ~~The period of redemption for~~
360.31 ~~all lands sold to the state at a tax judgment sale shall be three years from the date of sale to~~
360.32 ~~the state of Minnesota if the land is within an incorporated area unless it is:~~

360.33 (a) ~~nonagricultural homesteaded land as defined in section 273.13, subdivision 22;~~

360.34 (b) ~~homesteaded agricultural land as defined in section 273.13, subdivision 23,~~

360.35 ~~paragraph (a);~~

361.1 ~~(e) seasonal residential recreational land as defined in section 273.13, subdivisions~~
 361.2 ~~22, paragraph (e), and 25, paragraph (d), clause (1), in which event the period of~~
 361.3 ~~redemption is five years from the date of sale to the state of Minnesota;~~

361.4 ~~(d) abandoned property and pursuant to section 281.173 a court order has been~~
 361.5 ~~entered shortening the redemption period to five weeks; or~~

361.6 ~~(e) vacant property as described under section 281.174, subdivision 2, and for which~~
 361.7 ~~a court order is entered shortening the redemption period under section 281.174.~~

361.8 ~~The period of redemption for all other lands sold to the state at a tax judgment sale~~
 361.9 ~~shall be five years from the date of sale.~~

361.10 Inquiries as to the proceedings set forth above can be made to the county auditor of
 361.11 county whose address is

361.12 (Signed),
 361.13 Court Administrator of the District Court of the
 361.14 County of
 361.15 (Here insert list.)

361.16 The notice must contain a narrative description of the various periods to redeem
 361.17 specified in sections 281.17, 281.173, and 281.174, in the manner prescribed by the
 361.18 commissioner of revenue under subdivision 2.

361.19 The list referred to in the notice shall be substantially in the following form:

361.20 List of real property for the county of, on which taxes remain
 361.21 delinquent on the first Monday in January,

361.22 Town of (Fairfield),
 361.23 Township (40), Range (20),

361.24 Names (and Current
 361.25 Filed Addresses) for
 361.26 the Taxpayers and Fee
 361.27 Owners and in Addition
 361.28 Those Parties Who Have
 361.29 Filed Their Addresses

361.30 Pursuant to section	Subdivision of		Tax Parcel	Total Tax
361.31 276.041	Section	Section	Number	and Penalty
361.32				\$ cts.

361.33 John Jones (825 Fremont	S.E. 1/4 of S.W. 1/4	10	23101	2.20
361.34 Fairfield, MN 55000)				

362.1 Bruce Smith (2059 Hand That part of N.E. 1/4 21 33211 3.15
 362.2 Fairfield, MN 55000) of S.W. 1/4 desc. as
 362.3 and Fairfield State follows: Beg. at the
 362.4 Bank (100 Main Street S.E. corner of said N.E.
 362.5 Fairfield, MN 55000) 1/4 of S.W. 1/4; thence
 362.6 N. along the E. line of
 362.7 said N.E. 1/4 of S.W.
 362.8 1/4 a distance of 600
 362.9 ft.; thence W. parallel
 362.10 with the S. line of said
 362.11 N.E. 1/4 of S.W. 1/4
 362.12 a distance of 600 ft.;
 362.13 thence S. parallel with
 362.14 said E. line a distance of
 362.15 600 ft. to S. line of said
 362.16 N.E. 1/4 of S.W. 1/4;
 362.17 thence E. along said S.
 362.18 line a distance of 600 ft.
 362.19 to the point of beg.

362.20 As to platted property, the form of heading shall conform to circumstances and be
 362.21 substantially in the following form:

362.22 City of (Smittown)
 362.23 Brown's Addition, or Subdivision

362.24 Names (and Current
 362.25 Filed Addresses) for
 362.26 the Taxpayers and Fee
 362.27 Owners and in Addition
 362.28 Those Parties Who Have
 362.29 Filed Their Addresses

362.30 Pursuant to section
 362.31 276.041 Lot Block Tax Parcel Number Total Tax
 362.32 and Penalty
 \$ cts.

362.33 John Jones (825 Fremont 15 9 58243 2.20
 362.34 Fairfield, MN 55000)

362.35 Bruce Smith (2059 Hand 16 9 58244 3.15
 362.36 Fairfield, MN 55000)
 362.37 and Fairfield State
 362.38 Bank (100 Main Street
 362.39 Fairfield, MN 55000)

362.40 The names, descriptions, and figures employed in parentheses in the above forms are
 362.41 merely for purposes of illustration.

362.42 The name of the town, township, range or city, and addition or subdivision, as the
 362.43 case may be, shall be repeated at the head of each column of the printed lists as brought
 362.44 forward from the preceding column.

362.45 Errors in the list shall not be deemed to be a material defect to affect the validity
 362.46 of the judgment and sale.

363.1 **EFFECTIVE DATE.** This section is effective for lists and notices required after
363.2 December 31, 2013.

363.3 Sec. 14. Minnesota Statutes 2012, section 290B.04, subdivision 2, is amended to read:

363.4 Subd. 2. **Approval; recording.** The commissioner shall approve all initial
363.5 applications that qualify under this chapter and shall notify qualifying homeowners on or
363.6 before December 1. The commissioner may investigate the facts or require confirmation
363.7 in regard to an application. The commissioner shall record or file a notice of qualification
363.8 for deferral, including the names of the qualifying homeowners and a legal description
363.9 of the property, in the office of the county recorder, or registrar of titles, whichever is
363.10 applicable, in the county where the qualifying property is located. The notice must state
363.11 that it serves as a notice of lien and that it includes deferrals under this section for future
363.12 years. The commissioner shall prescribe the form of the notice. Execution of the notice
363.13 by the original or facsimile signature of the commissioner or a delegate entitles them to
363.14 be recorded, and no other attestation, certification, or acknowledgment is necessary. The
363.15 homeowner shall pay the recording or filing fees for the notice, which, notwithstanding
363.16 section 357.18, shall be paid by the homeowner at the time of satisfaction of the lien.

363.17 **EFFECTIVE DATE.** This section is effective for notices that are both executed
363.18 and recorded after June 30, 2013.

363.19 Sec. 15. Minnesota Statutes 2012, section 298.01, subdivision 3, is amended to read:

363.20 Subd. 3. **Occupation tax; other ores.** Every person engaged in the business of
363.21 mining, refining, or producing ores, metals, or minerals in this state, except iron ore or
363.22 taconite concentrates, shall pay an occupation tax to the state of Minnesota as provided
363.23 in this subdivision. For purposes of this subdivision, mining includes the application of
363.24 hydrometallurgical processes. Hydrometallurgical processes are processes that extract
363.25 the ores, metals, or minerals, by use of aqueous solutions that leach, concentrate, and
363.26 recover the ore, metal, or mineral. The tax is determined in the same manner as the tax
363.27 imposed by section 290.02, except that sections 290.05, subdivision 1, clause (a), 290.17,
363.28 subdivision 4, and 290.191, subdivision 2, do not apply, and the occupation tax must
363.29 be computed by applying to taxable income the rate of 2.45 percent. A person subject
363.30 to occupation tax under this section shall apportion its net income on the basis of the
363.31 percentage obtained by taking the sum of:

363.32 (1) 75 percent of the percentage which the sales made within this state in connection
363.33 with the trade or business during the tax period are of the total sales wherever made in
363.34 connection with the trade or business during the tax period;

364.1 (2) 12.5 percent of the percentage which the total tangible property used by the
364.2 taxpayer in this state in connection with the trade or business during the tax period is of
364.3 the total tangible property, wherever located, used by the taxpayer in connection with the
364.4 trade or business during the tax period; and

364.5 (3) 12.5 percent of the percentage which the taxpayer's total payrolls paid or incurred
364.6 in this state or paid in respect to labor performed in this state in connection with the trade
364.7 or business during the tax period are of the taxpayer's total payrolls paid or incurred in
364.8 connection with the trade or business during the tax period.

364.9 The tax is in addition to all other taxes.

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

364.11 Sec. 16. Minnesota Statutes 2012, section 298.018, is amended to read:

364.12 **298.018 DISTRIBUTION OF PROCEEDS.**

364.13 Subdivision 1. **Within taconite assistance area.** The proceeds of the tax paid
364.14 under sections 298.015 and 298.016 on ores, metals, or minerals ~~and energy resources~~
364.15 mined or extracted within the taconite assistance area defined in section 273.1341, shall
364.16 be allocated as follows:

364.17 (1) five percent to the city or town within which the minerals or energy resources
364.18 are mined or extracted;

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

364.21 (3) ten percent to the school district within which the minerals or energy resources
364.22 are mined or extracted;

364.23 (4) 20 percent to a group of school districts comprised of those school districts
364.24 wherein the mineral or energy resource was mined or extracted or in which there is a
364.25 qualifying municipality as defined by section 273.134, paragraph (b), in direct proportion
364.26 to school district indexes as follows: for each school district, its pupil units determined
364.27 under section 126C.05 for the prior school year shall be multiplied by the ratio of the
364.28 average adjusted net tax capacity per pupil unit for school districts receiving aid under
364.29 this clause as calculated pursuant to chapters 122A, 126C, and 127A for the school year
364.30 ending prior to distribution to the adjusted net tax capacity per pupil unit of the district.

364.31 Each district shall receive that portion of the distribution which its index bears to the sum
364.32 of the indices for all school districts that receive the distributions;

364.33 (5) 20 percent to the county within which the minerals or energy resources are
364.34 mined or extracted;

365.1 (6) 20 percent to St. Louis County acting as the counties' fiscal agent to be
365.2 distributed as provided in sections 273.134 to 273.136;

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

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

365.6 (9) five percent to the taconite environmental protection fund.

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

365.8 Subd. 2. **Outside taconite assistance area.** The proceeds of the tax paid under
365.9 sections 298.015 and 298.016 on ores, metals, or minerals ~~and energy resources~~ mined
365.10 or extracted outside of the taconite assistance area defined in section 273.1341, shall
365.11 be deposited in the general fund.

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

365.13 Sec. 17. Minnesota Statutes 2012, section 373.01, subdivision 1, is amended to read:

365.14 Subdivision 1. **Public corporation; listed powers.** (a) Each county is a body politic
365.15 and corporate and may:

365.16 (1) Sue and be sued.

365.17 (2) Acquire and hold real and personal property for the use of the county, and lands
365.18 sold for taxes as provided by law.

365.19 (3) Purchase and hold for the benefit of the county real estate sold by virtue of
365.20 judicial proceedings, to which the county is a party.

365.21 (4) Sell, lease, and convey real or personal estate owned by the county, and give
365.22 contracts or options to sell, lease, or convey it, and make orders respecting it as deemed
365.23 conducive to the interests of the county's inhabitants.

365.24 (5) Make all contracts and do all other acts in relation to the property and concerns
365.25 of the county necessary to the exercise of its corporate powers.

365.26 (b) No sale, lease, or conveyance of real estate owned by the county, except the lease
365.27 of a residence acquired for the furtherance of an approved capital improvement project, nor
365.28 any contract or option for it, shall be valid, without first advertising for bids or proposals in
365.29 the official newspaper of the county for three consecutive weeks and once in a newspaper
365.30 of general circulation in the area where the property is located. The notice shall state the
365.31 time and place of considering the proposals, contain a legal description of any real estate,
365.32 and a brief description of any personal property. Leases that do not exceed \$15,000 for any
365.33 one year may be negotiated and are not subject to the competitive bid procedures of this
365.34 section. All proposals estimated to exceed \$15,000 in any one year shall be considered at

366.1 the time set for the bid opening, and the one most favorable to the county accepted, but the
366.2 county board may, in the interest of the county, reject any or all proposals.

366.3 (c) Sales of personal property the value of which is estimated to be \$15,000 or
366.4 more shall be made only after advertising for bids or proposals in the county's official
366.5 newspaper, on the county's Web site, or in a recognized industry trade journal. At the same
366.6 time it posts on its Web site or publishes in a trade journal, the county must publish in the
366.7 official newspaper, either as part of the minutes of a regular meeting of the county board
366.8 or in a separate notice, a summary of all requests for bids or proposals that the county
366.9 advertises on its Web site or in a trade journal. After publication in the official newspaper,
366.10 on the Web site, or in a trade journal, bids or proposals may be solicited and accepted by
366.11 the electronic selling process authorized in section 471.345, subdivision 17. Sales of
366.12 personal property the value of which is estimated to be less than \$15,000 may be made
366.13 either on competitive bids or in the open market, in the discretion of the county board.
366.14 "Web site" means a specific, addressable location provided on a server connected to the
366.15 Internet and hosting World Wide Web pages and other files that are generally accessible
366.16 on the Internet all or most of a day.

366.17 (d) Notwithstanding anything to the contrary herein, the county may, when acquiring
366.18 real property for county highway right-of-way, exchange parcels of real property of
366.19 substantially similar or equal value without advertising for bids. The estimated values for
366.20 these parcels shall be determined by the county assessor.

366.21 (e) Notwithstanding anything in this section to the contrary, the county may, when
366.22 acquiring real property for purposes other than county highway right-of-way, exchange
366.23 parcels of real property of substantially similar or equal value without advertising for
366.24 bids. The estimated values for these parcels must be determined by the county assessor
366.25 or a private appraisal performed by a licensed Minnesota real estate appraiser. For the
366.26 purpose of determining for the county the estimated values of parcels proposed to be
366.27 exchanged, the county assessor need not be licensed under chapter 82B. Before giving
366.28 final approval to any exchange of land, the county board shall hold a public hearing on
366.29 the exchange. At least two weeks before the hearing, the county auditor shall post a
366.30 notice in the auditor's office and the official newspaper of the county of the hearing that
366.31 contains a description of the lands affected.

366.32 (f) If real estate or personal property remains unsold after advertising for and
366.33 consideration of bids or proposals the county may employ a broker to sell the property.
366.34 The broker may sell the property for not less than 90 percent of its appraised market value
366.35 as determined by the county. The broker's fee shall be set by agreement with the county but
366.36 may not exceed ten percent of the sale price and must be paid from the proceeds of the sale.

367.1 (g) A county or its agent may rent a county-owned residence acquired for the
367.2 furtherance of an approved capital improvement project subject to the conditions set
367.3 by the county board and not subject to the conditions for lease otherwise provided by
367.4 paragraph (a), clause (4), and paragraphs (b), (c), (d), (f), and (h).

367.5 (h) In no case shall lands be disposed of without there being reserved to the county
367.6 all iron ore and other valuable minerals in and upon the lands, with right to explore for,
367.7 mine and remove the iron ore and other valuable minerals, nor shall the minerals and
367.8 mineral rights be disposed of, either before or after disposition of the surface rights,
367.9 otherwise than by mining lease, in similar general form to that provided by section 93.20
367.10 for mining leases affecting state lands. The lease shall be for a term not exceeding 50
367.11 years, and be issued on a royalty basis, the royalty to be not less than 25 cents per ton of
367.12 2,240 pounds, and fix a minimum amount of royalty payable during each year, whether
367.13 mineral is removed or not. Prospecting options for mining leases may be granted for
367.14 periods not exceeding one year. The options shall require, among other things, periodical
367.15 showings to the county board of the results of exploration work done.

367.16 (i) Notwithstanding anything in this subdivision to the contrary, the county may,
367.17 when selling real property owned in fee simple that cannot be improved because of
367.18 noncompliance with local ordinances regarding minimum area, shape, frontage, or access,
367.19 proceed to sell the nonconforming parcel without advertising for bid. At the county's
367.20 discretion, the real property may be restricted to sale to adjoining landowners or may be
367.21 sold to any other interested party. The property shall be sold to the highest bidder, but in no
367.22 case shall the property be sold for less than 90 percent of its fair market value as determined
367.23 by the county assessor. All owners of land adjoining the land to be sold shall be given a
367.24 written notice at least 30 days before the sale. This paragraph shall be liberally construed to
367.25 encourage the sale of nonconforming real property and promote its return to the tax roles.

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

367.27 Sec. 18. **REPEALER.**

367.28 Minnesota Statutes 2012, sections 272.69; and 273.11, subdivisions 1a and 22, are
367.29 repealed.

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

367.31 **ARTICLE 18**

367.32 **DEPARTMENT POLICY AND TECHNICAL: MISCELLANEOUS PROVISIONS**

367.33 Section 1. Minnesota Statutes 2012, section 16A.46, is amended to read:

368.1 **16A.46 LOST OR DESTROYED WARRANT DUPLICATE; INDEMNITY.**

368.2 Subdivision 1. Duplicate warrant. The commissioner may issue a duplicate of an
368.3 unpaid warrant to an owner if the owner certifies that the original was lost or destroyed. The
368.4 commissioner may require certification be documented by affidavit. The commissioner
368.5 may refuse to issue a duplicate of an unpaid state warrant. If the commissioner acts in
368.6 good faith, the commissioner is not liable, whether the application is granted or denied.

368.7 Subd. 2. Original warrant is void. When the duplicate is issued, the original is
368.8 void. The commissioner may require an indemnity bond from the applicant to the state for
368.9 double the amount of the warrant for anyone damaged by the issuance of the duplicate.
368.10 ~~The commissioner may refuse to issue a duplicate of an unpaid state warrant. If the~~
368.11 ~~commissioner acts in good faith the commissioner is not liable, whether the application is~~
368.12 ~~granted or denied~~ is not liable to any holder who took the void original warrant for value,
368.13 whether or not the commissioner required an indemnity bond from the applicant.

368.14 Subd. 3. Unpaid refund or rebate. For an unpaid refund or rebate issued under a
368.15 tax law administered by the commissioner of revenue that has been lost or destroyed, an
368.16 affidavit is not required for the commissioner to issue a duplicate if the duplicate is issued
368.17 to the same name and Social Security number as the original warrant and that information
368.18 is verified on a tax return filed by the recipient.

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

368.20 Sec. 2. Minnesota Statutes 2012, section 270C.38, subdivision 1, is amended to read:

368.21 Subdivision 1. Sufficient notice. (a) If no method of notification of a written
368.22 determination or action of the commissioner is otherwise specifically provided for by
368.23 law, notice of the determination or action sent postage prepaid by United States mail to
368.24 the taxpayer or other person affected by the determination or action at the taxpayer's
368.25 or person's last known address, is sufficient. If the taxpayer or person being notified is
368.26 deceased or is under a legal disability, or, in the case of a corporation being notified that
368.27 has terminated its existence, notice to the last known address of the taxpayer, person, or
368.28 corporation is sufficient, unless the department has been provided with a new address by a
368.29 party authorized to receive notices from the commissioner.

368.30 (b) If a taxpayer or other person agrees to accept notification by electronic means,
368.31 notice of a determination or action of the commissioner sent by electronic mail to the
368.32 taxpayer's or person's last known electronic mailing address as provided for in section
368.33 325L.08 is sufficient.

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

369.1 Sec. 3. Minnesota Statutes 2012, section 270C.42, subdivision 2, is amended to read:

369.2 Subd. 2. **Penalty for failure to pay electronically.** In addition to other applicable
369.3 penalties imposed by law, after notification from the commissioner to the taxpayer that
369.4 payments for a tax payable to the commissioner are required to be made by electronic
369.5 means, and the payments are remitted by some other means, there is a penalty in the
369.6 amount of five percent of each payment that should have been remitted electronically.
369.7 After the commissioner's initial notification to the taxpayer that payments are required to
369.8 be made by electronic means, the commissioner is not required to notify the taxpayer in
369.9 subsequent periods if the initial notification specified the amount of tax liability at which a
369.10 taxpayer is required to remit payments by electronic means. The penalty can be abated
369.11 under the abatement procedures prescribed in section 270C.34 if the failure to remit the
369.12 payment electronically is due to reasonable cause. The penalty bears interest at the rate
369.13 specified in section 270C.40 from the ~~due date of the payment of the tax~~ provided in
369.14 section 270C.40, subdivision 3, to the date of payment of the penalty.

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

369.16 Sec. 4. Minnesota Statutes 2012, section 287.385, subdivision 7, is amended to read:

369.17 Subd. 7. **Interest on penalties.** A penalty imposed under this chapter bears interest
369.18 from the date ~~payment was required to be paid, including any extensions,~~ provided in
369.19 section 270C.40, subdivision 3, to the date of payment of the penalty.

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

369.21 Sec. 5. Minnesota Statutes 2012, section 289A.55, subdivision 9, is amended to read:

369.22 Subd. 9. **Interest on penalties.** (a) A penalty imposed under section 289A.60,
369.23 subdivision 1, 2, 2a, 4, 5, 6, or 21 bears interest from the date ~~the return or payment~~
369.24 ~~was required to be filed or paid, including any extensions~~ provided in section 270C.40,
369.25 subdivision 3, to the date of payment of the penalty.

369.26 (b) A penalty not included in paragraph (a) bears interest only if it is not paid within
369.27 60 days from the date of notice. In that case interest is imposed from the date of notice
369.28 to the date of payment.

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

369.30 Sec. 6. Minnesota Statutes 2012, section 289A.60, subdivision 4, is amended to read:

370.1 Subd. 4. **Substantial understatement of liability; penalty.** (a) The commissioner
370.2 of revenue shall impose a penalty for substantial understatement of any tax payable to the
370.3 commissioner, except a tax imposed under chapter 297A.

370.4 (b) There must be added to the tax an amount equal to 20 percent of the amount of any
370.5 underpayment attributable to the understatement. There is a substantial understatement of
370.6 tax for the period if the amount of the understatement for the period exceeds the greater of:

370.7 (1) ten percent of the tax required to be shown on the return for the period; or

370.8 (2)(i) \$10,000 in the case of a mining company or a corporation, other than an S
370.9 corporation as defined in section 290.9725, when the tax is imposed by chapter 290 or
370.10 section 298.01 or 298.015, or

370.11 (ii) \$5,000 in the case of any other taxpayer, and in the case of a mining company or
370.12 a corporation any tax not imposed by chapter 290 or section 298.01 or 298.015.

370.13 (c) For a corporation, other than an S corporation, there is also a substantial
370.14 understatement of tax for any taxable year if the amount of the understatement for the
370.15 taxable year exceeds the lesser of:

370.16 (1) ten percent of the tax required to be shown on the return for the taxable year
370.17 (or, if greater, \$10,000); or

370.18 (2) \$10,000,000.

370.19 (d) The term "understatement" means the excess of the amount of the tax required
370.20 to be shown on the return for the period, over the amount of the tax imposed that is
370.21 shown on the return. The excess must be determined without regard to items to which
370.22 subdivision 27 applies. The amount of the understatement shall be reduced by that part of
370.23 the understatement that is attributable to the tax treatment of any item by the taxpayer if
370.24 (1) there is or was substantial authority for the treatment, or (2)(i) any item with respect to
370.25 which the relevant facts affecting the item's tax treatment are adequately disclosed in the
370.26 return or in a statement attached to the return and (ii) there is a reasonable basis for the tax
370.27 treatment of the item. The exception for substantial authority under clause (1) does not
370.28 apply to positions listed by the Secretary of the Treasury under section 6662(d)(3) of the
370.29 Internal Revenue Code. A corporation does not have a reasonable basis for its tax treatment
370.30 of an item attributable to a multiple-party financing transaction if the treatment does not
370.31 clearly reflect the income of the corporation within the meaning of section 6662(d)(2)(B)
370.32 of the Internal Revenue Code. The special rules in cases involving tax shelters provided in
370.33 section 6662(d)(2)(C) of the Internal Revenue Code shall apply and shall apply to a tax
370.34 shelter the principal purpose of which is the avoidance or evasion of state taxes.

370.35 (e) The commissioner may abate all or any part of the addition to the tax provided
370.36 by this section on a showing by the taxpayer that there was reasonable cause for the

371.1 understatement, or part of it, and that the taxpayer acted in good faith. The additional tax
371.2 and penalty shall bear interest ~~at the rate~~ as specified in section 270C.40 ~~from the time~~
371.3 ~~the tax should have been paid~~ until paid.

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

371.5 Sec. 7. Minnesota Statutes 2012, section 296A.01, subdivision 7, is amended to read:

371.6 Subd. 7. **Aviation gasoline.** "Aviation gasoline" means any gasoline that is
371.7 capable of use for the purpose of producing or generating power for propelling internal
371.8 combustion engine aircraft, that meets the specifications in ASTM specification ~~D910-07a~~
371.9 D910-11, and that either:

371.10 (1) is invoiced and billed by a producer, manufacturer, refiner, or blender to a
371.11 distributor or dealer, by a distributor to a dealer or consumer, or by a dealer to consumer,
371.12 as "aviation gasoline"; or

371.13 (2) whether or not invoiced and billed as provided in clause (1), is received, sold,
371.14 stored, or withdrawn from storage by any person, to be used for the purpose of producing
371.15 or generating power for propelling internal combustion engine aircraft.

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

371.17 Sec. 8. Minnesota Statutes 2012, section 296A.01, subdivision 8, is amended to read:

371.18 Subd. 8. **Aviation turbine fuel and jet fuel.** "Aviation turbine fuel" and "jet
371.19 fuel" mean blends of hydrocarbons derived from crude petroleum, natural gasoline, and
371.20 synthetic hydrocarbons, intended for use in aviation turbine engines, and that meet the
371.21 specifications in ASTM specification ~~D1655-08a~~ D1655-12.

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

371.23 Sec. 9. Minnesota Statutes 2012, section 296A.01, is amended by adding a subdivision
371.24 to read:

371.25 Subd. 8b. **Biobutanol.** "Biobutanol" means isobutyl alcohol produced by
371.26 fermenting agriculturally generated organic material that is to be blended with gasoline
371.27 and meets either:

371.28 (1) the initial ASTM Standard Specification for Butanol for Blending with Gasoline
371.29 for use as an Automotive Spark-Ignition Engine Fuel once it has been released by ASTM
371.30 for general distribution; or

371.31 (2) in the absence of an ASTM Standard Specification, the following list of
371.32 requirements:

- 372.1 (i) visually free of sediment and suspended matter;
- 372.2 (ii) clear and bright at the ambient temperature of 21 degrees Celsius or the ambient
- 372.3 temperature whichever is higher;
- 372.4 (iii) free of any adulterant or contaminant that can render it unacceptable for its
- 372.5 commonly used applications;
- 372.6 (iv) contains not less than 96 volume percent isobutyl alcohol;
- 372.7 (v) contains not more than 0.4 volume percent methanol;
- 372.8 (vi) contains not more than 1.0 volume percent water as determined by ASTM
- 372.9 standard test method E203 or E1064;
- 372.10 (vii) acidity (as acetic acid) of not more than 0.007 mass percent as determined
- 372.11 by ASTM standard test method D1613;
- 372.12 (viii) solvent washed gum content of not more than 5.0 milligrams per 100 milliliters
- 372.13 as determined by ASTM standard test method D381;
- 372.14 (ix) sulfur content of not more than 30 parts per million as determined by ASTM
- 372.15 standard test method D2622 or D5453; and
- 372.16 (x) contains not more than 4 parts per million total inorganic sulfate.

372.17 Sec. 10. Minnesota Statutes 2012, section 296A.01, subdivision 14, is amended to read:

372.18 Subd. 14. **Diesel fuel oil.** "Diesel fuel oil" means a petroleum distillate or blend of
372.19 petroleum distillate and residual fuels that is intended for use as a motor fuel in internal
372.20 combustion diesel engines and that meets ASTM specification ~~D975-07b~~ D975-11b.

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

372.22 Sec. 11. Minnesota Statutes 2012, section 296A.01, subdivision 19, is amended to read:

372.23 Subd. 19. **E85.** "E85" means a petroleum product that is a blend of agriculturally
372.24 derived denatured ethanol and gasoline or natural gasoline that ~~typically~~ contains not more
372.25 than 85 percent ethanol by volume, but at a minimum must contain ~~60~~ greater than 50
372.26 percent ethanol by volume. For the purposes of this chapter, the energy content of E85
372.27 will be considered to be 82,000 BTUs per gallon. E85 produced for use as a motor fuel in
372.28 alternative fuel vehicles as defined in subdivision 5 must comply with ASTM specification
372.29 ~~D5798-07~~ D5798-11.

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

372.31 Sec. 12. Minnesota Statutes 2012, section 296A.01, subdivision 20, is amended to read:

373.1 Subd. 20. **Ethanol, denatured.** "Ethanol, denatured" means ethanol that is to
373.2 be blended with gasoline, has been agriculturally derived, and complies with ASTM
373.3 specification ~~D4806-08~~ D4806-11a. This includes the requirement that ethanol may be
373.4 denatured only as specified in Code of Federal Regulations, title 27, parts 20 and 21.

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

373.6 Sec. 13. Minnesota Statutes 2012, section 296A.01, subdivision 23, is amended to read:

373.7 Subd. 23. **Gasoline.** (a) "Gasoline" means:

373.8 (1) all products commonly or commercially known or sold as gasoline regardless of
373.9 their classification or uses, except casinghead gasoline, absorption gasoline, condensation
373.10 gasoline, drip gasoline, or natural gasoline that under the requirements of section 239.761,
373.11 subdivision 3, must not be blended with gasoline that has been sold, transferred, or
373.12 otherwise removed from a refinery or terminal; and

373.13 (2) any liquid prepared, advertised, offered for sale or sold for use as, or commonly
373.14 and commercially used as, a fuel in spark-ignition, internal combustion engines, and that
373.15 when tested by the Weights and Measures Division meets the specifications in ASTM
373.16 specification ~~D4814-08b~~ D4814-11b.

373.17 (b) Gasoline that is not blended with ethanol must not be contaminated with water or
373.18 other impurities and must comply with both ASTM specification ~~D4814-08b~~ D4814-11b
373.19 and the volatility requirements in Code of Federal Regulations, title 40, part 80.

373.20 (c) After gasoline is sold, transferred, or otherwise removed from a refinery or
373.21 terminal, a person responsible for the product:

373.22 (1) may blend the gasoline with agriculturally derived ethanol, as provided in
373.23 subdivision 24;

373.24 (2) must not blend the gasoline with any oxygenate other than denatured,
373.25 agriculturally derived ethanol;

373.26 (3) must not blend the gasoline with other petroleum products that are not gasoline
373.27 or denatured, agriculturally derived ethanol;

373.28 (4) must not blend the gasoline with products commonly and commercially known
373.29 as casinghead gasoline, absorption gasoline, condensation gasoline, drip gasoline, or
373.30 natural gasoline; and

373.31 (5) may blend the gasoline with a detergent additive, an antiknock additive, or an
373.32 additive designed to replace tetra-ethyl lead, that is registered by the EPA.

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

374.1 Sec. 14. Minnesota Statutes 2012, section 296A.01, subdivision 24, is amended to read:

374.2 Subd. 24. **Gasoline blended with nonethanol oxygenate.** "Gasoline blended with
374.3 nonethanol oxygenate" means gasoline blended with ETBE, MTBE, or other alcohol
374.4 or ether, except denatured ethanol, that is approved as an oxygenate by the EPA, and
374.5 that complies with ASTM specification ~~D4814-08b~~ D4814-11b. Oxygenates, other than
374.6 denatured ethanol, must not be blended into gasoline after the gasoline has been sold,
374.7 transferred, or otherwise removed from a refinery or terminal.

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

374.9 Sec. 15. Minnesota Statutes 2012, section 296A.01, subdivision 26, is amended to read:

374.10 Subd. 26. **Heating fuel oil.** "Heating fuel oil" means a petroleum distillate, blend
374.11 of petroleum distillates and residuals, or petroleum residual heating fuel that meets the
374.12 specifications in ASTM specification ~~D396-08b~~ D396-12.

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

374.14 Sec. 16. Minnesota Statutes 2012, section 296A.22, subdivision 1, is amended to read:

374.15 Subdivision 1. **Penalty for failure to pay tax, general rule.** Upon the failure of
374.16 any person to pay any tax or fee when due, a penalty of one percent per day for the first
374.17 ten days of delinquency shall accrue, and thereafter the tax, fees, and penalty shall bear
374.18 interest at the rate specified in section 270C.40 until paid.

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

374.20 Sec. 17. Minnesota Statutes 2012, section 296A.22, subdivision 3, is amended to read:

374.21 Subd. 3. **Operating without license.** If any person operates as a distributor, special
374.22 fuel dealer, bulk purchaser, or motor carrier without first securing the license required
374.23 under this chapter, any tax or fee imposed by this chapter shall become immediately due
374.24 and payable. A penalty of 25 percent is imposed upon the tax and fee due. The tax, and
374.25 fees, and penalty shall bear interest at the rate specified in section 270C.40. The penalty
374.26 imposed in this subdivision shall bear interest from the date provided in section 270C.40,
374.27 subdivision 3, to the date of payment of the penalty.

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

374.29 Sec. 18. Minnesota Statutes 2012, section 297B.11, is amended to read:

375.1 **297B.11 REGISTRAR AS AGENT OF COMMISSIONER OF REVENUE;**
375.2 **POWERS.**

375.3 The state commissioner of revenue is charged with the administration of the
375.4 sales tax on motor vehicles. The commissioner may prescribe all rules not inconsistent
375.5 with the provisions of this chapter, necessary and advisable for the proper and efficient
375.6 administration of the law. The collection of this sales tax on motor vehicles shall be
375.7 carried out by the motor vehicle registrar who shall act as the agent of the commissioner
375.8 and who shall be subject to all rules not inconsistent with the provisions of this chapter,
375.9 that may be prescribed by the commissioner.

375.10 The provisions of chapters 270C, 289A, and 297A relating to the commissioner's
375.11 authority to audit, assess, and collect the tax, and to issue refunds and to hear appeals,
375.12 are applicable to the sales tax on motor vehicles. The commissioner may impose civil
375.13 penalties as provided in chapters 289A and 297A, and the additional tax and penalties
375.14 are subject to interest at the rate provided in section 270C.40 from the date provided in
375.15 section 270C.40, subdivision 3, until paid.

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

375.17 Sec. 19. Minnesota Statutes 2012, section 297E.14, subdivision 7, is amended to read:

375.18 Subd. 7. **Interest on penalties.** (a) A penalty imposed under section 297E.12,
375.19 subdivision 1, 2, 3, 4, or 5, bears interest from the date ~~the return or payment was required~~
375.20 ~~to be filed or paid, including any extensions~~ provided in section 270C.40, subdivision
375.21 3, to the date of payment of the penalty.

375.22 (b) A penalty not included in paragraph (a) bears interest only if it is not paid within
375.23 ten days from the date of notice. In that case interest is imposed from the date of notice
375.24 to the date of payment.

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

375.26 Sec. 20. Minnesota Statutes 2012, section 297F.09, subdivision 9, is amended to read:

375.27 Subd. 9. **Interest.** The amount of tax not timely paid, ~~together with any penalty~~
375.28 ~~imposed in this section,~~ bears interest at the rate specified in section 270C.40 from the
375.29 time such tax should have been paid until paid. The penalty imposed in this section bears
375.30 interest at the rate specified in section 270C.40 from the date provided in section 270C.40,
375.31 subdivision 3, to the date of payment of the penalty. Any interest and penalty is added to
375.32 the tax and collected as a part of it.

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

376.1 Sec. 21. Minnesota Statutes 2012, section 297F.18, subdivision 7, is amended to read:

376.2 Subd. 7. **Interest on penalties.** (a) A penalty imposed under section 297F.19,
376.3 subdivisions 2 to 7, bears interest from the date ~~the return or payment was required to be~~
376.4 ~~filed or paid, including any extensions~~ provided in section 270C.40, subdivision 3, to the
376.5 date of payment of the penalty.

376.6 (b) A penalty not included in paragraph (a) bears interest only if it is not paid within
376.7 ten days from the date of the notice. In that case interest is imposed from the date of notice
376.8 to the date of payment.

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

376.10 Sec. 22. Minnesota Statutes 2012, section 297G.09, subdivision 8, is amended to read:

376.11 Subd. 8. **Interest.** The amount of tax not timely paid, ~~together with any penalty~~
376.12 ~~imposed by this chapter~~, bears interest at the rate specified in section 270C.40 from the
376.13 time the tax should have been paid until paid. Any penalty imposed by this chapter bears
376.14 interest from the date provided in section 270C.40, subdivision 3, to the date of payment
376.15 of the penalty. Any interest and penalty is added to the tax and collected as a part of it.

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

376.17 Sec. 23. Minnesota Statutes 2012, section 297G.17, subdivision 7, is amended to read:

376.18 Subd. 7. **Interest on penalties.** (a) A penalty imposed under section 297G.18,
376.19 subdivisions 2 to 7, bears interest from the date ~~the return or payment was required to be~~
376.20 ~~filed or paid, including any extensions~~ provided in section 270C.40, subdivision 3, to the
376.21 date of payment of the penalty.

376.22 (b) A penalty not included in paragraph (a) bears interest only if it is not paid within
376.23 ten days from the date of the notice. In that case interest is imposed from the date of notice
376.24 to the date of payment.

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

376.26 Sec. 24. Minnesota Statutes 2012, section 297I.80, subdivision 1, is amended to read:

376.27 Subdivision 1. **Payable to commissioner.** (a) When interest is required under this
376.28 section, interest is computed at the rate specified in section 270C.40.

376.29 (b) If a tax or surcharge is not paid within the time named by law for payment, the
376.30 unpaid tax or surcharge bears interest from the date the tax or surcharge should have been
376.31 paid until the date the tax or surcharge is paid.

377.1 (c) Whenever a taxpayer is liable for additional tax or surcharge because of a
377.2 redetermination by the commissioner or other reason, the additional tax or surcharge
377.3 bears interest from the time the tax or surcharge should have been paid until the date the
377.4 tax or surcharge is paid.

377.5 (d) A penalty bears interest from the date ~~the return or payment was required to be~~
377.6 ~~filed or paid~~ provided in section 270C.40, subdivision 3, to the date of payment of the
377.7 penalty.

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

377.9 Sec. 25. Minnesota Statutes 2012, section 469.319, subdivision 4, is amended to read:

377.10 Subd. 4. **Repayment procedures.** (a) For the repayment of taxes imposed under
377.11 chapter 290 or 297A or local taxes collected pursuant to section 297A.99, a business must
377.12 file an amended return with the commissioner of revenue and pay any taxes required
377.13 to be repaid within 30 days after becoming subject to repayment under this section.
377.14 The amount required to be repaid is determined by calculating the tax for the period or
377.15 periods for which repayment is required without regard to the exemptions and credits
377.16 allowed under section 469.315.

377.17 (b) For the repayment of taxes imposed under chapter 297B, a business must pay any
377.18 taxes required to be repaid to the motor vehicle registrar, as agent for the commissioner of
377.19 revenue, within 30 days after becoming subject to repayment under this section.

377.20 (c) For the repayment of property taxes, the county auditor shall prepare a tax
377.21 statement for the business, applying the applicable tax extension rates for each payable
377.22 year and provide a copy to the business and to the taxpayer of record. The business must
377.23 pay the taxes to the county treasurer within 30 days after receipt of the tax statement. The
377.24 business or the taxpayer of record may appeal the valuation and determination of the
377.25 property tax to the Tax Court within 30 days after receipt of the tax statement.

377.26 (d) The provisions of chapters 270C and 289A relating to the commissioner's
377.27 authority to audit, assess, and collect the tax and to hear appeals are applicable to the
377.28 repayment required under paragraphs (a) and (b). The commissioner may impose civil
377.29 penalties as provided in chapter 289A, and the additional tax and penalties are subject
377.30 to interest at the rate provided in section 270C.40~~;~~. The additional tax shall bear interest
377.31 from 30 days after becoming subject to repayment under this section until the date the
377.32 tax is paid. Any penalty imposed pursuant to this section shall bear interest from the date
377.33 provided in section 270C.40, subdivision 3, to the date of payment of the penalty.

377.34 (e) If a property tax is not repaid under paragraph (c), the county treasurer shall
377.35 add the amount required to be repaid to the property taxes assessed against the property

378.1 for payment in the year following the year in which the auditor provided the statement
378.2 under paragraph (c).

378.3 (f) For determining the tax required to be repaid, a reduction of a state or local sales or
378.4 use tax is deemed to have been received on the date that the good or service was purchased
378.5 or first put to a taxable use. In the case of an income tax or franchise tax, including the
378.6 credit payable under section 469.318, a reduction of tax is deemed to have been received
378.7 for the two most recent tax years that have ended prior to the date that the business became
378.8 subject to repayment under this section. In the case of a property tax, a reduction of tax is
378.9 deemed to have been received for the taxes payable in the year that the business became
378.10 subject to repayment under this section and for the taxes payable in the prior year.

378.11 (g) The commissioner may assess the repayment of taxes under paragraph (d) any
378.12 time within two years after the business becomes subject to repayment under subdivision
378.13 1, or within any period of limitations for the assessment of tax under section 289A.38,
378.14 whichever period is later. The county auditor may send the statement under paragraph
378.15 (c) any time within three years after the business becomes subject to repayment under
378.16 subdivision 1.

378.17 (h) A business is not entitled to any income tax or franchise tax benefits, including
378.18 refundable credits, for any part of the year in which the business becomes subject to
378.19 repayment under this section nor for any year thereafter. Property is not exempt from tax
378.20 under section 272.02, subdivision 64, for any taxes payable in the year following the year
378.21 in which the property became subject to repayment under this section nor for any year
378.22 thereafter. A business is not eligible for any sales tax benefits beginning with goods
378.23 or services purchased or first put to a taxable use on the day that the business becomes
378.24 subject to repayment under this section.

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

378.26 Sec. 26. Minnesota Statutes 2012, section 469.340, subdivision 4, is amended to read:

378.27 Subd. 4. **Repayment procedures.** (a) For the repayment of taxes imposed under
378.28 chapter 290 or 297A or local taxes collected pursuant to section 297A.99, a business must
378.29 file an amended return with the commissioner of revenue and pay any taxes required to be
378.30 repaid within 30 days after ceasing to do business in the zone. The amount required to be
378.31 repaid is determined by calculating the tax for the period or periods for which repayment
378.32 is required without regard to the exemptions and credits allowed under section 469.336.

378.33 (b) For the repayment of property taxes, the county auditor shall prepare a tax
378.34 statement for the business, applying the applicable tax extension rates for each payable
378.35 year and provide a copy to the business. The business must pay the taxes to the county

379.1 treasurer within 30 days after receipt of the tax statement. The taxpayer may appeal the
379.2 valuation and determination of the property tax to the Tax Court within 30 days after
379.3 receipt of the tax statement.

379.4 (c) The provisions of chapters 270C and 289A relating to the commissioner's
379.5 authority to audit, assess, and collect the tax and to hear appeals are applicable to the
379.6 repayment required under paragraph (a). The commissioner may impose civil penalties as
379.7 provided in chapter 289A, and the additional tax and penalties are subject to interest at the
379.8 rate provided in section 270C.40;. The additional tax shall bear interest from 30 days after
379.9 ceasing to do business in the biotechnology and health sciences industry zone until the
379.10 date the tax is paid. Any penalty imposed pursuant to this section shall bear interest from
379.11 the date provided in section 270C.40, subdivision 3, to the date of payment of the penalty.

379.12 (d) If a property tax is not repaid under paragraph (b), the county treasurer shall add
379.13 the amount required to be repaid to the property taxes assessed against the property for
379.14 payment in the year following the year in which the treasurer discovers that the business
379.15 ceased to operate in the biotechnology and health sciences industry zone.

379.16 (e) For determining the tax required to be repaid, a tax reduction is deemed to have
379.17 been received on the date that the tax would have been due if the taxpayer had not been
379.18 entitled to the exemption, or on the date a refund was issued for a refundable credit.

379.19 (f) The commissioner may assess the repayment of taxes under paragraph (c) any
379.20 time within two years after the business ceases to operate in the biotechnology and health
379.21 sciences industry zone, or within any period of limitations for the assessment of tax under
379.22 section 289A.38, whichever period is later.

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

379.24 Delete the title and insert:

379.25 "A bill for an act
379.26 relating to financing and operation of state and local government; making
379.27 changes to individual income, corporate franchise, property, sales and use,
379.28 estate, mineral, tobacco, alcohol, special, local, and other taxes and tax-related
379.29 provisions modifying the property tax refund; changing property tax aids and
379.30 credits; modifying the Sustainable Forest Incentive Act; modifying education
379.31 aids and levies; providing additional pension funding; modifying definitions and
379.32 distributions for property taxes; providing for property tax exemptions; modifying
379.33 the payment in lieu of tax provisions; modifying education aids and levies;
379.34 modifying tobacco tax provisions; making changes to additions and subtractions
379.35 from federal taxable income; providing for federal conformity; changing income
379.36 tax rates for individuals, estates, and trusts; providing income tax credits;
379.37 modifying estate tax provisions; providing for a state gift tax; expanding the sales
379.38 tax base; modifying the duty to collect and remit sales taxes for certain sellers;
379.39 imposing the sales tax on digital products and selected services; modifying the
379.40 definition of sale and purchase; modifying provisions for the rental motor vehicle
379.41 tax rate; providing for multiple points of use certificates; modifying sales tax
379.42 exemptions; authorizing local sales taxes; authorizing economic development

380.1 powers; modifying tax increment financing rules; providing authority,
 380.2 organization, powers, duties, and requiring a prevailing wage for development
 380.3 of a Destination Medical Center; authorizing state infrastructure aid; modifying
 380.4 the distribution of taconite production taxes; authorizing taconite production tax
 380.5 bonds for grants to school districts; modifying and providing provisions for
 380.6 public finance; providing funding for legislative office facilities; modifying the
 380.7 definition of market value for tax, debt, and other purposes; making conforming,
 380.8 policy, and technical changes to tax provisions; requiring studies and reports;
 380.9 appropriating money; amending Minnesota Statutes 2012, sections 13.792;
 380.10 16A.46; 16A.727; 38.18; 40A.15, subdivision 2; 69.011, subdivision 1; 69.021,
 380.11 subdivisions 7, 8; 88.51, subdivision 3; 103B.102, subdivision 3; 103B.245,
 380.12 subdivision 3; 103B.251, subdivision 8; 103B.335; 103B.3369, subdivision 5;
 380.13 103B.635, subdivision 2; 103B.691, subdivision 2; 103C.501, subdivision 4;
 380.14 103D.905, subdivisions 2, 3, 8; 103F.405, subdivision 1; 116J.8737, subdivisions
 380.15 1, 2, 8; 117.025, subdivision 7; 118A.04, subdivision 3; 118A.05, subdivision
 380.16 5; 123A.455, subdivision 1; 126C.10, subdivision 1, by adding a subdivision;
 380.17 126C.13, subdivision 4; 126C.17; 126C.48, subdivision 8; 127A.48, subdivision
 380.18 1; 138.053; 144F.01, subdivision 4; 162.07, subdivisions 3, 4; 163.04, subdivision
 380.19 3; 163.06, subdivision 6; 165.10, subdivision 1; 168.012, subdivision 9, by
 380.20 adding a subdivision; 216C.436, subdivision 7; 237.52, subdivision 3, by adding
 380.21 a subdivision; 270.077; 270.41, subdivisions 3, 5, by adding a subdivision;
 380.22 270.45; 270B.01, subdivision 8; 270B.03, subdivision 1; 270B.12, subdivision
 380.23 4; 270C.03, subdivision 1; 270C.34, subdivision 1; 270C.38, subdivision 1;
 380.24 270C.42, subdivision 2; 270C.56, subdivision 1; 271.06, subdivision 2a, as added;
 380.25 272.01, subdivision 2; 272.02, subdivisions 39, 97, by adding subdivisions;
 380.26 272.03, subdivision 9, by adding subdivisions; 273.032; 273.061, subdivision
 380.27 2; 273.0645; 273.11, subdivision 1; 273.114, subdivision 6; 273.117; 273.124,
 380.28 subdivisions 3a, 13; 273.13, subdivisions 21b, 23, 25; 273.1398, subdivisions 3,
 380.29 4; 273.19, subdivision 1; 273.372, subdivision 4; 273.39; 275.011, subdivision 1;
 380.30 275.077, subdivision 2; 275.71, subdivision 4; 276.04, subdivision 2; 276A.01,
 380.31 subdivisions 10, 12, 13, 15; 276A.06, subdivision 10; 279.01, subdivision 1, by
 380.32 adding a subdivision; 279.02; 279.06, subdivision 1; 279.37, subdivisions 1a, 2;
 380.33 281.14; 281.17; 287.05, by adding a subdivision; 287.08; 287.20, by adding a
 380.34 subdivision; 287.23, subdivision 1; 287.385, subdivision 7; 289A.08, subdivision
 380.35 3; 289A.10, subdivision 1, by adding a subdivision; 289A.12, subdivision 14, by
 380.36 adding a subdivision; 289A.18, by adding a subdivision; 289A.20, subdivisions
 380.37 3, 4, by adding a subdivision; 289A.26, subdivisions 3, 4, 7, 9; 289A.55,
 380.38 subdivision 9; 289A.60, subdivision 4; 290.01, subdivisions 19, as amended,
 380.39 19b, 19c, 19d; 290.06, subdivisions 2c, 2d, by adding a subdivision; 290.0677,
 380.40 subdivision 2; 290.068, subdivisions 3, 6a; 290.0681, subdivisions 1, 3, 4, 5, 10;
 380.41 290.091, subdivisions 1, 2, 6; 290.0921, subdivision 3; 290.0922, subdivision 1;
 380.42 290.095, subdivision 2; 290.10, subdivision 1; 290.17, subdivision 4; 290.191,
 380.43 subdivision 5; 290.21, subdivision 4; 290.9705, subdivision 1; 290A.03,
 380.44 subdivision 3; 290A.04, subdivisions 2, 2a, 4; 290B.04, subdivision 2; 290C.02,
 380.45 subdivision 6; 290C.03; 290C.055; 290C.07; 291.005, subdivision 1; 291.03,
 380.46 subdivisions 1, 8, 9, 10, 11, by adding a subdivision; 296A.01, subdivisions 7, 8,
 380.47 14, 19, 20, 23, 24, 26, by adding a subdivision; 296A.09, subdivision 2; 296A.17,
 380.48 subdivision 3; 296A.22, subdivisions 1, 3; 297A.61, subdivisions 3, 4, 10, 25,
 380.49 38, 45, by adding subdivisions; 297A.64, subdivision 1; 297A.66, subdivision
 380.50 3, by adding a subdivision; 297A.665; 297A.668, by adding a subdivision;
 380.51 297A.67, subdivisions 7, 13, by adding a subdivision; 297A.68, subdivisions
 380.52 2, 5, 42, by adding a subdivision; 297A.70, subdivisions 2, 4, 5, 7, 13, 14, by
 380.53 adding subdivisions; 297A.71, by adding subdivisions; 297A.75, subdivisions
 380.54 1, 2, 3; 297A.82, subdivision 4, by adding a subdivision; 297A.99, subdivision
 380.55 1; 297B.11; 297E.021, subdivision 3; 297E.14, subdivision 7; 297F.01,
 380.56 subdivisions 3, 19, 23, by adding subdivisions; 297F.05, subdivisions 1, 3, 4, by
 380.57 adding subdivisions; 297F.09, subdivision 9; 297F.18, subdivision 7; 297F.24,
 380.58 subdivision 1; 297F.25, subdivision 1; 297G.04, subdivision 2; 297G.09,

381.1 subdivision 8; 297G.17, subdivision 7; 297I.05, subdivisions 7, 11, 12; 297I.30,
 381.2 subdivisions 1, 2; 297I.80, subdivision 1; 298.01, subdivisions 3, 3b; 298.018;
 381.3 298.17; 298.227, as amended; 298.24, subdivision 1; 298.28, subdivisions 4, 6,
 381.4 9c, 10; 325D.32, subdivision 2; 325F.781, subdivision 1; 349.166, subdivision
 381.5 1; 353G.08, subdivision 2; 360.531; 360.66; 365.025, subdivision 4; 366.095,
 381.6 subdivision 1; 366.27; 368.01, subdivision 23; 368.47; 370.01; 373.01,
 381.7 subdivisions 1, 3; 373.40, subdivisions 1, 2, 4; 375.167, subdivision 1; 375.18,
 381.8 subdivision 3; 375.555; 383A.80, subdivision 4; 383B.152; 383B.245; 383B.73,
 381.9 subdivision 1; 383B.80, subdivision 4; 383D.41, by adding a subdivision;
 381.10 383E.20; 383E.23; 385.31; 394.36, subdivision 1; 398A.04, subdivision 8;
 381.11 401.05, subdivision 3; 403.02, subdivision 21, by adding subdivisions; 403.06,
 381.12 subdivision 1a; 403.11, subdivision 1, by adding subdivisions; 410.32; 412.221,
 381.13 subdivision 2; 412.301; 428A.02, subdivision 1; 428A.101; 428A.21; 430.102,
 381.14 subdivision 2; 447.10; 450.19; 450.25; 458A.10; 458A.31, subdivision 1; 465.04;
 381.15 469.033, subdivision 6; 469.034, subdivision 2; 469.053, subdivisions 4, 4a, 6;
 381.16 469.071, subdivision 5; 469.107, subdivision 1; 469.169, by adding a subdivision;
 381.17 469.176, subdivisions 4c, 4g, 6; 469.177, subdivisions 1a, 9, by adding
 381.18 subdivisions; 469.180, subdivision 2; 469.187; 469.206; 469.319, subdivision
 381.19 4; 469.340, subdivision 4; 471.24; 471.571, subdivisions 1, 2; 471.73; 473.325,
 381.20 subdivision 2; 473.39, by adding a subdivision; 473.606, subdivision 3; 473.629;
 381.21 473.661, subdivision 3; 473.667, subdivision 9; 473.671; 473.711, subdivision
 381.22 2a; 473F.02, subdivisions 12, 14, 15, 23; 473F.08, subdivisions 3a, 10, by adding
 381.23 a subdivision; 474A.04, subdivision 1a; 474A.062; 474A.091, subdivision 3a;
 381.24 475.521, subdivisions 1, 2, 4; 475.53, subdivisions 1, 3, 4; 475.58, subdivisions
 381.25 2, 3b; 475.73, subdivision 1; 477A.011, subdivisions 20, 30, 34, 42, by adding
 381.26 subdivisions; 477A.0124, subdivision 2; 477A.013, subdivisions 1, 8, 9, by
 381.27 adding a subdivision; 477A.015; 477A.03, subdivisions 2a, 2b, by adding a
 381.28 subdivision; 477A.11, subdivisions 3, 4, by adding subdivisions; 477A.12,
 381.29 subdivisions 1, 2, 3; 477A.14, subdivision 1, by adding a subdivision; 641.23;
 381.30 641.24; 645.44, by adding a subdivision; Laws 1971, chapter 773, section 1,
 381.31 subdivision 2, as amended; Laws 1988, chapter 645, section 3, as amended;
 381.32 Laws 1993, chapter 375, article 9, section 46, subdivisions 2, as amended, 5, as
 381.33 amended; Laws 1998, chapter 389, article 8, section 43, subdivisions 1, 3, as
 381.34 amended, 5, as amended; Laws 1999, chapter 243, article 6, section 11; Laws
 381.35 2002, chapter 377, article 3, section 25, as amended; Laws 2005, First Special
 381.36 Session chapter 3, article 5, section 37, subdivisions 2, 4; Laws 2006, chapter
 381.37 259, article 11, section 3, as amended; Laws 2008, chapter 366, article 5, sections
 381.38 26; 33; 34, as amended; article 7, section 19, subdivision 3, as amended; Laws
 381.39 2009, chapter 88, article 2, section 46, subdivisions 1, 3; Laws 2010, chapter 216,
 381.40 sections 11; 55; Laws 2010, chapter 389, article 1, section 12; article 5, section 6,
 381.41 subdivision 6; proposing coding for new law in Minnesota Statutes, chapters 116J;
 381.42 116V; 124D; 136A; 270C; 287; 290A; 292; 403; 423A; 469; 477A; repealing
 381.43 Minnesota Statutes 2012, sections 16A.725; 97A.061; 256.9658; 272.69; 273.11,
 381.44 subdivisions 1a, 22; 276A.01, subdivision 11; 289A.60, subdivision 31; 290.01,
 381.45 subdivision 6b; 290.06, subdivision 22a; 290.0921, subdivision 7; 290.171;
 381.46 290.173; 290.174; 297A.61, subdivision 27; 297A.68, subdivision 35; 473F.02,
 381.47 subdivision 13; 477A.011, subdivisions 2a, 19, 21, 29, 31, 32, 33, 36, 39, 40, 41;
 381.48 477A.013, subdivisions 11, 12; 477A.0133; 477A.0134; Laws 1973, chapter 567,
 381.49 section 7, as amended; Laws 2009, chapter 88, article 4, section 23, as amended."

382.1 We request the adoption of this report and repassage of the bill.

382.2 House Conferees:

382.3
382.4 Ann Lenczewski Jim Davnie

382.5
382.6 Tom Anzelc John Benson

382.7
382.8 Kim Norton

382.9 Senate Conferees:

382.10
382.11 Rod Skoe Ann H. Rest

382.12
382.13 Kari Dziejczak Lyle Koenen

382.14
382.15 David H. Senjem