

SENATE
STATE OF MINNESOTA
EIGHTY-EIGHTH SESSION

S.F. No. 2389

(SENATE AUTHORS: SKOE and Rest)

DATE	D-PG	OFFICIAL STATUS
03/06/2014	5995	Introduction and first reading Referred to Taxes
03/10/2014	6084	Author added Rest

A bill for an act

1.1 relating to taxation; sales and use; tobacco; liquor; mortgage registry and deed;
1.2 property; local government aid; county program aid; renters' property tax refund;
1.3 eliminating certain accelerated payment requirements; appropriating money;
1.4 amending Minnesota Statutes 2012, sections 287.12; 287.29, subdivision 1;
1.5 289A.18, subdivision 4; 289A.40, subdivision 4; 289A.60, subdivision 21;
1.6 290A.07, subdivision 2a; 297F.09, subdivisions 1, 2; 297F.25, subdivision
1.7 2; Minnesota Statutes 2013 Supplement, sections 289A.20, subdivision 4;
1.8 477A.015; proposing coding for new law in Minnesota Statutes, chapter 290;
1.9 repealing Minnesota Statutes 2012, sections 287.31, subdivision 3; 289A.60,
1.10 subdivision 15; 297F.09, subdivision 10; 297G.09, subdivision 9.
1.11

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

1.13 Section 1. Minnesota Statutes 2012, section 287.12, is amended to read:

1.14 **287.12 TAXES, HOW APPORTIONED.**

1.15 (a) All taxes paid to the county treasurer under the provisions of sections 287.01
1.16 to 287.12 must be apportioned, 97 percent to the general fund of the state, and three
1.17 percent to the county revenue fund.

1.18 (b) On or before the 20th day of each month the county treasurer shall determine and
1.19 pay to the commissioner of revenue for deposit in the state treasury and credit to the general
1.20 fund the state's portion of the receipts from the mortgage registry tax during the preceding
1.21 month subject to the electronic payment requirements of section 270C.42. The county
1.22 treasurer shall provide any related reports requested by the commissioner of revenue.

1.23 ~~(c) Counties must remit the state's portion of the June receipts collected through June~~
1.24 ~~25 and the estimated state's portion of the receipts to be collected during the remainder of~~
1.25 ~~the month to the commissioner of revenue two business days before June 30 of each year.~~
1.26 ~~The remaining amount of the June receipts is due on August 20.~~

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

2.2 Sec. 2. Minnesota Statutes 2012, section 287.29, subdivision 1, is amended to read:

2.3 Subdivision 1. **Appointment and payment of tax proceeds.** (a) The proceeds of
2.4 the taxes levied and collected under sections 287.21 to 287.39 must be apportioned, 97
2.5 percent to the general fund of the state, and three percent to the county revenue fund.

2.6 (b) On or before the 20th day of each month, the county treasurer shall determine
2.7 and pay to the commissioner of revenue for deposit in the state treasury and credit to the
2.8 general fund the state's portion of the receipts for deed tax from the preceding month
2.9 subject to the electronic transfer requirements of section 270C.42. The county treasurer
2.10 shall provide any related reports requested by the commissioner of revenue.

2.11 ~~(c) Counties must remit the state's portion of the June receipts collected through June~~
2.12 ~~25 and the estimated state's portion of the receipts to be collected during the remainder of~~
2.13 ~~the month to the commissioner of revenue two business days before June 30 of each year.~~
2.14 ~~The remaining amount of the June receipts is due on August 20.~~

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

2.16 Sec. 3. Minnesota Statutes 2012, section 289A.18, subdivision 4, is amended to read:

2.17 Subd. 4. **Sales and use tax returns.** (a) Sales and use tax returns must be filed on or
2.18 before the 20th day of the month following the close of the preceding reporting period,
2.19 except that annual use tax returns provided for under section 289A.11, subdivision 1, must
2.20 be filed by April 15 following the close of the calendar year, in the case of individuals.
2.21 Annual use tax returns of businesses, including sole proprietorships, and annual sales tax
2.22 returns must be filed by February 5 following the close of the calendar year.

2.23 ~~(b) Returns for the June reporting period filed by retailers required to remit their~~
2.24 ~~June liability under section 289A.20, subdivision 4, paragraph (b), are due on or before~~
2.25 ~~August 20.~~

2.26 ~~(c)~~ (b) If a retailer has an average sales and use tax liability, including local sales and
2.27 use taxes administered by the commissioner, equal to or less than \$500 per month in any
2.28 quarter of a calendar year, and has substantially complied with the tax laws during the
2.29 preceding four calendar quarters, the retailer may request authorization to file and pay the
2.30 taxes quarterly in subsequent calendar quarters. The authorization remains in effect during
2.31 the period in which the retailer's quarterly returns reflect sales and use tax liabilities of less
2.32 than \$1,500 and there is continued compliance with state tax laws.

2.33 ~~(d)~~ (c) If a retailer has an average sales and use tax liability, including local sales and
2.34 use taxes administered by the commissioner, equal to or less than \$100 per month during a

3.1 calendar year, and has substantially complied with the tax laws during that period, the
 3.2 retailer may request authorization to file and pay the taxes annually in subsequent years.
 3.3 The authorization remains in effect during the period in which the retailer's annual returns
 3.4 reflect sales and use tax liabilities of less than \$1,200 and there is continued compliance
 3.5 with state tax laws.

3.6 ~~(e)~~ (d) The commissioner may also grant quarterly or annual filing and payment
 3.7 authorizations to retailers if the commissioner concludes that the retailers' future tax
 3.8 liabilities will be less than the monthly totals identified in paragraphs ~~(e)~~ (b) and ~~(d)~~ (c).
 3.9 An authorization granted under this paragraph is subject to the same conditions as an
 3.10 authorization granted under paragraphs ~~(e)~~ (b) and ~~(d)~~ (c).

3.11 ~~(f)~~ (e) A taxpayer who is a materials supplier may report gross receipts either on:

3.12 (1) the cash basis as the consideration is received; or

3.13 (2) the accrual basis as sales are made.

3.14 As used in this paragraph, "materials supplier" means a person who provides materials
 3.15 for the improvement of real property; who is primarily engaged in the sale of lumber and
 3.16 building materials-related products to owners, contractors, subcontractors, repairers,
 3.17 or consumers; who is authorized to file a mechanics lien upon real property and
 3.18 improvements under chapter 514; and who files with the commissioner an election to file
 3.19 sales and use tax returns on the basis of this paragraph.

3.20 ~~(g)~~ (f) Notwithstanding paragraphs (a) to ~~(f)~~ (e), a seller that is not a Model 1, 2, or
 3.21 3 seller, as those terms are used in the Streamlined Sales and Use Tax Agreement, that
 3.22 does not have a legal requirement to register in Minnesota, and that is registered under the
 3.23 agreement, must file a return by February 5 following the close of the calendar year in
 3.24 which the seller initially registers, and must file subsequent returns on February 5 on an
 3.25 annual basis in succeeding years. Additionally, a return must be submitted on or before
 3.26 the 20th day of the month following any month by which sellers have accumulated state
 3.27 and local tax funds for the state in the amount of \$1,000 or more.

3.28 **EFFECTIVE DATE.** This section is effective beginning with June 2014 tax
 3.29 liabilities.

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

3.32 Subd. 4. **Sales and use tax.** (a) The taxes imposed by chapter 297A are due and
 3.33 payable to the commissioner monthly on or before the 20th day of the month following the
 3.34 month in which the taxable event occurred, or following another reporting period as the

4.1 commissioner prescribes or as allowed under section 289A.18, subdivision 4, paragraph (f)
 4.2 ~~(e) or (g) (f)~~, except that use taxes due on an annual use tax return as provided under section
 4.3 289A.11, subdivision 1, are payable by April 15 following the close of the calendar year.

4.4 ~~(b) A vendor having a liability of \$120,000 or more during a fiscal year ending June~~
 4.5 ~~30 must remit the June liability for the next year in the following manner:~~

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

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

4.10 ~~(e) (b)~~ A vendor having a liability of:

4.11 ~~(1) \$10,000 or more, but less than \$120,000 during a fiscal year ending June 30,~~
 4.12 ~~2013, and fiscal years thereafter, must remit by electronic means all liabilities on returns~~
 4.13 ~~due for periods beginning in all subsequent calendar years on or before the 20th day of~~
 4.14 ~~the month following the month in which the taxable event occurred, or on or before the~~
 4.15 ~~20th day of the month following the month in which the sale is reported under section~~
 4.16 ~~289A.18, subdivision 4; or.~~

4.17 ~~(2) \$120,000 or more, during a fiscal year ending June 30, 2009, and fiscal years~~
 4.18 ~~thereafter, must remit by electronic means all liabilities in the manner provided in~~
 4.19 ~~paragraph (a) on returns due for periods beginning in the subsequent calendar year, except~~
 4.20 ~~for 90 percent of the estimated June liability, which is due two business days before June~~
 4.21 ~~30. The remaining amount of the June liability is due on August 20.~~

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

4.29 **EFFECTIVE DATE.** This section is effective beginning with June 2014 tax
 4.30 liabilities.

4.31 Sec. 5. Minnesota Statutes 2012, section 289A.40, subdivision 4, is amended to read:

4.32 Subd. 4. **Property tax refund claims.** A property tax refund claim under chapter
 4.33 290A is not allowed if the initial claim is filed more than one year after the original due
 4.34 date for filing the claim for refunds under section 290A.04, subdivision 2 or 2h.

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

5.3 Sec. 6. Minnesota Statutes 2012, section 289A.60, subdivision 21, is amended to read:

5.4 Subd. 21. **Penalty for failure to make payment by electronic means.** In
5.5 addition to other applicable penalties imposed by this section, after notification from the
5.6 commissioner to the taxpayer that payments are required to be made by electronic means
5.7 under section 289A.20, subdivision 2, paragraph (e), or 4, paragraph (e) (b), or 289A.26,
5.8 subdivision 2a, and the payments are remitted by some other means, there is a penalty in
5.9 the amount of five percent of each payment that should have been remitted electronically.
5.10 After the commissioner's initial notification to the taxpayer that payments are required to
5.11 be made by electronic means, the commissioner is not required to notify the taxpayer in
5.12 subsequent periods if the initial notification specified the amount of tax liability at which a
5.13 taxpayer is required to remit payments by electronic means. The penalty can be abated
5.14 under the abatement procedures prescribed in section 270C.34, subdivision 2, if the failure
5.15 to remit the payment electronically is due to reasonable cause.

5.16 **EFFECTIVE DATE.** This section is effective beginning with June 2014 tax
5.17 liabilities.

5.18 Sec. 7. **[290.0693] RENTERS' PROPERTY TAX CREDIT.**

5.19 Subdivision 1. **Credit allowed.** An individual or married couple filing jointly is
5.20 allowed a credit in the amount authorized under section 290A.04, subdivision 2a.

5.21 Subd. 2. **Credit refundable.** If the amount of credit that the taxpayer is eligible
5.22 to receive under subdivision 1 exceeds the taxpayer's tax liability under this chapter, the
5.23 commissioner shall refund the excess to the applicant.

5.24 Subd. 3. **Appropriation.** The amount necessary to pay the refund under this section
5.25 is appropriated from the general fund to the commissioner of revenue.

5.26 **EFFECTIVE DATE.** This section is effective for rent paid in calendar year 2014
5.27 and thereafter.

5.28 Sec. 8. Minnesota Statutes 2012, section 290A.07, subdivision 2a, is amended to read:

5.29 Subd. 2a. **Time or method of payment to renter or manufactured home**
5.30 **homeowner.** A claimant who is ~~a renter or~~ a homeowner who occupies a manufactured
5.31 home, as defined in section 273.125, subdivision 8, paragraph (c), or a park trailer taxed as
5.32 a manufactured home under section 168.012, subdivision 9, shall receive full payment

6.1 after August 1 and before August 15 or 60 days after receipt of the application, whichever
6.2 is later. A renter eligible for a refund under section 290A.04, subdivision 2a, must claim
6.3 the refund amount as a credit under section 290.0693.

6.4 **EFFECTIVE DATE.** This section is effective for property taxes payable in 2013
6.5 and thereafter.

6.6 Sec. 9. Minnesota Statutes 2012, section 297F.09, subdivision 1, is amended to read:

6.7 Subdivision 1. **Monthly return; cigarette distributor.** On or before the 18th day
6.8 of each calendar month, a distributor with a place of business in this state shall file a
6.9 return with the commissioner showing the quantity of cigarettes manufactured or brought
6.10 in from outside the state or purchased during the preceding calendar month and the
6.11 quantity of cigarettes sold or otherwise disposed of in this state and outside this state
6.12 during that month. A licensed distributor outside this state shall in like manner file a
6.13 return showing the quantity of cigarettes shipped or transported into this state during the
6.14 preceding calendar month. Returns must be made in the form and manner prescribed by
6.15 the commissioner and must contain any other information required by the commissioner.
6.16 The return must be accompanied by a remittance for the full unpaid tax liability shown by
6.17 it. ~~For distributors subject to the accelerated tax payment requirements in subdivision 10,~~
6.18 ~~the return for the May liability is due two business days before June 30th of the year and~~
6.19 ~~the return for the June liability is due on or before August 18th of the year.~~

6.20 **EFFECTIVE DATE.** This section is effective beginning with June 2014 tax
6.21 liabilities.

6.22 Sec. 10. Minnesota Statutes 2012, section 297F.09, subdivision 2, is amended to read:

6.23 Subd. 2. **Monthly return; tobacco products distributor.** (a) On or before the 18th
6.24 day of each calendar month, a distributor with a place of business in this state shall file
6.25 a return with the commissioner showing the quantity and wholesale sales price of each
6.26 tobacco product:

6.27 (1) brought, or caused to be brought, into this state for sale; and

6.28 (2) made, manufactured, or fabricated in this state for sale in this state, during the
6.29 preceding calendar month.

6.30 (b) Every licensed distributor outside this state shall in like manner file a return
6.31 showing the quantity and wholesale sales price of each tobacco product shipped or
6.32 transported to retailers in this state to be sold by those retailers, during the preceding
6.33 calendar month. Returns must be made in the form and manner prescribed by the

7.1 commissioner and must contain any other information required by the commissioner.
 7.2 The return must be accompanied by a remittance for the full tax liability shown. For
 7.3 distributors subject to the accelerated tax payment requirements in subdivision 10, the
 7.4 return for the May liability is due two business days before June 30th of the year and the
 7.5 return for the June liability is due on or before August 18th of the year.

7.6 **EFFECTIVE DATE.** This section is effective beginning with June 2014 tax
 7.7 liabilities.

7.8 Sec. 11. Minnesota Statutes 2012, section 297F.25, subdivision 2, is amended to read:

7.9 Subd. 2. **Payment.** Each taxpayer must remit payments of the taxes to the
 7.10 commissioner on the same dates prescribed under section 297F.09, subdivision 1, for
 7.11 cigarette tax returns, including the accelerated remittance of the June liability.

7.12 **EFFECTIVE DATE.** This section is effective beginning with June 2014 tax
 7.13 liabilities.

7.14 Sec. 12. Minnesota Statutes 2013 Supplement, section 477A.015, is amended to read:

7.15 **477A.015 PAYMENT DATES.**

7.16 The commissioner of revenue shall make the payments of local government aid to
 7.17 affected taxing authorities in ~~two~~ four installments on March 15, July 20 and December 26
 7.18 15, September 15, and November 15 annually.

7.19 When the commissioner of public safety determines that a local government has
 7.20 suffered financial hardship due to a natural disaster, the commissioner of public safety
 7.21 shall notify the commissioner of revenue, who shall make payments of aids under sections
 7.22 477A.011 to 477A.014, which are otherwise due on ~~December 26~~ November 15, as soon
 7.23 as is practical after the determination is made but not before July 20.

7.24 The commissioner may pay all or part of the payments of aids under sections
 7.25 477A.011 to 477A.014, which are due on ~~December 26~~ November 15 at any time after
 7.26 August 15 if a local government requests such payment as being necessary for meeting its
 7.27 cash flow needs. ~~For aids payable in 2013 only, a city that is located in an area deemed a~~
 7.28 ~~disaster area during the month of April 2013, as defined in section 12A.02, subdivision 5,~~
 7.29 ~~shall receive its December 26, 2013 payment with its July 20, 2013 payment.~~

7.30 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
 7.31 2015 and thereafter.

8.1 Sec. 13. **REPEALER.**

8.2 (a) Minnesota Statutes 2012, section 287.31, subdivision 3, is repealed.

8.3 (b) Minnesota Statutes 2012, sections 289A.60, subdivision 15; 297F.09, subdivision
8.4 10; and 297G.09, subdivision 9, are repealed.

8.5 **EFFECTIVE DATE.** Paragraph (a) is effective the day following final enactment.

8.6 Paragraph (b) is effective beginning with June 2014 tax liabilities.

287.31 VIOLATIONS; CIVIL PENALTIES.

Subd. 3. **Underpayments of accelerated payment of June tax receipts.** If a county fails to timely remit the state portion of the actual June tax receipts at the time required by section 287.12 or 287.29, the county shall pay a penalty equal to ten percent of the state portion of actual June receipts less the amount remitted to the commissioner of revenue in June. The penalty must not be imposed, however, if the amount remitted in June equals either:

- (1) 90 percent of the state's portion of the preceding May's receipts; or
- (2) 90 percent of the average monthly amount of the state's portion for the previous calendar year.

289A.60 CIVIL PENALTIES.

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

297F.09 RETURNS; PAYMENT OF TAX.

Subd. 10. **Accelerated tax payment; cigarette or tobacco products distributor.** A cigarette or tobacco products distributor having a liability of \$120,000 or more during a fiscal year ending June 30, shall remit the June liability for the next year in the following manner:

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

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

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

297G.09 RETURNS; PAYMENT OF TAX.

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

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

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

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