

A bill for an act

1.1 relating to the operation and financing of state and local government; making  
1.2 policy, technical, administrative, and clarifying changes to income, corporate  
1.3 franchise, estate, sales, use, mortgage, property, gross receipts, fuel, cigarette,  
1.4 tobacco, insurance, gambling, liquor, minerals, solid waste, and various taxes and  
1.5 tax-related provisions; modifying local government aid and tax data provisions;  
1.6 appropriating money for education, health, and human services; amending  
1.7 Minnesota Statutes 2008, sections 270B.14, subdivision 16; 270C.12, by adding  
1.8 a subdivision; 270C.446, subdivisions 2, 5; 270C.56, subdivision 1; 273.11,  
1.9 subdivision 23; 273.111, subdivision 4; 273.1115, subdivision 2; 273.1231,  
1.10 subdivision 8; 273.124, subdivisions 3, 3a, 13, 21; 273.13, subdivisions 23,  
1.11 25, 33; 273.33, subdivision 2; 273.37, subdivision 2; 274.13, subdivision  
1.12 2; 274.135, subdivision 3; 274.14; 274.175; 282.01, subdivisions 1, 1a, 1b,  
1.13 1c, 1d, 2, 3, 4, 7, 7a, by adding a subdivision; 287.04; 287.05, by adding a  
1.14 subdivision; 287.22; 287.2205; 287.25; 289A.08, subdivision 3; 289A.12, by  
1.15 adding a subdivision; 289A.18, subdivision 1; 289A.19, subdivision 4; 289A.31,  
1.16 subdivision 5; 289A.38, subdivision 7; 289A.41; 290.01, subdivision 19b;  
1.17 290.0671, subdivision 1; 290A.10; 290A.14; 290C.06; 290C.07; 295.56; 295.57,  
1.18 subdivision 5; 296A.21, subdivision 1; 297A.70, subdivisions 2, 4; 297A.992,  
1.19 subdivision 2; 297A.993, subdivision 1; 297E.02, subdivision 4; 297E.06, by  
1.20 adding a subdivision; 297E.11, subdivision 1; 297F.09, subdivision 7; 297G.09,  
1.21 subdivision 6; 297I.30, by adding a subdivision; 297I.35, subdivision 2;  
1.22 298.28, subdivision 11; 473.843, subdivision 3; 477A.011, subdivisions 34, 42;  
1.23 477A.013, subdivision 8; repealing Minnesota Statutes 2008, sections 282.01,  
1.24 subdivisions 9, 10, 11; 287.26; 287.27, subdivision 1; 297A.67, subdivision  
1.25 24; 298.28, subdivisions 11a, 13; 383A.76; Minnesota Rules, parts 8009.3000;  
1.26 8115.0200; 8115.0300; 8115.0400; 8115.0500; 8115.0600; 8115.1000;  
1.27 8115.1100; 8115.1200; 8115.1300; 8115.1400; 8115.1500; 8115.1600;  
1.28 8115.1700; 8115.1800; 8115.1900; 8115.2000; 8115.2100; 8115.2200;  
1.29 8115.2300; 8115.2400; 8115.2500; 8115.2600; 8115.2700; 8115.2800;  
1.30 8115.2900; 8115.3000; 8115.4000; 8115.4100; 8115.4200; 8115.4300;  
1.31 8115.4400; 8115.4500; 8115.4600; 8115.4700; 8115.4800; 8115.4900;  
1.32 8115.5000; 8115.5100; 8115.5200; 8115.5300; 8115.5400; 8115.5500;  
1.33 8115.5600; 8115.5700; 8115.5800; 8115.5900; 8115.6000; 8115.6100;  
1.34 8115.6200; 8115.6300; 8115.6400; 8115.9900.  
1.35

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

ARTICLE 1

INDIVIDUAL INCOME, CORPORATE FRANCHISE, AND ESTATE TAXES

Section 1. Minnesota Statutes 2008, section 289A.08, subdivision 3, is amended to read:

Subd. 3. **Corporations.** (a) A corporation that is subject to the state's jurisdiction to tax under section 290.014, subdivision 5, must file a return, except that a foreign operating corporation as defined in section 290.01, subdivision 6b, is not required to file a return.

(b) Members of a unitary business that are required to file a combined report on one return must designate a member of the unitary business to be responsible for tax matters, including the filing of returns, the payment of taxes, additions to tax, penalties, interest, or any other payment, and for the receipt of refunds of taxes or interest paid in excess of taxes lawfully due. The designated member must be a member of the unitary business that is filing the single combined report and either:

(1) a corporation that is subject to the taxes imposed by chapter 290; or

(2) a corporation that is not subject to the taxes imposed by chapter 290:

(i) Such corporation consents by filing the return as a designated member under this clause to remit taxes, penalties, interest, or additions to tax due from the members of the unitary business subject to tax, and receive refunds or other payments on behalf of other members of the unitary business. The member designated under this clause is a "taxpayer" for the purposes of this chapter and chapter 270C, and is liable for any liability imposed on the unitary business under this chapter and chapter 290.

(ii) If the state does not otherwise have the jurisdiction to tax the member designated under this clause, consenting to be the designated member does not create the jurisdiction to impose tax on the designated member, other than as described in item (i).

(iii) The member designated under this clause must apply for a business tax account identification number.

(c) The commissioner shall adopt rules for the filing of one return on behalf of the members of an affiliated group of corporations that are required to file a combined report. All members of an affiliated group that are required to file a combined report must file one return on behalf of the members of the group under rules adopted by the commissioner.

(d) If a corporation claims on a return that it has paid tax in excess of the amount of taxes lawfully due, that corporation must include on that return information necessary for payment of the tax in excess of the amount lawfully due by electronic means.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2008.

3.1 Sec. 2. Minnesota Statutes 2008, section 289A.12, is amended by adding a subdivision  
3.2 to read:

3.3 Subd. 16. **Qualified intermediaries.** The commissioner may by notice and demand  
3.4 require a qualified intermediary to file a return relating to transactions for which the  
3.5 intermediary acted to facilitate exchanges under section 1031 of the Internal Revenue  
3.6 Code. The return must include the name, address, and state or federal tax identification  
3.7 number or Social Security number of each of the parties to the exchange, information  
3.8 relating to the property subject to the exchange, and any other information required by  
3.9 the commissioner.

3.10 **EFFECTIVE DATE.** This section is effective July 1, 2009, and applies to all  
3.11 transactions whether facilitated on, before, or after that date.

3.12 Sec. 3. Minnesota Statutes 2008, section 289A.18, subdivision 1, is amended to read:

3.13 Subdivision 1. **Individual income, fiduciary income, corporate franchise, and**  
3.14 **entertainment taxes; partnership and S corporation returns; information returns;**  
3.15 **mining company returns.** The returns required to be made under sections 289A.08 and  
3.16 289A.12 must be filed at the following times:

3.17 (1) returns made on the basis of the calendar year must be filed on April 15 following  
3.18 the close of the calendar year, except that returns of corporations must be filed on March  
3.19 15 following the close of the calendar year;

3.20 (2) returns made on the basis of the fiscal year must be filed on the 15th day of the  
3.21 fourth month following the close of the fiscal year, except that returns of corporations  
3.22 must be filed on the 15th day of the third month following the close of the fiscal year;

3.23 (3) returns for a fractional part of a year must be filed on the 15th day of the fourth  
3.24 month following the end of the month in which falls the last day of the period for which  
3.25 the return is made, except that the returns of corporations must be filed on the 15th day of  
3.26 the third month following the end of the tax year; or, in the case of a corporation which is  
3.27 a member of a unitary group, the return of the corporation must be filed on the 15th day of  
3.28 the third month following the end of the tax year of the unitary group in which falls the  
3.29 last day of the period for which the return is made;

3.30 (4) in the case of a final return of a decedent for a fractional part of a year, the return  
3.31 must be filed on the 15th day of the fourth month following the close of the 12-month  
3.32 period that began with the first day of that fractional part of a year;

3.33 (5) in the case of the return of a cooperative association, returns must be filed on or  
3.34 before the 15th day of the ninth month following the close of the taxable year;

4.1 (6) if a corporation has been divested from a unitary group and files a return for  
4.2 a fractional part of a year in which it was a member of a unitary business that files a  
4.3 combined report under section 290.17, subdivision 4, the divested corporation's return  
4.4 must be filed on the 15th day of the third month following the close of the common  
4.5 accounting period that includes the fractional year;

4.6 (7) returns of entertainment entities must be filed on April 15 following the close of  
4.7 the calendar year;

4.8 (8) returns required to be filed under section 289A.08, subdivision 4, must be filed  
4.9 on the 15th day of the fifth month following the close of the taxable year;

4.10 (9) returns of mining companies must be filed on May 1 following the close of the  
4.11 calendar year; and

4.12 (10) returns required to be filed with the commissioner under section 289A.12,  
4.13 subdivision 2 ~~or~~ 4 to 10, or 16 must be filed within 30 days after being demanded by  
4.14 the commissioner.

4.15 **EFFECTIVE DATE.** This section is effective July 1, 2009.

4.16 Sec. 4. Minnesota Statutes 2008, section 289A.19, subdivision 4, is amended to read:

4.17 Subd. 4. **Estate tax returns.** ~~When an extension to file the federal estate tax return~~  
4.18 ~~has been granted under section 6081 of the Internal Revenue Code, the time for filing~~  
4.19 ~~the estate tax return is extended for that period. If the estate requests an extension to~~  
4.20 ~~file an estate tax return within the time provided in section 289A.18, subdivision 3, the~~  
4.21 ~~commissioner shall extend the time for filing the estate tax return for six months. The time~~  
4.22 for filing an estate tax return shall be extended for either six months or the amount of  
4.23 time granted under section 6081 of the Internal Revenue Code to file the federal estate  
4.24 tax return, whichever is longer.

4.25 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after  
4.26 December 31, 2008.

4.27 Sec. 5. Minnesota Statutes 2008, section 289A.31, subdivision 5, is amended to read:

4.28 Subd. 5. **Withholding tax, withholding from payments to out-of-state**  
4.29 **contractors, and withholding by partnerships and small business corporations.** (a)  
4.30 Except as provided in paragraph (b), an employer or person withholding tax under section  
4.31 290.92 or 290.923, subdivision 2, who fails to pay to or deposit with the commissioner a  
4.32 sum or sums required by those sections to be deducted, withheld, and paid, is personally  
4.33 and individually liable to the state for the sum or sums, and added penalties and interest,

5.1 and is not liable to another person for that payment or payments. The sum or sums  
5.2 deducted and withheld under section 290.92, subdivision 2a or 3, or 290.923, subdivision  
5.3 2, must be held as a special fund in trust for the state of Minnesota.

5.4 (b) If the employer or person withholding tax under section 290.92 or 290.923,  
5.5 subdivision 2, fails to deduct and withhold the tax in violation of those sections, and later  
5.6 the taxes against which the tax may be credited are paid, the tax required to be deducted  
5.7 and withheld will not be collected from the employer. This does not, however, relieve the  
5.8 employer from liability for any penalties and interest otherwise applicable for failure to  
5.9 deduct and withhold. This paragraph does not apply to an employer subject to paragraph  
5.10 (g), or to a contractor required to withhold under section 290.92, subdivision 31.

5.11 (c) Liability for payment of withholding taxes includes a responsible person or entity  
5.12 described in the personal liability provisions of section 270C.56.

5.13 (d) Liability for payment of withholding taxes includes a third party lender or surety  
5.14 described in section 270C.59.

5.15 (e) A partnership or S corporation required to withhold and remit tax under section  
5.16 290.92, subdivisions 4b and 4c, is liable for payment of the tax to the commissioner, and a  
5.17 person having control of or responsibility for the withholding of the tax or the filing of  
5.18 returns due in connection with the tax is personally liable for the tax due.

5.19 (f) A payor of sums required to be withheld under section 290.9705, subdivision  
5.20 1, is liable to the state for the amount required to be deducted, and is not liable to an  
5.21 out-of-state contractor for the amount of the payment.

5.22 (g) If an employer fails to withhold tax from the wages of an employee when  
5.23 required to do so under section 290.92, subdivision 2a, by reason of treating such  
5.24 employee as not being an employee, then the liability for tax is equal to three percent of  
5.25 the wages paid to the employee. The liability for tax of an employee is not affected by  
5.26 the assessment or collection of tax under this paragraph. The employer is not entitled to  
5.27 recover from the employee any tax determined under this paragraph.

5.28 **EFFECTIVE DATE.** This section is effective for taxes required to be withheld  
5.29 after June 30, 2009.

5.30 Sec. 6. Minnesota Statutes 2008, section 289A.38, subdivision 7, is amended to read:

5.31 Subd. 7. **Federal tax changes.** If the amount of income, items of tax preference,  
5.32 deductions, or credits for any year of a taxpayer, or the wages paid by a taxpayer for  
5.33 any period, as reported to the Internal Revenue Service is changed or corrected by the  
5.34 commissioner of Internal Revenue or other officer of the United States or other competent  
5.35 authority, or where a renegotiation of a contract or subcontract with the United States

6.1 results in a change in income, items of tax preference, deductions, credits, or withholding  
6.2 tax, or, in the case of estate tax, where there are adjustments to the taxable estate, the  
6.3 taxpayer shall report the change or correction or renegotiation results in writing to the  
6.4 commissioner. The report must be submitted within 180 days after the final determination  
6.5 and must be in the form of either an amended Minnesota estate, withholding tax, corporate  
6.6 franchise tax, or income tax return conceding the accuracy of the federal determination  
6.7 or a letter detailing how the federal determination is incorrect or does not change the  
6.8 Minnesota tax. An amended Minnesota income tax return must be accompanied by an  
6.9 amended property tax refund return, if necessary. A taxpayer filing an amended federal  
6.10 tax return must also file a copy of the amended return with the commissioner of revenue  
6.11 within 180 days after filing the amended return.

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

6.13 Sec. 7. Minnesota Statutes 2008, section 290.01, subdivision 19b, is amended to read:

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

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

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

6.22 (3) the amount paid to others, less the amount used to claim the credit allowed under  
6.23 section 290.0674, not to exceed \$1,625 for each qualifying child in grades kindergarten  
6.24 to 6 and \$2,500 for each qualifying child in grades 7 to 12, for tuition, textbooks, and  
6.25 transportation of each qualifying child in attending an elementary or secondary school  
6.26 situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a  
6.27 resident of this state may legally fulfill the state's compulsory attendance laws, which  
6.28 is not operated for profit, and which adheres to the provisions of the Civil Rights Act  
6.29 of 1964 and chapter 363A. For the purposes of this clause, "tuition" includes fees or  
6.30 tuition as defined in section 290.0674, subdivision 1, clause (1). As used in this clause,  
6.31 "textbooks" includes books and other instructional materials and equipment purchased  
6.32 or leased for use in elementary and secondary schools in teaching only those subjects  
6.33 legally and commonly taught in public elementary and secondary schools in this state.  
6.34 Equipment expenses qualifying for deduction includes expenses as defined and limited in  
6.35 section 290.0674, subdivision 1, clause (3). "Textbooks" does not include instructional

7.1 books and materials used in the teaching of religious tenets, doctrines, or worship, the  
7.2 purpose of which is to instill such tenets, doctrines, or worship, nor does it include books  
7.3 or materials for, or transportation to, extracurricular activities including sporting events,  
7.4 musical or dramatic events, speech activities, driver's education, or similar programs. No  
7.5 deduction is permitted for any expense the taxpayer incurred in using the taxpayer's or  
7.6 the qualifying child's vehicle to provide such transportation for a qualifying child. For  
7.7 purposes of the subtraction provided by this clause, "qualifying child" has the meaning  
7.8 given in section 32(c)(3) of the Internal Revenue Code;

7.9 (4) income as provided under section 290.0802;

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

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

7.18 (7) for taxable years beginning before January 1, 2008, the amount of the federal  
7.19 small ethanol producer credit allowed under section 40(a)(3) of the Internal Revenue Code  
7.20 which is included in gross income under section 87 of the Internal Revenue Code;

7.21 (8) for individuals who are allowed a federal foreign tax credit for taxes that do not  
7.22 qualify for a credit under section 290.06, subdivision 22, an amount equal to the carryover  
7.23 of subnational foreign taxes for the taxable year, but not to exceed the total subnational  
7.24 foreign taxes reported in claiming the foreign tax credit. For purposes of this clause,  
7.25 "federal foreign tax credit" means the credit allowed under section 27 of the Internal  
7.26 Revenue Code, and "carryover of subnational foreign taxes" equals the carryover allowed  
7.27 under section 904(c) of the Internal Revenue Code minus national level foreign taxes to  
7.28 the extent they exceed the federal foreign tax credit;

7.29 (9) in each of the five tax years immediately following the tax year in which an  
7.30 addition is required under subdivision 19a, clause (7), or 19c, clause (15), in the case  
7.31 of a shareholder of a corporation that is an S corporation, an amount equal to one-fifth  
7.32 of the delayed depreciation. For purposes of this clause, "delayed depreciation" means  
7.33 the amount of the addition made by the taxpayer under subdivision 19a, clause (7), or  
7.34 subdivision 19c, clause (15), in the case of a shareholder of an S corporation, minus the  
7.35 positive value of any net operating loss under section 172 of the Internal Revenue Code

8.1 generated for the tax year of the addition. The resulting delayed depreciation cannot be  
8.2 less than zero;

8.3 (10) job opportunity building zone income as provided under section 469.316;

8.4 (11) to the extent included in federal taxable income, the amount of compensation  
8.5 paid to members of the Minnesota National Guard or other reserve components of the  
8.6 United States military for active service performed in Minnesota, excluding compensation  
8.7 for services performed under the Active Guard Reserve (AGR) program. For purposes of  
8.8 this clause, "active service" means (i) state active service as defined in section 190.05,  
8.9 subdivision 5a, clause (1); (ii) federally funded state active service as defined in section  
8.10 190.05, subdivision 5b; or (iii) federal active service as defined in section 190.05,  
8.11 subdivision 5c, but "active service" excludes service performed in accordance with section  
8.12 190.08, subdivision 3;

8.13 (12) to the extent included in federal taxable income, the amount of compensation  
8.14 paid to Minnesota residents who are members of the armed forces of the United States or  
8.15 United Nations for active duty performed outside Minnesota under United States Code,  
8.16 title 10, section 101(d); United States Code, title 32, section 101(12); or the authority of  
8.17 the United Nations;

8.18 (13) an amount, not to exceed \$10,000, equal to qualified expenses related to a  
8.19 qualified donor's donation, while living, of one or more of the qualified donor's organs  
8.20 to another person for human organ transplantation. For purposes of this clause, "organ"  
8.21 means all or part of an individual's liver, pancreas, kidney, intestine, lung, or bone marrow;  
8.22 "human organ transplantation" means the medical procedure by which transfer of a human  
8.23 organ is made from the body of one person to the body of another person; "qualified  
8.24 expenses" means unreimbursed expenses for both the individual and the qualified donor  
8.25 for (i) travel, (ii) lodging, and (iii) lost wages net of sick pay, except that such expenses  
8.26 may be subtracted under this clause only once; and "qualified donor" means the individual  
8.27 or the individual's dependent, as defined in section 152 of the Internal Revenue Code. An  
8.28 individual may claim the subtraction in this clause for each instance of organ donation for  
8.29 transplantation during the taxable year in which the qualified expenses occur;

8.30 (14) in each of the five tax years immediately following the tax year in which an  
8.31 addition is required under subdivision 19a, clause (8), or 19c, clause (16), in the case of a  
8.32 shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the  
8.33 addition made by the taxpayer under subdivision 19a, clause (8), or 19c, clause (16), in the  
8.34 case of a shareholder of a corporation that is an S corporation, minus the positive value of  
8.35 any net operating loss under section 172 of the Internal Revenue Code generated for the



9.1 tax year of the addition. If the net operating loss exceeds the addition for the tax year, a  
9.2 subtraction is not allowed under this clause;

9.3 (15) to the extent included in federal taxable income, compensation paid to a service  
9.4 member as defined in United States Code, title 10, section 101(a)(5), for military service  
9.5 as defined in the Servicemembers Civil Relief Act, Public Law 108-189, section 101(2);

9.6 (16) international economic development zone income as provided under section  
9.7 469.325; and

9.8 (17) to the extent included in federal taxable income, the amount of national service  
9.9 educational awards received from the National Service Trust under United States Code,  
9.10 title 42, sections 12601 to 12604, for service in an approved Americorps National Service  
9.11 program.

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

9.13 Sec. 8. Minnesota Statutes 2008, section 290.0671, subdivision 1, is amended to read:

9.14 Subdivision 1. **Credit allowed.** (a) An individual is allowed a credit against the tax  
9.15 imposed by this chapter equal to a percentage of earned income. To receive a credit, a  
9.16 taxpayer must be eligible for a credit under section 32 of the Internal Revenue Code.

9.17 (b) For individuals with no qualifying children, the credit equals 1.9125 percent of  
9.18 the first \$4,620 of earned income. The credit is reduced by 1.9125 percent of earned  
9.19 income or adjusted gross income, whichever is greater, in excess of \$5,770, but in no  
9.20 case is the credit less than zero.

9.21 (c) For individuals with one qualifying child, the credit equals 8.5 percent of the first  
9.22 \$6,920 of earned income and 8.5 percent of earned income over \$12,080 but less than  
9.23 \$13,450. The credit is reduced by 5.73 percent of earned income or adjusted gross income,  
9.24 whichever is greater, in excess of \$15,080, but in no case is the credit less than zero.

9.25 (d) For individuals with two or more qualifying children, the credit equals ten  
9.26 percent of the first \$9,720 of earned income and 20 percent of earned income over  
9.27 \$14,860 but less than \$16,800. The credit is reduced by 10.3 percent of earned income  
9.28 or adjusted gross income, whichever is greater, in excess of \$17,890, but in no case is  
9.29 the credit less than zero.

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

9.32 (f) For a person who was a resident for the entire tax year and has earned income  
9.33 not subject to tax under this chapter, including income excluded under section 290.01,  
9.34 subdivision 19b, clause (10) or (16), the credit must be allocated based on the ratio of  
9.35 federal adjusted gross income reduced by the earned income not subject to tax under

10.1 this chapter over federal adjusted gross income. For purposes of this paragraph, the  
10.2 subtractions for military pay under section 290.01, subdivision 19b, clauses (11) and (12),  
10.3 are not considered "earned income not subject to tax under this chapter."

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

10.7 ~~(g) For tax years beginning after December 31, 2001, and before December 31,~~  
10.8 ~~2004, the \$5,770 in paragraph (b), the \$15,080 in paragraph (c), and the \$17,890 in~~  
10.9 ~~paragraph (d), after being adjusted for inflation under subdivision 7, are each increased by~~  
10.10 ~~\$1,000 for married taxpayers filing joint returns.~~

10.11 ~~(h) For tax years beginning after December 31, 2004, and before December 31,~~  
10.12 ~~2007, the \$5,770 in paragraph (b), the \$15,080 in paragraph (c), and the \$17,890 in~~  
10.13 ~~paragraph (d), after being adjusted for inflation under subdivision 7, are each increased by~~  
10.14 ~~\$2,000 for married taxpayers filing joint returns.~~

10.15 ~~(i)~~ (g) For tax years beginning after December 31, 2007, and before December  
10.16 31, 2010, the \$5,770 in paragraph (b), the \$15,080 in paragraph (c), and the \$17,890 in  
10.17 paragraph (d), after being adjusted for inflation under subdivision 7, are each increased by  
10.18 \$3,000 for married taxpayers filing joint returns. For tax years beginning after December  
10.19 31, 2008, the commissioner shall annually adjust the \$3,000 is adjusted annually for  
10.20 inflation under subdivision 7. by the percentage determined pursuant to the provisions  
10.21 of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B), the word  
10.22 "2007" shall be substituted for the word "1992." For 2009, the commissioner shall then  
10.23 determine the percent change from the 12 months ending on August 31, 2007, to the 12  
10.24 months ending on August 31, 2008, and in each subsequent year, from the 12 months  
10.25 ending on August 31, 2007, to the 12 months ending on August 31 of the year preceding  
10.26 the taxable year. The earned income thresholds as adjusted for inflation must be rounded  
10.27 to the nearest \$10. If the amount ends in \$5, the amount is rounded up to the nearest \$10.  
10.28 The determination of the commissioner under this subdivision is not a rule under the  
10.29 Administrative Procedure Act.

10.30 ~~(j)~~ (h) The commissioner shall construct tables showing the amount of the credit  
10.31 at various income levels and make them available to taxpayers. The tables shall follow  
10.32 the schedule contained in this subdivision, except that the commissioner may graduate  
10.33 the transition between income brackets.

10.34 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
10.35 December 31, 2008.

11.1 Sec. 9. Minnesota Statutes 2008, section 290A.10, is amended to read:

11.2 **290A.10 PROOF OF TAXES PAID.**

11.3 Every claimant who files a claim for relief for property taxes payable shall include  
11.4 with the claim a property tax statement or a reproduction thereof in a form deemed  
11.5 satisfactory by the commissioner of revenue indicating that there are no delinquent  
11.6 property taxes on the homestead. Indication on the property tax statement from the county  
11.7 treasurer that there are no delinquent taxes on the homestead shall be sufficient proof.  
11.8 Taxes included in a confession of judgment under section 277.23 or 279.37 shall not  
11.9 constitute delinquent taxes as long as the claimant is current on the payments required to  
11.10 be made under section 277.23 or 279.37.

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

11.12 Sec. 10. Minnesota Statutes 2008, section 290A.14, is amended to read:

11.13 **290A.14 PROPERTY TAX STATEMENT.**

11.14 The county treasurer shall prepare and send a sufficient number of copies of the  
11.15 property tax statement to the owner, and to the owner's escrow agent if the taxes are  
11.16 paid via an escrow account, to enable the owner to comply with the filing requirements  
11.17 of this chapter and to retain one copy as a record. The property tax statement, in a form  
11.18 prescribed by the commissioner, shall indicate the manner in which the claimant may  
11.19 claim relief from the state under both this chapter and chapter 290B, and the amount of the  
11.20 tax for which the applicant may claim relief. The statement shall also indicate if there  
11.21 are delinquent property taxes on the property in the preceding year. Taxes included in a  
11.22 confession of judgment under section 277.23 or 279.37 shall not constitute delinquent  
11.23 taxes as long as the claimant is current on the payments required to be made under section  
11.24 277.23 or 279.37.

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

11.26 Sec. 11. **REPEALER.**

11.27 Minnesota Rules, part 8009.3000, is repealed.

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

ARTICLE 2

SALES AND USE TAXES

12.1  
12.2  
12.3  
12.4  
12.5  
12.6  
12.7  
12.8  
12.9  
12.10  
12.11  
12.12  
12.13  
12.14  
12.15  
12.16  
12.17  
12.18  
12.19  
12.20  
12.21  
12.22  
12.23  
12.24  
12.25  
12.26  
12.27  
12.28  
12.29  
12.30  
12.31  
12.32  
12.33  
12.34  
12.35

Section 1. Minnesota Statutes 2008, section 297A.70, subdivision 2, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

(4) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause (2), and prepared food, candy, ~~and~~ soft drinks, and alcoholic beverages as defined in

13.1 section 297A.67, subdivision 2, except for lodging, prepared food, candy, ~~and~~ soft  
13.2 drinks, and alcoholic beverages purchased directly by the United States or its agencies  
13.3 or instrumentalities.

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

13.7 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
13.8 June 30, 2009.

13.9 Sec. 2. Minnesota Statutes 2008, section 297A.70, subdivision 4, is amended to read:

13.10 Subd. 4. **Sales to nonprofit groups.** (a) All sales, except those listed in paragraph  
13.11 (b), to the following "nonprofit organizations" are exempt:

13.12 (1) a corporation, society, association, foundation, or institution organized and  
13.13 operated exclusively for charitable, religious, or educational purposes if the item  
13.14 purchased is used in the performance of charitable, religious, or educational functions; and

13.15 (2) any senior citizen group or association of groups that:

13.16 (i) in general limits membership to persons who are either age 55 or older, or  
13.17 physically disabled; ~~and~~

13.18 (ii) is organized and operated exclusively for pleasure, recreation, and other  
13.19 nonprofit purposes, not including housing, no part of the net earnings of which inures to  
13.20 the benefit of any private shareholders; and

13.21 (iii) is an exempt organization under section 501(c) of the Internal Revenue Code.

13.22 For purposes of this subdivision, charitable purpose includes the maintenance of a  
13.23 cemetery owned by a religious organization.

13.24 (b) This exemption does not apply to the following sales:

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

13.29 (2) construction materials purchased by tax-exempt entities or their contractors to  
13.30 be used in constructing buildings or facilities that will not be used principally by the  
13.31 tax-exempt entities; and

13.32 (3) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause  
13.33 (2), and prepared food, candy, ~~and~~ soft drinks, and alcoholic beverages as defined in

14.1 section 297A.67, subdivision 2, except wine purchased by an established religious  
14.2 organization for sacramental purposes; and

14.3 (4) leasing of a motor vehicle as defined in section 297B.01, subdivision 11, except  
14.4 as provided in paragraph (c).

14.5 (c) This exemption applies to the leasing of a motor vehicle as defined in section  
14.6 297B.01, subdivision 11, only if the vehicle is:

14.7 (1) a truck, as defined in section 168.002, a bus, as defined in section 168.002, or a  
14.8 passenger automobile, as defined in section 168.002, if the automobile is designed and  
14.9 used for carrying more than nine persons including the driver; and

14.10 (2) intended to be used primarily to transport tangible personal property or  
14.11 individuals, other than employees, to whom the organization provides service in  
14.12 performing its charitable, religious, or educational purpose.

14.13 (d) A limited liability company also qualifies for exemption under this subdivision if  
14.14 (1) it consists of a sole member that would qualify for the exemption, and (2) the items  
14.15 purchased qualify for the exemption.

14.16 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
14.17 June 30, 2009, except that the amendment to paragraph (a) is effective the day following  
14.18 final enactment.

14.19 Sec. 3. Minnesota Statutes 2008, section 297A.992, subdivision 2, is amended to read:

14.20 Subd. 2. **Authorization; rates.** (a) Notwithstanding section 297A.99, subdivisions  
14.21 1, 2, and 3, or 477A.016, or any other law, the board of a county participating in a  
14.22 joint powers agreement as specified in this section shall impose by resolution (1) a  
14.23 transportation sales and use tax at a rate of one-quarter of one percent on retail sales and  
14.24 uses taxable under this chapter, and (2) an excise tax of \$20 per motor vehicle, as defined  
14.25 in section 297B.01, subdivision 5, purchased or acquired from any person engaged in the  
14.26 business of selling motor vehicles at retail, occurring within the jurisdiction of the taxing  
14.27 authority. The taxes authorized are to fund transportation improvements as specified in  
14.28 this section, including debt service on obligations issued to finance such improvements  
14.29 pursuant to subdivision 7.

14.30 (b) The tax imposed under this section is not included in determining if the total tax  
14.31 on lodging in the city of Minneapolis exceeds the maximum allowed tax under Laws 1986,  
14.32 chapter 396, section 5, as amended by Laws 2001, First Special Session chapter 5, article  
14.33 12, section 87, or in determining a tax that may be imposed under any other limitations.

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

15.1 Sec. 4. Minnesota Statutes 2008, section 297A.993, subdivision 1, is amended to read:

15.2 Subdivision 1. **Authorization; rates.** Notwithstanding section 297A.99,  
15.3 subdivisions 1, 2, 3, 5, and 13, or 477A.016, or any other law, the board of a county outside  
15.4 the metropolitan transportation area, as defined under section 297A.992, subdivision 1, or  
15.5 more than one county outside the metropolitan transportation area acting under a joint  
15.6 powers agreement, may impose (1) a transportation sales tax at a rate of up to one-half of  
15.7 one percent on retail sales and uses taxable under this chapter, and (2) an excise tax of \$20  
15.8 per motor vehicle, as defined in section 297B.01, subdivision 5, purchased or acquired  
15.9 from any person engaged in the business of selling motor vehicles at retail, occurring  
15.10 within the jurisdiction of the taxing authority. The taxes imposed under this section are  
15.11 subject to approval by a majority of the voters in each of the counties affected at a general  
15.12 election who vote on the question to impose the taxes.

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

15.14 Sec. 5. **REPEALER.**

15.15 Minnesota Statutes 2008, section 297A.67, subdivision 24, is repealed.

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

### 15.17 **ARTICLE 3**

### 15.18 **SPECIAL TAXES**

15.19 Section 1. Minnesota Statutes 2008, section 287.04, is amended to read:

#### 15.20 **287.04 EXEMPTIONS.**

15.21 The tax imposed by section 287.035 does not apply to:

15.22 (a) A decree of marriage dissolution or an instrument made pursuant to it.

15.23 (b) A mortgage given to correct a misdescription of the mortgaged property.

15.24 (c) A mortgage or other instrument that adds additional security for the same debt  
15.25 for which mortgage registry tax has been paid.

15.26 (d) A contract for the conveyance of any interest in real property, including a  
15.27 contract for deed.

15.28 (e) A mortgage secured by real property subject to the minerals production tax of  
15.29 sections 298.24 to 298.28.

15.30 (f) The principal amount of a mortgage loan made under a low and moderate  
15.31 income or other affordable housing program, if the mortgagee is a federal, state, or local  
15.32 government agency.

15.33 (g) Mortgages granted by fraternal benefit societies subject to section 64B.24.

16.1 (h) A mortgage amendment or extension, as defined in section 287.01.

16.2 (i) An agricultural mortgage if the proceeds of the loan secured by the mortgage are  
16.3 used to acquire or improve real property classified under section 273.13, subdivision 23,  
16.4 paragraph (a), or (b), ~~clause (1), (2), or (3).~~

16.5 (j) A mortgage on an armory building as set forth in section 193.147.

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

16.7 Sec. 2. Minnesota Statutes 2008, section 287.05, is amended by adding a subdivision  
16.8 to read:

16.9 **Subd. 9. Modification of mortgage.** If a mortgage, or a document modifying a  
16.10 mortgage, contains more than one statement that purports to limit: the enforcement of  
16.11 the mortgage to a certain dollar amount; the tax imposed on the mortgage under this  
16.12 chapter; or the effect of a modifying document, including but not limited to the statements  
16.13 authorized in subdivisions 1, 1a, and 8, then the tax must be imposed based on the  
16.14 combined effect, if any, of all the statements.

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

16.16 Sec. 3. Minnesota Statutes 2008, section 287.22, is amended to read:

16.17 **287.22 EXEMPTIONS.**

16.18 The tax imposed by section 287.21 does not apply to:

16.19 (1) an executory contract for the sale of real property under which the purchaser is  
16.20 entitled to or does take possession of the real property, or any assignment or cancellation  
16.21 of the contract;

16.22 (2) a mortgage or an amendment, assignment, extension, partial release, or  
16.23 satisfaction of a mortgage;

16.24 (3) a will;

16.25 (4) a plat;

16.26 (5) a lease, amendment of lease, assignment of lease, or memorandum of lease;

16.27 (6) a deed, instrument, or writing in which the United States or any agency or  
16.28 instrumentality thereof is the grantor, assignor, transferor, conveyer, grantee, or assignee;

16.29 (7) a deed for a cemetery lot or lots;

16.30 (8) a deed of distribution by a personal representative;

16.31 (9) a deed to or from a co-owner partitioning their undivided interest in the same  
16.32 piece of real property;



17.1 (10) a deed or other instrument of conveyance issued pursuant to a permanent school  
17.2 fund land exchange under section 92.121 and related laws;

17.3 (11) a referee's or sheriff's certificate of sale in a mortgage or lien foreclosure sale;

17.4 (12) a referee's, sheriff's, or certificate holder's certificate of redemption from a  
17.5 mortgage or lien foreclosure sale issued under section 580.23 or other statute applicable to  
17.6 redemption by an owner of real property;

17.7 (13) a deed, instrument, or writing which grants, creates, modifies, or terminates  
17.8 an easement;

17.9 (14) a decree of marriage dissolution, as defined in section 287.01, subdivision 4,  
17.10 or a deed or other instrument between the parties to the dissolution made pursuant to the  
17.11 terms of the decree; and

17.12 (15) a transfer on death deed under section 507.071, and any affidavit or other  
17.13 document to the extent it references a transfer on death deed.

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

17.15 Sec. 4. Minnesota Statutes 2008, section 287.25, is amended to read:

17.16 **287.25 PAYMENT OF TAX, ~~STAMPS.~~**

17.17 Except for documents filed electronically, ~~the county board shall determine the~~  
17.18 ~~method for collection of the tax imposed by section 287.21:~~

17.19 ~~(1) The tax imposed by section 287.21 may be paid by the affixing of a documentary~~  
17.20 ~~stamp or stamps in the amount of the tax to the document or instrument with respect to~~  
17.21 ~~which the tax is paid, provided that the county board may permit the payment of the~~  
17.22 ~~tax without the affixing of the documentary stamps and in such cases shall direct the~~  
17.23 ~~treasurer to endorse a receipt for such tax upon the face of the document or instrument.~~  
17.24 ~~Documents submitted electronically must have the deed tax data affixed electronically and~~  
17.25 ~~the tax paid as provided in section 287.08.~~

17.26 ~~(2)~~ the tax imposed by section 287.21 may must be paid in the manner prescribed by  
17.27 section 287.08 relating to payment of mortgage registration tax, and the treasurer must  
17.28 endorse a receipt for the tax on the face of the document or instrument.

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

17.30 Sec. 5. Minnesota Statutes 2008, section 295.56, is amended to read:

17.31 **295.56 TRANSFER OF ACCOUNTS RECEIVABLE.**

17.32 When a hospital ~~or~~, surgical center, health care provider, or wholesale drug  
17.33 distributor transfers, assigns, or sells accounts receivable to another person who is subject

18.1 to tax under this chapter, liability for the tax on the accounts receivable is imposed on the  
18.2 transferee, assignee, or buyer of the accounts receivable. No liability for these accounts  
18.3 receivable is imposed on the transferor, assignor, or seller of the accounts receivable.

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

18.5 Sec. 6. Minnesota Statutes 2008, section 295.57, subdivision 5, is amended to read:

18.6 Subd. 5. **Exemption for amounts paid for legend drugs.** If a hospital, surgical  
18.7 center, or health care provider cannot determine the actual cost or reimbursement of  
18.8 legend drugs under the exemption provided in section 295.53, subdivision 1, paragraph  
18.9 (a), clause ~~(6)~~ (5), the following method must be used:

18.10 A hospital, surgical center, or health care provider must determine the amount paid  
18.11 for legend drugs used during the month or quarter and multiply that amount by a ratio,  
18.12 the numerator of which is the total amount received for taxable patient services, and the  
18.13 denominator of which is the total amount received for all patient services, including  
18.14 amounts exempt under section 295.53, subdivision 1. The result represents the allowable  
18.15 exemption for the monthly or quarterly cost of drugs.

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

18.17 Sec. 7. Minnesota Statutes 2008, section 296A.21, subdivision 1, is amended to read:

18.18 Subdivision 1. **General rules.** (a) The commissioner shall make determinations,  
18.19 corrections, assessments, and refunds with respect to taxes and fees under this chapter,  
18.20 including interest, additions to taxes, and assessable penalties. Except as otherwise  
18.21 provided in this section, the amount of taxes assessable must be assessed within 3-1/2  
18.22 years after the date the return is filed. For purposes of this section, a tax return filed before  
18.23 the last day prescribed by law for filing is considered to be filed on the last day.

18.24 (b) A claim for a refund of an overpayment of state tax or fees must be filed within  
18.25 3-1/2 years from the date prescribed for filing the return, plus any extension of time  
18.26 granted for filing the return, but only if filed within the extended time; or the claim must  
18.27 be filed within one year from the date of an order assessing tax or fees, or from the date of  
18.28 a return filed by the commissioner, upon payment in full of the tax, fees, penalties, and  
18.29 interest shown on the order or return, whichever period expires later.

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

18.31 Sec. 8. Minnesota Statutes 2008, section 297E.02, subdivision 4, is amended to read:

19.1 Subd. 4. **Pull-tab and tipboard tax.** (a) A tax is imposed on the sale of each deal  
19.2 of pull-tabs and tipboards sold by a distributor. The rate of the tax is 1.7 percent of the  
19.3 ideal gross of the pull-tab or tipboard deal. The sales tax imposed by chapter 297A on the  
19.4 sale of the pull-tabs and tipboards by the distributor is imposed on the retail sales price  
19.5 less the tax imposed by this subdivision. The retail sale of pull-tabs or tipboards by the  
19.6 organization is exempt from taxes imposed by chapter 297A and is exempt from all local  
19.7 taxes and license fees except a fee authorized under section 349.16, subdivision 8.

19.8 (b) The liability for the tax imposed by this section is incurred when the pull-tabs  
19.9 and tipboards are delivered by the distributor to the customer or to a common or contract  
19.10 carrier for delivery to the customer, or when received by the customer's authorized  
19.11 representative at the distributor's place of business, regardless of the distributor's method  
19.12 of accounting or the terms of the sale.

19.13 The tax imposed by this subdivision is imposed on all sales of pull-tabs and  
19.14 tipboards, except the following:

19.15 (1) sales to the governing body of an Indian tribal organization for use on an Indian  
19.16 reservation;

19.17 (2) sales to distributors licensed under the laws of another state or of a province of  
19.18 Canada, as long as all statutory and regulatory requirements are met in the other state or  
19.19 province;

19.20 (3) sales of promotional tickets as defined in section 349.12; and

19.21 (4) pull-tabs and tipboards sold to an organization that sells pull-tabs and tipboards  
19.22 under the exemption from licensing in section 349.166, subdivision 2. A distributor shall  
19.23 require an organization conducting exempt gambling to show proof of its exempt status  
19.24 before making a tax-exempt sale of pull-tabs or tipboards to the organization. A distributor  
19.25 shall identify, on all reports submitted to the commissioner, all sales of pull-tabs and  
19.26 tipboards that are exempt from tax under this subdivision.

19.27 (c) A distributor having a liability of ~~\$120,000~~ \$10,000 or more during a fiscal year  
19.28 ending June 30 must remit all liabilities in the subsequent calendar year by electronic  
19.29 means.

19.30 (d) Any customer who purchases deals of pull-tabs or tipboards from a distributor  
19.31 may file an annual claim for a refund or credit of taxes paid pursuant to this subdivision  
19.32 for unsold pull-tab and tipboard tickets. The claim must be filed with the commissioner on  
19.33 a form prescribed by the commissioner by March 20 of the year following the calendar  
19.34 year for which the refund is claimed. The refund must be filed as part of the customer's  
19.35 February monthly return. The refund or credit is equal to 1.7 percent of the face value  
19.36 of the unsold pull-tab or tipboard tickets, provided that the refund or credit will be 1.75

20.1 percent of the face value of the unsold pull-tab or tipboard tickets for claims for a refund  
20.2 or credit of taxes filed on the February 2001 monthly return. The refund claimed will be  
20.3 applied as a credit against tax owing under this chapter on the February monthly return. If  
20.4 the refund claimed exceeds the tax owing on the February monthly return, that amount  
20.5 will be refunded. The amount refunded will bear interest pursuant to section 270C.405  
20.6 from 90 days after the claim is filed.

20.7 **EFFECTIVE DATE.** This section is effective for payments due in calendar year  
20.8 2010 and thereafter, based upon liabilities incurred in the fiscal year ending June 30,  
20.9 2009, and in fiscal years thereafter.

20.10 Sec. 9. Minnesota Statutes 2008, section 297E.06, is amended by adding a subdivision  
20.11 to read:

20.12 Subd. 1a. **Required signatures.** The gambling manager and the chief executive  
20.13 officer of the organization, or their respective designees, and the person who completed  
20.14 the tax return must sign the tax return. The organization shall inform the commissioner of  
20.15 revenue in writing of the identity of the designees as soon as practicable in the form and  
20.16 manner prescribed by the commissioner.

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

20.18 Sec. 10. Minnesota Statutes 2008, section 297E.11, subdivision 1, is amended to read:

20.19 Subdivision 1. **General rule.** Except as otherwise provided in this chapter, the  
20.20 amount of taxes assessable must be assessed within 3-1/2 years after the return is filed,  
20.21 whether or not the return is filed on or after the date prescribed. A return must not be  
20.22 treated as filed until it is in processible form. A return is in processible form if it is filed  
20.23 on a permitted form and contains sufficient data to identify the taxpayer and permit the  
20.24 mathematical verification of the tax liability shown on the return. For purposes of this  
20.25 section, a tax return filed before the last day prescribed by law for filing is considered to  
20.26 be filed on the last day.

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

20.28 Sec. 11. Minnesota Statutes 2008, section 297F.09, subdivision 7, is amended to read:

20.29 Subd. 7. **Electronic payment.** A cigarette or tobacco products distributor having a  
20.30 liability of ~~\$120,000~~ \$10,000 or more during a fiscal year ending June 30 must remit all  
20.31 liabilities in the subsequent calendar year by electronic means.

21.1            **EFFECTIVE DATE.** This section is effective for payments due in calendar year  
21.2            2010 and thereafter, based upon liabilities incurred in the fiscal year ending June 30,  
21.3            2009, and in fiscal years thereafter.

21.4            Sec. 12. Minnesota Statutes 2008, section 297G.09, subdivision 6, is amended to read:

21.5            Subd. 6. **Electronic payments.** A licensed brewer, importer, or wholesaler having  
21.6            an excise tax liability of ~~\$120,000~~ \$10,000 or more during a fiscal year ending June 30  
21.7            must remit all excise tax liabilities in the subsequent calendar year by electronic means.

21.8            **EFFECTIVE DATE.** This section is effective for payments due in calendar year  
21.9            2010 and thereafter, based upon liabilities incurred in the fiscal year ending June 30,  
21.10           2009, and in fiscal years thereafter.

21.11           Sec. 13. Minnesota Statutes 2008, section 297I.30, is amended by adding a subdivision  
21.12           to read:

21.13           Subd. 9. **Extensions for filing returns.** When, in the commissioner's judgment,  
21.14           good cause exists, the commissioner may extend the time for filing returns for not more  
21.15           than six months.

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

21.17           Sec. 14. Minnesota Statutes 2008, section 297I.35, subdivision 2, is amended to read:

21.18           Subd. 2. **Electronic payments.** If the aggregate amount of tax and surcharges  
21.19           due under this chapter during a calendar year is equal to or exceeds ~~\$120,000~~ \$10,000,  
21.20           or if the taxpayer is required to make payment of any other tax to the commissioner by  
21.21           electronic means, then all tax and surcharge payments in the subsequent calendar year  
21.22           must be paid by electronic means.

21.23           **EFFECTIVE DATE.** This section is effective for payments due in calendar year  
21.24           2010 and thereafter, based upon liabilities incurred in the fiscal year ending June 30,  
21.25           2009, and in fiscal years thereafter.

21.26           Sec. 15. Minnesota Statutes 2008, section 298.28, subdivision 11, is amended to read:

21.27           Subd. 11. **Remainder.** (a) The proceeds of the tax imposed by section 298.24  
21.28           which remain after the distributions and payments in subdivisions 2 to 10a, as certified  
21.29           by the commissioner of revenue, and paragraphs (b), (c), and (d), ~~and (e)~~ have been  
21.30           made, together with interest earned on all money distributed under this section prior to  
21.31           distribution, shall be divided between the taconite environmental protection fund created

22.1 in section 298.223 and the Douglas J. Johnson economic protection trust fund created in  
22.2 section 298.292 as follows: Two-thirds to the taconite environmental protection fund and  
22.3 one-third to the Douglas J. Johnson economic protection trust fund. The proceeds shall be  
22.4 placed in the respective special accounts.

22.5 (b) There shall be distributed to each city, town, and county the amount that it  
22.6 received under section 294.26 in calendar year 1977; provided, however, that the amount  
22.7 distributed in 1981 to the unorganized territory number 2 of Lake County and the town  
22.8 of Beaver Bay based on the between-terminal trackage of Erie Mining Company will be  
22.9 distributed in 1982 and subsequent years to the unorganized territory number 2 of Lake  
22.10 County and the towns of Beaver Bay and Stony River based on the miles of track of Erie  
22.11 Mining Company in each taxing district.

22.12 (c) There shall be distributed to the Iron Range Resources and Rehabilitation Board  
22.13 the amounts it received in 1977 under section 298.22. The amount distributed under  
22.14 this paragraph shall be expended within or for the benefit of the taconite assistance area  
22.15 defined in section 273.1341.

22.16 (d) There shall be distributed to each school district 62 percent of the amount that it  
22.17 received under section 294.26 in calendar year 1977.

22.18 ~~(e) In 2003 only, \$100,000 must be distributed to a township located in a taconite~~  
22.19 ~~tax relief area as defined in section 273.134, paragraph (a), that received \$119,259 of~~  
22.20 ~~homestead and agricultural credit aid and \$182,014 in local government aid in 2001.~~

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

22.22 Sec. 16. Minnesota Statutes 2008, section 473.843, subdivision 3, is amended to read:

22.23 Subd. 3. **Payment of fee.** On or before the 20th day of each month each operator  
22.24 shall pay the fee due under this section for the previous month, using a form provided  
22.25 by the commissioner of revenue.

22.26 An operator having a fee of ~~\$120,000~~ \$10,000 or more during a fiscal year ending  
22.27 June 30 must pay all fees in the subsequent calendar year by electronic means.

22.28 **EFFECTIVE DATE.** This section is effective for payments due in calendar year  
22.29 2010 and thereafter, based upon liabilities incurred in the fiscal year ending June 30,  
22.30 2009, and in fiscal years thereafter.

22.31 Sec. 17. **REPEALER.**

22.32 Minnesota Statutes 2008, sections 287.26; 287.27, subdivision 1; and 298.28,  
22.33 subdivisions 11a and 13, are repealed.

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

23.2 **ARTICLE 4**

23.3 **PROPERTY TAXES AND AIDS**

23.4 Section 1. Minnesota Statutes 2008, section 273.11, subdivision 23, is amended to read:

23.5 Subd. 23. **First tier valuation limit; agricultural homestead property.** (a)

23.6 ~~Beginning with assessment year 2006,~~ The commissioner of revenue shall annually certify  
23.7 the first tier limit for agricultural homestead property ~~as~~. For assessment year 2010, the  
23.8 limit is \$1,140,000. Beginning with assessment year 2011, the limit is the product of (i)  
23.9 ~~\$600,000~~ the first tier limit for the preceding assessment year, and (ii) the ratio of the  
23.10 statewide average taxable market value of agricultural property per acre of deeded farm  
23.11 land in the preceding assessment year to the statewide average taxable market value of  
23.12 agricultural property per acre of deeded farm land for the second preceding assessment  
23.13 year ~~2004~~. The limit shall be rounded to the nearest \$10,000.

23.14 (b) For the purposes of this subdivision, "agricultural property" means all class  
23.15 ~~2~~ 2a property under section 273.13, subdivision 23, except for ~~(1) timberland, (2) a~~  
23.16 ~~landing area or public access area of a privately owned public use airport, and (3) property~~  
23.17 consisting of the house, garage, and immediately surrounding one acre of land of an  
23.18 agricultural homestead.

23.19 (c) The commissioner shall certify the limit by January 2 of each assessment year;  
23.20 ~~except that for assessment year 2006 the commissioner shall certify the limit by June~~  
23.21 ~~1, 2006.~~

23.22 EFFECTIVE DATE. This section is effective for taxes payable in 2011 and  
23.23 thereafter.

23.24 Sec. 2. Minnesota Statutes 2008, section 273.111, subdivision 4, is amended to read:

23.25 Subd. 4. **Determination of value.** (a) The value of any real estate described  
23.26 in subdivision 3 shall upon timely application by the owner, in the manner provided  
23.27 in subdivision 8, be determined solely with reference to its appropriate agricultural  
23.28 classification and value notwithstanding sections 272.03, subdivision 8, and 273.11.  
23.29 Furthermore, the assessor shall not consider any added values resulting from  
23.30 nonagricultural factors. In order to account for the presence of nonagricultural influences  
23.31 that may affect the value of agricultural land, the commissioner of revenue shall develop a  
23.32 fair and uniform method of determining agricultural values for each county in the state  
23.33 that are consistent with this subdivision. The commissioner shall annually assign the

24.1 resulting values to each county, and these values shall be used as the basis for determining  
24.2 the agricultural value for all properties in the county qualifying for tax deferment under  
24.3 this section.

24.4 (b) In the case of property qualifying for tax deferment only under subdivision 3a,  
24.5 ~~the value shall be based on the value in effect for assessment year 2008, multiplied by~~  
24.6 ~~the ratio of the total taxable market value of all property in the county for the current~~  
24.7 ~~assessment year divided by the total taxable market value of all property in the county for~~  
24.8 ~~assessment year 2008~~ assessor shall not consider the presence of commercial, industrial,  
24.9 residential, or seasonal recreational land use influences in determining the value for ad  
24.10 valorem tax purposes; provided that in no case shall the value exceed the value prescribed  
24.11 by the commissioner of revenue for class 2a tillable property in that county.

24.12 **EFFECTIVE DATE.** This section is effective for assessment year 2009 and  
24.13 thereafter.

24.14 Sec. 3. Minnesota Statutes 2008, section 273.1115, subdivision 2, is amended to read:

24.15 Subd. 2. **Requirement.** Real estate is entitled to valuation under this section only if  
24.16 all of the following requirements are met:

24.17 (1) the property is classified as class 1a, 1b, 2a, or 2b property under section 273.13,  
24.18 subdivisions 22 and 23, or the property is classified as class 2e under section 273.13,  
24.19 subdivision 23, and immediately before being classified as class 2e was classified as  
24.20 class 1a or 1b;

24.21 (2) the property is at least ten contiguous acres, when the application is filed under  
24.22 subdivision 3;

24.23 (3) the owner has filed a completed application for deferment as specified in  
24.24 subdivision 3 with the county assessor in the county in which the property is located;

24.25 (4) there are no delinquent taxes on the property; and

24.26 (5) a covenant on the land restricts its use as provided in subdivision 3, clause (4).

24.27 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and  
24.28 thereafter.

24.29 Sec. 4. Minnesota Statutes 2008, section 273.1231, subdivision 8, is amended to read:

24.30 Subd. 8. **Utility property.** "Utility property" means property appraised and  
24.31 classified for tax purposes by order of the commissioner of revenue under sections 273.33  
24.32 to 273.3711.

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



25.1 Sec. 5. Minnesota Statutes 2008, section 273.124, subdivision 3, is amended to read:

25.2 Subd. 3. **Cooperatives and charitable corporations; homestead and other**  
25.3 **property.** (a) When property is owned by a corporation or association organized under  
25.4 chapter 308A or 308B, and each person who owns a share or shares in the corporation or  
25.5 association is entitled to occupy a building on the property, or a unit within a building  
25.6 on the property, the corporation or association may claim homestead treatment for each  
25.7 dwelling, or for each unit in the case of a building containing several dwelling units, or for  
25.8 the part of the value of the building occupied by a shareholder. Each building or unit must  
25.9 be designated by legal description or number. The net tax capacity of each building or  
25.10 unit that qualifies for assessment as a homestead under this subdivision must include not  
25.11 more than one-half acre of land, if platted, nor more than 80 acres if unplatted. The net  
25.12 tax capacity of the property is the sum of the net tax capacities of each of the respective  
25.13 buildings or units comprising the property, including the net tax capacity of each unit's  
25.14 or building's proportionate share of the land and any common buildings. To qualify for  
25.15 the treatment provided by this subdivision, the corporation or association must be wholly  
25.16 owned by persons having a right to occupy a building or unit owned by the corporation  
25.17 or association. A charitable corporation organized under the laws of Minnesota and not  
25.18 otherwise exempt thereunder with no outstanding stock qualifies for homestead treatment  
25.19 with respect to member residents of the dwelling units who have purchased and hold  
25.20 residential participation warrants entitling them to occupy the units.

25.21 (b) To the extent provided in paragraph (a), a cooperative or corporation organized  
25.22 under chapter 308A or 308B may obtain separate assessment and valuation, and separate  
25.23 property tax statements for each residential homestead, residential nonhomestead, or for  
25.24 each seasonal residential recreational building or unit not used for commercial purposes.  
25.25 The appropriate class rates under section 273.13 shall be applicable as if each building or  
25.26 unit were a separate tax parcel; provided, however, that the tax parcel which exists at the  
25.27 time the cooperative or corporation makes application under this subdivision shall be a  
25.28 single parcel for purposes of property taxes or the enforcement and collection thereof,  
25.29 other than as provided in paragraph (a) or this paragraph.

25.30 (c) A member of a corporation or association may initially obtain the separate  
25.31 assessment and valuation and separate property tax statements, as provided in paragraph  
25.32 (b), by applying to the assessor by June 30 of the assessment year.

25.33 (d) When a building, or dwelling units within a building, no longer qualify under  
25.34 paragraph (a) or (b), the current owner must notify the assessor within 30 days. Failure to  
25.35 notify the assessor within 30 days shall result in the loss of benefits under paragraph (a) or  
25.36 (b) for taxes payable in the year that the failure is discovered. For these purposes, "benefits

26.1 under paragraph (a) or (b)" means the difference in the net tax capacity of the building or  
26.2 units which no longer qualify as computed under paragraph (a) or (b) and as computed  
26.3 under the otherwise applicable law, times the local tax rate applicable to the building for  
26.4 that taxes payable year. Upon discovery of a failure to notify, the assessor shall inform the  
26.5 auditor of the difference in net tax capacity for the building or buildings in which units no  
26.6 longer qualify, and the auditor shall calculate the benefits under paragraph (a) or (b). Such  
26.7 amount, plus a penalty equal to 100 percent of that amount, shall then be demanded of the  
26.8 building's owner. The property owner may appeal the county's determination by serving  
26.9 copies of a petition for review with county officials as provided in section 278.01 and  
26.10 filing a proof of service as provided in section 278.01 with the Minnesota Tax Court within  
26.11 60 days of the date of the notice from the county. The appeal shall be governed by the Tax  
26.12 Court procedures provided in chapter 271, for cases relating to the tax laws as defined in  
26.13 section 271.01, subdivision 5; disregarding sections 273.125, subdivision 5, and 278.03,  
26.14 but including section 278.05, subdivision 2. If the amount of the benefits under paragraph  
26.15 (a) or (b) and penalty are not paid within 60 days, and if no appeal has been filed, the  
26.16 county auditor shall certify the amount of the benefit and penalty to the succeeding year's  
26.17 tax list to be collected as part of the property taxes on the affected property.

26.18 Sec. 6. Minnesota Statutes 2008, section 273.124, subdivision 3a, is amended to read:

26.19 Subd. 3a. **Manufactured home park cooperative.** When a manufactured home  
26.20 park is owned by a corporation or association organized under chapter 308A or 308B,  
26.21 and each person who owns a share or shares in the corporation or association is entitled  
26.22 to occupy a lot within the park, the corporation or association may claim homestead  
26.23 treatment for each lot occupied by a shareholder. Each lot must be designated by legal  
26.24 description or number, and each lot is limited to not more than one-half acre of land for  
26.25 each homestead. The manufactured home park shall be valued and assessed as if it were  
26.26 homestead property within class 1 if all of the following criteria are met:

26.27 (1) the occupant is using the property as a permanent residence;

26.28 (2) the occupant or the cooperative association is paying the ad valorem property  
26.29 taxes and any special assessments levied against the land and structure either directly, or  
26.30 indirectly through dues to the corporation; and

26.31 (3) the corporation or association organized under chapter 308A or 308B is wholly  
26.32 owned by persons having a right to occupy a lot owned by the corporation or association.

26.33 A charitable corporation, organized under the laws of Minnesota with no outstanding  
26.34 stock, and granted a ruling by the Internal Revenue Service for 501(c)(3) tax-exempt  
26.35 status, qualifies for homestead treatment with respect to member residents of the

27.1 manufactured home park who hold residential participation warrants entitling them to  
27.2 occupy a lot in the manufactured home park.

27.3 Sec. 7. Minnesota Statutes 2008, section 273.124, subdivision 13, is amended to read:

27.4 Subd. 13. **Homestead application.** (a) A person who meets the homestead  
27.5 requirements under subdivision 1 must file a homestead application with the county  
27.6 assessor to initially obtain homestead classification.

27.7 (b) The format and contents of a uniform homestead application shall be prescribed  
27.8 by the commissioner of revenue. The application must clearly inform the taxpayer that  
27.9 this application must be signed by all owners who occupy the property or by the qualifying  
27.10 relative and returned to the county assessor in order for the property to receive homestead  
27.11 treatment.

27.12 (c) Every property owner applying for homestead classification must furnish to the  
27.13 county assessor the Social Security number of each occupant who is listed as an owner  
27.14 of the property on the deed of record, the name and address of each owner who does not  
27.15 occupy the property, and the name and Social Security number of each owner's spouse who  
27.16 occupies the property. The application must be signed by each owner who occupies the  
27.17 property and by each owner's spouse who occupies the property, ~~or, in the case of property~~  
27.18 ~~that qualifies as a homestead under subdivision 1, paragraph (c), by the qualifying relative.~~

27.19 If a property owner occupies a homestead, the property owner's spouse may not  
27.20 claim another property as a homestead unless the property owner and the property owner's  
27.21 spouse file with the assessor an affidavit or other proof required by the assessor stating that  
27.22 the property qualifies as a homestead under subdivision 1, paragraph (e).

27.23 Owners or spouses occupying residences owned by their spouses and previously  
27.24 occupied with the other spouse, either of whom fail to include the other spouse's name  
27.25 and Social Security number on the homestead application or provide the affidavits or  
27.26 other proof requested, will be deemed to have elected to receive only partial homestead  
27.27 treatment of their residence. The remainder of the residence will be classified as  
27.28 nonhomestead residential. When an owner or spouse's name and Social Security number  
27.29 appear on homestead applications for two separate residences and only one application is  
27.30 signed, the owner or spouse will be deemed to have elected to homestead the residence for  
27.31 which the application was signed.

27.32 The Social Security numbers, state or federal tax returns or tax return information,  
27.33 including the federal income tax schedule F required by this section, or affidavits or other  
27.34 proofs of the property owners and spouses submitted under this or another section to  
27.35 support a claim for a property tax homestead classification are private data on individuals

28.1 as defined by section 13.02, subdivision 12, but, notwithstanding that section, the private  
28.2 data may be disclosed to the commissioner of revenue, or, for purposes of proceeding  
28.3 under the Revenue Recapture Act to recover personal property taxes owing, to the county  
28.4 treasurer.

28.5 (d) If residential real estate is occupied and used for purposes of a homestead by  
28.6 a relative of the owner and qualifies for a homestead under subdivision 1, paragraph  
28.7 (c) or (d), in order for the property to receive homestead status, a homestead application  
28.8 must be filed with the assessor. The application must be signed by each relative of an  
28.9 owner who occupies the property and by each relative's spouse who also occupies the  
28.10 property. The Social Security number of each relative and spouse of a relative occupying  
28.11 the property shall be required on the homestead application filed under this subdivision.  
28.12 If a different relative of the owner subsequently occupies the property, the owner of the  
28.13 property must notify the assessor within 30 days of the change in occupancy. The Social  
28.14 Security number of a relative or relative's spouse occupying the property is private data  
28.15 on individuals as defined by section 13.02, subdivision 12, but may be disclosed to the  
28.16 commissioner of revenue, or, for the purposes of proceeding under the Revenue Recapture  
28.17 Act to recover personal property taxes owing, to the county treasurer.

28.18 (e) The homestead application shall also notify the property owners that the  
28.19 application filed under this section will not be mailed annually and that if the property  
28.20 is granted homestead status for any assessment year, that same property shall remain  
28.21 classified as homestead until the property is sold or transferred to another person, or  
28.22 the owners, the spouse of the owner, or the relatives no longer use the property as their  
28.23 homestead. Upon the sale or transfer of the homestead property, a certificate of value must  
28.24 be timely filed with the county auditor as provided under section 272.115. Failure to  
28.25 notify the assessor within 30 days that the property has been sold, transferred, or that the  
28.26 owner, the spouse of the owner, or the relative is no longer occupying the property as a  
28.27 homestead, shall result in the penalty provided under this subdivision and the property  
28.28 will lose its current homestead status.

28.29 (f) If the homestead application is not returned within 30 days, the county will send a  
28.30 second application to the present owners of record. The notice of proposed property taxes  
28.31 prepared under section 275.065, subdivision 3, shall reflect the property's classification. If  
28.32 a homestead application has not been filed with the county by December 15, the assessor  
28.33 shall classify the property as nonhomestead for the current assessment year for taxes  
28.34 payable in the following year, provided that the owner may be entitled to receive the  
28.35 homestead classification by proper application under section 375.192.

29.1 (g) At the request of the commissioner, each county must give the commissioner a  
29.2 list that includes the name and Social Security number of each occupant of homestead  
29.3 property who is the property owner, property owner's spouse, qualifying relative of a  
29.4 property owner, or a spouse of a qualifying relative. The commissioner shall use the  
29.5 information provided on the lists as appropriate under the law, including for the detection  
29.6 of improper claims by owners, or relatives of owners, under chapter 290A.

29.7 (h) If the commissioner finds that a property owner may be claiming a fraudulent  
29.8 homestead, the commissioner shall notify the appropriate counties. Within 90 days of  
29.9 the notification, the county assessor shall investigate to determine if the homestead  
29.10 classification was properly claimed. If the property owner does not qualify, the county  
29.11 assessor shall notify the county auditor who will determine the amount of homestead  
29.12 benefits that had been improperly allowed. For the purpose of this section, "homestead  
29.13 benefits" means the tax reduction resulting from the classification as a homestead under  
29.14 section 273.13, the taconite homestead credit under section 273.135, the residential  
29.15 homestead and agricultural homestead credits under section 273.1384, and the  
29.16 supplemental homestead credit under section 273.1391.

29.17 The county auditor shall send a notice to the person who owned the affected property  
29.18 at the time the homestead application related to the improper homestead was filed,  
29.19 demanding reimbursement of the homestead benefits plus a penalty equal to 100 percent  
29.20 of the homestead benefits. The person notified may appeal the county's determination  
29.21 by serving copies of a petition for review with county officials as provided in section  
29.22 278.01 and filing proof of service as provided in section 278.01 with the Minnesota Tax  
29.23 Court within 60 days of the date of the notice from the county. Procedurally, the appeal  
29.24 is governed by the provisions in chapter 271 which apply to the appeal of a property tax  
29.25 assessment or levy, but without requiring any prepayment of the amount in controversy. If  
29.26 the amount of homestead benefits and penalty is not paid within 60 days, and if no appeal  
29.27 has been filed, the county auditor shall certify the amount of taxes and penalty to the county  
29.28 treasurer. The county treasurer will add interest to the unpaid homestead benefits and  
29.29 penalty amounts at the rate provided in section 279.03 for real property taxes becoming  
29.30 delinquent in the calendar year during which the amount remains unpaid. Interest may be  
29.31 assessed for the period beginning 60 days after demand for payment was made.

29.32 If the person notified is the current owner of the property, the treasurer may add the  
29.33 total amount of homestead benefits, penalty, interest, and costs to the ad valorem taxes  
29.34 otherwise payable on the property by including the amounts on the property tax statements  
29.35 under section 276.04, subdivision 3. The amounts added under this paragraph to the ad  
29.36 valorem taxes shall include interest accrued through December 31 of the year preceding

30.1 the taxes payable year for which the amounts are first added. These amounts, when added  
30.2 to the property tax statement, become subject to all the laws for the enforcement of real or  
30.3 personal property taxes for that year, and for any subsequent year.

30.4 If the person notified is not the current owner of the property, the treasurer may  
30.5 collect the amounts due under the Revenue Recapture Act in chapter 270A, or use any of  
30.6 the powers granted in sections 277.20 and 277.21 without exclusion, to enforce payment  
30.7 of the homestead benefits, penalty, interest, and costs, as if those amounts were delinquent  
30.8 tax obligations of the person who owned the property at the time the application related  
30.9 to the improperly allowed homestead was filed. The treasurer may relieve a prior owner  
30.10 of personal liability for the homestead benefits, penalty, interest, and costs, and instead  
30.11 extend those amounts on the tax lists against the property as provided in this paragraph  
30.12 to the extent that the current owner agrees in writing. On all demands, billings, property  
30.13 tax statements, and related correspondence, the county must list and state separately the  
30.14 amounts of homestead benefits, penalty, interest and costs being demanded, billed or  
30.15 assessed.

30.16 (i) Any amount of homestead benefits recovered by the county from the property  
30.17 owner shall be distributed to the county, city or town, and school district where the  
30.18 property is located in the same proportion that each taxing district's levy was to the total  
30.19 of the three taxing districts' levy for the current year. Any amount recovered attributable  
30.20 to taconite homestead credit shall be transmitted to the St. Louis County auditor to be  
30.21 deposited in the taconite property tax relief account. Any amount recovered that is  
30.22 attributable to supplemental homestead credit is to be transmitted to the commissioner of  
30.23 revenue for deposit in the general fund of the state treasury. The total amount of penalty  
30.24 collected must be deposited in the county general fund.

30.25 (j) If a property owner has applied for more than one homestead and the county  
30.26 assessors cannot determine which property should be classified as homestead, the county  
30.27 assessors will refer the information to the commissioner. The commissioner shall make  
30.28 the determination and notify the counties within 60 days.

30.29 (k) In addition to lists of homestead properties, the commissioner may ask the  
30.30 counties to furnish lists of all properties and the record owners. The Social Security  
30.31 numbers and federal identification numbers that are maintained by a county or city  
30.32 assessor for property tax administration purposes, and that may appear on the lists retain  
30.33 their classification as private or nonpublic data; but may be viewed, accessed, and used by  
30.34 the county auditor or treasurer of the same county for the limited purpose of assisting the  
30.35 commissioner in the preparation of microdata samples under section 270C.12.

31.1 (l) On or before April 30 each year beginning in 2007, each county must provide the  
31.2 commissioner with the following data for each parcel of homestead property by electronic  
31.3 means as defined in section 289A.02, subdivision 8:

31.4 (i) the property identification number assigned to the parcel for purposes of taxes  
31.5 payable in the current year;

31.6 (ii) the name and Social Security number of each occupant of homestead property  
31.7 who is the property owner, property owner's spouse, qualifying relative of a property  
31.8 owner, or spouse of a qualifying relative;

31.9 (iii) the classification of the property under section 273.13 for taxes payable in the  
31.10 current year and in the prior year;

31.11 (iv) an indication of whether the property was classified as a homestead for taxes  
31.12 payable in the current year because of occupancy by a relative of the owner or by a  
31.13 spouse of a relative;

31.14 (v) the property taxes payable as defined in section 290A.03, subdivision 13, for the  
31.15 current year and the prior year;

31.16 (vi) the market value of improvements to the property first assessed for tax purposes  
31.17 for taxes payable in the current year;

31.18 (vii) the assessor's estimated market value assigned to the property for taxes payable  
31.19 in the current year and the prior year;

31.20 (viii) the taxable market value assigned to the property for taxes payable in the  
31.21 current year and the prior year;

31.22 (ix) whether there are delinquent property taxes owing on the homestead;

31.23 (x) the unique taxing district in which the property is located; and

31.24 (xi) such other information as the commissioner decides is necessary.

31.25 The commissioner shall use the information provided on the lists as appropriate  
31.26 under the law, including for the detection of improper claims by owners, or relatives  
31.27 of owners, under chapter 290A.

31.28 **EFFECTIVE DATE.** This section is effective for applications received after June  
31.29 30, 2009.

31.30 Sec. 8. Minnesota Statutes 2008, section 273.124, subdivision 21, is amended to read:

31.31 Subd. 21. **Trust property; homestead.** Real or personal property held by a trustee  
31.32 under a trust is eligible for classification as homestead property if: the property satisfies  
31.33 the requirements of paragraph (a), (b), (c), or (d).

31.34 ~~(+)~~ (a) The grantor or surviving spouse of the grantor of the trust occupies and  
31.35 uses the property as a homestead; ~~;~~

32.1           ~~(2)~~ (b) A relative or surviving relative of the grantor who meets the requirements  
32.2 of subdivision 1, paragraph (c), in the case of residential real estate; or subdivision 1,  
32.3 paragraph (d), in the case of agricultural property, occupies and uses the property as  
32.4 a homestead;

32.5           ~~(3)~~ (c) A family farm corporation, joint farm venture, limited liability company, or  
32.6 partnership operating a family farm in which the grantor or the grantor's surviving spouse  
32.7 is a shareholder, member, or partner rents the property; and, either (1) a shareholder,  
32.8 member, or partner of the corporation, joint farm venture, limited liability company, or  
32.9 partnership occupies and uses the property as a homestead; or ~~is actively farming,~~ (2) the  
32.10 property is at least 40 acres, including undivided government lots and correctional 40's, and  
32.11 a shareholder, member, or partner of the tenant-entity is actively farming the property on  
32.12 behalf of the corporation, joint farm venture, limited liability company, or partnership; ~~or.~~

32.13           ~~(4)~~ (d) A person who has received homestead classification for property taxes  
32.14 payable in 2000 on the basis of an unqualified legal right under the terms of the trust  
32.15 agreement to occupy the property as that person's homestead and who continues to use the  
32.16 property as a homestead; or a person who received the homestead classification for taxes  
32.17 payable in 2005 under ~~clause (3) paragraph (c)~~ who does not qualify under ~~clause (3)~~  
32.18 paragraph (c) for taxes payable in 2006 or thereafter but who continues to qualify under  
32.19 clause (3) paragraph (c) as it existed for taxes payable in 2005.

32.20           For purposes of this subdivision, "grantor" is defined as the person creating or  
32.21 establishing a testamentary, inter Vivos, revocable or irrevocable trust by written  
32.22 instrument or through the exercise of a power of appointment.

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

32.24           Sec. 9. Minnesota Statutes 2008, section 273.13, subdivision 23, is amended to read:

32.25           Subd. 23. **Class 2.** (a) An agricultural homestead consists of class 2a agricultural  
32.26 land that is homesteaded, along with any class 2b rural vacant land that is contiguous to  
32.27 the class 2a land under the same ownership. The market value of the house and garage  
32.28 and immediately surrounding one acre of land has the same class rates as class 1a or 1b  
32.29 property under subdivision 22. The value of the remaining land including improvements  
32.30 up to the first tier valuation limit of agricultural homestead property has a net class rate  
32.31 of 0.5 percent of market value. The remaining property over the first tier has a class rate  
32.32 of one percent of market value. For purposes of this subdivision, the "first tier valuation  
32.33 limit of agricultural homestead property" and "first tier" means the limit certified under  
32.34 section 273.11, subdivision 23.



33.1 (b) Class 2a agricultural land consists of parcels of property, or portions thereof, that  
33.2 are agricultural land and buildings. Class 2a property has a net class rate of one percent of  
33.3 market value, unless it is part of an agricultural homestead under paragraph (a). Class 2a  
33.4 property may contain property that would otherwise be classified as 2b, including but not  
33.5 limited to sloughs, wooded wind shelters, acreage abutting ditches, and other similar land  
33.6 impractical for the assessor to value separately from the rest of the property.

33.7 An assessor may classify the part of a parcel described in this subdivision that is used  
33.8 for agricultural purposes as class 2a and the remainder in the class appropriate to its use.

33.9 (c) Class 2b rural vacant land consists of parcels of property, or portions thereof,  
33.10 that are unplatted real estate, rural in character and not used for agricultural purposes,  
33.11 including land used for growing trees for timber, lumber, and wood and wood products,  
33.12 that is not improved with a structure. The presence of a minor, ancillary nonresidential  
33.13 structure as defined by the commissioner of revenue does not disqualify the property from  
33.14 classification under this paragraph. Any parcel of 20 acres or more improved with a  
33.15 structure that is not a minor, ancillary nonresidential structure must be split-classified, and  
33.16 ten acres must be assigned to the split parcel containing the structure. Class 2b property  
33.17 has a net class rate of one percent of market value unless it is part of an agricultural  
33.18 homestead under paragraph (a), or qualifies as class 2c under paragraph (d).

33.19 (d) Class 2c managed forest land consists of no less than 20 and no more than 1,920  
33.20 acres statewide per taxpayer that is being managed under a forest management plan that  
33.21 meets the requirements of chapter 290C, but is not enrolled in the sustainable forest  
33.22 resource management incentive program. It has a class rate of .65 percent, provided  
33.23 that the owner of the property must apply to the assessor ~~to receive the reduced class in~~  
33.24 order for the property to initially qualify for the reduced rate and provide the information  
33.25 required by the assessor to verify that the property qualifies for the reduced rate. If the  
33.26 assessor receives the application and information before May 1 in an assessment year,  
33.27 the property qualifies beginning with that assessment year. If the assessor receives the  
33.28 application and information after April 30 in an assessment year, the property qualifies  
33.29 beginning with the next assessment year. The commissioner of natural resources must  
33.30 concur that the land is qualified. The commissioner of natural resources shall annually  
33.31 provide county assessors verification information on a timely basis. The presence of a  
33.32 minor, ancillary nonresidential structure as defined by the commissioner of revenue does  
33.33 not disqualify the property from classification under this paragraph.

33.34 (e) Agricultural land as used in this section means contiguous acreage of ten  
33.35 acres or more, used during the preceding year for agricultural purposes. "Agricultural  
33.36 purposes" as used in this section means the raising, cultivation, drying, or storage of

34.1 agricultural products for sale, or the storage of machinery or equipment used in support  
34.2 of agricultural production by the same farm entity. For a property to be classified as  
34.3 agricultural based only on the drying or storage of agricultural products, the products  
34.4 being dried or stored must have been produced by the same farm entity as the entity  
34.5 operating the drying or storage facility. "Agricultural purposes" also includes enrollment  
34.6 in the Reinvest in Minnesota program under sections 103F.501 to 103F.535 or the federal  
34.7 Conservation Reserve Program as contained in Public Law 99-198 or a similar state  
34.8 or federal conservation program if the property was classified as agricultural (i) under  
34.9 this subdivision for the assessment year 2002 or (ii) in the year prior to its enrollment.  
34.10 Agricultural classification shall not be based upon the market value of any residential  
34.11 structures on the parcel or contiguous parcels under the same ownership.

34.12 (f) Real estate of less than ten acres, which is exclusively or intensively used for  
34.13 raising or cultivating agricultural products, shall be considered as agricultural land. To  
34.14 qualify under this paragraph, property that includes a residential structure must be used  
34.15 intensively for one of the following purposes:

34.16 (i) for drying or storage of grain or storage of machinery or equipment used to  
34.17 support agricultural activities on other parcels of property operated by the same farming  
34.18 entity;

34.19 (ii) as a nursery, provided that only those acres used to produce nursery stock are  
34.20 considered agricultural land;

34.21 (iii) for livestock or poultry confinement, provided that land that is used only for  
34.22 pasturing and grazing does not qualify; or

34.23 (iv) for market farming; for purposes of this paragraph, "market farming" means the  
34.24 cultivation of one or more fruits or vegetables or production of animal or other agricultural  
34.25 products for sale to local markets by the farmer or an organization with which the farmer  
34.26 is affiliated.

34.27 (g) Land shall be classified as agricultural even if all or a portion of the agricultural  
34.28 use of that property is the leasing to, or use by another person for agricultural purposes.

34.29 Classification under this subdivision is not determinative for qualifying under  
34.30 section 273.111.

34.31 (h) The property classification under this section supersedes, for property tax  
34.32 purposes only, any locally administered agricultural policies or land use restrictions that  
34.33 define minimum or maximum farm acreage.

34.34 (i) The term "agricultural products" as used in this subdivision includes production  
34.35 for sale of:

35.1 (1) livestock, dairy animals, dairy products, poultry and poultry products, fur-bearing  
35.2 animals, horticultural and nursery stock, fruit of all kinds, vegetables, forage, grains,  
35.3 bees, and apiary products by the owner;

35.4 (2) fish bred for sale and consumption if the fish breeding occurs on land zoned  
35.5 for agricultural use;

35.6 (3) the commercial boarding of horses if the boarding is done in conjunction with  
35.7 raising or cultivating agricultural products as defined in clause (1);

35.8 (4) property which is owned and operated by nonprofit organizations used for  
35.9 equestrian activities, excluding racing;

35.10 (5) game birds and waterfowl bred and raised for use on a shooting preserve licensed  
35.11 under section 97A.115;

35.12 (6) insects primarily bred to be used as food for animals;

35.13 (7) trees, grown for sale as a crop, including short rotation woody crops, and not  
35.14 sold for timber, lumber, wood, or wood products; and

35.15 (8) maple syrup taken from trees grown by a person licensed by the Minnesota  
35.16 Department of Agriculture under chapter 28A as a food processor.

35.17 (j) If a parcel used for agricultural purposes is also used for commercial or industrial  
35.18 purposes, including but not limited to:

35.19 (1) wholesale and retail sales;

35.20 (2) processing of raw agricultural products or other goods;

35.21 (3) warehousing or storage of processed goods; and

35.22 (4) office facilities for the support of the activities enumerated in clauses (1), (2),  
35.23 and (3),

35.24 the assessor shall classify the part of the parcel used for agricultural purposes as class  
35.25 1b, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its  
35.26 use. The grading, sorting, and packaging of raw agricultural products for first sale is  
35.27 considered an agricultural purpose. A greenhouse or other building where horticultural  
35.28 or nursery products are grown that is also used for the conduct of retail sales must be  
35.29 classified as agricultural if it is primarily used for the growing of horticultural or nursery  
35.30 products from seed, cuttings, or roots and occasionally as a showroom for the retail sale of  
35.31 those products. Use of a greenhouse or building only for the display of already grown  
35.32 horticultural or nursery products does not qualify as an agricultural purpose.

35.33 (k) The assessor shall determine and list separately on the records the market value  
35.34 of the homestead dwelling and the one acre of land on which that dwelling is located. If  
35.35 any farm buildings or structures are located on this homesteaded acre of land, their market  
35.36 value shall not be included in this separate determination.

36.1 ~~(k)~~ (l) Class 2d airport landing area consists of a landing area or public access area  
36.2 of a privately owned public use airport. It has a class rate of one percent of market value.  
36.3 To qualify for classification under this paragraph, a privately owned public use airport  
36.4 must be licensed as a public airport under section 360.018. For purposes of this paragraph,  
36.5 "landing area" means that part of a privately owned public use airport properly cleared,  
36.6 regularly maintained, and made available to the public for use by aircraft and includes  
36.7 runways, taxiways, aprons, and sites upon which are situated landing or navigational aids.  
36.8 A landing area also includes land underlying both the primary surface and the approach  
36.9 surfaces that comply with all of the following:

36.10 (i) the land is properly cleared and regularly maintained for the primary purposes of  
36.11 the landing, taking off, and taxiing of aircraft; but that portion of the land that contains  
36.12 facilities for servicing, repair, or maintenance of aircraft is not included as a landing area;

36.13 (ii) the land is part of the airport property; and

36.14 (iii) the land is not used for commercial or residential purposes.

36.15 The land contained in a landing area under this paragraph must be described and certified  
36.16 by the commissioner of transportation. The certification is effective until it is modified,  
36.17 or until the airport or landing area no longer meets the requirements of this paragraph.  
36.18 For purposes of this paragraph, "public access area" means property used as an aircraft  
36.19 parking ramp, apron, or storage hangar, or an arrival and departure building in connection  
36.20 with the airport.

36.21 ~~(l)~~ (m) Class 2e consists of land with a commercial aggregate deposit that is not  
36.22 actively being mined and is not otherwise classified as class 2a or 2b. It has a class rate of  
36.23 one percent of market value. To qualify for classification under this paragraph, the property  
36.24 must be at least ten contiguous acres in size and the owner of the property must record with  
36.25 the county recorder of the county in which the property is located an affidavit containing:

36.26 (1) a legal description of the property;

36.27 (2) a disclosure that the property contains a commercial aggregate deposit that is not  
36.28 actively being mined but is present on the entire parcel enrolled;

36.29 (3) documentation that the conditional use under the county or local zoning  
36.30 ordinance of this property is for mining; and

36.31 (4) documentation that a permit has been issued by the local unit of government  
36.32 or the mining activity is allowed under local ordinance. The disclosure must include a  
36.33 statement from a registered professional geologist, engineer, or soil scientist delineating  
36.34 the deposit and certifying that it is a commercial aggregate deposit.

36.35 For purposes of this section and section 273.1115, "commercial aggregate deposit"  
36.36 means a deposit that will yield crushed stone or sand and gravel that is suitable for use

37.1 as a construction aggregate; and "actively mined" means the removal of top soil and  
37.2 overburden in preparation for excavation or excavation of a commercial deposit.

37.3 ~~(m)~~ (n) When any portion of the property under this subdivision or subdivision 22  
37.4 begins to be actively mined, the owner must file a supplemental affidavit within 60 days  
37.5 from the day any aggregate is removed stating the number of acres of the property that is  
37.6 actively being mined. The acres actively being mined must be (1) valued and classified  
37.7 under subdivision 24 in the next subsequent assessment year, and (2) removed from the  
37.8 aggregate resource preservation property tax program under section 273.1115, if the  
37.9 land was enrolled in that program. Copies of the original affidavit and all supplemental  
37.10 affidavits must be filed with the county assessor, the local zoning administrator, and the  
37.11 Department of Natural Resources, Division of Land and Minerals. A supplemental  
37.12 affidavit must be filed each time a subsequent portion of the property is actively mined,  
37.13 provided that the minimum acreage change is five acres, even if the actual mining activity  
37.14 constitutes less than five acres.

37.15 (o) The definitions prescribed by the commissioner under paragraphs (c) and (d) are  
37.16 not rules, are exempt from the rulemaking provisions of chapter 14, and the provisions  
37.17 in section 14.386 concerning exempt rules do not apply.

37.18 **EFFECTIVE DATE.** The section is effective the day following final enactment.

37.19 Sec. 10. Minnesota Statutes 2008, section 273.13, subdivision 25, is amended to read:

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

37.27 (b) Class 4b includes:

37.28 (1) residential real estate containing less than four units that does not qualify as class  
37.29 4bb, other than seasonal residential recreational property;

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

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

37.33 (4) unimproved property that is classified residential as determined under subdivision

37.34 33.

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

38.1 (c) Class 4bb includes:

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

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

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

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

38.10 (d) Class 4c property includes:

38.11 (1) except as provided in subdivision 22, paragraph (c), ~~or subdivision 23, paragraph~~  
38.12 ~~(b), clause (1)~~, real and personal property devoted to temporary and seasonal residential  
38.13 occupancy for recreation purposes, including real and personal property devoted to  
38.14 temporary and seasonal residential occupancy for recreation purposes and not devoted to  
38.15 commercial purposes for more than 250 days in the year preceding the year of assessment.

38.16 For purposes of this clause, property is devoted to a commercial purpose on a specific  
38.17 day if any portion of the property is used for residential occupancy, and a fee is charged  
38.18 for residential occupancy. Class 4c property under this clause must contain three or  
38.19 more rental units. A "rental unit" is defined as a cabin, condominium, townhouse,  
38.20 sleeping room, or individual camping site equipped with water and electrical hookups  
38.21 for recreational vehicles. Class 4c property under this clause must provide recreational  
38.22 activities such as renting ice fishing houses, boats and motors, snowmobiles, downhill or  
38.23 cross-country ski equipment; provide marina services, launch services, or guide services;  
38.24 or sell bait and fishing tackle. A camping pad offered for rent by a property that otherwise  
38.25 qualifies for class 4c under this clause is also class 4c under this clause regardless of the  
38.26 term of the rental agreement, as long as the use of the camping pad does not exceed 250  
38.27 days. In order for a property to be classified as class 4c, seasonal residential recreational  
38.28 for commercial purposes under this clause, at least 40 percent of the annual gross lodging  
38.29 receipts related to the property must be from business conducted during 90 consecutive  
38.30 days and either (i) at least 60 percent of all paid bookings by lodging guests during the  
38.31 year must be for periods of at least two consecutive nights; or (ii) at least 20 percent  
38.32 of the annual gross receipts must be from charges for rental of fish houses, boats and  
38.33 motors, snowmobiles, downhill or cross-country ski equipment, or charges for marina  
38.34 services, launch services, and guide services, or the sale of bait and fishing tackle. For  
38.35 purposes of this determination, a paid booking of five or more nights shall be counted as  
38.36 two bookings. Class 4c property classified under this clause also includes commercial

39.1 use real property used exclusively for recreational purposes in conjunction with other  
39.2 class 4c property classified under this clause and devoted to temporary and seasonal  
39.3 residential occupancy for recreational purposes, up to a total of two acres, provided the  
39.4 property is not devoted to commercial recreational use for more than 250 days in the year  
39.5 preceding the year of assessment and is located within two miles of the class 4c property  
39.6 with which it is used. Owners of real and personal property devoted to temporary and  
39.7 seasonal residential occupancy for recreation purposes and all or a portion of which was  
39.8 devoted to commercial purposes for not more than 250 days in the year preceding the  
39.9 year of assessment desiring classification as class 4c, must submit a declaration to the  
39.10 assessor designating the cabins or units occupied for 250 days or less in the year preceding  
39.11 the year of assessment by January 15 of the assessment year. Those cabins or units and  
39.12 a proportionate share of the land on which they are located must be designated class  
39.13 4c under this clause as otherwise provided. The remainder of the cabins or units and a  
39.14 proportionate share of the land on which they are located will be designated as class 3a.  
39.15 The owner of property desiring designation as class 4c property under this clause must  
39.16 provide guest registers or other records demonstrating that the units for which class 4c  
39.17 designation is sought were not occupied for more than 250 days in the year preceding the  
39.18 assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar,  
39.19 (3) gift shop, (4) conference center or meeting room, and (5) other nonresidential facility  
39.20 operated on a commercial basis not directly related to temporary and seasonal residential  
39.21 occupancy for recreation purposes does not qualify for class 4c;

39.22 (2) qualified property used as a golf course if:

39.23 (i) it is open to the public on a daily fee basis. It may charge membership fees or  
39.24 dues, but a membership fee may not be required in order to use the property for golfing,  
39.25 and its green fees for golfing must be comparable to green fees typically charged by  
39.26 municipal courses; and

39.27 (ii) it meets the requirements of section 273.112, subdivision 3, paragraph (d).

39.28 A structure used as a clubhouse, restaurant, or place of refreshment in conjunction  
39.29 with the golf course is classified as class 3a property;

39.30 (3) real property up to a maximum of three acres of land owned and used by a  
39.31 nonprofit community service oriented organization and ~~that is~~ not used for residential  
39.32 purposes on either a temporary or permanent basis, ~~qualifies for class 4c~~ provided that  
39.33 ~~it meets either of the following:~~

39.34 (i) the property is not used for a revenue-producing activity for more than six days  
39.35 in the calendar year preceding the year of assessment; or

40.1 (ii) the organization makes annual charitable contributions and donations at least  
40.2 equal to the property's previous year's property taxes and the property is allowed to be  
40.3 used for public and community meetings or events for no charge, as appropriate to the  
40.4 size of the facility.

40.5 For purposes of this clause,

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

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

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

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

40.21 Any portion of the property not qualifying under either item (i) ~~which is used for~~  
40.22 ~~revenue-producing activities for more than six days in the calendar year preceding the~~  
40.23 ~~year of assessment shall be assessed as~~ or (ii) is class 3a. The use of the property for social  
40.24 events open exclusively to members and their guests for periods of less than 24 hours,  
40.25 when an admission is not charged nor any revenues are received by the organization shall  
40.26 not be considered a revenue-producing activity.

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

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



41.1 (5) manufactured home parks as defined in section 327.14, subdivision 3;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

41.33 (10) real property up to a maximum of three acres and operated as a restaurant  
41.34 as defined under section 157.15, subdivision 12, provided it: (A) is located on a lake  
41.35 as defined under section 103G.005, subdivision 15, paragraph (a), clause (3); and (B)  
41.36 is either devoted to commercial purposes for not more than 250 consecutive days, or

42.1 receives at least 60 percent of its annual gross receipts from business conducted during  
42.2 four consecutive months. Gross receipts from the sale of alcoholic beverages must be  
42.3 included in determining the property's qualification under subitem (B). The property's  
42.4 primary business must be as a restaurant and not as a bar. Gross receipts from gift shop  
42.5 sales located on the premises must be excluded. Owners of real property desiring 4c  
42.6 classification under this clause must submit an annual declaration to the assessor by  
42.7 February 1 of the current assessment year, based on the property's relevant information for  
42.8 the preceding assessment year.

42.9 Class 4c property has a class rate of 1.5 percent of market value, except that (i) each  
42.10 parcel of seasonal residential recreational property not used for commercial purposes has  
42.11 the same class rates as class 4bb property, (ii) manufactured home parks assessed under  
42.12 clause (5) have the same class rate as class 4b property, (iii) commercial-use seasonal  
42.13 residential recreational property has a class rate of one percent for the first \$500,000 of  
42.14 market value, and 1.25 percent for the remaining market value, (iv) the market value of  
42.15 property described in clause (4) has a class rate of one percent, (v) the market value of  
42.16 property described in clauses (2), (6), and (10) has a class rate of 1.25 percent, and (vi)  
42.17 that portion of the market value of property in clause (9) qualifying for class 4c property  
42.18 has a class rate of 1.25 percent.

42.19 (e) Class 4d property is qualifying low-income rental housing certified to the assessor  
42.20 by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion  
42.21 of the units in the building qualify as low-income rental housing units as certified under  
42.22 section 273.128, subdivision 3, only the proportion of qualifying units to the total number  
42.23 of units in the building qualify for class 4d. The remaining portion of the building shall be  
42.24 classified by the assessor based upon its use. Class 4d also includes the same proportion of  
42.25 land as the qualifying low-income rental housing units are to the total units in the building.  
42.26 For all properties qualifying as class 4d, the market value determined by the assessor must  
42.27 be based on the normal approach to value using normal unrestricted rents.

42.28 Class 4d property has a class rate of 0.75 percent.

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

42.30 Sec. 11. Minnesota Statutes 2008, section 273.13, subdivision 33, is amended to read:

42.31 Subd. 33. **Classification of unimproved property.** (a) All real property that is not  
42.32 improved with a structure must be classified according to its current use.

42.33 (b) Except as provided in subdivision 23, paragraph (c) or (d), real property that is  
42.34 not improved with a structure and for which there is no identifiable current use must be  
42.35 classified according to its highest and best use permitted under the local zoning ordinance.

43.1 If the ordinance permits more than one use, the land must be classified according to the  
43.2 highest and best use permitted under the ordinance. If no such ordinance exists, the  
43.3 assessor shall consider the most likely potential use of the unimproved land based upon  
43.4 the use made of surrounding land or land in proximity to the unimproved land.

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

43.6 Sec. 12. Minnesota Statutes 2008, section 273.33, subdivision 2, is amended to read:

43.7 Subd. 2. **Listing and assessment by commissioner.** The personal property,  
43.8 consisting of the pipeline system of mains, pipes, and equipment attached thereto, of  
43.9 pipeline companies and others engaged in the operations or business of transporting natural  
43.10 gas, gasoline, crude oil, or other petroleum products by pipelines, shall be listed with and  
43.11 assessed by the commissioner of revenue and the values provided to the city or county  
43.12 assessor by order. This subdivision shall not apply to the assessment of the products  
43.13 transported through the pipelines nor to the lines of local commercial gas companies  
43.14 engaged primarily in the business of distributing gas to consumers at retail nor to pipelines  
43.15 used by the owner thereof to supply natural gas or other petroleum products exclusively  
43.16 for such owner's own consumption and not for resale to others. If more than 85 percent  
43.17 of the natural gas or other petroleum products actually transported over the pipeline is  
43.18 used for the owner's own consumption and not for resale to others, then this subdivision  
43.19 shall not apply; provided, however, that in that event, the pipeline shall be assessed in  
43.20 proportion to the percentage of gas actually transported over such pipeline that is not used  
43.21 for the owner's own consumption. On or before ~~June 30~~ August 1, the commissioner shall  
43.22 certify to the auditor of each county, the amount of such personal property assessment  
43.23 against each company in each district in which such property is located.

43.24 **EFFECTIVE DATE.** This section is effective for assessment year 2009 and  
43.25 thereafter.

43.26 Sec. 13. Minnesota Statutes 2008, section 273.37, subdivision 2, is amended to read:

43.27 Subd. 2. **Listing and assessment by commissioner.** Transmission lines of less  
43.28 than 69 kv, transmission lines of 69 kv and above located in an unorganized township,  
43.29 and distribution lines, and equipment attached thereto, having a fixed situs outside the  
43.30 corporate limits of cities except distribution lines taxed as provided in sections 273.40 and  
43.31 273.41, shall be listed with and assessed by the commissioner of revenue in the county  
43.32 where situated and the values provided to the city or county assessor by order. The  
43.33 commissioner shall assess such property at the percentage of market value fixed by law;

44.1 and, on or before ~~June 30~~ August 1, shall certify to the auditor of each county in which  
44.2 such property is located the amount of the assessment made against each company and  
44.3 person owning such property.

44.4 **EFFECTIVE DATE.** This section is effective for assessment year 2009 and  
44.5 thereafter.

44.6 Sec. 14. Minnesota Statutes 2008, section 274.13, subdivision 2, is amended to read:

44.7 Subd. 2. **Special board; delegated duties.** The board of equalization for any  
44.8 county may appoint a special board of equalization and may delegate to it the powers and  
44.9 duties in subdivision 1. The special board of equalization shall serve at the direction and  
44.10 discretion of the appointing county board, subject to the restrictions imposed by law on  
44.11 the appointing board. The appointing board may determine the number of members to be  
44.12 appointed to the special board, the compensation and expenses to be paid, and the term of  
44.13 office of each member. At least one member of the special board of equalization must be  
44.14 an appraiser, realtor, or other person familiar with property valuations in the county. The  
44.15 county auditor is a nonvoting member and serves as the recorder for the special board.  
44.16 The special board is subject to the quorum requirements for county boards and the training  
44.17 requirements for county boards in section 274.135, subdivision 2.

44.18 **EFFECTIVE DATE.** The section is effective the day following final enactment.

44.19 Sec. 15. Minnesota Statutes 2008, section 274.135, subdivision 3, is amended to read:

44.20 Subd. 3. **Proof of compliance; transfer of duties.** (a) Any county that  
44.21 conducts county boards of appeal and equalization meetings must provide proof to the  
44.22 commissioner by December 1, 2009, and each year thereafter, that it is in compliance  
44.23 with the requirements of subdivision 2. Beginning in 2009, this notice must also verify  
44.24 that there was a quorum of voting members at each meeting of the board of appeal and  
44.25 equalization in the current year. A county that does not comply with these requirements  
44.26 is deemed to have transferred its board of appeal and equalization powers to the special  
44.27 board of equalization appointed pursuant to section 274.13, subdivision 2, beginning  
44.28 with the following year's assessment and continuing unless the powers are reinstated  
44.29 under paragraph (c). A county that does not comply with the requirements of subdivision  
44.30 2 and has not appointed a special board of equalization shall appoint a special board of  
44.31 equalization before the following year's assessment.

44.32 (b) The county shall notify the taxpayers when the board of appeal and equalization  
44.33 for a county has been transferred to the special board of equalization under this subdivision

45.1 and, prior to the meeting time of the special board of equalization, the county shall make  
45.2 available to those taxpayers a procedure for a review of the assessments, including, but  
45.3 not limited to, open book meetings. This alternate review process must take place in  
45.4 April and May.

45.5 (c) A county board whose powers are transferred to the special board of equalization  
45.6 under this subdivision may be reinstated by resolution of the county board and upon proof  
45.7 of compliance with the requirements of subdivision 2. The resolution and proofs must be  
45.8 provided to the commissioner by December 1 in order to be effective for the following  
45.9 year's assessment.

45.10 (d) If a person who was entitled to appeal to the county board of appeal and  
45.11 equalization or to the county special board of equalization is not able to do so in a  
45.12 particular year because the county board or special board did not meet the quorum and  
45.13 training requirements in this section and section 274.13, or because the special board  
45.14 was not appointed, that person may instead appeal to the commissioner of revenue,  
45.15 provided that the appeal is received by the commissioner prior to August 1. The appeal  
45.16 is not subject to either chapter 14 or section 270C.92. The commissioner must issue  
45.17 an appropriate order to the county assessor in response to each timely appeal, either  
45.18 upholding or changing the valuation or classification of the property. Prior to October 1 of  
45.19 each year, the commissioner must charge and bill the county where the property is located  
45.20 \$500 for each tax parcel covered by an order issued under this paragraph in that year.  
45.21 Amounts received by the commissioner under this paragraph must be deposited in the  
45.22 state's general fund. If payment of a billed amount is not received by the commissioner  
45.23 before December 1 of the year when billed, the commissioner must deduct that unpaid  
45.24 amount from any state aid the commissioner would otherwise pay to the county under  
45.25 chapter 477A in the next year. Late payments may either be returned to the county  
45.26 uncashed and undeposited or may be accepted. If a late payment is accepted, the state aid  
45.27 paid to the county under chapter 477A must be adjusted within 12 months to eliminate any  
45.28 reduction that occurred because the payment was late. Amounts needed to make these  
45.29 adjustments are included in the appropriation under section 477A.03, subdivision 2.

45.30 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and  
45.31 thereafter.

45.32 Sec. 16. Minnesota Statutes 2008, section 274.14, is amended to read:

45.33 **274.14 LENGTH OF SESSION; RECORD.**

46.1 The board ~~may~~ must meet ~~on any~~ after the second Friday in June on at least one  
46.2 meeting day and may meet for up to ten consecutive meeting days ~~in June, after the~~  
46.3 ~~second Friday in June~~. The actual meeting dates must be contained on the valuation  
46.4 notices mailed to each property owner in the county as provided in section 273.121. For  
46.5 this purpose, "meeting days" is defined as any day of the week excluding Sunday. At  
46.6 the board's discretion, "meeting days" may include Saturday. No action taken by the  
46.7 county board of review after June 30 is valid, except for corrections permitted in sections  
46.8 273.01 and 274.01. The county auditor shall keep an accurate record of the proceedings  
46.9 and orders of the board. The record must be published like other proceedings of county  
46.10 commissioners. A copy of the published record must be sent to the commissioner of  
46.11 revenue, with the abstract of assessment required by section 274.16.

46.12 For counties that conduct either regular board of review meetings or open book  
46.13 meetings, at least one of the meeting days must include a meeting that does not end  
46.14 before 7:00 p.m. For counties that require taxpayer appointments for the board of review,  
46.15 appointments must include some available times that extend until at least 7:00 p.m. The  
46.16 county may have a Saturday meeting in lieu of, or in addition to, the extended meeting  
46.17 times under this paragraph.

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

46.19 Sec. 17. Minnesota Statutes 2008, section 274.175, is amended to read:

46.20 **274.175 VALUES FINALIZED.**

46.21 The assessments recorded by the county assessor and the county auditor under  
46.22 sections 273.124, subdivision 9; 274.16; 274.17; or other law for real and personal  
46.23 property are final on July 1 of the assessment year, except for property added to the  
46.24 assessment rolls under section 272.02, subdivision 38, and assessments certified to the  
46.25 auditor under sections 273.33, subdivision 2, and 273.37, subdivision 2, or deleted  
46.26 because of tax forfeiture pursuant to chapter 281. No changes in value may be made  
46.27 after July 1 of the assessment year, except for corrections permitted in sections 273.01  
46.28 and 274.01, or assessments certified to the auditor under sections 273.33, subdivision 2,  
46.29 and 273.37, subdivision 2.

46.30 **EFFECTIVE DATE.** This section is effective for assessment year 2009 and  
46.31 thereafter.

47.1 Sec. 18. Minnesota Statutes 2008, section 290C.06, is amended to read:

47.2 **290C.06 CALCULATION OF AVERAGE ESTIMATED MARKET VALUE;**  
47.3 **TIMBERLAND MANAGED FOREST LAND.**

47.4 The commissioner shall annually calculate a statewide average estimated market  
47.5 value per acre for class ~~2b timberland~~ 2c managed forest land under section 273.13,  
47.6 subdivision 23, ~~paragraph (b).~~

47.7 **EFFECTIVE DATE.** This section is effective for calculations made in 2010 and  
47.8 thereafter.

47.9 Sec. 19. Minnesota Statutes 2008, section 290C.07, is amended to read:

47.10 **290C.07 CALCULATION OF INCENTIVE PAYMENT.**

47.11 An approved claimant under the sustainable forest incentive program is eligible to  
47.12 receive an annual payment. The payment shall equal the greater of:

47.13 (1) the difference between the property tax that would be paid on the land using the  
47.14 previous year's statewide average total township tax rate and ~~the a class rate for class 2b~~  
47.15 ~~timberland under section 273.13, subdivision 23, paragraph (b)~~ of one percent, if the land  
47.16 were valued at (i) the average statewide ~~timberland~~ managed forest land market value per  
47.17 acre calculated under section 290C.06, and (ii) the average statewide ~~timberland~~ managed  
47.18 forest land current use value per acre calculated under section 290C.02, subdivision 5; or

47.19 (2) two-thirds of the property tax amount determined by using the previous  
47.20 year's statewide average total township tax rate, the estimated market value per acre as  
47.21 calculated in section 290C.06, and ~~the a class rate for 2b timberland under section 273.13,~~  
47.22 ~~subdivision 23, paragraph (b)~~ of one percent, provided that the payment shall be no less  
47.23 than \$7 per acre for each acre enrolled in the sustainable forest incentive program.

47.24 **EFFECTIVE DATE.** This section is effective for calculations made in 2010 and  
47.25 thereafter.

47.26 Sec. 20. Minnesota Statutes 2008, section 477A.011, subdivision 34, is amended to  
47.27 read:

47.28 Subd. 34. **City revenue need.** (a) For a city with a population equal to or greater  
47.29 than 2,500, "city revenue need" is the greater of 285 or the sum of (1) 5.0734098 times the  
47.30 pre-1940 housing percentage; plus (2) 19.141678 times the population decline percentage;  
47.31 plus (3) 2504.06334 times the road accidents factor; plus (4) 355.0547; minus (5) the  
47.32 metropolitan area factor; minus (6) 49.10638 times the household size.

48.1 (b) For a city with a population less than 2,500, "city revenue need" is the sum of  
48.2 (1) 2.387 times the pre-1940 housing percentage; plus (2) 2.67591 times the commercial  
48.3 industrial percentage; plus (3) 3.16042 times the population decline percentage; plus (4)  
48.4 1.206 times the transformed population; minus (5) 62.772.

48.5 (c) For a city with a population of 2,500 or more and a population in one of the most  
48.6 recently available five years that was less than 2,500, "city revenue need" is the sum of (1)  
48.7 its city revenue need calculated under paragraph (a) multiplied by its transition factor;  
48.8 plus (2) its city revenue need calculated under the formula in paragraph (b) multiplied  
48.9 by the difference between one and its transition factor. For purposes of this paragraph, a  
48.10 city's "transition factor" is equal to 0.2 multiplied by the number of years that the city's  
48.11 population estimate has been 2,500 or more. This provision only applies for aids payable  
48.12 in calendar years 2006 to 2008 to cities with a 2002 population of less than 2,500. It  
48.13 applies to any city for aids payable in 2009 and thereafter. ~~The city revenue need under~~  
48.14 ~~this paragraph may not be less than 285.~~

48.15 (d) The city revenue need cannot be less than zero.

48.16 (e) For calendar year 2005 and subsequent years, the city revenue need for a city,  
48.17 as determined in paragraphs (a) to (d), is multiplied by the ratio of the annual implicit  
48.18 price deflator for government consumption expenditures and gross investment for state  
48.19 and local governments as prepared by the United States Department of Commerce, for  
48.20 the most recently available year to the 2003 implicit price deflator for state and local  
48.21 government purchases.

48.22 **EFFECTIVE DATE.** This section is effective for aids payable in 2009 and  
48.23 thereafter.

48.24 Sec. 21. Minnesota Statutes 2008, section 477A.011, subdivision 42, is amended to  
48.25 read:

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

48.32 (b) For calendar year 2010 and subsequent years, the city jobs base for a city, as  
48.33 determined in paragraph (a), is multiplied by the ratio of the appropriation under section  
48.34 477A.03, subdivision 2a, for the year in which the aid is paid to the appropriation under  
48.35 that section for aids payable in 2009.



49.1 (c) For purposes of this subdivision, "jobs per capita in the city" means (1) the  
49.2 average annual number of employees in the city based on the data from the Quarterly  
49.3 Census of Employment and Wages, as reported by the Department of Employment and  
49.4 Economic Development, for the most recent calendar year available as of May 1, 2008,  
49.5 divided by (2) the city's population for the same calendar year as the employment data.  
49.6 The commissioner of the Department of Employment and Economic Development shall  
49.7 certify to the city the average annual number of employees for each city by June 1, 2008.  
49.8 A city may challenge an estimate under this paragraph by filing its specific objection,  
49.9 including the names of employers that it feels may have misreported data, in writing with  
49.10 the commissioner by June 20, 2008. The commissioner shall make every reasonable effort  
49.11 to address the specific objection and adjust the data as necessary. The commissioner shall  
49.12 certify the estimates of the annual employment to the commissioner of revenue by July 15,  
49.13 2008, including any estimates still under objection.

49.14 **EFFECTIVE DATE.** This section is effective for aids payable in 2009 and  
49.15 thereafter.

49.16 Sec. 22. Minnesota Statutes 2008, section 477A.013, subdivision 8, is amended to read:

49.17 Subd. 8. **City formula aid.** (a) In calendar year 2009, the formula aid for a city  
49.18 is equal to the sum of (1) its city jobs base, (2) its small city aid base, and (3) the need  
49.19 increase percentage multiplied by its unmet need.

49.20 (b) In calendar year 2010 and subsequent years, the formula aid for a city is equal  
49.21 to the sum of (1) its city jobs base, (2) its small city aid base, and (3) the need increase  
49.22 percentage multiplied by the average of its unmet need for the most recently available  
49.23 two years.

49.24 No city may have a formula aid amount less than zero. The need increase percentage  
49.25 must be the same for all cities.

49.26 The applicable need increase percentage must be calculated by the Department of  
49.27 Revenue so that the total of the aid under subdivision 9 equals the total amount available  
49.28 for aid under section 477A.03. For aids payable in 2009 only, all data used in calculating  
49.29 aid to cities under sections 477A.011 to 477A.013 will be based on the data available for  
49.30 calculating aid to cities for aids payable in 2008. For aids payable in 2010 and thereafter,  
49.31 data used in calculating aids to cities under sections 477A.011 to 477A.013 shall be the  
49.32 most recently available data as of January 1 in the year in which the aid is calculated  
49.33 except as provided in section 477A.011, subdivisions 3 and 35.

50.1 **EFFECTIVE DATE.** This section is effective for assessment year 2009 and  
50.2 thereafter.

50.3 Sec. 23. **REPEALER.**

50.4 Minnesota Rules, parts 8115.0200; 8115.0300; 8115.0400; 8115.0500; 8115.0600;  
50.5 8115.1000; 8115.1100; 8115.1200; 8115.1300; 8115.1400; 8115.1500; 8115.1600;  
50.6 8115.1700; 8115.1800; 8115.1900; 8115.2000; 8115.2100; 8115.2200; 8115.2300;  
50.7 8115.2400; 8115.2500; 8115.2600; 8115.2700; 8115.2800; 8115.2900; 8115.3000;  
50.8 8115.4000; 8115.4100; 8115.4200; 8115.4300; 8115.4400; 8115.4500; 8115.4600;  
50.9 8115.4700; 8115.4800; 8115.4900; 8115.5000; 8115.5100; 8115.5200; 8115.5300;  
50.10 8115.5400; 8115.5500; 8115.5600; 8115.5700; 8115.5800; 8115.5900; 8115.6000;  
50.11 8115.6100; 8115.6200; 8115.6300; 8115.6400; and 8115.9900; are repealed.

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

## 50.13 **ARTICLE 5**

### 50.14 **CONDITIONAL USE DEEDS**

50.15 Section 1. Minnesota Statutes 2008, section 282.01, subdivision 1, is amended to read:

50.16 Subdivision 1. **Classification as conservation or nonconservation.** ~~It is the general~~  
50.17 ~~policy of this state to encourage the best use of tax-forfeited lands, recognizing that some~~  
50.18 ~~lands in public ownership should be retained and managed for public benefits while other~~  
50.19 ~~lands should be returned to private ownership.~~ (a) When acting on behalf of the state under  
50.20 laws allowing the county board to classify and manage tax-forfeited lands held by the  
50.21 state in trust for the local units as provided in section 281.25, the county board has the  
50.22 discretion to decide that some lands in public ownership should be retained and managed  
50.23 for public benefits while other lands should be returned to private ownership. Parcels  
50.24 of land becoming the property of the state in trust under law declaring the forfeiture  
50.25 of lands to the state for taxes must be classified by the county board of the county in  
50.26 which the parcels lie as conservation or nonconservation. In making the classification the  
50.27 board shall consider the present use of adjacent lands, the productivity of the soil, the  
50.28 character of forest or other growth, accessibility of lands to established roads, schools,  
50.29 and other public services, their peculiar suitability or desirability for particular uses, and  
50.30 the suitability of the forest resources on the land for multiple use, and sustained yield  
50.31 management. The classification, furthermore, must: (1) encourage and foster a mode of  
50.32 land utilization that will facilitate the economical and adequate provision of transportation,  
50.33 roads, water supply, drainage, sanitation, education, and recreation; (2) facilitate reduction

51.1 of governmental expenditures; (3) conserve and develop the natural resources; and (4)  
51.2 protect and sustain important environmental and ecological systems; and (5) foster and  
51.3 develop agriculture and other industries in the districts and places best suited to them.

51.4 ~~In making the classification the county board may use information made available~~  
51.5 ~~by any office or department of the federal, state, or local governments, or by any other~~  
51.6 ~~person or agency possessing pertinent information at the time the classification is made.~~  
51.7 ~~The lands may be reclassified from time to time as the county board considers necessary~~  
51.8 ~~or desirable, except for conservation lands held by the state free from any trust in favor of~~  
51.9 ~~any taxing district.~~

51.10 ~~If the lands are located within the boundaries of an organized town, with taxable~~  
51.11 ~~valuation in excess of \$20,000, or incorporated municipality, the classification or~~  
51.12 ~~reclassification and sale must first be approved by the town board of the town or the~~  
51.13 ~~governing body of the municipality in which the lands are located. The town board of~~  
51.14 ~~the town or the governing body of the municipality is considered to have approved~~  
51.15 ~~the classification or reclassification and sale if the county board is not notified of the~~  
51.16 ~~disapproval of the classification or reclassification and sale within 60 days of the date the~~  
51.17 ~~request for approval was transmitted to the town board of the town or governing body~~  
51.18 ~~of the municipality. If the town board or governing body desires to acquire any parcel~~  
51.19 ~~lying in the town or municipality by procedures authorized in this section, it must file a~~  
51.20 ~~written application with the county board to withhold the parcel from public sale. The~~  
51.21 ~~application must be filed within 60 days of the request for classification or reclassification~~  
51.22 ~~and sale. The county board shall then withhold the parcel from public sale for six months.~~  
51.23 ~~A municipality or governmental subdivision shall pay maintenance costs incurred by~~  
51.24 ~~the county during the six-month period while the property is withheld from public sale,~~  
51.25 ~~provided the property is not offered for public sale after the six-month period. A clerical~~  
51.26 ~~error made by county officials does not serve to eliminate the request of the town board~~  
51.27 ~~or governing body if the board or governing body has forwarded the application to the~~  
51.28 ~~county auditor. If the town board or governing body of the municipality fails to submit an~~  
51.29 ~~application and a resolution of the board or governing body to acquire the property within~~  
51.30 ~~the withholding period, the county may offer the property for sale upon the expiration of~~  
51.31 ~~the withholding period.~~

51.32 (b) Whenever the county board deems it appropriate, the board may hold a meeting  
51.33 for the purpose of reclassifying tax-forfeited land that has not been sold or released from  
51.34 the trust. The criteria and procedures for reclassification are the same as those required for  
51.35 an initial classification.

52.1 (c) Prior to meeting for the purpose of classifying or reclassifying tax-forfeited lands,  
52.2 the county board must give notice of its intent to meet for that purpose as provided in this  
52.3 paragraph. The notice must be given no more than 90 days and no less than 60 days before  
52.4 the date of the meeting; provided that if the meeting is rescheduled, notice of the new  
52.5 date, time, and location must be given at least 14 days before the date of the rescheduled  
52.6 meeting. The notice must be posted on a Web site. The notice must also be mailed or  
52.7 otherwise delivered to each person who has filed a request for notice of special meetings  
52.8 with the public body, regardless of whether the matter is considered at a regular or special  
52.9 meeting. The notice must be mailed or delivered at least 60 days before the date of the  
52.10 meeting. If the meeting is rescheduled, notice of the new date, time, and location must be  
52.11 mailed or delivered at least 14 days before the date of the rescheduled meeting. The public  
52.12 body shall publish the notice once, at least 30 days before the meeting, in a newspaper of  
52.13 general circulation within the area of the public body's authority. The board must also mail  
52.14 a notice by electronic means to each person who requests notice of meetings dealing with  
52.15 this subject and who agrees as provided in chapter 325L to accept notice that is mailed  
52.16 by electronic means. Receipt of actual notice under the conditions specified in section  
52.17 13D.04, subdivision 7, satisfies the notice requirements of this paragraph.

52.18 The board may classify or reclassify tax-forfeited lands at any regular or special  
52.19 meeting, as those terms are defined in chapter 13D and may conduct only this business, or  
52.20 this business as well as other business or activities at the meeting.

52.21 (d) At the meeting, the county board must allow any person or agency possessing  
52.22 pertinent information to make or submit comments and recommendations about the  
52.23 pending classification or reclassification. In addition, representatives of governmental  
52.24 entities in attendance must be allowed to describe plans, ideas, or projects that may  
52.25 involve use or acquisition of the property by that or another governmental entity. The  
52.26 county board must solicit and consider any relevant components of current municipal or  
52.27 metropolitan comprehensive land use plans that incorporate the area in which the land  
52.28 is located. After allowing testimony, the board may classify, reclassify, or delay taking  
52.29 action on any parcel or parcels. In order for a state agency or a governmental subdivision  
52.30 of the state to preserve its right to request a purchase or other acquisition of a forfeited  
52.31 parcel, it may, at any time following forfeiture, file a written request to withhold the parcel  
52.32 from sale or lease to others under the provisions of subdivision 1a.

52.33 (e) When classifying, reclassifying, appraising, and selling lands under this chapter,  
52.34 the county board may designate the tracts as assessed and acquired, or may by resolution  
52.35 provide for the subdivision of the tracts into smaller units or for the grouping of several  
52.36 tracts into one tract when the subdivision or grouping is deemed advantageous for

53.1 conservation or sale purposes. This paragraph does not authorize the county board to  
53.2 subdivide a parcel or tract of tax-forfeited land that, as assessed and acquired, is withheld  
53.3 from sale under section 282.018, subdivision 1.

53.4 (f) A county board may by resolution elect to use the classification and  
53.5 reclassification procedures provided in paragraphs (g), (h), and (i), instead of the  
53.6 procedures provided in paragraphs (b), (c), and (d). Once an election is made under this  
53.7 paragraph, it is effective for a minimum of five years.

53.8 (g) The classification or reclassification of tax-forfeited land that has not been sold or  
53.9 released from the trust may be made by the county board using information made available  
53.10 to it by any office or department of the federal, state, or local governments, or by any other  
53.11 person or agency possessing pertinent information at the time the classification is made.

53.12 (h) If the lands are located within the boundaries of an organized town or  
53.13 incorporated municipality, a classification or reclassification and sale must first be  
53.14 approved by the town board of the town or the governing body of the municipality in  
53.15 which the lands are located. The town board of the town or the governing body of the  
53.16 municipality is considered to have approved the classification or reclassification and sale  
53.17 if the county board is not notified of the disapproval of the classification or reclassification  
53.18 and sale within 60 days of the date the request for approval was transmitted to the town  
53.19 board of the town or governing body of the municipality. If the town board or governing  
53.20 body disapproves of the classification or reclassification and sale, the county board must  
53.21 follow the procedures in paragraphs (c) and (d), with regard to the parcel, and must  
53.22 additionally cause to be published in a newspaper a notice of the date, time, location, and  
53.23 purpose of the required meeting.

53.24 (i) If a town board or a governing body of a municipality desires to acquire any  
53.25 parcel lying in the town or municipality by procedures authorized in this section, it may  
53.26 file a written request under subdivision 1a, paragraph (a).

53.27 **EFFECTIVE DATE.** This section is effective July 1, 2009.

53.28 Sec. 2. Minnesota Statutes 2008, section 282.01, subdivision 1a, is amended to read:

53.29 Subd. 1a. **Conveyance; ~~generally to public entities.~~** (a) Upon written request  
53.30 from a state agency or a governmental subdivision of the state, a parcel of unsold  
53.31 tax-forfeited land must be withheld from sale or lease to others for a maximum of six  
53.32 months. The request must be submitted to the county auditor. Upon receipt, the county  
53.33 auditor must withhold the parcel from sale or lease to any other party for six months, and  
53.34 must confirm the starting date of the six-month withholding period to the requesting  
53.35 agency or subdivision. If the request is from a governmental subdivision of the state, the

54.1 governmental subdivision must pay the maintenance costs incurred by the county during  
54.2 the period the parcel is withheld. The county board may approve a sale or conveyance to  
54.3 the requesting party during the withholding period. A conveyance of the property to the  
54.4 requesting party terminates the withholding period.

54.5 A governmental subdivision of the state must not make, and a county auditor must  
54.6 not act upon, a second request to withhold a parcel from sale or lease within 18 months  
54.7 of a previous request for that parcel. A county may reject a request made under this  
54.8 paragraph if the request is made more than 30 days after the county has given notice to the  
54.9 requesting state agency or governmental subdivision of the state that the county intends to  
54.10 sell or otherwise dispose of the property.

54.11 (b) Nonconservation tax-forfeited lands may be sold by the county board, for  
54.12 their market value as determined by the county board, to an organized or incorporated  
54.13 governmental subdivision of the state for any public purpose for which the subdivision is  
54.14 authorized to acquire property or. When the term "market value" is used in this section, it  
54.15 means an estimate of the full and actual market value of the parcel as determined by the  
54.16 county board, but in making this determination, the board and the persons employed by or  
54.17 under contract with the board in order to perform, conduct, or assist in the determination,  
54.18 are exempt from the licensure requirements of chapter 82B.

54.19 (c) Nonconservation tax-forfeited lands may be released from the trust in favor of the  
54.20 taxing districts on application of to the county board by a state agency for an authorized  
54.21 use at not less than their market value as determined by the county board.

54.22 (d) Nonconservation tax-forfeited lands may be sold by the county board to an  
54.23 organized or incorporated governmental subdivision of the state or state agency for less  
54.24 than their market value if:

54.25 (1) the county board determines that a sale at a reduced price is in the public interest  
54.26 because a reduced price is necessary to provide an incentive to correct the blighted  
54.27 conditions that make the lands undesirable in the open market, or the reduced price will  
54.28 lead to the development of affordable housing; and

54.29 (2) the governmental subdivision or state agency has documented its specific plans  
54.30 for correcting the blighted conditions or developing affordable housing, and the specific  
54.31 law or laws that empower it to acquire real property in furtherance of the plans.

54.32 If the sale under this paragraph is to a governmental subdivision of the state, the  
54.33 commissioner of revenue must convey the property on behalf of the state by quit claim  
54.34 deed. If the sale under this paragraph is to a state agency, the commissioner must issue a  
54.35 conveyance document that releases the property from the trust in favor of the taxing  
54.36 districts.

55.1 (e) Nonconservation tax-forfeited land held in trust in favor of the taxing districts  
55.2 may be conveyed by the commissioner of revenue ~~may convey by deed~~ in the name  
55.3 of the state ~~a tract of tax-forfeited land held in trust in favor of the taxing districts~~ to a  
55.4 governmental subdivision for an authorized public use, if an application is submitted to  
55.5 the commissioner which includes a statement of facts as to the use to be made of the tract  
55.6 ~~and the need therefor~~ and the favorable recommendation of the county board. For the  
55.7 purposes of this paragraph, "authorized public use" means a use that allows an indefinite  
55.8 segment of the public to physically use and enjoy the property in numbers appropriate  
55.9 to its size and use, or is for a public service facility. Authorized public uses as defined  
55.10 in this paragraph are limited to:

- 55.11 (1) a road, or right-of-way for a road;  
55.12 (2) a park that is both available to, and accessible by, the public that contains  
55.13 amenities such as campgrounds, playgrounds, athletic fields, trails, or shelters;  
55.14 (3) trails for walking, bicycling, snowmobiling, or other recreational purposes, along  
55.15 with a reasonable amount of surrounding land maintained in its natural state;  
55.16 (4) transit ways for buses or commuter trains;  
55.17 (5) public beaches or boat launches;  
55.18 (6) public parking;  
55.19 (7) civic recreation or conference facilities; and  
55.20 (8) public service facilities such as fire halls, police stations, lift stations, water  
55.21 towers, sanitation facilities, water treatment facilities, and administrative offices.

55.22 (f) The commissioner of revenue shall convey a parcel of nonconservation  
55.23 tax-forfeited land to a local governmental subdivision of the state by quit claim deed  
55.24 on behalf of the state upon the favorable recommendation of the county board if the  
55.25 governmental subdivision has certified to the board that prior to forfeiture the subdivision  
55.26 was entitled to the parcel under a written development agreement or instrument, but  
55.27 the conveyance failed to occur prior to forfeiture. No compensation or consideration is  
55.28 required for, and no conditions attach to, the conveyance.

55.29 (g) The commissioner of revenue shall convey a parcel of nonconservation  
55.30 tax-forfeited land to the association of a common interest community by quit claim deed  
55.31 upon the favorable recommendation of the county board if the association certifies to the  
55.32 board that prior to forfeiture the association was entitled to the parcel under a written  
55.33 agreement, but the conveyance failed to occur prior to forfeiture. No compensation or  
55.34 consideration is required for, and no conditions attach to, the conveyance.

55.35 (h) Conservation tax-forfeited land may be sold to a governmental subdivision of the  
55.36 state for less than its market value for either: (1) creation or preservation of wetlands;

56.1 (2) drainage or storage of storm water under a storm water management plan; or (3)  
56.2 preservation, or restoration and preservation, of the land in its natural state. The deed must  
56.3 contain a restrictive covenant limiting the use of the land to one of these purposes for  
56.4 30 years or until the property is reconveyed back to the state in trust. At any time, the  
56.5 governmental subdivision may reconvey the property to the state in trust for the taxing  
56.6 districts. The deed of reconveyance is subject to approval by the commissioner of revenue.  
56.7 No part of a purchase price determined under this paragraph shall be refunded upon a  
56.8 reconveyance, but the amount paid for a conveyance under this paragraph may be taken  
56.9 into account by the county board when setting the terms of a future sale of the same  
56.10 property to the same governmental subdivision under paragraph (b) or (d). If the lands  
56.11 are unplatted and located outside of an incorporated municipality and the commissioner  
56.12 of natural resources determines there is a mineral use potential, the sale is subject to the  
56.13 approval of the commissioner of natural resources.

56.14 **EFFECTIVE DATE.** This section is effective July 1, 2009.

56.15 Sec. 3. Minnesota Statutes 2008, section 282.01, subdivision 1b, is amended to read:

56.16 Subd. 1b. **Conveyance; targeted neighborhood lands.** ~~(a)~~ Notwithstanding  
56.17 subdivision 1a, in the case of tax-forfeited lands located in a targeted neighborhood, ~~as~~  
56.18 ~~defined in section 469.201, subdivision 10~~ in a city of the first class, the commissioner of  
56.19 revenue shall convey by quit claim deed in the name of the state any tract of tax-forfeited  
56.20 land held in trust in favor of the taxing districts, to a political subdivision of the state that  
56.21 submits an application to the commissioner of revenue and the favorable recommendation  
56.22 of the county board. For purposes of this subdivision, the term "targeted neighborhood"  
56.23 has the meaning given in section 469.201, subdivision 10, except that the land must be  
56.24 located within a first class city.

56.25 ~~(b) The application under paragraph (a) must include a statement of facts as to the~~  
56.26 ~~use to be made of the tract, the need therefor, and a resolution, adopted by the governing~~  
56.27 ~~body of the political subdivision, finding that the conveyance of a tract of tax-forfeited~~  
56.28 ~~land to the political subdivision is necessary to provide for the redevelopment of land as~~  
56.29 ~~productive taxable property. Deeds of conveyance issued under paragraph (a) are not~~  
56.30 ~~conditioned on continued use of the property for the use stated in the application.~~

56.31 **EFFECTIVE DATE.** This section is effective July 1, 2009.

56.32 Sec. 4. Minnesota Statutes 2008, section 282.01, subdivision 1c, is amended to read:



57.1 Subd. 1c. **Deed of conveyance; form; approvals.** The deed of conveyance for  
57.2 property conveyed for ~~a~~ an authorized public use under the authorities in subdivision  
57.3 1a, paragraph (e), must be on a form approved by the attorney general and must be  
57.4 conditioned on continued use for the purpose stated in the application as provided in this  
57.5 section. These deeds are conditional use deeds that convey a defeasible estate. Reversion  
57.6 of the estate occurs by operation of law and without the requirement for any affirmative  
57.7 act by or on behalf of the state when there is a failure to put the property to the approved  
57.8 authorized public use for which it was conveyed, or an abandonment of that use, except as  
57.9 provided in subdivision 1d.

57.10 **EFFECTIVE DATE.** This section is effective July 1, 2009.

57.11 Sec. 5. Minnesota Statutes 2008, section 282.01, subdivision 1d, is amended to read:

57.12 Subd. 1d. **Reverter for failure to use; conveyance to state.** (a) If after three years  
57.13 from the date of the conveyance a governmental subdivision to which tax-forfeited land  
57.14 has been conveyed for ~~a specified~~ an authorized public use as provided in ~~this section~~  
57.15 subdivision 1a, paragraph (e), fails to put the land to that use, or abandons that use, the  
57.16 governing body of the subdivision ~~may,~~ must: (1) with the approval of the county board,  
57.17 purchase the property for an authorized public purpose at the present ~~appraised~~ market  
57.18 value as determined by the county board. ~~In that case, the commissioner of revenue~~  
57.19 ~~shall, upon proper written application approved by the county board, issue an appropriate~~  
57.20 ~~deed to the subdivisions free of a use restriction and reverter. The governing body may~~  
57.21 ~~also,~~ or (2) authorize the proper officers to convey the land, or the part of the land not  
57.22 required for an authorized public use, to the state of Minnesota: in trust for the taxing  
57.23 districts. If the governing body purchases the property under clause (1), the commissioner  
57.24 of revenue shall, upon property application submitted by the county auditor, convey  
57.25 the property on behalf of the state by quit claim deed to the subdivision free of a use  
57.26 restriction and the possibility of reversion or defeasement. If the governing body decides  
57.27 to reconvey the property to the state under clause (2), the officers shall execute a deed of  
57.28 conveyance immediately. The conveyance is subject to the approval of the commissioner  
57.29 and its form must be approved by the attorney general. ~~A sale, lease, transfer, or other~~  
57.30 ~~conveyance of tax-forfeited lands by a housing and redevelopment authority, a port~~  
57.31 ~~authority, an economic development authority, or a city as authorized by chapter 469 is not~~  
57.32 ~~an abandonment of use and the lands shall not be reconveyed to the state nor shall they~~  
57.33 ~~revert to the state. A certificate made by a housing and redevelopment authority, a port~~  
57.34 ~~authority, an economic development authority, or a city referring to a conveyance by it~~  
57.35 ~~and stating that the conveyance has been made as authorized by chapter 469 may be filed~~

58.1 ~~with the county recorder or registrar of titles, and the rights of reverter in favor of the state~~  
58.2 ~~provided by subdivision 1e will then terminate. No vote of the people is required for the~~  
58.3 ~~conveyance.~~ For the purposes of this subdivision, there is no failure to put the land to the  
58.4 authorized public use and no abandonment of that use if a formal plan of the governmental  
58.5 subdivision, including, but not limited to, a comprehensive plan or land use plan that  
58.6 shows an intended future use of the land for the authorized public use.

58.7 (b) Property held by a governmental subdivision of the state under a conditional use  
58.8 deed executed by the commissioner of revenue after January 1, 2006, may be acquired  
58.9 by that governmental subdivision after 15 years from the date of the conveyance if  
58.10 the commissioner determines upon written application from the subdivision that the  
58.11 subdivision has in fact put the property to the authorized public use for which it was  
58.12 conveyed, and the subdivision has made a finding that it has no current plans to change  
58.13 the use of the lands. Prior to conveying the property, the commissioner shall inquire  
58.14 whether the county board where the land is located objects to a conveyance of the property  
58.15 to the subdivision without conditions and without further act by or obligation of the  
58.16 subdivision. If the county does not object within 60 days, and the commissioner makes  
58.17 a favorable determination, the commissioner shall issue a quit claim deed on behalf of  
58.18 the state unconditionally conveying the property to the governmental subdivision. For  
58.19 purposes of this paragraph, demonstration of an intended future use for the authorized  
58.20 public use in a formal plan of the governmental subdivision does not constitute use for  
58.21 that authorized public use.

58.22 (c) Property held by a governmental subdivision of the state under a conditional use  
58.23 deed executed by the commissioner of revenue before January 1, 2006, is released from  
58.24 the use restriction and possibility of reversion on January 1, 2021, if the county board  
58.25 records a document describing the land and citing this paragraph. The county board may  
58.26 authorize the county treasurer to deduct the amount of the recording fees from future  
58.27 settlements of property taxes to the subdivision.

58.28 (d) All property held by a governmental subdivision of the state under a conditional  
58.29 use deed executed by the commissioner of revenue is released from the use restriction  
58.30 and possibility of reversion on the later of: (1) January 1, 2015; (2) 40 years after the  
58.31 date the deed was executed; or (3) upon final resolution of an appeal to district court  
58.32 under subdivision 1e if the appeal was commenced prior to January 1, 2015. Upon the  
58.33 occurrence of clause (1), (2), or (3), the governmental subdivision may record a certificate  
58.34 referring to the land, the original conveyance, and to the release under this paragraph.

58.35 **EFFECTIVE DATE.** This section is effective July 1, 2009.

59.1 Sec. 6. Minnesota Statutes 2008, section 282.01, is amended by adding a subdivision  
59.2 to read:

59.3 Subd. 1g. **Conditional use deed fees.** (a) A governmental subdivision of the state  
59.4 applying for a conditional use deed under subdivision 1a, paragraph (e), must submit a fee  
59.5 of \$250 to the commissioner of revenue along with the application. If the application is  
59.6 denied, the commissioner shall refund \$150 of the application fee.

59.7 (b) The proceeds from the fees must be deposited in a Department of Revenue  
59.8 conditional use deed revolving fund. The sums deposited into the revolving fund are  
59.9 appropriated to the commissioner of revenue for the purpose of making the refunds  
59.10 described in this subdivision, and administering conditional use deed laws.

59.11 **EFFECTIVE DATE.** This section is effective for applications received by the  
59.12 commissioner after June 30, 2009.

59.13 Sec. 7. Minnesota Statutes 2008, section 282.01, subdivision 2, is amended to read:

59.14 Subd. 2. **Conservation lands; county board supervision.** (a) Lands classified as  
59.15 conservation lands, ~~unless reclassified as nonconservation lands, sold to a governmental~~  
59.16 ~~subdivision of the state, designated as lands primarily suitable for forest production and~~  
59.17 ~~sold as hereinafter provided, or released from the trust in favor of the taxing districts, as~~  
59.18 ~~herein provided, will~~ must be held under the supervision of the county board of the county  
59.19 within which ~~such~~ the parcels lie; and must not be conveyed or sold unless the lands are:

59.20 ~~The county board may, by resolution duly adopted, declare lands classified as~~  
59.21 ~~conservation lands as primarily suitable for timber production and as lands which should~~  
59.22 ~~be placed in private ownership for such purposes. If such action be approved by the~~  
59.23 ~~commissioner of natural resources, the lands so designated, or any part thereof, may be~~  
59.24 ~~sold by the county board in the same manner as provided for the sale of lands classified as~~  
59.25 ~~nonconservation lands. Such county action and the approval of the commissioner shall be~~  
59.26 ~~limited to lands lying within areas zoned for restricted uses under the provisions of Laws~~  
59.27 ~~1939, chapter 340, or any amendments thereof.~~

59.28 (1) reclassified as nonconservation lands;

59.29 (2) conveyed to a governmental subdivision of the state under subdivision 1a;

59.30 (3) released from the trust in favor of the taxing districts as provided in paragraph

59.31 (b); or

59.32 (4) conveyed or sold under the authority of another general or special law.

59.33 (b) The county board may, by resolution duly adopted, resolve that certain lands  
59.34 classified as conservation lands shall be devoted to conservation uses and may submit  
59.35 ~~such~~ a resolution to the commissioner of natural resources. If, upon investigation,

60.1 the commissioner of natural resources determines that the lands covered by ~~such the~~  
60.2 resolution, or any part thereof, can be managed and developed for conservation purposes,  
60.3 the commissioner shall make a certificate describing the lands and reciting the acceptance  
60.4 thereof on behalf of the state ~~for such purposes~~. The commissioner shall transmit the  
60.5 certificate to the county auditor, who shall note the same upon the auditor's records and  
60.6 record the same with the county recorder. The title to all lands so accepted shall be held  
60.7 by the state free from any trust in favor of any and all taxing districts and ~~such the~~ lands  
60.8 shall be devoted thereafter to the purposes of forestry, water conservation, flood control,  
60.9 parks, game refuges, controlled game management areas, public shooting grounds, or  
60.10 other public recreational or conservation uses, and managed, controlled, and regulated  
60.11 ~~for such purposes~~ under the jurisdiction of the commissioner of natural resources and  
60.12 the divisions of the department.

60.13 (c) All proceeds derived from the sale of timber, lease of crops of hay, or other  
60.14 revenue from lands under the jurisdiction of the commissioner of natural resources shall  
60.15 be credited to the general fund of the state.

60.16 ~~In case~~ (d) If the commissioner of natural resources ~~shall determine~~ determines that  
60.17 any tract of land ~~so held~~ acquired by the state under paragraph (b) and situated within or  
60.18 adjacent to the boundaries of any governmental subdivision of the state is suitable for use  
60.19 by ~~such the~~ subdivision for any authorized public purpose, the commissioner may convey  
60.20 ~~such the~~ tract by deed in the name of the state to ~~such the~~ subdivision upon the filing  
60.21 with the commissioner of a resolution adopted by a majority vote of all the members  
60.22 of the governing body thereof, stating the purpose for which the land is desired. The  
60.23 deed of conveyance shall be upon a form approved by the attorney general and must be  
60.24 conditioned upon continued use for the purpose stated in the resolution. ~~All proceeds~~  
60.25 ~~derived from the sale of timber, lease of hay stumpage, or other revenue from such~~  
60.26 ~~lands under the jurisdiction of the natural resources commissioner shall be paid into the~~  
60.27 ~~general fund of the state.~~

60.28 (e) The county auditor, with the approval of the county board, may lease conservation  
60.29 lands remaining under the ~~jurisdiction~~ supervision of the county board and sell timber  
60.30 and hay stumpage thereon in the manner hereinafter provided, and all proceeds derived  
60.31 therefrom shall be distributed in the same manner as provided in section 282.04.

60.32 **EFFECTIVE DATE.** This section is effective July 1, 2009.

60.33 Sec. 8. Minnesota Statutes 2008, section 282.01, subdivision 3, is amended to read:

60.34 Subd. 3. **Nonconservation lands; appraisal and sale.** (a) All parcels of land  
60.35 classified as nonconservation, except those which may be reserved, shall be sold as

61.1 provided, if it is determined, by the county board of the county in which the parcels lie,  
61.2 that it is advisable to do so, having in mind their accessibility, their proximity to existing  
61.3 public improvements, and the effect of their sale and occupancy on the public burdens.  
61.4 Any parcels of land proposed to be sold shall be first appraised by the county board of  
61.5 the county in which the parcels lie. The parcels may be reappraised whenever the county  
61.6 board deems it necessary to carry out the intent of sections 282.01 to 282.13.

61.7 (b) In an appraisal the value of the land and any standing timber on it shall be  
61.8 separately determined. No parcel of land containing any standing timber may be sold until  
61.9 the appraised value of the timber on it and the sale of the land have been approved by the  
61.10 commissioner of natural resources. The commissioner shall base review of a proposed  
61.11 sale on the policy and considerations specified in subdivision 1. The decision of the  
61.12 commissioner shall be in writing and shall state the reasons for it. The commissioner's  
61.13 decision is exempt from the rulemaking provisions of chapter 14 and section 14.386  
61.14 does not apply. The county may appeal the decision of the commissioner in accordance  
61.15 with chapter 14.

61.16 (c) In any county in which a state forest or any part of it is located, the county  
61.17 auditor shall submit to the commissioner at least 60 days before the first publication of the  
61.18 list of lands to be offered for sale a list of all lands included on the list which are situated  
61.19 outside of any incorporated municipality. If, at any time before the opening of the sale, the  
61.20 commissioner notifies the county auditor in writing that there is standing timber on any  
61.21 parcel of ~~such~~ land, the parcel shall not be sold unless the requirements of this section  
61.22 respecting the separate appraisal of the timber and the approval of the appraisal by the  
61.23 commissioner have been complied with. The commissioner may waive the requirement  
61.24 of the 60-day notice as to any parcel of land which has been examined and the timber  
61.25 value approved as required by this section.

61.26 (d) If any public improvement is made by a municipality after any parcel of land has  
61.27 been forfeited to the state for the nonpayment of taxes, and the improvement is assessed in  
61.28 whole or in part against the property benefited by it, the clerk of the municipality shall  
61.29 certify to the county auditor, immediately upon the determination of the assessments for  
61.30 the improvement, the total amount that would have been assessed against the parcel of land  
61.31 if it had been subject to assessment; or if the public improvement is made, petitioned for,  
61.32 ordered in or assessed, whether the improvement is completed in whole or in part, at any  
61.33 time between the appraisal and the sale of the parcel of land, the cost of the improvement  
61.34 shall be included as a separate item and added to the appraised value of the parcel of land  
61.35 at the time it is sold. No sale of a parcel of land shall discharge or free the parcel of land  
61.36 from lien for the special benefit conferred upon it by reason of the public improvement

62.1 until the cost of it, including penalties, if any, is paid. The county board shall determine  
62.2 the amount, if any, by which the value of the parcel was enhanced by the improvement and  
62.3 include the amount as a separate item in fixing the appraised value for the purpose of sale.  
62.4 ~~In classifying, appraising, and selling the lands, the county board may designate the tracts~~  
62.5 ~~as assessed and acquired, or may by resolution provide for the subdivision of the tracts into~~  
62.6 ~~smaller units or for the grouping of several tracts into one tract when the subdivision or~~  
62.7 ~~grouping is deemed advantageous for the purpose of sale. Each such smaller tract or larger~~  
62.8 ~~tract must be classified and appraised as such before being offered for sale. If any such~~  
62.9 ~~lands have once been classified, the board of county commissioners, in its discretion, may,~~  
62.10 ~~by resolution, authorize the sale of the smaller tract or larger tract without reclassification.~~

62.11 **EFFECTIVE DATE.** This section is effective July 1, 2009.

62.12 Sec. 9. Minnesota Statutes 2008, section 282.01, subdivision 4, is amended to read:

62.13 Subd. 4. **Sale: method, requirements, effects.** The sale authorized under  
62.14 subdivision 3 must be conducted by the county auditor at the county seat of the county in  
62.15 which the parcels lie, except that in St. Louis and Koochiching Counties, the sale may  
62.16 be conducted in any county facility within the county. The sale must not be for less than  
62.17 the appraised value except as provided in subdivision 7a. The parcels must be sold for  
62.18 cash only ~~and at not less than the appraised value~~, unless the county board of the county  
62.19 has adopted a resolution providing for their sale on terms, in which event the resolution  
62.20 controls with respect to the sale. When the sale is made on terms other than for cash only  
62.21 (1) a payment of at least ten percent of the purchase price must be made at the time of  
62.22 purchase, and the balance must be paid in no more than ten equal annual installments, or  
62.23 (2) the payments must be made in accordance with county board policy, but in no event  
62.24 may the board require more than 12 installments annually, and the contract term must not  
62.25 be for more than ten years. Standing timber or timber products must not be removed from  
62.26 these lands until an amount equal to the appraised value of all standing timber or timber  
62.27 products on the lands at the time of purchase has been paid by the purchaser. If a parcel of  
62.28 land bearing standing timber or timber products is sold at public auction for more than  
62.29 the appraised value, the amount bid in excess of the appraised value must be allocated  
62.30 between the land and the timber in proportion to their respective appraised values. In that  
62.31 case, standing timber or timber products must not be removed from the land until the  
62.32 amount of the excess bid allocated to timber or timber products has been paid in addition  
62.33 to the appraised value of the land. The purchaser is entitled to immediate possession,  
62.34 subject to the provisions of any existing valid lease made in behalf of the state.

63.1 For sales occurring on or after July 1, 1982, the unpaid balance of the purchase price  
63.2 is subject to interest at the rate determined pursuant to section 549.09. The unpaid balance  
63.3 of the purchase price for sales occurring after December 31, 1990, is subject to interest  
63.4 at the rate determined in section 279.03, subdivision 1a. The interest rate is subject to  
63.5 change each year on the unpaid balance in the manner provided for rate changes in section  
63.6 549.09 or 279.03, subdivision 1a, whichever, is applicable. Interest on the unpaid contract  
63.7 balance on sales occurring before July 1, 1982, is payable at the rate applicable to the sale  
63.8 at the time that the sale occurred.

63.9 **EFFECTIVE DATE.** This section is effective July 1, 2009.

63.10 Sec. 10. Minnesota Statutes 2008, section 282.01, subdivision 7, is amended to read:

63.11 Subd. 7. **County sales; notice, purchase price, disposition.** The sale must  
63.12 commence at the time determined by the county board of the county in which the parcels  
63.13 are located. The county auditor shall offer the parcels of land in order in which they  
63.14 appear in the notice of sale, and shall sell them to the highest bidder, but not for a sum  
63.15 less than the appraised value, until all of the parcels of land have been offered. Then the  
63.16 county auditor shall sell any remaining parcels to anyone offering to pay the appraised  
63.17 value, except that if the person could have repurchased a parcel of property under section  
63.18 282.012 or 282.241, that person may not purchase that same parcel of property at the sale  
63.19 under this subdivision for a purchase price less than the sum of all taxes, assessments,  
63.20 penalties, interest, and costs due at the time of forfeiture computed under section 282.251,  
63.21 and any special assessments for improvements certified as of the date of sale. The sale  
63.22 must continue until all the parcels are sold or until the county board orders a reappraisal or  
63.23 withdraws any or all of the parcels from sale. The list of lands may be added to and the  
63.24 added lands may be sold at any time by publishing the descriptions and appraised values.  
63.25 The added lands must be: (1) parcels of land that have become forfeited and classified  
63.26 as nonconservation since the commencement of any prior sale; (2) parcels classified as  
63.27 nonconservation that have been reappraised; (3) parcels that have been reclassified as  
63.28 nonconservation; or (4) other parcels that are subject to sale but were omitted from the  
63.29 existing list for any reason. The descriptions and appraised values must be published in  
63.30 the same manner as provided for the publication of the original list. Parcels added to the  
63.31 list must first be offered for sale to the highest bidder before they are sold at appraised  
63.32 value. All parcels of land not offered for immediate sale, as well as parcels that are offered  
63.33 and not immediately sold, continue to be held in trust by the state for the taxing districts  
63.34 interested in each of the parcels, under the supervision of the county board. Those parcels  
63.35 may be used for public purposes until sold, as directed by the county board.

64.1 **EFFECTIVE DATE.** This section is effective July 1, 2009.

64.2 Sec. 11. Minnesota Statutes 2008, section 282.01, subdivision 7a, is amended to read:

64.3 Subd. 7a. **City sales; alternate procedures.** Land located in a home rule charter  
64.4 or statutory city, or in a town which cannot be improved because of noncompliance with  
64.5 local ordinances regarding minimum area, shape, frontage or access may be sold by the  
64.6 county auditor pursuant to this subdivision if the auditor determines that a nonpublic sale  
64.7 will encourage the approval of sale of the land by the city or town and promote its return  
64.8 to the tax rolls. If the physical characteristics of the land indicate that its highest and best  
64.9 use will be achieved by combining it with an adjoining parcel and the city or town has not  
64.10 adopted a local ordinance governing minimum area, shape, frontage, or access, the land  
64.11 may also be sold pursuant to this subdivision. If the property consists of an undivided  
64.12 interest in land or land and improvements, the property may also be sold to the other  
64.13 owners under this subdivision. The sale of land pursuant to this subdivision shall be  
64.14 subject to any conditions imposed by the county board pursuant to section 282.03. The  
64.15 governing body of the city or town may recommend to the county board conditions to be  
64.16 imposed on the sale. The county auditor may restrict the sale to owners of lands adjoining  
64.17 the land to be sold. The county auditor shall conduct the sale by sealed bid or may select  
64.18 another means of sale. The land shall be sold to the highest bidder ~~but in no event shall the~~  
64.19 ~~land and may~~ be sold for less than its appraised value. All owners of land adjoining the  
64.20 land to be sold shall be given a written notice at least 30 days prior to the sale.

64.21 This subdivision shall be liberally construed to encourage the sale and utilization  
64.22 of tax-forfeited land, to eliminate nuisances and dangerous conditions and to increase  
64.23 compliance with land use ordinances.

64.24 **EFFECTIVE DATE.** This section is effective July 1, 2009.

64.25 Sec. 12. Minnesota Statutes 2008, section 287.2205, is amended to read:

64.26 **287.2205 TAX-FORFEITED LAND.**

64.27 Before a state deed for tax-forfeited land may be issued, the deed tax must be paid  
64.28 by the purchaser of tax-forfeited land whether the purchase is the result of a public  
64.29 auction or private sale or a repurchase of tax-forfeited land. State agencies and local  
64.30 units of government that acquire tax-forfeited land by purchase or any other means are  
64.31 subject to this section. The deed tax is \$1.65 for a conveyance of tax-forfeited lands to a  
64.32 governmental subdivision for an authorized public use under section 282.01, subdivision  
64.33 1a, ~~or for redevelopment purposes under section 282.01, subdivision 1b.~~



65.1 EFFECTIVE DATE. This section is effective July 1, 2009.

65.2 Sec. 13. REPEALER.

65.3 Minnesota Statutes 2008, sections 282.01, subdivisions 9, 10, and 11; and 383A.76,  
65.4 are repealed.

65.5 EFFECTIVE DATE. This section is effective July 1, 2009.

65.6 **ARTICLE 6**

65.7 **MISCELLANEOUS**

65.8 Section 1. Minnesota Statutes 2008, section 270B.14, subdivision 16, is amended to  
65.9 read:

65.10 Subd. 16. **Disclosure to law enforcement authorities.** Under circumstances  
65.11 involving threat of death or physical injury to any individual, or harassment of a  
65.12 Department of Revenue employee, the commissioner may disclose return information  
65.13 to the extent necessary to apprise appropriate federal, state, or local law enforcement  
65.14 authorities of such circumstances. For purposes of this subdivision, "harassment" is  
65.15 purposeful conduct directed at an individual and causing an individual to feel frightened,  
65.16 threatened, oppressed, persecuted, or intimidated. For purposes of harassment, the return  
65.17 information that initially can be disclosed is limited to the name, address, and phone  
65.18 number of the harassing individual, the name of the employee being harassed, and the  
65.19 nature and circumstances of the harassment. Data disclosed under this subdivision are  
65.20 classified under section 13.82 once they are received by the law enforcement authority.

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

65.22 Sec. 2. Minnesota Statutes 2008, section 270C.12, is amended by adding a subdivision  
65.23 to read:

65.24 Subd. 5. **Duration.** Notwithstanding the provisions of any statutes to the contrary,  
65.25 including section 15.059, the coordinating committee as established by this section to  
65.26 oversee and coordinate preparation of the microdata samples of income tax returns and  
65.27 other information shall not expire.

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

65.29 Sec. 3. Minnesota Statutes 2008, section 270C.446, subdivision 2, is amended to read:

66.1 Subd. 2. **Required and excluded tax preparers.** (a) Subject to the limitations of  
66.2 paragraph (b), the commissioner must publish lists of tax preparers as defined in section  
66.3 289A.60, subdivision 13, paragraph (f), who have been convicted under section 289A.63  
66.4 for returns or claims prepared as a tax preparer or assessed penalties in excess of \$1,000  
66.5 under section 289A.60, subdivision 13, paragraph (a).

66.6 (b) For the purposes of this section, tax preparers are not subject to publication if:

66.7 (1) an administrative or court action contesting the penalty has been filed or served  
66.8 and is unresolved at the time when notice would be given under subdivision 3;

66.9 (2) an appeal period to contest the penalty has not expired; or

66.10 (3) the commissioner has been notified that the tax preparer is deceased.

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

66.12 Sec. 4. Minnesota Statutes 2008, section 270C.446, subdivision 5, is amended to read:

66.13 Subd. 5. **Removal from list.** The commissioner shall remove the name of a tax  
66.14 preparer from the list of tax preparers published under this section:

66.15 (1) when the commissioner determines that the name was included on the list in error;

66.16 (2) within 90 days after the preparer has demonstrated to the commissioner that  
66.17 the preparer fully paid all fines imposed, served any suspension, satisfied any sentence  
66.18 imposed, and demonstrated to the satisfaction of the commissioner that the preparer has

66.19 successfully completed any remedial actions required by the commissioner, the State  
66.20 Board of Accountancy, or the Lawyers Board of Professional Responsibility; or

66.21 (3) when the commissioner has been notified that the tax preparer is deceased.

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

66.23 Sec. 5. Minnesota Statutes 2008, section 270C.56, subdivision 1, is amended to read:

66.24 Subdivision 1. **Liability imposed.** A person who, either singly or jointly with  
66.25 others, has the control of, supervision of, or responsibility for filing returns or reports,  
66.26 paying taxes, or collecting or withholding and remitting taxes and who fails to do so, or a  
66.27 person who is liable under any other law, is liable for the payment of taxes, ~~penalties, and~~  
66.28 ~~interest~~ arising under chapters 295, 296A, 297A, 297F, and 297G, or sections 256.9658,  
66.29 290.92, and 297E.02, and, ~~for the taxes listed in this subdivision,~~ the applicable penalties  
66.30 ~~for nonpayment under section 289A.60~~ and interest on those taxes.

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

67.1 Sec. 6. Minnesota Statutes 2008, section 289A.41, is amended to read:

67.2 **289A.41 BANKRUPTCY; SUSPENSION OF TIME.**

67.3 The running of the period during which a tax must be assessed or collection  
67.4 proceedings commenced is suspended during the period from the date of a filing of a  
67.5 petition in bankruptcy until 30 days after either notice to the commissioner of revenue that  
67.6 the bankruptcy proceedings have been closed or dismissed, or notice that the automatic  
67.7 stay has been terminated or has expired, whichever occurs first.

67.8 The suspension of the statute of limitations under this section applies to the person  
67.9 the petition in bankruptcy is filed against and other persons who may also be wholly or  
67.10 partially liable for the tax.

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

67.12 **ARTICLE 7**  
67.13 **APPROPRIATIONS**

67.14 Section 1. **EDUCATION.**

67.15 **Subdivision 1. Department of Education.** The sums indicated in this section are  
67.16 appropriated from the general fund to the Department of Education for the fiscal years  
67.17 designated.

67.18 **Subd. 2. General education aid.** For general education aid under Minnesota  
67.19 Statutes, section 126C.13, subdivision 4:

67.20 \$        .....,000        .....    2010

67.21 \$        .....,000        .....    2011

67.22 The 2010 appropriation includes \$.....,000 for 2009 and \$.....,000 for 2010.

67.23 The 2011 appropriation includes \$.....,000 for 2010 and \$.....,000 for 2011.

67.24 **Subd. 3. Special education; regular.** For special education aid under Minnesota  
67.25 Statutes, section 125A.75:

67.26 \$        .....,000        .....    2010

67.27 \$        .....,000        .....    2011

67.28 The 2010 appropriation includes \$.....,000 for 2009 and \$.....,000 for 2010.

67.29 The 2011 appropriation includes \$.....,000 for 2010 and \$.....,000 for 2011.

67.30 **Subd. 4. Special education; excess costs.** For excess cost aid under Minnesota  
67.31 Statutes, section 125A.79, subdivision 7:

68.1           \$              ,000             2010  
 68.2           \$              ,000             2011

68.3           The 2010 appropriation includes \$.....,000 for 2009 and \$.....,000 for 2010.

68.4           The 2011 appropriation includes \$.....,000 for 2010 and \$.....,000 for 2011.

68.5    Sec. 2. **HUMAN SERVICES**

68.6			<b><u>APPROPRIATIONS</u></b>
68.7			<b><u>Available for the Year</u></b>
68.8			<b><u>Ending June 30</u></b>
68.9			<b><u>2010</u>                      <u>2011</u></b>

68.10	<b><u>Subdivision 1. Total Appropriation</u></b>	<b><u>\$</u></b>	<b><u>      ,000</u></b>	<b><u>\$</u></b>	<b><u>      ,000</u></b>
-------	--	------------------	--------------------------	------------------	--------------------------

68.11   The sums shown in the columns marked  
 68.12   "Appropriations" are appropriated from the  
 68.13   general fund to the Department of Human  
 68.14   Services for the purposes specified in the  
 68.15   following subdivisions. "The first year" is  
 68.16   fiscal year 2010. "The second year" is fiscal  
 68.17   year 2011.

68.18    **Subd. 2. Health Care**

68.19	<b><u>(a) Medical Assistance Basic Health Care</u></b>		
68.20	<b><u>Grants; Families and Children</u></b>	<b><u>      ,000</u></b>	<b><u>      ,000</u></b>

68.21	<b><u>(b) Medical Assistance Basic Health Care</u></b>		
68.22	<b><u>Grants; Elderly and Disabled</u></b>	<b><u>      ,000</u></b>	<b><u>      ,000</u></b>

68.23    **Inpatient Hospital Rate Increase.** Effective  
 68.24    for services rendered on or after July 1, 2009,  
 68.25    the commissioner of human services shall  
 68.26    provide a ... percent increase in medical  
 68.27    assistance payments for inpatient hospital  
 68.28    services.

68.29	<b><u>(c) Medical Assistance Long-Term Care</u></b>		
68.30	<b><u>Facilities Grants</u></b>	<b><u>      ,000</u></b>	<b><u>      ,000</u></b>

68.31    **Provider Rate Increase.** (a) Effective July  
 68.32    1, 2009, the commissioner of human services  
 68.33    shall pay to each nursing facility reimbursed  
 68.34    under Minnesota Statutes, section 256B.434,  
 68.35    an operating payment rate adjustment equal

69.1 to ... percent of the operating payment rates  
69.2 determined by the blending in Minnesota  
69.3 Statutes, section 256B.441, subdivision 55,  
69.4 paragraph (a).  
69.5 (b) Effective July 1, 2009, the commissioner  
69.6 of human services shall pay to each  
69.7 intermediate care facility for persons with  
69.8 developmental disabilities reimbursed under  
69.9 Minnesota Statutes, section 256B.5012, an  
69.10 adjustment to the total operating payment  
69.11 rate of ... percent.