

1.1 CONFERENCE COMMITTEE REPORT ON H. F. No. 247

1.2 A bill for an act  
1.3 relating to taxation; providing for voluntary contributions to the state on the  
1.4 income tax form; proposing coding for new law in Minnesota Statutes, chapter  
1.5 290.

1.6 May 9, 2012  
1.7 The Honorable Kurt Zellers  
1.8 Speaker of the House of Representatives

1.9 The Honorable Michelle L. Fischbach  
1.10 President of the Senate

1.11 We, the undersigned conferees for H. F. No. 247 report that we have agreed upon the  
1.12 items in dispute and recommend as follows:

1.13 That the Senate recede from its amendments and that H. F. No. 247 be further  
1.14 amended as follows:

1.15 Delete everything after the enacting clause and insert:

1.16 "ARTICLE 1

1.17 DEPARTMENT POLICY AND TECHNICAL: INCOME AND  
1.18 CORPORATE FRANCHISE TAXES

1.19 Section 1. Minnesota Statutes 2010, section 289A.02, is amended by adding a  
1.20 subdivision to read:

1.21 Subd. 9. **Field audit.** "Field audit" means the physical presence of examiners  
1.22 in the taxpayer's or taxpayer's representative's office conducting an examination of the  
1.23 taxpayer with the intention of issuing an assessment or notice of change in tax or which  
1.24 results in the issuing of an assessment or notice of change in tax. The examination may  
1.25 include inspecting a taxpayer's place of business, tangible personal property, equipment,  
1.26 computer systems and facilities, pertinent books, records, papers, vouchers, computer  
1.27 printouts, accounts, and documents.

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

2.1 Sec. 2. Minnesota Statutes 2010, section 289A.26, subdivision 3, is amended to read:

2.2 Subd. 3. **Short taxable year.** (a) A corporation or an entity with a short taxable  
2.3 year of less than 12 months, but at least four months, must pay estimated tax in equal  
2.4 installments on or before the 15th day of the third, sixth, ninth, and final month of the  
2.5 short taxable year, to the extent applicable based on the number of months in the short  
2.6 taxable year.

2.7 (b) A corporation or an entity is not required to make estimated tax payments for a  
2.8 short taxable year unless its tax liability before the first day of the last month of the taxable  
2.9 year can reasonably be expected to exceed \$500.

2.10 (c) No payment is required for a short taxable year of less than four months.

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

2.12 Sec. 3. Minnesota Statutes 2010, section 289A.26, subdivision 4, is amended to read:

2.13 Subd. 4. **Underpayment of estimated tax.** If there is an underpayment of estimated  
2.14 tax by a corporation or an entity, there shall be added to the tax for the taxable year an  
2.15 amount determined at the rate in section 270C.40 on the amount of the underpayment,  
2.16 determined under subdivision 5, for the period of the underpayment determined under  
2.17 subdivision 6. This subdivision does not apply in the first taxable year that a corporation is  
2.18 subject to the tax imposed under section 290.02 or an entity is subject to the tax imposed  
2.19 under section 290.05, subdivision 3.

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

2.21 Sec. 4. Minnesota Statutes 2010, section 289A.26, subdivision 7, is amended to read:

2.22 Subd. 7. **Required installments.** (a) Except as otherwise provided in this  
2.23 subdivision, the amount of a required installment is 25 percent of the required annual  
2.24 payment.

2.25 (b) Except as otherwise provided in this subdivision, the term "required annual  
2.26 payment" means the lesser of:

2.27 (1) 100 percent of the tax shown on the return for the taxable year, or, if no return is  
2.28 filed, 100 percent of the tax for that year; or

2.29 (2) 100 percent of the tax shown on the return of the corporation or entity for the  
2.30 preceding taxable year provided the return was for a full 12-month period, showed a  
2.31 liability, and was filed by the corporation or entity.

2.32 (c) Except for determining the first required installment for any taxable year,  
2.33 paragraph (b), clause (2), does not apply in the case of a large corporation. The term

3.1 "large corporation" means a corporation or any predecessor corporation that had taxable  
3.2 net income of \$1,000,000 or more for any taxable year during the testing period. The  
3.3 term "testing period" means the three taxable years immediately preceding the taxable  
3.4 year involved. A reduction allowed to a large corporation for the first installment that is  
3.5 allowed by applying paragraph (b), clause (2), must be recaptured by increasing the next  
3.6 required installment by the amount of the reduction.

3.7 (d) In the case of a required installment, if the corporation or entity establishes that  
3.8 the annualized income installment is less than the amount determined in paragraph (a), the  
3.9 amount of the required installment is the annualized income installment and the recapture  
3.10 of previous quarters' reductions allowed by this paragraph must be recovered by increasing  
3.11 later required installments to the extent the reductions have not previously been recovered.

3.12 (e) The "annualized income installment" is the excess, if any, of:

3.13 (1) an amount equal to the applicable percentage of the tax for the taxable year  
3.14 computed by placing on an annualized basis the taxable income:

3.15 (i) for the first two months of the taxable year, in the case of the first required  
3.16 installment;

3.17 (ii) for the first two months or for the first five months of the taxable year, in the  
3.18 case of the second required installment;

3.19 (iii) for the first six months or for the first eight months of the taxable year, in the  
3.20 case of the third required installment; and

3.21 (iv) for the first nine months or for the first 11 months of the taxable year, in the  
3.22 case of the fourth required installment, over

3.23 (2) the aggregate amount of any prior required installments for the taxable year.

3.24 (3) For the purpose of this paragraph, the annualized income shall be computed  
3.25 by placing on an annualized basis the taxable income for the year up to the end of the  
3.26 month preceding the due date for the quarterly payment multiplied by 12 and dividing  
3.27 the resulting amount by the number of months in the taxable year (2, 5, 6, 8, 9, or 11 as  
3.28 the case may be) referred to in clause (1).

3.29 (4) The "applicable percentage" used in clause (1) is:

3.30 For the following	
3.31 required	The applicable
3.32 installments:	percentage is:
3.33 1st	25
3.34 2nd	50
3.35 3rd	75
3.36 4th	100

4.1 (f)(1) If this paragraph applies, the amount determined for any installment must  
4.2 be determined in the following manner:

4.3 (i) take the taxable income for the months during the taxable year preceding the  
4.4 filing month;

4.5 (ii) divide that amount by the base period percentage for the months during the  
4.6 taxable year preceding the filing month;

4.7 (iii) determine the tax on the amount determined under item (ii); and

4.8 (iv) multiply the tax computed under item (iii) by the base period percentage for the  
4.9 filing month and the months during the taxable year preceding the filing month.

4.10 (2) For purposes of this paragraph:

4.11 (i) the "base period percentage" for a period of months is the average percent that the  
4.12 taxable income for the corresponding months in each of the three preceding taxable years  
4.13 bears to the taxable income for the three preceding taxable years;

4.14 (ii) the term "filing month" means the month in which the installment is required  
4.15 to be paid;

4.16 (iii) this paragraph only applies if the base period percentage for any six consecutive  
4.17 months of the taxable year equals or exceeds 70 percent; and

4.18 (iv) the commissioner may provide by rule for the determination of the base period  
4.19 percentage in the case of reorganizations, new corporations or entities, and other similar  
4.20 circumstances.

4.21 (3) In the case of a required installment determined under this paragraph, if the  
4.22 corporation or entity determines that the installment is less than the amount determined in  
4.23 paragraph (a), the amount of the required installment is the amount determined under this  
4.24 paragraph and the recapture of previous quarters' reductions allowed by this paragraph  
4.25 must be recovered by increasing later required installments to the extent the reductions  
4.26 have not previously been recovered.

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

4.28 Sec. 5. Minnesota Statutes 2010, section 289A.26, subdivision 9, is amended to read:

4.29 Subd. 9. **Failure to file an estimate.** In the case of a corporation or an entity  
4.30 that fails to file an estimated tax for a taxable year when one is required, the period of  
4.31 the underpayment runs from the four installment dates in subdivision 2 or 3, whichever  
4.32 applies, to the earlier of the periods in subdivision 6, clauses (1) and (2).

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

5.1 Sec. 6. Minnesota Statutes 2010, section 289A.38, subdivision 7, is amended to read:

5.2 Subd. 7. **Federal tax changes.** If the amount of income, items of tax preference,  
5.3 deductions, or credits for any year of a taxpayer, or the wages paid by a taxpayer for  
5.4 any period, as reported to the Internal Revenue Service is changed or corrected by the  
5.5 commissioner of Internal Revenue or other officer of the United States or other competent  
5.6 authority, or where a renegotiation of a contract or subcontract with the United States  
5.7 results in a change in income, items of tax preference, deductions, credits, or withholding  
5.8 tax, or, in the case of estate tax, where there are adjustments to the taxable estate, the  
5.9 taxpayer shall report the change or correction or renegotiation results in writing to the  
5.10 commissioner of revenue. The report must be ~~submitted within 180 days after the~~  
5.11 ~~final determination and must be~~ in the form of either an amended Minnesota estate,  
5.12 withholding tax, corporate franchise tax, or income tax return conceding the accuracy of  
5.13 the federal determination or a letter detailing how the federal determination is incorrect  
5.14 or does not change the Minnesota tax. An amended Minnesota income tax return must  
5.15 be accompanied by an amended property tax refund return, if necessary. A taxpayer  
5.16 filing an amended federal tax return must also file a copy of the amended return with the  
5.17 commissioner of revenue ~~within 180 days~~ after filing the amended return.

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

5.19 Sec. 7. Minnesota Statutes 2010, section 289A.38, subdivision 8, is amended to read:

5.20 Subd. 8. ~~**Failure to report change or correction of federal return**~~ **Time**  
5.21 **requirement to report federal tax changes.** ~~If a taxpayer fails to make a report as~~  
5.22 ~~required by subdivision 7, the commissioner may recompute the tax, including a refund,~~  
5.23 ~~based on information available to the commissioner. The tax may be recomputed within~~  
5.24 ~~six years after the report should have been filed, notwithstanding any period of limitations~~  
5.25 ~~to the contrary.~~ A taxpayer must submit the report or file the amended return required by  
5.26 subdivision 7 within 180 days after the final determination by the commissioner of internal  
5.27 revenue or other officer of the United States or other competent authority of a change or  
5.28 correction of the person's federal tax return or the filing of an amended federal tax return.

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

5.30 Sec. 8. Minnesota Statutes 2010, section 289A.38, subdivision 9, is amended to read:

5.31 Subd. 9. ~~**Report made of change or correction of federal return**~~ **Limitations**  
5.32 **on time for assessment for federal tax changes.** (a) If a taxpayer is required to make a  
5.33 submits the report ~~under~~ or files the amended return as required by subdivision 7, and does

6.1 ~~report the change or files a copy of the amended return~~ at any time within six years after  
6.2 the time period provided by subdivision 8, the commissioner may recompute and reassess  
6.3 the tax due, including a refund (1) within one year after the report or amended return is  
6.4 filed with the commissioner, notwithstanding any period of limitations to the contrary, or  
6.5 (2) within any other applicable period stated in this section, whichever period is longer.  
6.6 The period provided for the carryback of any amount of loss or credit is also extended as  
6.7 provided in this subdivision, notwithstanding any law to the contrary.

6.8 (b) If a taxpayer fails to submit the report or file the amended return as required by  
6.9 subdivision 7, the commissioner may recompute the tax, including a refund, based on  
6.10 information available to the commissioner. The tax may be recomputed within six years  
6.11 after the time period provided by subdivision 8, notwithstanding any period of limitations  
6.12 to the contrary.

6.13 (c) If the commissioner has completed a field audit of the taxpayer, and, but for this  
6.14 subdivision, the commissioner's time period to adjust the tax has expired, the additional  
6.15 tax due or refund is limited to only those changes that are required to be made to the  
6.16 return which relate to the changes made on the federal return. This subdivision does not  
6.17 apply to sales and use tax.

6.18 ~~For purposes of this subdivision and section 289A.42, subdivision 2, a "field audit"~~  
6.19 ~~is the physical presence of examiners in the taxpayer's or taxpayer's representative's office~~  
6.20 ~~conducting an examination of the taxpayer with the intention of issuing an assessment or~~  
6.21 ~~notice of change in tax or which results in the issuing of an assessment or notice of change~~  
6.22 ~~in tax. The examination may include inspecting a taxpayer's place of business, tangible~~  
6.23 ~~personal property, equipment, computer systems and facilities, pertinent books, records,~~  
6.24 ~~papers, vouchers, computer printouts, accounts, and documents.~~

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

6.26 Sec. 9. Minnesota Statutes 2010, section 289A.42, subdivision 2, is amended to read:

6.27 Subd. 2. **Federal extensions.** When a taxpayer consents to an extension of time  
6.28 for the assessment of federal withholding or income taxes, the period in which the  
6.29 commissioner may recompute the tax is also extended, notwithstanding any period of  
6.30 limitations to the contrary, as follows:

6.31 (1) for the periods provided in section 289A.38, subdivisions 8 and 9;

6.32 (2) for six months following the expiration of the extended federal period of  
6.33 limitations when no change is made by the federal authority. If no change is made by the  
6.34 federal authority, and, but for this subdivision, the commissioner's time period to adjust  
6.35 the tax has expired, and if the commissioner has completed a field audit of the taxpayer, no

7.1 additional changes resulting in additional tax due or a refund may be made. For purposes  
7.2 of this subdivision, "field audit" has the meaning given it in section 289A.38, subdivision 9.

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

7.4 Sec. 10. Minnesota Statutes 2010, section 289A.60, subdivision 24, is amended to read:

7.5 Subd. 24. **Penalty for failure to notify of federal change.** If a person fails to  
7.6 report to the commissioner a change or correction of the person's federal return in the  
7.7 manner prescribed by section 289A.38, subdivision 7, and within the 180-day time period  
7.8 prescribed in section 289A.38, subdivision 7~~8~~, there must be added to the tax an amount  
7.9 equal to ten percent of the amount of any underpayment of Minnesota tax attributable to  
7.10 the federal change.

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

7.12 Sec. 11. Minnesota Statutes 2010, section 290.01, subdivision 6b, is amended to read:

7.13 Subd. 6b. **Foreign operating corporation.** The term "foreign operating  
7.14 corporation," when applied to a corporation, means a domestic corporation with the  
7.15 following characteristics:

7.16 (1) it is part of a unitary business at least one member of which is taxable in this state;

7.17 (2) it is not a foreign sales corporation under section 922 of the Internal Revenue  
7.18 Code, as amended through December 31, 1999, for the taxable year;

7.19 (3) it is not an interest charge domestic international sales corporation under sections  
7.20 992, 993, 994, and 995 of the Internal Revenue Code;

7.21 (4) ~~either (i) it has in effect a valid election under section 936 of the Internal Revenue~~  
7.22 ~~Code; or (ii) at least 80 percent of the gross income from all sources of the corporation in~~  
7.23 ~~the tax year is active foreign business income; and~~

7.24 (5) for purposes of this subdivision, active foreign business income means gross  
7.25 income that is (i) derived from sources without the United States, as defined in subtitle A,  
7.26 chapter 1, subchapter N, part 1, of the Internal Revenue Code; and (ii) attributable to the  
7.27 active conduct of a trade or business in a foreign country.

7.28 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
7.29 December 31, 2011.

7.30 Sec. 12. Minnesota Statutes 2011 Supplement, section 290.01, subdivision 19b,  
7.31 is amended to read:

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

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

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

8.9 (3) the amount paid to others, less the amount used to claim the credit allowed under  
8.10 section 290.0674, not to exceed \$1,625 for each qualifying child in grades kindergarten  
8.11 to 6 and \$2,500 for each qualifying child in grades 7 to 12, for tuition, textbooks, and  
8.12 transportation of each qualifying child in attending an elementary or secondary school  
8.13 situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a  
8.14 resident of this state may legally fulfill the state's compulsory attendance laws, which  
8.15 is not operated for profit, and which adheres to the provisions of the Civil Rights Act  
8.16 of 1964 and chapter 363A. For the purposes of this clause, "tuition" includes fees or  
8.17 tuition as defined in section 290.0674, subdivision 1, clause (1). As used in this clause,  
8.18 "textbooks" includes books and other instructional materials and equipment purchased  
8.19 or leased for use in elementary and secondary schools in teaching only those subjects  
8.20 legally and commonly taught in public elementary and secondary schools in this state.  
8.21 Equipment expenses qualifying for deduction includes expenses as defined and limited in  
8.22 section 290.0674, subdivision 1, clause (3). "Textbooks" does not include instructional  
8.23 books and materials used in the teaching of religious tenets, doctrines, or worship, the  
8.24 purpose of which is to instill such tenets, doctrines, or worship, nor does it include books  
8.25 or materials for, or transportation to, extracurricular activities including sporting events,  
8.26 musical or dramatic events, speech activities, driver's education, or similar programs. No  
8.27 deduction is permitted for any expense the taxpayer incurred in using the taxpayer's or  
8.28 the qualifying child's vehicle to provide such transportation for a qualifying child. For  
8.29 purposes of the subtraction provided by this clause, "qualifying child" has the meaning  
8.30 given in section 32(c)(3) of the Internal Revenue Code;

8.31 (4) income as provided under section 290.0802;

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

8.34 (6) to the extent not deducted or not deductible pursuant to section 408(d)(8)(E)  
8.35 of the Internal Revenue Code in determining federal taxable income by an individual  
8.36 who does not itemize deductions for federal income tax purposes for the taxable year, an



9.1 amount equal to 50 percent of the excess of charitable contributions over \$500 allowable  
9.2 as a deduction for the taxable year under section 170(a) of the Internal Revenue Code,  
9.3 under the provisions of Public Law 109-1 and Public Law 111-126;

9.4 (7) for individuals who are allowed a federal foreign tax credit for taxes that do not  
9.5 qualify for a credit under section 290.06, subdivision 22, an amount equal to the carryover  
9.6 of subnational foreign taxes for the taxable year, but not to exceed the total subnational  
9.7 foreign taxes reported in claiming the foreign tax credit. For purposes of this clause,  
9.8 "federal foreign tax credit" means the credit allowed under section 27 of the Internal  
9.9 Revenue Code, and "carryover of subnational foreign taxes" equals the carryover allowed  
9.10 under section 904(c) of the Internal Revenue Code minus national level foreign taxes to  
9.11 the extent they exceed the federal foreign tax credit;

9.12 (8) in each of the five tax years immediately following the tax year in which an  
9.13 addition is required under subdivision 19a, clause (7), or 19c, clause ~~(15)~~ (14), in the case  
9.14 of a shareholder of a corporation that is an S corporation, an amount equal to one-fifth  
9.15 of the delayed depreciation. For purposes of this clause, "delayed depreciation" means  
9.16 the amount of the addition made by the taxpayer under subdivision 19a, clause (7), or  
9.17 subdivision 19c, clause ~~(15)~~ (14), in the case of a shareholder of an S corporation, minus  
9.18 the positive value of any net operating loss under section 172 of the Internal Revenue  
9.19 Code generated for the tax year of the addition. The resulting delayed depreciation  
9.20 cannot be less than zero;

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

9.22 (10) to the extent included in federal taxable income, the amount of compensation  
9.23 paid to members of the Minnesota National Guard or other reserve components of the  
9.24 United States military for active service, excluding compensation for services performed  
9.25 under the Active Guard Reserve (AGR) program. For purposes of this clause, "active  
9.26 service" means (i) state active service as defined in section 190.05, subdivision 5a, clause  
9.27 (1); or (ii) federally funded state active service as defined in section 190.05, subdivision  
9.28 5b, but "active service" excludes service performed in accordance with section 190.08,  
9.29 subdivision 3;

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

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

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

10.10 (13) in each of the five tax years immediately following the tax year in which an  
10.11 addition is required under subdivision 19a, clause (8), or 19c, clause ~~(16)~~ (15), in the case  
10.12 of a shareholder of a corporation that is an S corporation, an amount equal to one-fifth  
10.13 of the addition made by the taxpayer under subdivision 19a, clause (8), or 19c, clause  
10.14 ~~(16)~~ (15), in the case of a shareholder of a corporation that is an S corporation, minus the  
10.15 positive value of any net operating loss under section 172 of the Internal Revenue Code  
10.16 generated for the tax year of the addition. If the net operating loss exceeds the addition for  
10.17 the tax year, a subtraction is not allowed under this clause;

10.18 (14) to the extent included in the federal taxable income of a nonresident of  
10.19 Minnesota, compensation paid to a service member as defined in United States Code, title  
10.20 10, section 101(a)(5), for military service as defined in the Servicemembers Civil Relief  
10.21 Act, Public Law 108-189, section 101(2);

10.22 (15) international economic development zone income as provided under section  
10.23 469.325;

10.24 (16) to the extent included in federal taxable income, the amount of national service  
10.25 educational awards received from the National Service Trust under United States Code,  
10.26 title 42, sections 12601 to 12604, for service in an approved Americorps National Service  
10.27 program;

10.28 (17) to the extent included in federal taxable income, discharge of indebtedness  
10.29 income resulting from reacquisition of business indebtedness included in federal taxable  
10.30 income under section 108(i) of the Internal Revenue Code. This subtraction applies only  
10.31 to the extent that the income was included in net income in a prior year as a result of the  
10.32 addition under section 290.01, subdivision 19a, clause (16); and

10.33 (18) the amount of the net operating loss allowed under section 290.095, subdivision  
10.34 11, paragraph (c).

10.35 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
10.36 December 31, 2011.

11.1 Sec. 13. Minnesota Statutes 2011 Supplement, section 290.01, subdivision 19c,  
11.2 is amended to read:

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

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

11.10 (2) interest not subject to federal tax upon obligations of: the United States, its  
11.11 possessions, its agencies, or its instrumentalities; the state of Minnesota or any other  
11.12 state, any of its political or governmental subdivisions, any of its municipalities, or any  
11.13 of its governmental agencies or instrumentalities; the District of Columbia; or Indian  
11.14 tribal governments;

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

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

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

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

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

11.26 (8) the exempt foreign trade income of a foreign sales corporation under sections  
11.27 921(a) and 291 of the Internal Revenue Code;

11.28 (9) the amount of percentage depletion deducted under sections 611 through 614 and  
11.29 291 of the Internal Revenue Code;

11.30 (10) for certified pollution control facilities placed in service in a taxable year  
11.31 beginning before December 31, 1986, and for which amortization deductions were elected  
11.32 under section 169 of the Internal Revenue Code of 1954, as amended through December  
11.33 31, 1985, the amount of the amortization deduction allowed in computing federal taxable  
11.34 income for those facilities;

11.35 (11) the amount of any deemed dividend from a foreign operating corporation  
11.36 determined pursuant to section 290.17, subdivision 4, paragraph (g). The deemed dividend

12.1 shall be reduced by the amount of the addition to income required by clauses (19), (20),  
12.2 (21), and (22), ~~and (23)~~;

12.3 ~~(12)~~ the amount of a partner's pro rata share of net income which does not flow  
12.4 through to the partner because the partnership elected to pay the tax on the income under  
12.5 section 6242(a)(2) of the Internal Revenue Code;

12.6 ~~(13)~~ the amount of net income excluded under section ~~114~~ of the Internal Revenue  
12.7 Code;

12.8 ~~(14)~~ (13) any increase in subpart F income, as defined in section 952(a) of the  
12.9 Internal Revenue Code, for the taxable year when subpart F income is calculated without  
12.10 regard to the provisions of Division C, title III, section 303(b) of Public Law 110-343;

12.11 ~~(15)~~ (14) 80 percent of the depreciation deduction allowed under section  
12.12 168(k)(1)(A) and (k)(4)(A) of the Internal Revenue Code. For purposes of this clause, if  
12.13 the taxpayer has an activity that in the taxable year generates a deduction for depreciation  
12.14 under section 168(k)(1)(A) and (k)(4)(A) and the activity generates a loss for the taxable  
12.15 year that the taxpayer is not allowed to claim for the taxable year, "the depreciation  
12.16 allowed under section 168(k)(1)(A) and (k)(4)(A)" for the taxable year is limited to excess  
12.17 of the depreciation claimed by the activity under section 168(k)(1)(A) and (k)(4)(A)  
12.18 over the amount of the loss from the activity that is not allowed in the taxable year. In  
12.19 succeeding taxable years when the losses not allowed in the taxable year are allowed, the  
12.20 depreciation under section 168(k)(1)(A) and (k)(4)(A) is allowed;

12.21 ~~(16)~~ (15) 80 percent of the amount by which the deduction allowed by section 179 of  
12.22 the Internal Revenue Code exceeds the deduction allowable by section 179 of the Internal  
12.23 Revenue Code of 1986, as amended through December 31, 2003;

12.24 ~~(17)~~ (16) to the extent deducted in computing federal taxable income, the amount of  
12.25 the deduction allowable under section 199 of the Internal Revenue Code;

12.26 ~~(18)~~ (17) for taxable years beginning before January 1, 2013, the exclusion allowed  
12.27 under section 139A of the Internal Revenue Code for federal subsidies for prescription  
12.28 drug plans;

12.29 ~~(19)~~ (18) the amount of expenses disallowed under section 290.10, subdivision 2;

12.30 ~~(20)~~ (19) an amount equal to the interest and intangible expenses, losses, and  
12.31 costs paid, accrued, or incurred by any member of the taxpayer's unitary group to or for  
12.32 the benefit of a corporation that is a member of the taxpayer's unitary business group  
12.33 that qualifies as a foreign operating corporation. For purposes of this clause, intangible  
12.34 expenses and costs include:

13.1 (i) expenses, losses, and costs for, or related to, the direct or indirect acquisition,  
13.2 use, maintenance or management, ownership, sale, exchange, or any other disposition of  
13.3 intangible property;

13.4 (ii) losses incurred, directly or indirectly, from factoring transactions or discounting  
13.5 transactions;

13.6 (iii) royalty, patent, technical, and copyright fees;

13.7 (iv) licensing fees; and

13.8 (v) other similar expenses and costs.

13.9 For purposes of this clause, "intangible property" includes stocks, bonds, patents, patent  
13.10 applications, trade names, trademarks, service marks, copyrights, mask works, trade  
13.11 secrets, and similar types of intangible assets.

13.12 This clause does not apply to any item of interest or intangible expenses or costs paid,  
13.13 accrued, or incurred, directly or indirectly, to a foreign operating corporation with respect  
13.14 to such item of income to the extent that the income to the foreign operating corporation  
13.15 is income from sources without the United States as defined in subtitle A, chapter 1,  
13.16 subchapter N, part 1, of the Internal Revenue Code;

13.17 ~~(21)~~ (20) except as already included in the taxpayer's taxable income pursuant to  
13.18 clause ~~(20)~~ (19), any interest income and income generated from intangible property  
13.19 received or accrued by a foreign operating corporation that is a member of the taxpayer's  
13.20 unitary group. For purposes of this clause, income generated from intangible property  
13.21 includes:

13.22 (i) income related to the direct or indirect acquisition, use, maintenance or  
13.23 management, ownership, sale, exchange, or any other disposition of intangible property;

13.24 (ii) income from factoring transactions or discounting transactions;

13.25 (iii) royalty, patent, technical, and copyright fees;

13.26 (iv) licensing fees; and

13.27 (v) other similar income.

13.28 For purposes of this clause, "intangible property" includes stocks, bonds, patents, patent  
13.29 applications, trade names, trademarks, service marks, copyrights, mask works, trade  
13.30 secrets, and similar types of intangible assets.

13.31 This clause does not apply to any item of interest or intangible income received or accrued  
13.32 by a foreign operating corporation with respect to such item of income to the extent that  
13.33 the income is income from sources without the United States as defined in subtitle A,  
13.34 chapter 1, subchapter N, part 1, of the Internal Revenue Code;

13.35 ~~(22)~~ (21) the dividends attributable to the income of a foreign operating corporation  
13.36 that is a member of the taxpayer's unitary group in an amount that is equal to the dividends

14.1 paid deduction of a real estate investment trust under section 561(a) of the Internal  
14.2 Revenue Code for amounts paid or accrued by the real estate investment trust to the  
14.3 foreign operating corporation;

14.4 ~~(23)~~ (22) the income of a foreign operating corporation that is a member of the  
14.5 taxpayer's unitary group in an amount that is equal to gains derived from the sale of real or  
14.6 personal property located in the United States;

14.7 ~~(24)~~ (23) for taxable years beginning before January 1, 2010, the additional amount  
14.8 allowed as a deduction for donation of computer technology and equipment under section  
14.9 170(e)(6) of the Internal Revenue Code, to the extent deducted from taxable income; and

14.10 ~~(25)~~ (24) discharge of indebtedness income resulting from reacquisition of business  
14.11 indebtedness and deferred under section 108(i) of the Internal Revenue Code.

14.12 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
14.13 December 31, 2011.

14.14 Sec. 14. Minnesota Statutes 2010, section 290.01, subdivision 19d, is amended to read:

14.15 Subd. 19d. **Corporations; modifications decreasing federal taxable income.** For  
14.16 corporations, there shall be subtracted from federal taxable income after the increases  
14.17 provided in subdivision 19c:

14.18 (1) the amount of foreign dividend gross-up added to gross income for federal  
14.19 income tax purposes under section 78 of the Internal Revenue Code;

14.20 (2) the amount of salary expense not allowed for federal income tax purposes due to  
14.21 claiming the work opportunity credit under section 51 of the Internal Revenue Code;

14.22 (3) any dividend (not including any distribution in liquidation) paid within the  
14.23 taxable year by a national or state bank to the United States, or to any instrumentality of  
14.24 the United States exempt from federal income taxes, on the preferred stock of the bank  
14.25 owned by the United States or the instrumentality;

14.26 (4) amounts disallowed for intangible drilling costs due to differences between  
14.27 this chapter and the Internal Revenue Code in taxable years beginning before January  
14.28 1, 1987, as follows:

14.29 (i) to the extent the disallowed costs are represented by physical property, an amount  
14.30 equal to the allowance for depreciation under Minnesota Statutes 1986, section 290.09,  
14.31 subdivision 7, subject to the modifications contained in subdivision 19e; and

14.32 (ii) to the extent the disallowed costs are not represented by physical property, an  
14.33 amount equal to the allowance for cost depletion under Minnesota Statutes 1986, section  
14.34 290.09, subdivision 8;

15.1 (5) the deduction for capital losses pursuant to sections 1211 and 1212 of the  
15.2 Internal Revenue Code, except that:

15.3 (i) for capital losses incurred in taxable years beginning after December 31, 1986,  
15.4 capital loss carrybacks shall not be allowed;

15.5 (ii) for capital losses incurred in taxable years beginning after December 31, 1986,  
15.6 a capital loss carryover to each of the 15 taxable years succeeding the loss year shall be  
15.7 allowed;

15.8 (iii) for capital losses incurred in taxable years beginning before January 1, 1987, a  
15.9 capital loss carryback to each of the three taxable years preceding the loss year, subject to  
15.10 the provisions of Minnesota Statutes 1986, section 290.16, shall be allowed; and

15.11 (iv) for capital losses incurred in taxable years beginning before January 1, 1987,  
15.12 a capital loss carryover to each of the five taxable years succeeding the loss year to the  
15.13 extent such loss was not used in a prior taxable year and subject to the provisions of  
15.14 Minnesota Statutes 1986, section 290.16, shall be allowed;

15.15 (6) an amount for interest and expenses relating to income not taxable for federal  
15.16 income tax purposes, if (i) the income is taxable under this chapter and (ii) the interest and  
15.17 expenses were disallowed as deductions under the provisions of section 171(a)(2), 265 or  
15.18 291 of the Internal Revenue Code in computing federal taxable income;

15.19 (7) in the case of mines, oil and gas wells, other natural deposits, and timber for  
15.20 which percentage depletion was disallowed pursuant to subdivision 19c, clause (9), a  
15.21 reasonable allowance for depletion based on actual cost. In the case of leases the deduction  
15.22 must be apportioned between the lessor and lessee in accordance with rules prescribed  
15.23 by the commissioner. In the case of property held in trust, the allowable deduction must  
15.24 be apportioned between the income beneficiaries and the trustee in accordance with the  
15.25 pertinent provisions of the trust, or if there is no provision in the instrument, on the basis  
15.26 of the trust's income allocable to each;

15.27 (8) for certified pollution control facilities placed in service in a taxable year  
15.28 beginning before December 31, 1986, and for which amortization deductions were elected  
15.29 under section 169 of the Internal Revenue Code of 1954, as amended through December  
15.30 31, 1985, an amount equal to the allowance for depreciation under Minnesota Statutes  
15.31 1986, section 290.09, subdivision 7;

15.32 (9) amounts included in federal taxable income that are due to refunds of income,  
15.33 excise, or franchise taxes based on net income or related minimum taxes paid by the  
15.34 corporation to Minnesota, another state, a political subdivision of another state, the  
15.35 District of Columbia, or a foreign country or possession of the United States to the extent

16.1 that the taxes were added to federal taxable income under section 290.01, subdivision 19c,  
16.2 clause (1), in a prior taxable year;

16.3 (10) 80 percent of royalties, fees, or other like income accrued or received from a  
16.4 foreign operating corporation or a foreign corporation which is part of the same unitary  
16.5 business as the receiving corporation, unless the income resulting from such payments or  
16.6 accruals is income from sources within the United States as defined in subtitle A, chapter  
16.7 1, subchapter N, part 1, of the Internal Revenue Code;

16.8 (11) income or gains from the business of mining as defined in section 290.05,  
16.9 subdivision 1, clause (a), that are not subject to Minnesota franchise tax;

16.10 (12) the amount of disability access expenditures in the taxable year which are not  
16.11 allowed to be deducted or capitalized under section 44(d)(7) of the Internal Revenue Code;

16.12 (13) the amount of qualified research expenses not allowed for federal income tax  
16.13 purposes under section 280C(c) of the Internal Revenue Code, but only to the extent that  
16.14 the amount exceeds the amount of the credit allowed under section 290.068;

16.15 (14) the amount of salary expenses not allowed for federal income tax purposes due  
16.16 to claiming the Indian employment credit under section 45A(a) of the Internal Revenue  
16.17 Code;

16.18 ~~(15) for a corporation whose foreign sales corporation, as defined in section 922~~  
16.19 ~~of the Internal Revenue Code, constituted a foreign operating corporation during any~~  
16.20 ~~taxable year ending before January 1, 1995, and a return was filed by August 15, 1996,~~  
16.21 ~~claiming the deduction under section 290.21, subdivision 4, for income received from~~  
16.22 ~~the foreign operating corporation, an amount equal to 1.23 multiplied by the amount of~~  
16.23 ~~income excluded under section 114 of the Internal Revenue Code, provided the income is~~  
16.24 ~~not income of a foreign operating company;~~

16.25 ~~(16)~~ (15) any decrease in subpart F income, as defined in section 952(a) of the  
16.26 Internal Revenue Code, for the taxable year when subpart F income is calculated without  
16.27 regard to the provisions of Division C, title III, section 303(b) of Public Law 110-343;

16.28 ~~(17)~~ (16) in each of the five tax years immediately following the tax year in which an  
16.29 addition is required under subdivision 19c, clause ~~(15)~~ (14), an amount equal to one-fifth  
16.30 of the delayed depreciation. For purposes of this clause, "delayed depreciation" means the  
16.31 amount of the addition made by the taxpayer under subdivision 19c, clause ~~(15)~~ (14). The  
16.32 resulting delayed depreciation cannot be less than zero;

16.33 ~~(18)~~ (17) in each of the five tax years immediately following the tax year in which an  
16.34 addition is required under subdivision 19c, clause ~~(16)~~ (15), an amount equal to one-fifth  
16.35 of the amount of the addition; and



17.1 ~~(19)~~ (18) to the extent included in federal taxable income, discharge of indebtedness  
17.2 income resulting from reacquisition of business indebtedness included in federal taxable  
17.3 income under section 108(i) of the Internal Revenue Code. This subtraction applies only  
17.4 to the extent that the income was included in net income in a prior year as a result of the  
17.5 addition under section 290.01, subdivision 19c, clause ~~(25)~~ (24).

17.6 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
17.7 December 31, 2011.

17.8 Sec. 15. Minnesota Statutes 2010, section 290.0921, subdivision 3, is amended to read:

17.9 Subd. 3. **Alternative minimum taxable income.** "Alternative minimum taxable  
17.10 income" is Minnesota net income as defined in section 290.01, subdivision 19, and  
17.11 includes the adjustments and tax preference items in sections 56, 57, 58, and 59(d), (e),  
17.12 (f), and (h) of the Internal Revenue Code. If a corporation files a separate company  
17.13 Minnesota tax return, the minimum tax must be computed on a separate company basis.  
17.14 If a corporation is part of a tax group filing a unitary return, the minimum tax must be  
17.15 computed on a unitary basis. The following adjustments must be made.

17.16 (1) For purposes of the depreciation adjustments under section 56(a)(1) and  
17.17 56(g)(4)(A) of the Internal Revenue Code, the basis for depreciable property placed in  
17.18 service in a taxable year beginning before January 1, 1990, is the adjusted basis for federal  
17.19 income tax purposes, including any modification made in a taxable year under section  
17.20 290.01, subdivision 19e, or Minnesota Statutes 1986, section 290.09, subdivision 7,  
17.21 paragraph (c).

17.22 For taxable years beginning after December 31, 2000, the amount of any remaining  
17.23 modification made under section 290.01, subdivision 19e, or Minnesota Statutes 1986,  
17.24 section 290.09, subdivision 7, paragraph (c), not previously deducted is a depreciation  
17.25 allowance in the first taxable year after December 31, 2000.

17.26 (2) The portion of the depreciation deduction allowed for federal income tax  
17.27 purposes under section 168(k) of the Internal Revenue Code that is required as an addition  
17.28 under section 290.01, subdivision 19c, clause ~~(15)~~ (14), is disallowed in determining  
17.29 alternative minimum taxable income.

17.30 (3) The subtraction for depreciation allowed under section 290.01, subdivision  
17.31 19d, clause ~~(17)~~ (16), is allowed as a depreciation deduction in determining alternative  
17.32 minimum taxable income.

17.33 (4) The alternative tax net operating loss deduction under sections 56(a)(4) and 56(d)  
17.34 of the Internal Revenue Code does not apply.

18.1 (5) The special rule for certain dividends under section 56(g)(4)(C)(ii) of the Internal  
18.2 Revenue Code does not apply.

18.3 ~~(6) The special rule for dividends from section 936 companies under section~~  
18.4 ~~56(g)(4)(C)(iii) does not apply.~~

18.5 ~~(7)~~ (6) The tax preference for depletion under section 57(a)(1) of the Internal  
18.6 Revenue Code does not apply.

18.7 ~~(8)~~ (7) The tax preference for intangible drilling costs under section 57(a)(2) of the  
18.8 Internal Revenue Code must be calculated without regard to subparagraph (E) and the  
18.9 subtraction under section 290.01, subdivision 19d, clause (4).

18.10 ~~(9)~~ (8) The tax preference for tax exempt interest under section 57(a)(5) of the  
18.11 Internal Revenue Code does not apply.

18.12 ~~(10)~~ (9) The tax preference for charitable contributions of appreciated property  
18.13 under section 57(a)(6) of the Internal Revenue Code does not apply.

18.14 ~~(11)~~ (10) For purposes of calculating the tax preference for accelerated depreciation  
18.15 or amortization on certain property placed in service before January 1, 1987, under section  
18.16 57(a)(7) of the Internal Revenue Code, the deduction allowable for the taxable year is the  
18.17 deduction allowed under section 290.01, subdivision 19e.

18.18 For taxable years beginning after December 31, 2000, the amount of any remaining  
18.19 modification made under section 290.01, subdivision 19e, not previously deducted is a  
18.20 depreciation or amortization allowance in the first taxable year after December 31, 2004.

18.21 ~~(12)~~ (11) For purposes of calculating the adjustment for adjusted current earnings  
18.22 in section 56(g) of the Internal Revenue Code, the term "alternative minimum taxable  
18.23 income" as it is used in section 56(g) of the Internal Revenue Code, means alternative  
18.24 minimum taxable income as defined in this subdivision, determined without regard to the  
18.25 adjustment for adjusted current earnings in section 56(g) of the Internal Revenue Code.

18.26 ~~(13)~~ (12) For purposes of determining the amount of adjusted current earnings  
18.27 under section 56(g)(3) of the Internal Revenue Code, no adjustment shall be made under  
18.28 section 56(g)(4) of the Internal Revenue Code with respect to (i) the amount of foreign  
18.29 dividend gross-up subtracted as provided in section 290.01, subdivision 19d, clause (1),  
18.30 (ii) the amount of refunds of income, excise, or franchise taxes subtracted as provided in  
18.31 section 290.01, subdivision 19d, clause (9), or (iii) the amount of royalties, fees or other  
18.32 like income subtracted as provided in section 290.01, subdivision 19d, clause (10).

18.33 ~~(14)~~ (13) Alternative minimum taxable income excludes the income from operating  
18.34 in a job opportunity building zone as provided under section 469.317.

18.35 ~~(15)~~ (14) Alternative minimum taxable income excludes the income from operating  
18.36 in a biotechnology and health sciences industry zone as provided under section 469.337.

19.1 ~~(16)~~ (15) Alternative minimum taxable income excludes the income from operating  
19.2 in an international economic development zone as provided under section 469.326.

19.3 Items of tax preference must not be reduced below zero as a result of the  
19.4 modifications in this subdivision.

19.5 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
19.6 December 31, 2011.

19.7 Sec. 16. Minnesota Statutes 2010, section 290.17, subdivision 4, is amended to read:

19.8 Subd. 4. **Unitary business principle.** (a) If a trade or business conducted wholly  
19.9 within this state or partly within and partly without this state is part of a unitary business,  
19.10 the entire income of the unitary business is subject to apportionment pursuant to section  
19.11 290.191. Notwithstanding subdivision 2, paragraph (c), none of the income of a unitary  
19.12 business is considered to be derived from any particular source and none may be allocated  
19.13 to a particular place except as provided by the applicable apportionment formula. The  
19.14 provisions of this subdivision do not apply to business income subject to subdivision 5,  
19.15 income of an insurance company, or income of an investment company determined under  
19.16 section 290.36.

19.17 (b) The term "unitary business" means business activities or operations which  
19.18 result in a flow of value between them. The term may be applied within a single legal  
19.19 entity or between multiple entities and without regard to whether each entity is a sole  
19.20 proprietorship, a corporation, a partnership or a trust.

19.21 (c) Unity is presumed whenever there is unity of ownership, operation, and use,  
19.22 evidenced by centralized management or executive force, centralized purchasing,  
19.23 advertising, accounting, or other controlled interaction, but the absence of these  
19.24 centralized activities will not necessarily evidence a nonunitary business. Unity is also  
19.25 presumed when business activities or operations are of mutual benefit, dependent upon or  
19.26 contributory to one another, either individually or as a group.

19.27 (d) Where a business operation conducted in Minnesota is owned by a business  
19.28 entity that carries on business activity outside the state different in kind from that  
19.29 conducted within this state, and the other business is conducted entirely outside the state, it  
19.30 is presumed that the two business operations are unitary in nature, interrelated, connected,  
19.31 and interdependent unless it can be shown to the contrary.

19.32 (e) Unity of ownership ~~is~~ does not deemed to exist when ~~a corporation is two or~~  
19.33 more corporations are involved unless that corporation is a member of a group of two or  
19.34 ~~more business entities and~~ more than 50 percent of the voting stock of each ~~member of~~  
19.35 the group corporation is directly or indirectly owned by a common owner or by common

20.1 owners, either corporate or noncorporate, or by one or more of the member corporations  
20.2 of the group. For this purpose, the term "voting stock" shall include membership interests  
20.3 of mutual insurance holding companies formed under section 66A.40.

20.4 (f) The net income and apportionment factors under section 290.191 or 290.20 of  
20.5 foreign corporations and other foreign entities which are part of a unitary business shall  
20.6 not be included in the net income or the apportionment factors of the unitary business.  
20.7 A foreign corporation or other foreign entity which is required to file a return under this  
20.8 chapter shall file on a separate return basis. The net income and apportionment factors  
20.9 under section 290.191 or 290.20 of foreign operating corporations shall not be included in  
20.10 the net income or the apportionment factors of the unitary business except as provided in  
20.11 paragraph (g).

20.12 (g) The adjusted net income of a foreign operating corporation shall be deemed to  
20.13 be paid as a dividend on the last day of its taxable year to each shareholder thereof, in  
20.14 proportion to each shareholder's ownership, with which such corporation is engaged in  
20.15 a unitary business. Such deemed dividend shall be treated as a dividend under section  
20.16 290.21, subdivision 4.

20.17 Dividends actually paid by a foreign operating corporation to a corporate shareholder  
20.18 which is a member of the same unitary business as the foreign operating corporation shall  
20.19 be eliminated from the net income of the unitary business in preparing a combined report  
20.20 for the unitary business. The adjusted net income of a foreign operating corporation  
20.21 shall be its net income adjusted as follows:

20.22 (1) any taxes paid or accrued to a foreign country, the commonwealth of Puerto  
20.23 Rico, or a United States possession or political subdivision of any of the foregoing shall  
20.24 be a deduction; and

20.25 (2) the subtraction from federal taxable income for payments received from foreign  
20.26 corporations or foreign operating corporations under section 290.01, subdivision 19d,  
20.27 clause (10), shall not be allowed.

20.28 If a foreign operating corporation incurs a net loss, neither income nor deduction  
20.29 from that corporation shall be included in determining the net income of the unitary  
20.30 business.

20.31 (h) For purposes of determining the net income of a unitary business and the factors  
20.32 to be used in the apportionment of net income pursuant to section 290.191 or 290.20, there  
20.33 must be included only the income and apportionment factors of domestic corporations or  
20.34 other domestic entities other than foreign operating corporations that are determined to  
20.35 be part of the unitary business pursuant to this subdivision, notwithstanding that foreign  
20.36 corporations or other foreign entities might be included in the unitary business.

21.1 (i) Deductions for expenses, interest, or taxes otherwise allowable under this chapter  
21.2 that are connected with or allocable against dividends, deemed dividends described  
21.3 in paragraph (g), or royalties, fees, or other like income described in section 290.01,  
21.4 subdivision 19d, clause (10), shall not be disallowed.

21.5 (j) Each corporation or other entity, except a sole proprietorship, that is part of a  
21.6 unitary business must file combined reports as the commissioner determines. On the  
21.7 reports, all intercompany transactions between entities included pursuant to paragraph  
21.8 (h) must be eliminated and the entire net income of the unitary business determined in  
21.9 accordance with this subdivision is apportioned among the entities by using each entity's  
21.10 Minnesota factors for apportionment purposes in the numerators of the apportionment  
21.11 formula and the total factors for apportionment purposes of all entities included pursuant  
21.12 to paragraph (h) in the denominators of the apportionment formula.

21.13 (k) If a corporation has been divested from a unitary business and is included in a  
21.14 combined report for a fractional part of the common accounting period of the combined  
21.15 report:

21.16 (1) its income includable in the combined report is its income incurred for that part  
21.17 of the year determined by proration or separate accounting; and

21.18 (2) its sales, property, and payroll included in the apportionment formula must  
21.19 be prorated or accounted for separately.

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

## 21.21 **ARTICLE 2**

### 21.22 **DEPARTMENT POLICY AND TECHNICAL: PROPERTY TAX**

21.23 Section 1. Minnesota Statutes 2010, section 13.4965, subdivision 3, is amended to read:

21.24 Subd. 3. **Homestead and other applications.** The classification and disclosure of  
21.25 certain information collected to determine eligibility of property for a homestead or other  
21.26 classification or benefit under section 273.13 are governed by ~~section~~ sections 273.124,  
21.27 ~~subdivision~~ subdivisions 13, 13a, 13c, and 13d, and 273.1315.

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

21.29 Sec. 2. Minnesota Statutes 2010, section 270.077, is amended to read:

#### 21.30 **270.077 TAXES CREDITED TO STATE AIRPORTS FUND.**

21.31 All taxes levied under sections 270.071 to 270.079 must be collected by the  
21.32 commissioner and credited to the state airports fund created in section 360.017.

22.1 **EFFECTIVE DATE.** This section is effective for reports filed on July 1, 2012,  
22.2 and thereafter.

22.3 Sec. 3. Minnesota Statutes 2010, section 270.41, subdivision 5, is amended to read:

22.4 Subd. 5. **Prohibited activity.** A licensed assessor or other person employed by an  
22.5 assessment jurisdiction or contracting with an assessment jurisdiction for the purpose  
22.6 of valuing or classifying property for property tax purposes is prohibited from making  
22.7 appraisals or analyses, accepting an appraisal assignment, or preparing an appraisal report  
22.8 as defined in section 82B.021, subdivisions 2, 4, 6, and 7, on any property within the  
22.9 assessment jurisdiction where the individual is employed or performing the duties of the  
22.10 assessor under contract. Violation of this prohibition shall result in immediate revocation  
22.11 of the individual's license to assess property for property tax purposes. This prohibition  
22.12 must not be construed to prohibit an individual from carrying out any duties required  
22.13 for the proper assessment of property for property tax purposes or performing duties  
22.14 enumerated in section 273.061, subdivision 7 or 8. If a formal resolution has been adopted  
22.15 by the governing body of a governmental unit, which specifies the purposes for which  
22.16 such work will be done, this prohibition does not apply to appraisal activities undertaken  
22.17 on behalf of and at the request of the governmental unit that has employed or contracted  
22.18 with the individual. The resolution may only allow appraisal activities which are related to  
22.19 condemnations, right-of-way acquisitions, land exchanges, or special assessments.

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

22.21 Sec. 4. Minnesota Statutes 2011 Supplement, section 270C.34, subdivision 1, is  
22.22 amended to read:

22.23 Subdivision 1. **Authority.** (a) The commissioner may abate, reduce, or refund any  
22.24 penalty or interest that is imposed by a law administered by the commissioner, or imposed  
22.25 by section 270.0725, subdivision 1 or 2, or 270.075, as a result of the late payment of tax  
22.26 or late filing of a return, or any part of an additional tax charge under section 289A.25,  
22.27 subdivision 2, or 289A.26, subdivision 4, if the failure to timely pay the tax or failure  
22.28 to timely file the return is due to reasonable cause, or if the taxpayer is located in a  
22.29 presidentially declared disaster or in a presidentially declared state of emergency area or  
22.30 in an area declared to be in a state of emergency by the governor under section 12.31.

22.31 (b) The commissioner shall abate any part of a penalty or additional tax charge  
22.32 under section 289A.25, subdivision 2, or 289A.26, subdivision 4, attributable to erroneous  
22.33 advice given to the taxpayer in writing by an employee of the department acting in  
22.34 an official capacity, if the advice:

23.1 (1) was reasonably relied on and was in response to a specific written request of the  
23.2 taxpayer; and

23.3 (2) was not the result of failure by the taxpayer to provide adequate or accurate  
23.4 information.

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

23.6 Sec. 5. Minnesota Statutes 2010, section 272.01, subdivision 2, is amended to read:

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

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

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

23.18 (2) property of an airport owned by a city, town, county, or group thereof which is:

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

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

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

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

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

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

23.30 (4) property constituting or used as a passenger check-in area or ticket sale counter,  
23.31 boarding area, or luggage claim area in connection with a public airport but not the  
23.32 airports owned or operated by the Metropolitan Airports Commission or cities of over  
23.33 50,000 population or an airport authority therein. Real estate owned by a municipality  
23.34 in connection with the operation of a public airport and leased or used for agricultural  
23.35 purposes is not exempt;

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

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

24.6 (c) Taxes imposed by this subdivision are payable as in the case of personal property  
24.7 taxes and shall be assessed to the lessees or users of real or personal property in the same  
24.8 manner as taxes assessed to owners of real or personal property, except that such taxes  
24.9 shall not become a lien against the property. When due, the taxes shall constitute a debt  
24.10 due from the lessee or user to the state, township, city, county, and school district for  
24.11 which the taxes were assessed and shall be collected in the same manner as personal  
24.12 property taxes. If property subject to the tax imposed by this subdivision is leased or used  
24.13 jointly by two or more persons, each lessee or user shall be jointly and severally liable for  
24.14 payment of the tax.

24.15 (d) The tax on real property of the federal government, the state or any of its political  
24.16 subdivisions that is leased by a private individual, association, or corporation and becomes  
24.17 taxable under this subdivision or other provision of law must be assessed and collected as  
24.18 a personal property assessment. The taxes do not become a lien against the real property.

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

24.20 Sec. 6. Minnesota Statutes 2011 Supplement, section 273.114, subdivision 6, is  
24.21 amended to read:

24.22 Subd. 6. **Additional taxes.** (a) When real property which is being, or has been  
24.23 valued and assessed under this section is sold, transferred, or no longer qualifies under  
24.24 subdivision 2, the portion sold, transferred, or no longer qualifying shall be subject to  
24.25 additional taxes in the amount equal to the difference between the taxes determined in  
24.26 accordance with subdivision 3 and the amount determined under subdivision 4, provided  
24.27 that the amount determined under subdivision 4 shall not be greater than it would have  
24.28 been had the actual bona fide sale price of the real property at an arm's-length transaction  
24.29 been used in lieu of the market value determined under subdivision 4. The additional taxes  
24.30 shall be extended against the property on the tax list for taxes payable in the current year,  
24.31 provided that no interest or penalties shall be levied on the additional taxes if timely paid  
24.32 and provided that the additional taxes shall only be levied with respect to the current year  
24.33 plus two prior years that the property has been valued and assessed under this section.



25.1 (b) In the case of a sale or transfer, the additional taxes under paragraph (a) shall not  
25.2 be extended against the property if the new owner submits a successful application by the  
25.3 later of May 1 of the current year or 30 days after the sale or transfer.

25.4 (c) For the purposes of this section, the following events do not constitute a sale or  
25.5 transfer for property that qualified under subdivision 2 prior to the event:

25.6 (1) death of a property owner when the surviving owners retain ownership of the  
25.7 property;

25.8 (2) divorce of a married couple when one of the spouses retains ownership of the  
25.9 property;

25.10 (3) marriage of a single property owner when that owner retains ownership of the  
25.11 property in whole or in part;

25.12 (4) the organization or reorganization of a farm ownership entity that is not prohibited  
25.13 from owning agricultural land in this state under section 500.24, if all owners maintain the  
25.14 same beneficial interest both before and after the organization or reorganization; and

25.15 (5) transfer of the property to a trust or trustee, provided that the individual owners  
25.16 of the property are the grantors of the trust and they maintain the same beneficial interest  
25.17 both before and after placement of the property in trust.

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

25.19 Sec. 7. Minnesota Statutes 2010, section 273.124, subdivision 13, is amended to read:

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

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

25.28 (c) Every property owner applying for homestead classification must furnish to the  
25.29 county assessor the Social Security number of each occupant who is listed as an owner  
25.30 of the property on the deed of record, the name and address of each owner who does not  
25.31 occupy the property, and the name and Social Security number of each owner's spouse who  
25.32 occupies the property. The application must be signed by each owner who occupies the  
25.33 property and by each owner's spouse who occupies the property, or, in the case of property  
25.34 that qualifies as a homestead under subdivision 1, paragraph (c), by the qualifying relative.

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

26.5 Owners or spouses occupying residences owned by their spouses and previously  
26.6 occupied with the other spouse, either of whom fail to include the other spouse's name  
26.7 and Social Security number on the homestead application or provide the affidavits or  
26.8 other proof requested, will be deemed to have elected to receive only partial homestead  
26.9 treatment of their residence. The remainder of the residence will be classified as  
26.10 nonhomestead residential. When an owner or spouse's name and Social Security number  
26.11 appear on homestead applications for two separate residences and only one application is  
26.12 signed, the owner or spouse will be deemed to have elected to homestead the residence for  
26.13 which the application was signed.

26.14 The Social Security numbers, state or federal tax returns or tax return information,  
26.15 including the federal income tax schedule F<sub>2</sub> required by this section; or section 273.13,  
26.16 and affidavits or other proofs of the property owners and spouses submitted under this  
26.17 or another section to support a claim for a property tax homestead classification or other  
26.18 classification or benefit under section 273.13, are private data on individuals as defined by  
26.19 section 13.02, subdivision 12, or nonpublic data as defined in section 13.02, subdivision 9,  
26.20 but, notwithstanding that section, the private and nonpublic data may be disclosed to the  
26.21 commissioner of revenue, or, for purposes of proceeding under the Revenue Recapture  
26.22 Act to recover personal property taxes owing, to the county treasurer.

26.23 (d) If residential real estate is occupied and used for purposes of a homestead by a  
26.24 relative of the owner and qualifies for a homestead under subdivision 1, paragraph (c), in  
26.25 order for the property to receive homestead status, a homestead application must be filed  
26.26 with the assessor. The Social Security number of each relative and spouse of a relative  
26.27 occupying the property shall be required on the homestead application filed under this  
26.28 subdivision. If a different relative of the owner subsequently occupies the property, the  
26.29 owner of the property must notify the assessor within 30 days of the change in occupancy.  
26.30 The Social Security number of a relative or relative's spouse occupying the property  
26.31 is private data on individuals as defined by section 13.02, subdivision 12, but may be  
26.32 disclosed to the commissioner of revenue, or, for the purposes of proceeding under the  
26.33 Revenue Recapture Act to recover personal property taxes owing, to the county treasurer.

26.34 (e) The homestead application shall also notify the property owners that ~~the~~  
26.35 ~~application filed under this section will not be mailed annually and that~~ if the property  
26.36 is granted homestead status for any assessment year, that same property shall remain

27.1 classified as homestead until the property is sold or transferred to another person, or  
27.2 the owners, the spouse of the owner, or the relatives no longer use the property as their  
27.3 homestead. Upon the sale or transfer of the homestead property, a certificate of value must  
27.4 be timely filed with the county auditor as provided under section 272.115. Failure to  
27.5 notify the assessor within 30 days that the property has been sold, transferred, or that the  
27.6 owner, the spouse of the owner, or the relative is no longer occupying the property as a  
27.7 homestead, shall result in the penalty provided under this subdivision and the property  
27.8 will lose its current homestead status.

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

27.16 Subd. 13a. Occupant list. ~~(g)~~ At the request of the commissioner, each county  
27.17 must give the commissioner a list that includes the name and Social Security number  
27.18 of each occupant of homestead property who is the property owner, property owner's  
27.19 spouse, qualifying relative of a property owner, or a spouse of a qualifying relative. The  
27.20 commissioner shall use the information provided on the lists as appropriate under the law,  
27.21 including for the detection of improper claims by owners, or relatives of owners, under  
27.22 chapter 290A.

27.23 Subd. 13b. Improper homestead. ~~(h)~~ (a) If the commissioner finds that a  
27.24 property owner may be claiming a fraudulent homestead, the commissioner shall notify  
27.25 the appropriate counties. Within 90 days of the notification, the county assessor shall  
27.26 investigate to determine if the homestead classification was properly claimed. If the  
27.27 property owner does not qualify, the county assessor shall notify the county auditor who  
27.28 will determine the amount of homestead benefits that had been improperly allowed. For the  
27.29 purpose of this ~~section~~ subdivision, "homestead benefits" means the tax reduction resulting  
27.30 from the classification as a homestead under section 273.13, the taconite homestead credit  
27.31 under section 273.135, the residential homestead and agricultural homestead credits under  
27.32 section 273.1384, and the supplemental homestead credit under section 273.1391.

27.33 The county auditor shall send a notice to the person who owned the affected property  
27.34 at the time the homestead application related to the improper homestead was filed,  
27.35 demanding reimbursement of the homestead benefits plus a penalty equal to 100 percent  
27.36 of the homestead benefits. The person notified may appeal the county's determination

28.1 by serving copies of a petition for review with county officials as provided in section  
 28.2 278.01 and filing proof of service as provided in section 278.01 with the Minnesota Tax  
 28.3 Court within 60 days of the date of the notice from the county. Procedurally, the appeal  
 28.4 is governed by the provisions in chapter 271 which apply to the appeal of a property tax  
 28.5 assessment or levy, but without requiring any prepayment of the amount in controversy. If  
 28.6 the amount of homestead benefits and penalty is not paid within 60 days, and if no appeal  
 28.7 has been filed, the county auditor shall certify the amount of taxes and penalty to the county  
 28.8 treasurer. The county treasurer will add interest to the unpaid homestead benefits and  
 28.9 penalty amounts at the rate provided in section 279.03 for real property taxes becoming  
 28.10 delinquent in the calendar year during which the amount remains unpaid. Interest may be  
 28.11 assessed for the period beginning 60 days after demand for payment was made.

28.12 If the person notified is the current owner of the property, the treasurer may add the  
 28.13 total amount of homestead benefits, penalty, interest, and costs to the ad valorem taxes  
 28.14 otherwise payable on the property by including the amounts on the property tax statements  
 28.15 under section 276.04, subdivision 3. The amounts added under this paragraph to the ad  
 28.16 valorem taxes shall include interest accrued through December 31 of the year preceding  
 28.17 the taxes payable year for which the amounts are first added. These amounts, when added  
 28.18 to the property tax statement, become subject to all the laws for the enforcement of real or  
 28.19 personal property taxes for that year, and for any subsequent year.

28.20 If the person notified is not the current owner of the property, the treasurer may  
 28.21 collect the amounts due under the Revenue Recapture Act in chapter 270A, or use any of  
 28.22 the powers granted in sections 277.20 and 277.21 without exclusion, to enforce payment  
 28.23 of the homestead benefits, penalty, interest, and costs, as if those amounts were delinquent  
 28.24 tax obligations of the person who owned the property at the time the application related  
 28.25 to the improperly allowed homestead was filed. The treasurer may relieve a prior owner  
 28.26 of personal liability for the homestead benefits, penalty, interest, and costs, and instead  
 28.27 extend those amounts on the tax lists against the property as provided in this paragraph  
 28.28 to the extent that the current owner agrees in writing. On all demands, billings, property  
 28.29 tax statements, and related correspondence, the county must list and state separately the  
 28.30 amounts of homestead benefits, penalty, interest and costs being demanded, billed or  
 28.31 assessed.

28.32 ~~(f)~~ (b) Any amount of homestead benefits recovered by the county from the property  
 28.33 owner shall be distributed to the county, city or town, and school district where the  
 28.34 property is located in the same proportion that each taxing district's levy was to the total  
 28.35 of the three taxing districts' levy for the current year. Any amount recovered attributable  
 28.36 to taconite homestead credit shall be transmitted to the St. Louis County auditor to be

29.1 deposited in the taconite property tax relief account. Any amount recovered that is  
29.2 attributable to supplemental homestead credit is to be transmitted to the commissioner of  
29.3 revenue for deposit in the general fund of the state treasury. The total amount of penalty  
29.4 collected must be deposited in the county general fund.

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

29.9 Subd. 13c. **Property lists.** ~~(k)~~ In addition to lists of homestead properties, the  
29.10 commissioner may ask the counties to furnish lists of all properties and the record owners.  
29.11 The Social Security numbers and federal identification numbers that are maintained by  
29.12 a county or city assessor for property tax administration purposes, and that may appear  
29.13 on the lists retain their classification as private or nonpublic data; but may be viewed,  
29.14 accessed, and used by the county auditor or treasurer of the same county for the limited  
29.15 purpose of assisting the commissioner in the preparation of microdata samples under  
29.16 section 270C.12. The commissioner shall use the information provided on the lists as  
29.17 appropriate under the law, including for the detection of improper claims by owners, or  
29.18 relatives of owners, under chapter 290A.

29.19 Subd. 13d. **Homestead data.** ~~(l)~~ On or before April 30 each year beginning in 2007,  
29.20 each county must provide the commissioner with the following data for each parcel of  
29.21 homestead property by electronic means as defined in section 289A.02, subdivision 8:

29.22 ~~(i)~~ (1) the property identification number assigned to the parcel for purposes of  
29.23 taxes payable in the current year;

29.24 ~~(ii)~~ (2) the name and Social Security number of each occupant of homestead property  
29.25 who is the property owner, property owner's spouse, qualifying relative of a property  
29.26 owner, or spouse of a qualifying relative;

29.27 ~~(iii)~~ (3) the classification of the property under section 273.13 for taxes payable  
29.28 in the current year and in the prior year;

29.29 ~~(iv)~~ (4) an indication of whether the property was classified as a homestead for  
29.30 taxes payable in the current year because of occupancy by a relative of the owner or  
29.31 by a spouse of a relative;

29.32 ~~(v)~~ (5) the property taxes payable as defined in section 290A.03, subdivision 13, for  
29.33 the current year and the prior year;

29.34 ~~(vi)~~ (6) the market value of improvements to the property first assessed for tax  
29.35 purposes for taxes payable in the current year;

30.1 ~~(vii)~~ (7) the assessor's estimated market value assigned to the property for taxes  
30.2 payable in the current year and the prior year;

30.3 ~~(viii)~~ (8) the taxable market value assigned to the property for taxes payable in the  
30.4 current year and the prior year;

30.5 ~~(ix)~~ (9) whether there are delinquent property taxes owing on the homestead;

30.6 ~~(x)~~ (10) the unique taxing district in which the property is located; and

30.7 ~~(xi)~~ (11) such other information as the commissioner decides is necessary.

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

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

30.12 Sec. 8. Minnesota Statutes 2011 Supplement, section 273.13, subdivision 25, is  
30.13 amended to read:

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

30.21 (b) Class 4b includes:

30.22 (1) residential real estate containing less than four units that does not qualify as class  
30.23 4bb, other than seasonal residential recreational property;

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

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

30.27 (4) unimproved property that is classified residential as determined under subdivision  
30.28 33.

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

30.30 (c) Class 4bb includes:

30.31 ~~(1)~~ nonhomestead residential real estate containing one unit, other than seasonal  
30.32 residential recreational property; and

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

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

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

31.4 (d) Class 4c property includes:

31.5 (1) except as provided in subdivision 22, paragraph (c), real and personal property  
31.6 devoted to commercial temporary and seasonal residential occupancy for recreation  
31.7 purposes, for not more than 250 days in the year preceding the year of assessment. For  
31.8 purposes of this clause, property is devoted to a commercial purpose on a specific day  
31.9 if any portion of the property is used for residential occupancy, and a fee is charged for  
31.10 residential occupancy. Class 4c property under this clause must contain three or more  
31.11 rental units. A "rental unit" is defined as a cabin, condominium, townhouse, sleeping room,  
31.12 or individual camping site equipped with water and electrical hookups for recreational  
31.13 vehicles. A camping pad offered for rent by a property that otherwise qualifies for class  
31.14 4c under this clause is also class 4c under this clause regardless of the term of the rental  
31.15 agreement, as long as the use of the camping pad does not exceed 250 days. In order for a  
31.16 property to be classified under this clause, either (i) the business located on the property  
31.17 must provide recreational activities, at least 40 percent of the annual gross lodging receipts  
31.18 related to the property must be from business conducted during 90 consecutive days,  
31.19 and either (A) at least 60 percent of all paid bookings by lodging guests during the year  
31.20 must be for periods of at least two consecutive nights; or (B) at least 20 percent of the  
31.21 annual gross receipts must be from charges for providing recreational activities, or (ii) the  
31.22 business must contain 20 or fewer rental units, and must be located in a township or a city  
31.23 with a population of 2,500 or less located outside the metropolitan area, as defined under  
31.24 section 473.121, subdivision 2, that contains a portion of a state trail administered by the  
31.25 Department of Natural Resources. For purposes of item (i)(A), a paid booking of five or  
31.26 more nights shall be counted as two bookings. Class 4c property also includes commercial  
31.27 use real property used exclusively for recreational purposes in conjunction with other class  
31.28 4c property classified under this clause and devoted to temporary and seasonal residential  
31.29 occupancy for recreational purposes, up to a total of two acres, provided the property is  
31.30 not devoted to commercial recreational use for more than 250 days in the year preceding  
31.31 the year of assessment and is located within two miles of the class 4c property with which  
31.32 it is used. In order for a property to qualify for classification under this clause, the owner  
31.33 must submit a declaration to the assessor designating the cabins or units occupied for 250  
31.34 days or less in the year preceding the year of assessment by January 15 of the assessment  
31.35 year. Those cabins or units and a proportionate share of the land on which they are located  
31.36 must be designated class 4c under this clause as otherwise provided. The remainder of the

32.1 cabins or units and a proportionate share of the land on which they are located will be  
32.2 designated as class 3a. The owner of property desiring designation as class 4c property  
32.3 under this clause must provide guest registers or other records demonstrating that the units  
32.4 for which class 4c designation is sought were not occupied for more than 250 days in the  
32.5 year preceding the assessment if so requested. The portion of a property operated as a  
32.6 (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5) other  
32.7 nonresidential facility operated on a commercial basis not directly related to temporary and  
32.8 seasonal residential occupancy for recreation purposes does not qualify for class 4c. For  
32.9 the purposes of this paragraph, "recreational activities" means renting ice fishing houses,  
32.10 boats and motors, snowmobiles, downhill or cross-country ski equipment; providing  
32.11 marina services, launch services, or guide services; or selling bait and fishing tackle;

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

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

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

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

32.20 (3) real property up to a maximum of three acres of land owned and used by a  
32.21 nonprofit community service oriented organization and not used for residential purposes  
32.22 on either a temporary or permanent basis, provided that:

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

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

32.29 For purposes of this clause:

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

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

32.34 (C) a "nonprofit community service oriented organization" means any corporation,  
32.35 society, association, foundation, or institution organized and operated exclusively for  
32.36 charitable, religious, fraternal, civic, or educational purposes, and which is exempt from



33.1 federal income taxation pursuant to section 501(c)(3), (8), (10), or (19) of the Internal  
33.2 Revenue Code; and

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

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

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

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

33.23 (5)(i) manufactured home parks as defined in section 327.14, subdivision 3,  
33.24 excluding manufactured home parks described in section 273.124, subdivision 3a, and (ii)  
33.25 manufactured home parks as defined in section 327.14, subdivision 3, that are described in  
33.26 section 273.124, subdivision 3a;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

34.23 (10) real property up to a maximum of three acres and operated as a restaurant  
34.24 as defined under section 157.15, subdivision 12, provided it: (A) is located on a lake  
34.25 as defined under section 103G.005, subdivision 15, paragraph (a), clause (3); and (B)  
34.26 is either devoted to commercial purposes for not more than 250 consecutive days, or  
34.27 receives at least 60 percent of its annual gross receipts from business conducted during  
34.28 four consecutive months. Gross receipts from the sale of alcoholic beverages must be  
34.29 included in determining the property's qualification under subitem (B). The property's  
34.30 primary business must be as a restaurant and not as a bar. Gross receipts from gift shop  
34.31 sales located on the premises must be excluded. Owners of real property desiring 4c  
34.32 classification under this clause must submit an annual declaration to the assessor by  
34.33 February 1 of the current assessment year, based on the property's relevant information for  
34.34 the preceding assessment year;

34.35 (11) lakeshore and riparian property and adjacent land, not to exceed six acres, used  
34.36 as a marina, as defined in section 86A.20, subdivision 5, which is made accessible to

35.1 the public and devoted to recreational use for marina services. The marina owner must  
35.2 annually provide evidence to the assessor that it provides services, including lake or river  
35.3 access to the public by means of an access ramp or other facility that is either located on  
35.4 the property of the marina or at a publicly owned site that abuts the property of the marina.  
35.5 No more than 800 feet of lakeshore may be included in this classification. Buildings used  
35.6 in conjunction with a marina for marina services, including but not limited to buildings  
35.7 used to provide food and beverage services, fuel, boat repairs, or the sale of bait or fishing  
35.8 tackle, are classified as class 3a property; and

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

35.11 Class 4c property has a class rate of 1.5 percent of market value, except that (i) each  
35.12 parcel of noncommercial seasonal residential recreational property under clause (12)  
35.13 has the same class rates as class 4bb property, (ii) manufactured home parks assessed  
35.14 under clause (5), item (i), have the same class rate as class 4b property, and the market  
35.15 value of manufactured home parks assessed under clause (5), item (ii), has the same class  
35.16 rate as class 4d property if more than 50 percent of the lots in the park are occupied by  
35.17 shareholders in the cooperative corporation or association and a class rate of one percent if  
35.18 50 percent or less of the lots are so occupied, (iii) commercial-use seasonal residential  
35.19 recreational property and marina recreational land as described in clause (11), has a  
35.20 class rate of one percent for the first \$500,000 of market value, and 1.25 percent for the  
35.21 remaining market value, (iv) the market value of property described in clause (4) has a  
35.22 class rate of one percent, (v) the market value of property described in clauses (2), (6), and  
35.23 (10) has a class rate of 1.25 percent, and (vi) that portion of the market value of property  
35.24 in clause (9) qualifying for class 4c property has a class rate of 1.25 percent.

35.25 (e) Class 4d property is qualifying low-income rental housing certified to the assessor  
35.26 by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion  
35.27 of the units in the building qualify as low-income rental housing units as certified under  
35.28 section 273.128, subdivision 3, only the proportion of qualifying units to the total number  
35.29 of units in the building qualify for class 4d. The remaining portion of the building shall be  
35.30 classified by the assessor based upon its use. Class 4d also includes the same proportion of  
35.31 land as the qualifying low-income rental housing units are to the total units in the building.  
35.32 For all properties qualifying as class 4d, the market value determined by the assessor must  
35.33 be based on the normal approach to value using normal unrestricted rents.

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

35.35 **EFFECTIVE DATE.** This section is effective for taxes payable in 2013 and  
35.36 thereafter.

36.1 Sec. 9. Minnesota Statutes 2010, section 273.1315, subdivision 1, is amended to read:

36.2 Subdivision 1. **Class 1b homestead declaration before 2009.** Any property owner  
36.3 seeking classification and assessment of the owner's homestead as class 1b property  
36.4 pursuant to section 273.13, subdivision 22, paragraph (b), on or before October 1, 2008,  
36.5 shall file with the commissioner of revenue a 1b homestead declaration, on a form  
36.6 prescribed by the commissioner. The declaration shall contain the following information:

36.7 ~~(a)~~ (1) the information necessary to verify that on or before June 30 of the filing year,  
36.8 the property owner or the owner's spouse satisfies the requirements of section 273.13,  
36.9 subdivision 22, paragraph (b), for 1b classification; and

36.10 ~~(b)~~ (2) any additional information prescribed by the commissioner.

36.11 The declaration must be filed on or before October 1 to be effective for property  
36.12 taxes payable during the succeeding calendar year. The declaration and any supplementary  
36.13 information received from the property owner pursuant to this subdivision shall be subject  
36.14 to chapter 270B. If approved by the commissioner, the declaration remains in effect until  
36.15 the property no longer qualifies under section 273.13, subdivision 22, paragraph (b).

36.16 Failure to notify the commissioner within 30 days that the property no longer qualifies  
36.17 under that paragraph because of a sale, change in occupancy, or change in the status  
36.18 or condition of an occupant shall result in the penalty provided in section 273.124,  
36.19 subdivision ~~13~~ 13b, computed on the basis of the class 1b benefits for the property, and  
36.20 the property shall lose its current class 1b classification.

36.21 The commissioner shall provide to the assessor on or before November 1 a listing  
36.22 of the parcels of property qualifying for 1b classification.

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

36.24 Sec. 10. Minnesota Statutes 2010, section 273.1315, subdivision 2, is amended to read:

36.25 Subd. 2. **Class 1b homestead declaration 2009 and thereafter.** (a) Any property  
36.26 owner seeking classification and assessment of the owner's homestead as class 1b property  
36.27 pursuant to section 273.13, subdivision 22, paragraph (b), after October 1, 2008, shall file  
36.28 with the county assessor a class 1b homestead declaration, on a form prescribed by the  
36.29 commissioner of revenue. The declaration must contain the following information:

36.30 (1) the information necessary to verify that, on or before June 30 of the filing year,  
36.31 the property owner or the owner's spouse satisfies the requirements of section 273.13,  
36.32 subdivision 22, paragraph (b), for class 1b classification; and

36.33 (2) any additional information prescribed by the commissioner.

36.34 (b) The declaration must be filed on or before October 1 to be effective for property  
36.35 taxes payable during the succeeding calendar year. The Social Security numbers and

37.1 income and medical information received from the property owner pursuant to this  
37.2 subdivision are private data on individuals as defined in section 13.02. If approved by  
37.3 the assessor, the declaration remains in effect until the property no longer qualifies under  
37.4 section 273.13, subdivision 22, paragraph (b). Failure to notify the assessor within 30  
37.5 days that the property no longer qualifies under that paragraph because of a sale, change in  
37.6 occupancy, or change in the status or condition of an occupant shall result in the penalty  
37.7 provided in section 273.124, subdivision ~~13~~ 13b, computed on the basis of the class 1b  
37.8 benefits for the property, and the property shall lose its current class 1b classification.

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

37.10 Sec. 11. Minnesota Statutes 2010, section 273.19, subdivision 1, is amended to read:

37.11 Subdivision 1. **Tax-exempt property; lease.** Except as provided in subdivision 3 or  
37.12 4, tax-exempt property held under a lease for a term of at least one year, and not taxable  
37.13 under section 272.01, subdivision 2, or under a contract for the purchase thereof, shall  
37.14 be considered, for all purposes of taxation, as the property of the person holding it. In  
37.15 this subdivision, "tax-exempt property" means property owned by the United States, the  
37.16 state or any of its political subdivisions, a school, or any religious, scientific, or benevolent  
37.17 society or institution, incorporated or unincorporated, or any corporation whose property  
37.18 is not taxed in the same manner as other property. This subdivision does not apply to  
37.19 property exempt from taxation under section 272.01, subdivision 2, paragraph (b), clauses  
37.20 (2), (3), and (4), or to property exempt from taxation under section 272.0213.

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

37.22 Sec. 12. Minnesota Statutes 2010, section 273.372, subdivision 4, is amended to read:

37.23 Subd. 4. **Administrative appeals.** (a) Companies that submit the reports under  
37.24 section 270.82 or 273.371 by the date specified in that section, or by the date specified by  
37.25 the commissioner in an extension, may appeal administratively to the commissioner prior  
37.26 to bringing an action in court ~~by submitting.~~

37.27 (b) Companies that must submit reports under section 270.82 must submit a written  
37.28 request ~~with~~ to the commissioner for a conference within ten days after the date of the  
37.29 commissioner's valuation certification or notice to the company, or by ~~May~~ June 15,  
37.30 whichever is earlier.

37.31 (c) Companies that submit reports under section 273.371 must submit a written  
37.32 request to the commissioner for a conference within ten days after the date of the

38.1 commissioner's valuation certification or notice to the company, or by July 1, whichever  
38.2 is earlier.

38.3 (d) The commissioner shall conduct the conference upon the commissioner's entire  
38.4 files and records and such further information as may be offered. The conference must  
38.5 be held no later than 20 days after the date of the commissioner's valuation certification  
38.6 or notice to the company, or by the date specified by the commissioner in an extension.  
38.7 Within 60 days after the conference the commissioner shall make a final determination of  
38.8 the matter and shall notify the company promptly of the determination. The conference  
38.9 is not a contested case hearing.

38.10 ~~(b)~~ (e) In addition to the opportunity for a conference under paragraph (a), the  
38.11 commissioner shall also provide the railroad and utility companies the opportunity to  
38.12 discuss any questions or concerns relating to the values established by the commissioner  
38.13 through certification or notice in a less formal manner. This does not change or modify  
38.14 the deadline for requesting a conference under paragraph (a), the deadline in section  
38.15 271.06 for appealing an order of the commissioner, or the deadline in section 278.01 for  
38.16 appealing property taxes in court.

38.17 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2013.

38.18 Sec. 13. Minnesota Statutes 2010, section 273.39, is amended to read:

38.19 **273.39 RURAL AREA.**

38.20 As used in sections 273.39 to 273.41, the term "rural area" shall be deemed to mean  
38.21 any area of the state not included within the boundaries of any ~~incorporated~~ statutory  
38.22 city or home rule charter city, and such term shall be deemed to include both farm and  
38.23 nonfarm population thereof.

38.24 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2012.

38.25 Sec. 14. Minnesota Statutes 2010, section 279.06, subdivision 1, is amended to read:

38.26 Subdivision 1. **List and notice.** Within five days after the filing of such list, the  
38.27 court administrator shall return a copy thereof to the county auditor, with a notice prepared  
38.28 and signed by the court administrator, and attached thereto, which may be substantially in  
38.29 the following form:

38.30 State of Minnesota )

38.31 ) ss.

38.32 County of ..... )

39.1 District Court  
39.2 ..... Judicial District.

39.3 The state of Minnesota, to all persons, companies, or corporations who have or claim  
39.4 any estate, right, title, or interest in, claim to, or lien upon, any of the several parcels of  
39.5 land described in the list hereto attached:

39.6 The list of taxes and penalties on real property for the county of .....  
39.7 remaining delinquent on the first Monday in January, ....., has been filed in the office of  
39.8 the court administrator of the district court of said county, of which that hereto attached is a  
39.9 copy. Therefore, you, and each of you, are hereby required to file in the office of said court  
39.10 administrator, on or before the 20th day after the publication of this notice and list, your  
39.11 answer, in writing, setting forth any objection or defense you may have to the taxes, or any  
39.12 part thereof, upon any parcel of land described in the list, in, to, or on which you have or  
39.13 claim any estate, right, title, interest, claim, or lien, and, in default thereof, judgment will  
39.14 be entered against such parcel of land for the taxes on such list appearing against it, and  
39.15 for all penalties, interest, and costs. Based upon said judgment, the land shall be sold to  
39.16 the state of Minnesota on the second Monday in May, ..... ~~The period of redemption for~~  
39.17 ~~all lands sold to the state at a tax judgment sale shall be three years from the date of sale to~~  
39.18 ~~the state of Minnesota if the land is within an incorporated area unless it is:~~

- 39.19 ~~(a) nonagricultural homesteaded land as defined in section 273.13, subdivision 22;~~
- 39.20 ~~(b) homesteaded agricultural land as defined in section 273.13, subdivision 23,~~
- 39.21 ~~paragraph (a);~~
- 39.22 ~~(c) seasonal residential recreational land as defined in section 273.13, subdivisions~~
- 39.23 ~~22, paragraph (c), and 25, paragraph (d), clause (1), in which event the period of~~
- 39.24 ~~redemption is five years from the date of sale to the state of Minnesota;~~
- 39.25 ~~(d) abandoned property and pursuant to section 281.173 a court order has been~~
- 39.26 ~~entered shortening the redemption period to five weeks; or~~
- 39.27 ~~(e) vacant property as described under section 281.174, subdivision 2, and for which~~
- 39.28 ~~a court order is entered shortening the redemption period under section 281.174.~~

39.29 ~~The period of redemption for all other lands sold to the state at a tax judgment sale~~  
39.30 ~~shall be five years from the date of sale.~~

39.31 Inquiries as to the proceedings set forth above can be made to the county auditor of  
39.32 ..... county whose address is .....

39.33 (Signed) ..... ,  
39.34 Court Administrator of the District Court of the  
39.35 County of .....  
39.36 (Here insert list.)

40.1 The notice must contain a narrative description of the various periods to redeem  
 40.2 specified in sections 281.17, 281.173, and 281.174, in the manner prescribed by the  
 40.3 commissioner of revenue under subdivision 2.

40.4 The list referred to in the notice shall be substantially in the following form:

40.5 List of real property for the county of ....., on which taxes remain  
 40.6 delinquent on the first Monday in January, .....

40.7 Town of (Fairfield),  
 40.8 Township (40), Range (20),

40.9 Names (and Current  
 40.10 Filed Addresses) for  
 40.11 the Taxpayers and Fee  
 40.12 Owners and in Addition  
 40.13 Those Parties Who Have  
 40.14 Filed Their Addresses

40.15 Pursuant to section 40.16 276.041	Subdivision of Section	Section	Tax Parcel Number	Total Tax and Penalty \$ cts.
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40.18 John Jones (825 Fremont 40.19 Fairfield, MN 55000)	S.E. 1/4 of S.W. 1/4	10	23101	2.20
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40.20 Bruce Smith (2059 Hand 40.21 Fairfield, MN 55000) 40.22 and Fairfield State 40.23 Bank (100 Main Street 40.24 Fairfield, MN 55000)	That part of N.E. 1/4 of S.W. 1/4 desc. as follows: Beg. at the S.E. corner of said N.E. 1/4 of S.W. 1/4; thence N. along the E. line of said N.E. 1/4 of S.W. 1/4 a distance of 600 ft.; thence W. parallel with the S. line of said N.E. 1/4 of S.W. 1/4 a distance of 600 ft.; thence S. parallel with said E. line a distance of 600 ft. to S. line of said N.E. 1/4 of S.W. 1/4; thence E. along said S. line a distance of 600 ft. to the point of beg.	21	33211	3.15
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40.39 As to platted property, the form of heading shall conform to circumstances and be  
 40.40 substantially in the following form:

40.41 City of (Smithtown)  
 40.42 Brown's Addition, or Subdivision



41.1 41.2 41.3 41.4 41.5 41.6 41.7 41.8	Names (and Current Filed Addresses) for the Taxpayers and Fee Owners and in Addition Those Parties Who Have Filed Their Addresses Pursuant to section 276.041	Lot	Block	Tax Parcel Number	Total Tax and Penalty \$ cts.
41.10 41.11	John Jones (825 Fremont Fairfield, MN 55000)	15	9	58243	2.20
41.12 41.13 41.14 41.15 41.16	Bruce Smith (2059 Hand Fairfield, MN 55000) and Fairfield State Bank (100 Main Street Fairfield, MN 55000)	16	9	58244	3.15

41.17 The names, descriptions, and figures employed in parentheses in the above forms are  
41.18 merely for purposes of illustration.

41.19 The name of the town, township, range or city, and addition or subdivision, as the  
41.20 case may be, shall be repeated at the head of each column of the printed lists as brought  
41.21 forward from the preceding column.

41.22 Errors in the list shall not be deemed to be a material defect to affect the validity  
41.23 of the judgment and sale.

41.24 **EFFECTIVE DATE.** This section is effective for lists and notices required after  
41.25 December 31, 2012.

41.26 Sec. 15. Minnesota Statutes 2010, section 290A.25, is amended to read:

41.27 **290A.25 VERIFICATION OF SOCIAL SECURITY NUMBERS.**

41.28 Annually, the commissioner of revenue shall furnish a list to the county assessor  
41.29 containing the names and Social Security numbers of persons who have applied for both  
41.30 homestead classification under section 273.13 and a property tax refund as a renter  
41.31 under this chapter.

41.32 Within 90 days of the notification, the county assessor shall investigate to determine  
41.33 if the homestead classification was improperly claimed. If the property owner does  
41.34 not qualify, the county assessor shall notify the county auditor who will determine the  
41.35 amount of homestead benefits that has been improperly allowed. For the purpose of this  
41.36 section, "homestead benefits" has the meaning given in section 273.124, subdivision  
41.37 ~~13, paragraph (h)~~ 13b. The county auditor shall send a notice to persons who owned the  
41.38 affected property at the time the homestead application related to the improper homestead  
41.39 was filed, demanding reimbursement of the homestead benefits plus a penalty equal to

42.1 100 percent of the homestead benefits. The person notified may appeal the county's  
42.2 determination with the Minnesota Tax Court within 60 days of the date of the notice from  
42.3 the county as provided in section 273.124, subdivision 13, ~~paragraph (h)~~ 13b.

42.4 If the amount of homestead benefits and penalty is not paid within 60 days, and if  
42.5 no appeal has been filed, the county auditor shall certify the amount of taxes and penalty  
42.6 to the county treasurer. The county treasurer will add interest to the unpaid homestead  
42.7 benefits and penalty amounts at the rate provided for delinquent personal property taxes  
42.8 for the period beginning 60 days after demand for payment was made until payment. If  
42.9 the person notified is the current owner of the property, the treasurer may add the total  
42.10 amount of benefits, penalty, interest, and costs to the real estate taxes otherwise payable on  
42.11 the property in the following year. If the person notified is not the current owner of the  
42.12 property, the treasurer may collect the amounts due under the Revenue Recapture Act in  
42.13 chapter 270A, or use any of the powers granted in sections 277.20 and 277.21 without  
42.14 exclusion, to enforce payment of the benefits, penalty, interest, and costs, as if those  
42.15 amounts were delinquent tax obligations of the person who owned the property at the time  
42.16 the application related to the improperly allowed homestead was filed. The treasurer may  
42.17 relieve a prior owner of personal liability for the benefits, penalty, interest, and costs, and  
42.18 instead extend those amounts on the tax lists against the property for taxes payable in the  
42.19 following year to the extent that the current owner agrees in writing.

42.20 Any amount of homestead benefits recovered by the county from the property owner  
42.21 shall be distributed to the county, city or town, and school district where the property is  
42.22 located in the same proportion that each taxing district's levy was to the total of the three  
42.23 taxing districts' levy for the current year. Any amount recovered attributable to taconite  
42.24 homestead credit shall be transmitted to the St. Louis County auditor to be deposited in  
42.25 the taconite property tax relief account. Any amount recovered that is attributable to  
42.26 supplemental homestead credit is to be transmitted to the commissioner of revenue for  
42.27 deposit in the general fund of the state treasury. The total amount of penalty collected  
42.28 must be deposited in the county general fund.

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

42.30 Sec. 16. Minnesota Statutes 2010, section 290B.04, subdivision 2, is amended to read:

42.31 Subd. 2. **Approval; recording.** The commissioner shall approve all initial  
42.32 applications that qualify under this chapter and shall notify qualifying homeowners on or  
42.33 before December 1. The commissioner may investigate the facts or require confirmation  
42.34 in regard to an application. The commissioner shall record or file a notice of qualification  
42.35 for deferral, including the names of the qualifying homeowners and a legal description

43.1 of the property, in the office of the county recorder, or registrar of titles, whichever is  
43.2 applicable, in the county where the qualifying property is located. The notice must state  
43.3 that it serves as a notice of lien and that it includes deferrals under this section for future  
43.4 years. The commissioner shall prescribe the form of the notice. Execution of the notice  
43.5 by the original or facsimile signature of the commissioner or a delegate entitles them to  
43.6 be recorded, and no other attestation, certification, or acknowledgment is necessary. The  
43.7 homeowner shall pay the recording or filing fees for the notice, which, notwithstanding  
43.8 section 357.18, shall be paid by the homeowner at the time of satisfaction of the lien.

43.9 **EFFECTIVE DATE.** This section is effective for notices that are both executed  
43.10 and recorded after June 30, 2012.

43.11 Sec. 17. Minnesota Statutes 2011 Supplement, section 373.01, subdivision 1, is  
43.12 amended to read:

43.13 Subdivision 1. **Public corporation; listed powers.** (a) Each county is a body politic  
43.14 and corporate and may:

43.15 (1) Sue and be sued.

43.16 (2) Acquire and hold real and personal property for the use of the county, and lands  
43.17 sold for taxes as provided by law.

43.18 (3) Purchase and hold for the benefit of the county real estate sold by virtue of  
43.19 judicial proceedings, to which the county is a party.

43.20 (4) Sell, lease, and convey real or personal estate owned by the county, and give  
43.21 contracts or options to sell, lease, or convey it, and make orders respecting it as deemed  
43.22 conducive to the interests of the county's inhabitants.

43.23 (5) Make all contracts and do all other acts in relation to the property and concerns  
43.24 of the county necessary to the exercise of its corporate powers.

43.25 (b) No sale, lease, or conveyance of real estate owned by the county, except the lease  
43.26 of a residence acquired for the furtherance of an approved capital improvement project, nor  
43.27 any contract or option for it, shall be valid, without first advertising for bids or proposals in  
43.28 the official newspaper of the county for three consecutive weeks and once in a newspaper  
43.29 of general circulation in the area where the property is located. The notice shall state the  
43.30 time and place of considering the proposals, contain a legal description of any real estate,  
43.31 and a brief description of any personal property. Leases that do not exceed \$15,000 for any  
43.32 one year may be negotiated and are not subject to the competitive bid procedures of this  
43.33 section. All proposals estimated to exceed \$15,000 in any one year shall be considered at  
43.34 the time set for the bid opening, and the one most favorable to the county accepted, but the  
43.35 county board may, in the interest of the county, reject any or all proposals.

44.1 (c) Sales of personal property the value of which is estimated to be \$15,000 or  
44.2 more shall be made only after advertising for bids or proposals in the county's official  
44.3 newspaper, on the county's Web site, or in a recognized industry trade journal. At the same  
44.4 time it posts on its Web site or publishes in a trade journal, the county must publish in the  
44.5 official newspaper, either as part of the minutes of a regular meeting of the county board  
44.6 or in a separate notice, a summary of all requests for bids or proposals that the county  
44.7 advertises on its Web site or in a trade journal. After publication in the official newspaper,  
44.8 on the Web site, or in a trade journal, bids or proposals may be solicited and accepted by  
44.9 the electronic selling process authorized in section 471.345, subdivision 17. Sales of  
44.10 personal property the value of which is estimated to be less than \$15,000 may be made  
44.11 either on competitive bids or in the open market, in the discretion of the county board.  
44.12 "Web site" means a specific, addressable location provided on a server connected to the  
44.13 Internet and hosting World Wide Web pages and other files that are generally accessible  
44.14 on the Internet all or most of a day.

44.15 (d) Notwithstanding anything to the contrary herein, the county may, when acquiring  
44.16 real property for county highway right-of-way, exchange parcels of real property of  
44.17 substantially similar or equal value without advertising for bids. The estimated values for  
44.18 these parcels shall be determined by the county assessor.

44.19 (e) Notwithstanding anything in this section to the contrary, the county may, when  
44.20 acquiring real property for purposes other than county highway right-of-way, exchange  
44.21 parcels of real property of substantially similar or equal value without advertising for bids.  
44.22 The estimated values for these parcels must be determined by the county assessor or a  
44.23 private appraisal performed by a licensed Minnesota real estate appraiser. For the purpose  
44.24 of making these estimates, the county assessor need not be licensed under chapter 82B.  
44.25 Before giving final approval to any exchange of land, the county board shall hold a public  
44.26 hearing on the exchange. At least two weeks before the hearing, the county auditor shall  
44.27 post a notice in the auditor's office and the official newspaper of the county of the hearing  
44.28 that contains a description of the lands affected.

44.29 (f) If real estate or personal property remains unsold after advertising for and  
44.30 consideration of bids or proposals the county may employ a broker to sell the property.  
44.31 The broker may sell the property for not less than 90 percent of its appraised market value  
44.32 as determined by the county. The broker's fee shall be set by agreement with the county but  
44.33 may not exceed ten percent of the sale price and must be paid from the proceeds of the sale.

44.34 (g) A county or its agent may rent a county-owned residence acquired for the  
44.35 furtherance of an approved capital improvement project subject to the conditions set

45.1 by the county board and not subject to the conditions for lease otherwise provided by  
45.2 paragraph (a), clause (4), and paragraphs (b), (c), (d), (f), and (h).

45.3 (h) In no case shall lands be disposed of without there being reserved to the county  
45.4 all iron ore and other valuable minerals in and upon the lands, with right to explore for,  
45.5 mine and remove the iron ore and other valuable minerals, nor shall the minerals and  
45.6 mineral rights be disposed of, either before or after disposition of the surface rights,  
45.7 otherwise than by mining lease, in similar general form to that provided by section 93.20  
45.8 for mining leases affecting state lands. The lease shall be for a term not exceeding 50  
45.9 years, and be issued on a royalty basis, the royalty to be not less than 25 cents per ton of  
45.10 2,240 pounds, and fix a minimum amount of royalty payable during each year, whether  
45.11 mineral is removed or not. Prospecting options for mining leases may be granted for  
45.12 periods not exceeding one year. The options shall require, among other things, periodical  
45.13 showings to the county board of the results of exploration work done.

45.14 (i) Notwithstanding anything in this subdivision to the contrary, the county may,  
45.15 when selling real property owned in fee simple that cannot be improved because of  
45.16 noncompliance with local ordinances regarding minimum area, shape, frontage, or access,  
45.17 proceed to sell the nonconforming parcel without advertising for bid. At the county's  
45.18 discretion, the real property may be restricted to sale to adjoining landowners or may be  
45.19 sold to any other interested party. The property shall be sold to the highest bidder, but  
45.20 in no case shall the property be sold for less than 90 percent of its fair market value as  
45.21 determined by the county assessor. All owners of land adjoining the land to be sold shall  
45.22 be given a written notice at least 30 days before the sale. This paragraph shall be liberally  
45.23 construed to encourage the sale of nonconforming real property and promote its return to  
45.24 the tax roles.

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

45.26 Sec. 18. **REPEALER.**

45.27 (a) Minnesota Statutes 2010, section 272.69, is repealed.

45.28 (b) Minnesota Statutes 2010, section 273.11, subdivision 22, is repealed.

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

45.30 Paragraph (b) is effective for taxes payable in 2013 and thereafter.

45.31 **ARTICLE 3**

45.32 **DEPARTMENT POLICY AND TECHNICAL: SALES AND USE**  
45.33 **TAXES; SPECIAL TAXES**

45.34 Section 1. Minnesota Statutes 2010, section 65B.84, subdivision 1, is amended to read:

46.1 Subdivision 1. **Program described; commissioner's duties; appropriation.** (a)

46.2 The commissioner of commerce shall:

46.3 (1) develop and sponsor the implementation of statewide plans, programs, and  
46.4 strategies to combat automobile theft, improve the administration of the automobile theft  
46.5 laws, and provide a forum for identification of critical problems for those persons dealing  
46.6 with automobile theft;

46.7 (2) coordinate the development, adoption, and implementation of plans, programs,  
46.8 and strategies relating to interagency and intergovernmental cooperation with respect  
46.9 to automobile theft enforcement;

46.10 (3) annually audit the plans and programs that have been funded in whole or in part  
46.11 to evaluate the effectiveness of the plans and programs and withdraw funding should the  
46.12 commissioner determine that a plan or program is ineffective or is no longer in need  
46.13 of further financial support from the fund;

46.14 (4) develop a plan of operation including:

46.15 (i) an assessment of the scope of the problem of automobile theft, including areas  
46.16 of the state where the problem is greatest;

46.17 (ii) an analysis of various methods of combating the problem of automobile theft;

46.18 (iii) a plan for providing financial support to combat automobile theft;

46.19 (iv) a plan for eliminating car hijacking; and

46.20 (v) an estimate of the funds required to implement the plan; and

46.21 (5) distribute money, in consultation with the commissioner of public safety,  
46.22 pursuant to subdivision 3 from the automobile theft prevention special revenue account  
46.23 for automobile theft prevention activities, including:

46.24 (i) paying the administrative costs of the program;

46.25 (ii) providing financial support to the State Patrol and local law enforcement  
46.26 agencies for automobile theft enforcement teams;

46.27 (iii) providing financial support to state or local law enforcement agencies for  
46.28 programs designed to reduce the incidence of automobile theft and for improved  
46.29 equipment and techniques for responding to automobile thefts;

46.30 (iv) providing financial support to local prosecutors for programs designed to reduce  
46.31 the incidence of automobile theft;

46.32 (v) providing financial support to judicial agencies for programs designed to reduce  
46.33 the incidence of automobile theft;

46.34 (vi) providing financial support for neighborhood or community organizations or  
46.35 business organizations for programs designed to reduce the incidence of automobile  
46.36 theft and to educate people about the common methods of automobile theft, the models

47.1 of automobiles most likely to be stolen, and the times and places automobile theft is  
47.2 most likely to occur; and

47.3 (vii) providing financial support for automobile theft educational and training  
47.4 programs for state and local law enforcement officials, driver and vehicle services exam  
47.5 and inspections staff, and members of the judiciary.

47.6 (b) The commissioner may not spend in any fiscal year more than ten percent of the  
47.7 money in the fund for the program's administrative and operating costs. The commissioner  
47.8 is annually appropriated and must distribute the amount of the proceeds credited to  
47.9 the automobile theft prevention special revenue account each year, less the transfer  
47.10 of \$1,300,000 each year to the general fund described in section ~~168A.40, subdivision~~  
47.11 ~~4~~ 297I.11, subdivision 2.

47.12 **EFFECTIVE DATE.** This section is effective for premiums collected after June  
47.13 30, 2012.

47.14 Sec. 2. Minnesota Statutes 2010, section 287.20, is amended by adding a subdivision  
47.15 to read:

47.16 Subd. 11. **Partition.** "Partition" means the division by conveyance of real property  
47.17 that is held jointly or in common by two or more persons into individually owned interests.  
47.18 If one of the co-owners gives consideration for all or a part of the individually owned  
47.19 interest conveyed to them, that portion of the conveyance is not a part of the partition.

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

47.21 Sec. 3. Minnesota Statutes 2010, section 297A.665, is amended to read:

47.22 **297A.665 PRESUMPTION OF TAX; BURDEN OF PROOF.**

47.23 (a) For the purpose of the proper administration of this chapter and to prevent  
47.24 evasion of the tax, until the contrary is established, it is presumed that:

47.25 (1) all gross receipts are subject to the tax; and

47.26 (2) all retail sales for delivery in Minnesota are for storage, use, or other consumption  
47.27 in Minnesota.

47.28 (b) The burden of proving that a sale is not a taxable retail sale is on the seller.

47.29 However, a seller is relieved of liability if:

47.30 (1) the seller obtains a fully completed exemption certificate or all the relevant  
47.31 information required by section 297A.72, subdivision 2, at the time of the sale or within  
47.32 90 days after the date of the sale; or

48.1 (2) if the seller has not obtained a fully completed exemption certificate or all the  
48.2 relevant information required by section 297A.72, subdivision 2, within the time provided  
48.3 in clause (1), within 120 days after a request for substantiation by the commissioner,  
48.4 the seller either:

48.5 (i) obtains ~~in good faith~~ from the purchaser a fully completed exemption certificate  
48.6 or all the relevant information required by section 297A.72, subdivision 2, ~~from the~~  
48.7 ~~purchaser~~ taken in good faith which means that the exemption certificate claims an  
48.8 exemption that (A) was statutorily available on the date of the transaction, (B) could be  
48.9 applicable to the item for which the exemption is claimed, and (C) is reasonable for the  
48.10 purchaser's type of business; or

48.11 (ii) proves by other means that the transaction was not subject to tax.

48.12 (c) Notwithstanding paragraph (b), relief from liability does not apply to a seller who:

48.13 (1) fraudulently fails to collect the tax; or

48.14 (2) solicits purchasers to participate in the unlawful claim of an exemption.

48.15 (d) Notwithstanding paragraph (b), relief from liability does not apply to a seller  
48.16 who has obtained information under paragraph (b), clause (2), if through the audit process  
48.17 the commissioner finds the following:

48.18 (1) that at the time the information was provided the seller had knowledge or had  
48.19 reason to know that the information relating to the exemption was materially false; or

48.20 (2) that the seller knowingly participated in activity intended to purposefully evade  
48.21 the sales tax due on the transaction.

48.22 ~~(d)~~ (e) A certified service provider, as defined in section 297A.995, subdivision 2, is  
48.23 relieved of liability under this section to the extent a seller who is its client is relieved of  
48.24 liability.

48.25 ~~(e)~~ (f) A purchaser of tangible personal property or any items listed in section  
48.26 297A.63 that are shipped or brought to Minnesota by the purchaser has the burden  
48.27 of proving that the property was not purchased from a retailer for storage, use, or  
48.28 consumption in Minnesota.

48.29 ~~(f)~~ (g) If a seller claims that certain sales are exempt and does not provide the  
48.30 certificate, information, or proof required by paragraph (b), clause (2), within 120 days  
48.31 after the date of the commissioner's request for substantiation, then the exemptions  
48.32 claimed by the seller that required substantiation are disallowed.

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

48.34 Sec. 4. Minnesota Statutes 2010, section 297F.01, subdivision 23, is amended to read:



49.1 Subd. 23. **Wholesale sales price.** "Wholesale sales price" means the price ~~stated on~~  
49.2 ~~the price list in effect at the time of sale for which a manufacturer or person sells a tobacco~~  
49.3 ~~product to a distributor, exclusive of any discount, promotional offer, or other reduction.~~  
49.4 ~~For purposes of this subdivision, "price list" means the manufacturer's price at which~~  
49.5 ~~tobacco products are made available for sale to all distributors on an ongoing basis~~ at which  
49.6 a distributor purchases a tobacco product without any reduction for federal excise taxes,  
49.7 freight charges, discounts, packaging, or other reductions. Wholesale sales price includes  
49.8 the applicable federal excise tax regardless of whether it is included in the purchase price.

49.9 **EFFECTIVE DATE.** This section is effective for purchases made after December  
49.10 31, 2012.

49.11 Sec. 5. Minnesota Statutes 2010, section 297G.04, subdivision 2, is amended to read:

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

- 49.17 (1) the liability for tax; or  
49.18 (2) \$115,000.

49.19 For purposes of this subdivision, a "qualified brewer" means a brewer, whether  
49.20 or not located in this state, manufacturing less than 100,000 barrels of fermented malt  
49.21 beverages in the calendar year immediately preceding the ~~calendar~~ fiscal year for which  
49.22 the credit under this subdivision is claimed. In determining the number of barrels, all  
49.23 brands or labels of a brewer must be combined. All facilities for the manufacture of  
49.24 fermented malt beverages owned or controlled by the same person, corporation, or other  
49.25 entity must be treated as a single brewer. A brewer is owned or controlled when more than  
49.26 50 percent of the voting stock of each member of the group is directly or indirectly owned  
49.27 by a common owner or by common owners, whether they are corporate or noncorporate.

49.28 **EFFECTIVE DATE.** This section is effective for claims filed after December  
49.29 31, 2012.

49.30 Sec. 6. Minnesota Statutes 2011 Supplement, section 297I.05, subdivision 7, is  
49.31 amended to read:

50.1 Subd. 7. **Nonadmitted insurance premium tax.** (a) A tax is imposed on surplus  
50.2 lines brokers. The rate of tax is equal to three percent of the gross premiums less return  
50.3 premiums paid by an insured whose home state is Minnesota.

50.4 (b) A tax is imposed on ~~persons, firms, or corporations~~ a person, firm, corporation,  
50.5 or purchasing group as defined in section 60E.02, or any member of a purchasing group,  
50.6 that procure insurance directly from a nonadmitted insurer. The rate of tax is equal to two  
50.7 percent of the gross premiums less return premiums paid by an insured whose home  
50.8 state is Minnesota.

50.9 (c) No state other than the home state of an insured may require any premium tax  
50.10 payment for nonadmitted insurance. When Minnesota is the home state of the insured,  
50.11 as provided under section 297I.01, 100 percent of the gross premiums are taxable in  
50.12 Minnesota with no allocation of the tax to other states.

50.13 **EFFECTIVE DATE.** This section is effective for premiums received after  
50.14 December 31, 2012.

50.15 Sec. 7. Minnesota Statutes 2010, section 297I.05, subdivision 11, is amended to read:

50.16 Subd. 11. **Retaliatory provisions.** (a) If any other state or country imposes any  
50.17 taxes, fines, deposits, penalties, licenses, or fees upon any insurance companies of this  
50.18 state and their agents doing business in another state or country that are in addition to or in  
50.19 excess of those imposed by the laws of this state upon foreign insurance companies and  
50.20 their agents doing business in this state, the same taxes, fines, deposits, penalties, licenses,  
50.21 and fees are imposed upon every similar insurance company of that state or country and  
50.22 their agents doing or applying to do business in this state.

50.23 (b) If any conditions precedent to the right to do business in any other state or  
50.24 country are imposed by the laws of that state or country, beyond those imposed upon  
50.25 foreign companies by the laws of this state, the same conditions precedent are imposed  
50.26 upon every similar insurance company of that state or country and their agents doing or  
50.27 applying to do business in that state.

50.28 (c) For purposes of this subdivision, "taxes, fines, deposits, penalties, licenses, or  
50.29 fees" means an amount of money that is deposited in the general revenue fund of the state  
50.30 or other similar fund in another state or country and is not dedicated to a special purpose  
50.31 or use or money deposited in the general revenue fund of the state or other similar fund in  
50.32 another state or country and appropriated to the commissioner of commerce or insurance  
50.33 for the operation of the Department of Commerce or other similar agency with jurisdiction  
50.34 over insurance. Taxes, fines, deposits, penalties, licenses, or fees do not include:

51.1 (1) special purpose obligations or assessments imposed in connection with particular  
51.2 kinds of insurance, including but not limited to assessments imposed in connection with  
51.3 residual market mechanisms; or

51.4 (2) assessments made by the insurance guaranty association, life and health  
51.5 guarantee association, or similar association.

51.6 (d) This subdivision applies to taxes imposed under subdivisions 1~~2~~, 3~~2~~, 4, ~~6~~, and 12,  
51.7 paragraph (a), clauses (1) and (2); and 14.

51.8 (e) This subdivision does not apply to insurance companies organized or domiciled  
51.9 in a state or country, the laws of which do not impose retaliatory taxes, fines, deposits,  
51.10 penalties, licenses, or fees or which grant, on a reciprocal basis, exemptions from  
51.11 retaliatory taxes, fines, deposits, penalties, licenses, or fees to insurance companies  
51.12 domiciled in this state.

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

51.14 Sec. 8. Minnesota Statutes 2011 Supplement, section 297I.05, subdivision 12, is  
51.15 amended to read:

51.16 Subd. 12. **Other entities.** (a) A tax is imposed equal to two percent of:

51.17 (1) gross premiums less return premiums written for risks resident or located in  
51.18 Minnesota by a risk retention group;

51.19 (2) gross premiums less return premiums received by an attorney in fact acting  
51.20 in accordance with chapter 71A;

51.21 (3) gross premiums less return premiums received pursuant to assigned risk policies  
51.22 and contracts of coverage under chapter 79; and

51.23 (4) the direct funded premium received by the reinsurance association under section  
51.24 79.34 from self-insurers approved under section 176.181 and political subdivisions that  
51.25 self-insure; and

51.26 ~~(5) gross premiums less return premiums paid to an insurer other than a licensed~~  
51.27 ~~insurance company or a surplus lines broker for coverage of risks resident or located in~~  
51.28 ~~Minnesota by a purchasing group or any members of the purchasing group to a broker or~~  
51.29 ~~agent for the purchasing group.~~

51.30 (b) A tax is imposed on a joint self-insurance plan operating under chapter 60F. The  
51.31 rate of tax is equal to two percent of the total amount of claims paid during the fund year,  
51.32 with no deduction for claims wholly or partially reimbursed through stop-loss insurance.

51.33 (c) A tax is imposed on a joint self-insurance plan operating under chapter 62H.  
51.34 The rate of tax is equal to two percent of the total amount of claims paid during the

52.1 fund's fiscal year, with no deduction for claims wholly or partially reimbursed through  
52.2 stop-loss insurance.

52.3 (d) A tax is imposed equal to the tax imposed under section 297I.05, subdivision 5,  
52.4 on the gross premiums less return premiums on all coverages received by an accountable  
52.5 provider network or agents of an accountable provider network in Minnesota, in cash or  
52.6 otherwise, during the year.

52.7 **EFFECTIVE DATE.** This section is effective for premiums received after  
52.8 December 31, 2012.

52.9 **Sec. 9. [297I.11] AUTOMOBILE THEFT PREVENTION SURCHARGE.**

52.10 Subdivision 1. **Surcharge.** Each insurer engaged in the writing of policies of  
52.11 automobile insurance shall collect a surcharge, at the rate of 50 cents per vehicle  
52.12 for every six months of coverage, on each policy of automobile insurance providing  
52.13 comprehensive insurance coverage issued or renewed in this state. The surcharge may not  
52.14 be considered premium for any purpose, including the computation of premium tax or  
52.15 agents' commissions. The amount of the surcharge must be separately stated on either a  
52.16 billing or policy declaration sent to an insured. Insurers shall remit the revenue derived  
52.17 from this surcharge to the commissioner of revenue for purposes of the automobile theft  
52.18 prevention program described in section 65B.84. For purposes of this subdivision, "policy  
52.19 of automobile insurance" has the meaning given it in section 65B.14, covering only the  
52.20 following types of vehicles as defined in section 168.002:

52.21 (1) a passenger automobile;

52.22 (2) a pickup truck;

52.23 (3) a van but not commuter vans as defined in section 168.126; or

52.24 (4) a motorcycle,

52.25 except that no vehicle with a gross vehicle weight in excess of 10,000 pounds is included  
52.26 within this definition.

52.27 Subd. 2. **Automobile theft prevention account.** A special revenue account in  
52.28 the state treasury shall be credited with the proceeds of the surcharge imposed under  
52.29 subdivision 1. Of the revenue in the account, \$1,300,000 each year must be transferred to  
52.30 the general fund. Revenues in excess of \$1,300,000 each year may be used only for the  
52.31 automobile theft prevention program described in section 65B.84.

52.32 Subd. 3. **Collection and administration.** The commissioner shall collect and  
52.33 administer the surcharge imposed by this section in the same manner as the taxes imposed  
52.34 by this chapter. The commissioner is appropriated annually, from the automobile theft  
52.35 prevention special revenue account, an amount to reimburse the Department of Revenue

53.1 for the costs incurred in administering and collecting the surcharge imposed under  
53.2 subdivision 1.

53.3 **EFFECTIVE DATE.** This section is effective for premiums collected after June  
53.4 30, 2012.

53.5 Sec. 10. Minnesota Statutes 2011 Supplement, section 297I.30, subdivision 1, is  
53.6 amended to read:

53.7 Subdivision 1. **General rule.** On or before March 1, every taxpayer subject to  
53.8 taxation under section 297I.05, subdivisions 1 to 5~~;~~ 7, paragraph (b)~~;~~ 12, ~~paragraphs (a),~~  
53.9 ~~clauses (1) to (4), (b), (c), and (d);~~ and 14, shall file an annual return for the preceding  
53.10 calendar year in the form prescribed by the commissioner.

53.11 **EFFECTIVE DATE.** This section is effective for premiums received after  
53.12 December 31, 2012.

53.13 Sec. 11. Minnesota Statutes 2011 Supplement, section 297I.30, subdivision 2, is  
53.14 amended to read:

53.15 Subd. 2. **Surplus lines brokers and purchasing groups.** On or before February  
53.16 15 and August 15 of each year, every surplus lines broker subject to taxation under  
53.17 section 297I.05, subdivision 7, paragraph (a), ~~and every purchasing group or member of~~  
53.18 ~~a purchasing group subject to tax under section 297I.05, subdivision 12, paragraph (a),~~  
53.19 ~~clause (5);~~ shall file a return with the commissioner for the preceding six-month period  
53.20 ending December 31, or June 30, in the form prescribed by the commissioner.

53.21 **EFFECTIVE DATE.** This section is effective for premiums received after  
53.22 December 31, 2012.

53.23 Sec. 12. Minnesota Statutes 2010, section 297I.30, is amended by adding a subdivision  
53.24 to read:

53.25 Subd. 10. **Automobile theft prevention surcharge.** On or before May 1, August  
53.26 1, November 1, and February 1 of each year, every insurer required to pay the surcharge  
53.27 under section 297I.11 shall file a return with the commissioner for the preceding  
53.28 three-month period ending March 31, June 30, September 30, and December 31, in the  
53.29 form prescribed by the commissioner.

53.30 **EFFECTIVE DATE.** This section is effective for premiums collected after June  
53.31 30, 2012.

54.1 Sec. 13. **REPEALER.**

54.2 Minnesota Statutes 2010, section 168A.40, subdivisions 3 and 4, are repealed.

54.3 **EFFECTIVE DATE.** This section is effective for premiums collected after June  
54.4 30, 2012.

54.5 **ARTICLE 4**

54.6 **DEPARTMENT POLICY AND TECHNICAL: MINERALS**

54.7 Section 1. Minnesota Statutes 2011 Supplement, section 272.02, subdivision 97,  
54.8 is amended to read:

54.9 Subd. 97. **Property used in business of mining subject to net proceeds tax.** The  
54.10 following property used in the business of mining that is subject to the net proceeds tax  
54.11 under section 298.015 is exempt:

54.12 (1) deposits of ores, metals, and minerals and the lands in which they are contained;

54.13 (2) all real and personal property used in mining, quarrying, producing, or refining  
54.14 ores, minerals, or metals, including lands occupied by or used in connection with the  
54.15 mining, quarrying, production, or ore refining facilities; and

54.16 (3) concentrate ~~or direct-reduced ore.~~

54.17 This exemption applies for each year that a person subject to tax under section  
54.18 298.015 uses the property for mining, quarrying, producing, or refining ores, metals, or  
54.19 minerals.

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

54.21 Sec. 2. Minnesota Statutes 2011 Supplement, section 298.01, subdivision 3, is  
54.22 amended to read:

54.23 Subd. 3. **Occupation tax; other ores.** Every person engaged in the business of  
54.24 mining, refining, or producing ores, metals, or minerals in this state, except iron ore or  
54.25 taconite concentrates, shall pay an occupation tax to the state of Minnesota as provided  
54.26 in this subdivision. For purposes of this subdivision, mining includes the application of  
54.27 hydrometallurgical processes. Hydrometallurgical processes are processes that extract  
54.28 the ores, metals, or minerals, by use of aqueous solutions that leach, concentrate, and  
54.29 recover the ore, metal, or mineral. The tax is determined in the same manner as the tax  
54.30 imposed by section 290.02, except that sections 290.05, subdivision 1, clause (a), 290.17,  
54.31 subdivision 4, and 290.191, subdivision 2, do not apply, and the occupation tax must  
54.32 be computed by applying to taxable income the rate of 2.45 percent. A person subject

55.1 to occupation tax under this section shall apportion its net income on the basis of the  
55.2 percentage obtained by taking the sum of:

55.3 (1) 75 percent of the percentage which the sales made within this state in connection  
55.4 with the trade or business during the tax period are of the total sales wherever made in  
55.5 connection with the trade or business during the tax period;

55.6 (2) 12.5 percent of the percentage which the total tangible property used by the  
55.7 taxpayer in this state in connection with the trade or business during the tax period is of  
55.8 the total tangible property, wherever located, used by the taxpayer in connection with the  
55.9 trade or business during the tax period; and

55.10 (3) 12.5 percent of the percentage which the taxpayer's total payrolls paid or incurred  
55.11 in this state or paid in respect to labor performed in this state in connection with the trade  
55.12 or business during the tax period are of the taxpayer's total payrolls paid or incurred in  
55.13 connection with the trade or business during the tax period.

55.14 The tax is in addition to all other taxes.

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

55.16 Sec. 3. Minnesota Statutes 2010, section 298.018, subdivision 2, is amended to read:

55.17 Subd. 2. **Outside taconite assistance area.** The proceeds of the tax paid under  
55.18 sections 298.015 to 298.017 on ores, metals, or minerals ~~and energy resources~~ mined  
55.19 or extracted outside of the taconite assistance area defined in section 273.1341, shall  
55.20 be deposited in the general fund.

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

## 55.22 **ARTICLE 5**

### 55.23 **DEPARTMENT POLICY AND TECHNICAL: MISCELLANEOUS**

55.24 Section 1. Minnesota Statutes 2010, section 16A.46, is amended to read:

#### 55.25 **16A.46 LOST OR DESTROYED WARRANT DUPLICATE; INDEMNITY.**

55.26 **Subdivision 1. Duplicate warrant.** The commissioner may issue a duplicate  
55.27 of an unpaid warrant to an owner if the owner certifies that the original was lost or  
55.28 destroyed. The commissioner may require certification be documented by affidavit.  
55.29 **The commissioner may refuse to issue a duplicate of an unpaid state warrant. If the**  
55.30 **commissioner acts in good faith the commissioner is not liable, whether the application is**  
55.31 **granted or denied.**

55.32 **Subd. 2. Original warrant is void.** When the duplicate is issued, the original is  
55.33 void. The commissioner may require an indemnity bond from the applicant to the state for

56.1 double the amount of the warrant for anyone damaged by the issuance of the duplicate.  
56.2 The commissioner ~~may refuse to issue a duplicate of an unpaid state warrant. If the~~  
56.3 ~~commissioner acts in good faith the commissioner is not liable, whether the application is~~  
56.4 ~~granted or denied~~ is not liable to any holder who took the void original warrant for value,  
56.5 whether the commissioner required an indemnity bond from the applicant or not.

56.6 Subd. 3. Unpaid refund or rebate. For an unpaid refund or rebate issued under a  
56.7 tax law administered by the commissioner of revenue that has been lost or destroyed, an  
56.8 affidavit is not required for the commissioner to issue a duplicate if the duplicate is issued  
56.9 to the same name and Social Security number as the original warrant and that information  
56.10 is verified on a tax return filed by the recipient.

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

56.12 Sec. 2. Minnesota Statutes 2010, section 270C.38, subdivision 1, is amended to read:

56.13 Subdivision 1. **Sufficient notice.** (a) If no method of notification of a written  
56.14 determination or action of the commissioner is otherwise specifically provided for by  
56.15 law, notice of the determination or action sent postage prepaid by United States mail to  
56.16 the taxpayer or other person affected by the determination or action at the taxpayer's  
56.17 or person's last known address, is sufficient. If the taxpayer or person being notified is  
56.18 deceased or is under a legal disability, or, in the case of a corporation being notified that  
56.19 has terminated its existence, notice to the last known address of the taxpayer, person, or  
56.20 corporation is sufficient, unless the department has been provided with a new address by a  
56.21 party authorized to receive notices from the commissioner.

56.22 (b) If a taxpayer or other person agrees to accept notification by electronic means,  
56.23 notice of a determination or action of the commissioner sent by electronic mail to the  
56.24 taxpayer's or person's last known electronic mailing address as provided for in section  
56.25 325L.08 is sufficient.

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

56.27 Sec. 3. Minnesota Statutes 2010, section 270C.42, subdivision 2, is amended to read:

56.28 Subd. 2. **Penalty for failure to pay electronically.** In addition to other applicable  
56.29 penalties imposed by law, after notification from the commissioner to the taxpayer that  
56.30 payments for a tax payable to the commissioner are required to be made by electronic  
56.31 means, and the payments are remitted by some other means, there is a penalty in the  
56.32 amount of five percent of each payment that should have been remitted electronically.  
56.33 After the commissioner's initial notification to the taxpayer that payments are required to



57.1 be made by electronic means, the commissioner is not required to notify the taxpayer in  
57.2 subsequent periods if the initial notification specified the amount of tax liability at which a  
57.3 taxpayer is required to remit payments by electronic means. The penalty can be abated  
57.4 under the abatement procedures prescribed in section 270C.34 if the failure to remit the  
57.5 payment electronically is due to reasonable cause. The penalty bears interest at the rate  
57.6 specified in section 270C.40 from the ~~due date of the payment of the tax~~ provided in  
57.7 section 270C.40, subdivision 3, to the date of payment of the penalty.

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

57.9 Sec. 4. Minnesota Statutes 2010, section 270C.69, subdivision 1, is amended to read:

57.10 Subdivision 1. **Notice and procedures.** (a) The commissioner may, within five years  
57.11 after the date of assessment of the tax, or if a lien has been filed under section 270C.63,  
57.12 within the statutory period for enforcement of the lien, give notice to any employer  
57.13 deriving income which has a taxable situs in this state regardless of whether the income is  
57.14 exempt from taxation, that an employee of that employer is delinquent in a certain amount  
57.15 with respect to any taxes, including penalties, interest, and costs. The commissioner can  
57.16 proceed under this section only if the tax is uncontested or if the time for appeal of the tax  
57.17 has expired. The commissioner shall not proceed under this section until the expiration of  
57.18 30 days after mailing to the taxpayer, at the taxpayer's last known address, a written notice  
57.19 of (1) the amount of taxes, interest, and penalties due from the taxpayer and demand for  
57.20 their payment, and (2) the commissioner's intention to require additional withholding by  
57.21 the taxpayer's employer pursuant to this section. The effect of the notice shall expire one  
57.22 year after it has been mailed to the taxpayer provided that the notice may be renewed by  
57.23 mailing a new notice which is in accordance with this section. The renewed notice shall  
57.24 have the effect of reinstating the priority of the original claim. The notice to the taxpayer  
57.25 shall be in substantially the same form as that provided in section 571.72. The notice  
57.26 shall further inform the taxpayer of the wage exemptions contained in section 550.37,  
57.27 subdivision 14. If no statement of exemption is received by the commissioner within 30  
57.28 days from the mailing of the notice, the commissioner may proceed under this section.  
57.29 The notice to the taxpayer's employer may be served by mail or by delivery by an agent of  
57.30 the department and shall be in substantially the same form as provided in section 571.75.  
57.31 Upon receipt of notice, the employer shall withhold from compensation due or to become  
57.32 due to the employee, the total amount shown by the notice, subject to the provisions of  
57.33 section 571.922. The employer shall continue to withhold each pay period until the notice  
57.34 is released by the commissioner under section 270C.7109. Upon receipt of notice by the  
57.35 employer, the claim of the state of Minnesota shall have priority over any subsequent

58.1 garnishments or wage assignments. The commissioner may arrange between the employer  
58.2 and the employee for withholding a portion of the total amount due the employee each pay  
58.3 period, until the total amount shown by the notice plus accrued interest has been withheld.

58.4 (b) The "compensation due" any employee is defined in accordance with the  
58.5 provisions of section 571.921. The maximum withholding allowed under this section for  
58.6 any one pay period shall be decreased by any amounts payable pursuant to a garnishment  
58.7 action with respect to which the employer was served prior to being served with the notice  
58.8 of delinquency and any amounts covered by any irrevocable and previously effective  
58.9 assignment of wages; the employer shall give notice to the commissioner of the amounts  
58.10 and the facts relating to such assignments within ten days after the service of the notice of  
58.11 delinquency on the form provided by the commissioner as noted in this section.

58.12 (c) Within ten days after the expiration of such pay period, the employer shall remit  
58.13 to the commissioner, on a form and in the manner prescribed by the commissioner, the  
58.14 amount withheld during each pay period under this section. The employer must file all  
58.15 wage levy disclosure forms and remit all wage levy payments by electronic means.

58.16 **EFFECTIVE DATE.** This section is effective for wage levy disclosures or wage  
58.17 levy payments filed or made after December 31, 2012.

58.18 Sec. 5. Minnesota Statutes 2010, section 287.385, subdivision 7, is amended to read:

58.19 Subd. 7. **Interest on penalties.** A penalty imposed under this chapter bears interest  
58.20 from the date ~~payment was required to be paid, including any extensions, provided in~~  
58.21 section 270C.40, subdivision 3, to the date of payment of the penalty.

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

58.23 Sec. 6. Minnesota Statutes 2010, section 289A.55, subdivision 9, is amended to read:

58.24 Subd. 9. **Interest on penalties.** (a) A penalty imposed under section 289A.60,  
58.25 subdivision 1, 2, 2a, 4, 5, 6, or 21 bears interest from the date ~~the return or payment~~  
58.26 ~~was required to be filed or paid, including any extensions provided in section 270C.40,~~  
58.27 subdivision 3, to the date of payment of the penalty.

58.28 (b) A penalty not included in paragraph (a) bears interest only if it is not paid within  
58.29 60 days from the date of notice. In that case interest is imposed from the date of notice  
58.30 to the date of payment.

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

58.32 Sec. 7. Minnesota Statutes 2010, section 289A.60, subdivision 4, is amended to read:

59.1 Subd. 4. **Substantial understatement of liability; penalty.** (a) The commissioner  
59.2 of revenue shall impose a penalty for substantial understatement of any tax payable to the  
59.3 commissioner, except a tax imposed under chapter 297A.

59.4 (b) There must be added to the tax an amount equal to 20 percent of the amount of any  
59.5 underpayment attributable to the understatement. There is a substantial understatement of  
59.6 tax for the period if the amount of the understatement for the period exceeds the greater of:

59.7 (1) ten percent of the tax required to be shown on the return for the period; or

59.8 (2)(i) \$10,000 in the case of a mining company or a corporation, other than an S  
59.9 corporation as defined in section 290.9725, when the tax is imposed by chapter 290 or  
59.10 section 298.01 or 298.015, or

59.11 (ii) \$5,000 in the case of any other taxpayer, and in the case of a mining company or  
59.12 a corporation any tax not imposed by chapter 290 or section 298.01 or 298.015.

59.13 (c) For a corporation, other than an S corporation, there is also a substantial  
59.14 understatement of tax for any taxable year if the amount of the understatement for the  
59.15 taxable year exceeds the lesser of:

59.16 (1) ten percent of the tax required to be shown on the return for the taxable year  
59.17 (or, if greater, \$10,000); or

59.18 (2) \$10,000,000.

59.19 (d) The term "understatement" means the excess of the amount of the tax required  
59.20 to be shown on the return for the period, over the amount of the tax imposed that is  
59.21 shown on the return. The excess must be determined without regard to items to which  
59.22 subdivision 27 applies. The amount of the understatement shall be reduced by that part of  
59.23 the understatement that is attributable to the tax treatment of any item by the taxpayer if  
59.24 (1) there is or was substantial authority for the treatment, or (2)(i) any item with respect to  
59.25 which the relevant facts affecting the item's tax treatment are adequately disclosed in the  
59.26 return or in a statement attached to the return and (ii) there is a reasonable basis for the tax  
59.27 treatment of the item. The exception for substantial authority under clause (1) does not  
59.28 apply to positions listed by the Secretary of the Treasury under section 6662(d)(3) of the  
59.29 Internal Revenue Code. A corporation does not have a reasonable basis for its tax treatment  
59.30 of an item attributable to a multiple-party financing transaction if the treatment does not  
59.31 clearly reflect the income of the corporation within the meaning of section 6662(d)(2)(B)  
59.32 of the Internal Revenue Code. The special rules in cases involving tax shelters provided in  
59.33 section 6662(d)(2)(C) of the Internal Revenue Code shall apply and shall apply to a tax  
59.34 shelter the principal purpose of which is the avoidance or evasion of state taxes.

59.35 (e) The commissioner may abate all or any part of the addition to the tax provided  
59.36 by this section on a showing by the taxpayer that there was reasonable cause for the

60.1 understatement, or part of it, and that the taxpayer acted in good faith. The additional tax  
60.2 and penalty shall bear interest ~~at the rate~~ as specified in section 270C.40 ~~from the time~~  
60.3 ~~the tax should have been paid~~ until paid.

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

60.5 Sec. 8. Minnesota Statutes 2010, section 296A.22, is amended to read:

60.6 **296A.22 NONPAYMENT OF TAX; CIVIL PENALTIES.**

60.7 Subdivision 1. **Penalty for failure to pay tax, general rule.** Upon the failure of  
60.8 any person to pay any tax or fee when due, a penalty of one percent per day for the first  
60.9 ten days of delinquency shall accrue, and thereafter the tax, fees, and penalty shall bear  
60.10 interest at the rate specified in section 270C.40 until paid.

60.11 Subd. 2. **Collection authority.** Upon such a failure to pay any tax or fees within the  
60.12 time provided by this chapter, all taxes and fees imposed by this chapter shall become  
60.13 immediately due and payable, and may be collected as provided in chapter 270C.

60.14 Subd. 3. **Operating without license.** If any person operates as a distributor, special  
60.15 fuel dealer, bulk purchaser, or motor carrier without first securing the license required  
60.16 under this chapter, any tax or fee imposed by this chapter shall become immediately due  
60.17 and payable. A penalty of 25 percent is imposed upon the tax and fee due. The tax, and  
60.18 ~~fees, and penalty~~ shall bear interest at the rate specified in section 270C.40. The penalty  
60.19 imposed in this subdivision shall bear interest from the date provided in section 270C.40,  
60.20 subdivision 3, to the date of payment of the penalty.

60.21 Subd. 4. **Unlawful use of dyed fuel.** (a) If any dyed fuel is sold or held for sale by a  
60.22 person for any use which the person knows or has reason to know is not a nontaxable use  
60.23 of the fuel; or if any dyed fuel is held for use or used in a licensed motor vehicle or for any  
60.24 other use by a person for a use other than a nontaxable use and the person knew, or had  
60.25 reason to know, that the fuel was so dyed; or if a person willfully alters, or attempts to  
60.26 alter, the strength or composition of any dye or marking in any dyed fuel, then the person  
60.27 shall pay a penalty in addition to the tax, if any.

60.28 (b) Except as provided in paragraph (c), the amount of penalty under paragraph (a)  
60.29 for each act is the greater of \$1,000, or \$10 for each gallon of dyed fuel involved.

60.30 (c) With regard to a multiple violation under paragraph (a), the penalty shall be  
60.31 applied by increasing the amount in paragraph (b) by the product of (1) such amount, and  
60.32 (2) the number of prior penalties, if any, imposed by this section on the person, or a related  
60.33 person, or any predecessor of the person or related person.

61.1 (d) If a penalty is imposed under this subdivision on a business entity, each officer,  
61.2 employee, or agent of the entity who willfully participated in any act giving rise to the  
61.3 penalty is jointly and severally liable with the entity for the penalty.

61.4 Subd. 5. **Receiver appointed.** In the event a suit is instituted as provided in  
61.5 subdivision 2, the court shall, upon application, appoint a receiver of the property and  
61.6 business of the delinquent defendant for the purpose of impounding the same as security  
61.7 for any judgment which has been or may be recovered.

61.8 Subd. 6. **Sale prohibited under certain conditions.** No petroleum product shall  
61.9 be unloaded or sold by any person or distributor whose tax and fees are the basis for  
61.10 collection action under subdivision 2.

61.11 Subd. 7. **Payment of penalties.** The penalties imposed by this section are collected  
61.12 and paid in the same manner as taxes.

61.13 Subd. 8. **Penalties are additional.** The civil penalties imposed by this section are in  
61.14 addition to the criminal penalties imposed by this chapter.

61.15 Subd. 9. **Abatement of penalty.** (a) The commissioner may by written order  
61.16 abate any penalty imposed under this section, if in the commissioner's opinion there is  
61.17 reasonable cause to do so.

61.18 (b) A request for abatement of penalty must be filed with the commissioner within  
61.19 60 days of the date the notice stating that a penalty has been imposed was mailed to  
61.20 the taxpayer's last known address.

61.21 (c) If the commissioner issues an order denying a request for abatement of penalty,  
61.22 the taxpayer may file an administrative appeal as provided in section 270C.35 or appeal to  
61.23 Tax Court as provided in section 271.06. If the commissioner does not issue an order on  
61.24 the abatement request within 60 days from the date the request is received, the taxpayer  
61.25 may appeal to Tax Court as provided in section 271.06.

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

61.27 Sec. 9. Minnesota Statutes 2010, section 297E.14, subdivision 7, is amended to read:

61.28 Subd. 7. **Interest on penalties.** (a) A penalty imposed under section 297E.12,  
61.29 subdivision 1, 2, 3, 4, or 5, bears interest from the date ~~the return or payment was required~~  
61.30 ~~to be filed or paid, including any extensions provided in section 270C.40, subdivision 3,~~ to  
61.31 the date of payment of the penalty.

61.32 (b) A penalty not included in paragraph (a) bears interest only if it is not paid within  
61.33 ten days from the date of notice. In that case interest is imposed from the date of notice  
61.34 to the date of payment.

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

62.2 Sec. 10. Minnesota Statutes 2010, section 297F.09, subdivision 9, is amended to read:

62.3 Subd. 9. **Interest.** The amount of tax not timely paid, ~~together with any penalty~~  
62.4 ~~imposed in this section,~~ bears interest at the rate specified in section 270C.40 from the  
62.5 time such tax should have been paid until paid. The penalty imposed in this section bears  
62.6 interest at the rate specified in section 270C.40 from the date provided in section 270C.40,  
62.7 subdivision 3, to the date of payment of the penalty. Any interest and penalty is added to  
62.8 the tax and collected as a part of it.

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

62.10 Sec. 11. Minnesota Statutes 2010, section 297F.18, subdivision 7, is amended to read:

62.11 Subd. 7. **Interest on penalties.** (a) A penalty imposed under section 297F.19,  
62.12 subdivisions 2 to 7, bears interest from the date ~~the return or payment was required to be~~  
62.13 ~~filed or paid, including any extensions~~ provided in section 270C.40, subdivision 3, to the  
62.14 date of payment of the penalty.

62.15 (b) A penalty not included in paragraph (a) bears interest only if it is not paid within  
62.16 ten days from the date of the notice. In that case interest is imposed from the date of notice  
62.17 to the date of payment.

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

62.19 Sec. 12. Minnesota Statutes 2010, section 297G.09, subdivision 8, is amended to read:

62.20 Subd. 8. **Interest.** The amount of tax not timely paid, ~~together with any penalty~~  
62.21 ~~imposed by this chapter,~~ bears interest at the rate specified in section 270C.40 from the  
62.22 time the tax should have been paid until paid. Any penalty imposed by this chapter bears  
62.23 interest from the date provided in section 270C.40, subdivision 3, to the date of payment  
62.24 of the penalty. Any interest and penalty is added to the tax and collected as a part of it.

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

62.26 Sec. 13. Minnesota Statutes 2010, section 297G.17, subdivision 7, is amended to read:

62.27 Subd. 7. **Interest on penalties.** (a) A penalty imposed under section 297G.18,  
62.28 subdivisions 2 to 7, bears interest from the date ~~the return or payment was required to be~~  
62.29 ~~filed or paid, including any extensions~~ provided in section 270C.40, subdivision 3, to the  
62.30 date of payment of the penalty.

63.1 (b) A penalty not included in paragraph (a) bears interest only if it is not paid within  
63.2 ten days from the date of the notice. In that case interest is imposed from the date of notice  
63.3 to the date of payment.

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

63.5 Sec. 14. Minnesota Statutes 2010, section 297I.80, subdivision 1, is amended to read:

63.6 Subdivision 1. **Payable to commissioner.** (a) When interest is required under this  
63.7 section, interest is computed at the rate specified in section 270C.40.

63.8 (b) If a tax or surcharge is not paid within the time named by law for payment, the  
63.9 unpaid tax or surcharge bears interest from the date the tax or surcharge should have been  
63.10 paid until the date the tax or surcharge is paid.

63.11 (c) Whenever a taxpayer is liable for additional tax or surcharge because of a  
63.12 redetermination by the commissioner or other reason, the additional tax or surcharge  
63.13 bears interest from the time the tax or surcharge should have been paid until the date the  
63.14 tax or surcharge is paid.

63.15 (d) A penalty bears interest from the date ~~the return or payment was required to be~~  
63.16 ~~filed or paid~~ provided in section 270C.40, subdivision 3, to the date of payment of the  
63.17 penalty.

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

## 63.19 **ARTICLE 6**

### 63.20 **PUBLIC FINANCE**

63.21 Section 1. Minnesota Statutes 2010, section 373.40, subdivision 1, is amended to read:

63.22 Subdivision 1. **Definitions.** For purposes of this section, the following terms have  
63.23 the meanings given.

63.24 (a) "Bonds" means an obligation as defined under section 475.51.

63.25 (b) "Capital improvement" means acquisition or betterment of public lands,  
63.26 buildings, or other improvements within the county for the purpose of a county courthouse,  
63.27 administrative building, health or social service facility, correctional facility, jail, law  
63.28 enforcement center, hospital, morgue, library, park, qualified indoor ice arena, roads  
63.29 and bridges, public works facilities, fairgrounds buildings, and records and data storage  
63.30 facilities, and the acquisition of development rights in the form of conservation easements  
63.31 under chapter 84C. An improvement must have an expected useful life of five years or  
63.32 more to qualify. "Capital improvement" does not include a recreation or sports facility  
63.33 building (such as, but not limited to, a gymnasium, ice arena, racquet sports facility,

64.1 swimming pool, exercise room or health spa), unless the building is part of an outdoor  
64.2 park facility and is incidental to the primary purpose of outdoor recreation.

64.3 (c) "Metropolitan county" means a county located in the seven-county metropolitan  
64.4 area as defined in section 473.121 or a county with a population of 90,000 or more.

64.5 (d) "Population" means the population established by the most recent of the  
64.6 following (determined as of the date the resolution authorizing the bonds was adopted):

64.7 (1) the federal decennial census,

64.8 (2) a special census conducted under contract by the United States Bureau of the  
64.9 Census, or

64.10 (3) a population estimate made either by the Metropolitan Council or by the state  
64.11 demographer under section 4A.02.

64.12 (e) "Qualified indoor ice arena" means a facility that meets the requirements of  
64.13 section 373.43.

64.14 (f) "Tax capacity" means total taxable market value, but does not include captured  
64.15 market value.

64.16 Sec. 2. Minnesota Statutes 2010, section 373.40, subdivision 2, is amended to read:

64.17 Subd. 2. **Application of election requirement.** (a) Bonds issued by a county  
64.18 to finance capital improvements under an approved capital improvement plan are not  
64.19 subject to the election requirements of section 375.18 or 475.58. The bonds must be  
64.20 approved by vote of at least three-fifths of the members of the county board. In the case  
64.21 of a metropolitan county, the bonds must be approved by vote of at least two-thirds of  
64.22 the members of the county board.

64.23 (b) Before issuance of bonds qualifying under this section, the county must publish  
64.24 a notice of its intention to issue the bonds and the date and time of a hearing to obtain  
64.25 public comment on the matter. The notice must be published in the official newspaper  
64.26 of the county or in a newspaper of general circulation in the county. The notice must be  
64.27 published at least 14, but not more than 28, days before the date of the hearing.

64.28 (c) A county may issue the bonds only upon obtaining the approval of a majority of  
64.29 the voters voting on the question of issuing the obligations, if a petition requesting a vote  
64.30 on the issuance is signed by voters equal to five percent of the votes cast in the county in  
64.31 the last county general election and is filed with the county auditor within 30 days after  
64.32 the public hearing. ~~The commissioner of revenue shall prepare a suggested form of the~~  
64.33 ~~question to be presented at the election~~ If the county elects not to submit the question to  
64.34 the voters, the county shall not propose the issuance of bonds under this section for the  
64.35 same purpose and in the same amount for a period of 365 days from the date of receipt



65.1 of the petition. If the question of issuing the bonds is submitted and not approved by the  
65.2 voters, the provisions of section 475.58, subdivision 1a, apply.

65.3 Sec. 3. Minnesota Statutes 2010, section 373.40, subdivision 4, is amended to read:

65.4 Subd. 4. **Limitations on amount.** A county may not issue bonds under this section  
65.5 if the maximum amount of principal and interest to become due in any year on all the  
65.6 outstanding bonds issued pursuant to this section (including the bonds to be issued) will  
65.7 equal or exceed 0.12 percent of taxable market value of property in the county. Calculation  
65.8 of the limit must be made using the taxable market value for the taxes payable year in  
65.9 which the obligations are issued and sold, provided that, for purposes of determining  
65.10 the principal and interest due in any year, the county may deduct the amount of interest  
65.11 expected to be paid or reimbursed to the county by the federal government in that year on  
65.12 any outstanding bonds or the bonds to be issued. This section does not limit the authority  
65.13 to issue bonds under any other special or general law.

65.14 Sec. 4. Minnesota Statutes 2010, section 474A.02, subdivision 23a, is amended to read:

65.15 Subd. 23a. **Qualified bonds.** "Qualified bonds" means the specific type or types  
65.16 of obligations that are subject to the annual volume cap. Qualified bonds include the  
65.17 following types of obligations as defined in federal tax law:

65.18 (a) "public facility bonds" means "exempt facility bonds" as defined in federal  
65.19 tax law, ~~except for residential rental project bonds, which are those obligations issued~~  
65.20 ~~to finance airports, docks and wharves, mass commuting facilities, facilities for the~~  
65.21 ~~furnishing of water, sewage facilities, solid waste disposal facilities, facilities for the~~  
65.22 ~~local furnishing of electric energy or gas, local district heating or cooling facilities, and~~  
65.23 ~~qualified hazardous waste facilities.~~ New bonds and other obligations are ineligible to  
65.24 receive state allocations or entitlement authority for public facility projects under this  
65.25 section if they have been issued:

65.26 (1) for the purpose of refinancing, refunding, or otherwise defeasing existing debt;  
65.27 and

65.28 (2) more than one calendar year prior to the date of application;

65.29 (b) "residential rental project bonds" which are those obligations issued to finance  
65.30 qualified residential rental projects;

65.31 (c) "mortgage bonds";

65.32 (d) "small issue bonds" issued to finance manufacturing projects and the acquisition  
65.33 or improvement of agricultural real or personal property under sections 41C.01 to 41C.13;

66.1 (e) "student loan bonds" issued by or on behalf of the Minnesota Office of Higher  
66.2 Education;

66.3 (f) "redevelopment bonds";

66.4 (g) "governmental bonds" with a nonqualified amount in excess of \$15,000,000 as  
66.5 set forth in section 141(b)5 of federal tax law; and

66.6 (h) "enterprise zone facility bonds" issued to finance facilities located within  
66.7 empowerment zones or enterprise communities, as authorized under ~~Public Law 103-66,~~  
66.8 ~~section 13301~~ section 1394 of the Internal Revenue Code.

66.9 Sec. 5. Minnesota Statutes 2010, section 474A.04, subdivision 1a, is amended to read:

66.10 Subd. 1a. **Entitlement reservations; carryforward; deduction.** Any amount  
66.11 returned by an entitlement issuer before July 15 shall be reallocated through the housing  
66.12 pool. Any amount returned on or after July 15 shall be reallocated through the unified  
66.13 pool. An amount returned after the last Monday in November shall be reallocated to the  
66.14 Minnesota housing finance agency. ~~Any amount of bonding authority that an entitlement~~  
66.15 ~~issuer carries forward under federal tax law that is not permanently issued or for which~~  
66.16 ~~the governing body of the entitlement issuer has not enacted a resolution electing to use~~  
66.17 ~~the authority for mortgage credit certificates and has not provided a notice of issue to the~~  
66.18 ~~commissioner before 4:30 p.m. on the last business day in December of the succeeding~~  
66.19 ~~calendar year shall be deducted from the entitlement allocation for that entitlement issuer~~  
66.20 ~~in the next succeeding calendar year. Any amount deducted from an entitlement issuer's~~  
66.21 ~~allocation under this subdivision shall be reallocated to other entitlement issuers, the~~  
66.22 ~~housing pool, the small issue pool, and the public facilities pool on a proportional basis~~  
66.23 ~~consistent with section 474A.03.~~

66.24 **EFFECTIVE DATE.** This section is effective the day following final enactment  
66.25 and applies to any bonding authority allocated in 2011 and subsequent years.

66.26 Sec. 6. Minnesota Statutes 2010, section 474A.062, is amended to read:

66.27 **474A.062 MINNESOTA OFFICE OF HIGHER EDUCATION 120-DAY**  
66.28 **ISSUANCE EXEMPTION.**

66.29 The Minnesota Office of Higher Education is exempt from the 120-day issuance  
66.30 requirements in this chapter and may carry forward allocations for student loan bonds  
66.31 ~~into one successive calendar year~~, subject to carryforward notice requirements of section  
66.32 474A.131, subdivision 2.

67.1 **EFFECTIVE DATE.** This section is effective the day following final enactment  
67.2 and applies to any bonding authority allocated in 2011 and subsequent years.

67.3 Sec. 7. Minnesota Statutes 2010, section 474A.091, subdivision 3a, is amended to read:

67.4 Subd. 3a. **Mortgage bonds.** (a) Bonding authority remaining in the unified pool on  
67.5 October 1 is available for single-family housing programs for cities that applied in January  
67.6 and received an allocation under section 474A.061, subdivision 2a, in the same calendar  
67.7 year. The Minnesota Housing Finance Agency shall receive an allocation for mortgage  
67.8 bonds pursuant to this section, minus any amounts for a city or consortium that intends to  
67.9 issue bonds on its own behalf under paragraph (c).

67.10 (b) The agency may issue bonds on behalf of participating cities. The agency shall  
67.11 request an allocation from the commissioner for all applicants who choose to have the  
67.12 agency issue bonds on their behalf and the commissioner shall allocate the requested  
67.13 amount to the agency. Allocations shall be awarded by the commissioner each Monday  
67.14 commencing on the first Monday in October through the last Monday in November for  
67.15 applications received by 4:30 p.m. on the Monday of the week preceding an allocation.

67.16 For cities who choose to have the agency issue bonds on their behalf, allocations  
67.17 will be made loan by loan, on a first-come, first-served basis among the cities. The  
67.18 agency shall submit an application fee pursuant to section 474A.03, subdivision 4, and an  
67.19 application deposit equal to two percent of the requested allocation to the commissioner  
67.20 when requesting an allocation from the unified pool. After awarding an allocation and  
67.21 receiving a notice of issuance for mortgage bonds issued on behalf of the participating  
67.22 cities, the commissioner shall transfer the application deposit to the Minnesota Housing  
67.23 Finance Agency.

67.24 For purposes of paragraphs (a) to (d), "city" means a county or a consortium of  
67.25 local government units that agree through a joint powers agreement to apply together  
67.26 for single-family housing programs, and has the meaning given it in section 462C.02,  
67.27 subdivision 6. "Agency" means the Minnesota Housing Finance Agency.

67.28 (c) Any city that received an allocation pursuant to section 474A.061, subdivision  
67.29 2a, paragraph (f), in the current year that wishes to receive an additional allocation from  
67.30 the unified pool and issue bonds on its own behalf or pursuant to a joint powers agreement  
67.31 shall notify the Minnesota Housing Finance Agency by the third Monday in September.  
67.32 The total amount of allocation for mortgage bonds for a city choosing to issue bonds on its  
67.33 own behalf or through a joint powers agreement is limited to the lesser of: (i) the amount  
67.34 requested, or (ii) the product of the total amount available for mortgage bonds from the  
67.35 unified pool, multiplied by the ratio of the population of each city that applied in January

68.1 and received an allocation under section 474A.061, subdivision 2a, in the same calendar  
68.2 year, as determined by the most recent estimate of the city's population released by the  
68.3 state demographer's office to the total of the population of all the cities that applied in  
68.4 January and received an allocation under section 474A.061, subdivision 2a, in the same  
68.5 calendar year. If a city choosing to issue bonds on its own behalf or through a joint powers  
68.6 agreement is located within a county that has also chosen to issue bonds on its own behalf  
68.7 or through a joint powers agreement, the city's population will be deducted from the  
68.8 county's population in calculating the amount of allocations under this paragraph.

68.9 The Minnesota Housing Finance Agency shall notify each city choosing to issue  
68.10 bonds on its own behalf or pursuant to a joint powers agreement of the amount of its  
68.11 allocation by October 15. Upon determining the amount of the allocation of each choosing  
68.12 to issue bonds on its own behalf or through a joint powers agreement, the agency shall  
68.13 forward a list specifying the amounts allotted to each city.

68.14 A city that chooses to issue bonds on its own behalf or through a joint powers  
68.15 agreement may request an allocation from the commissioner by forwarding an application  
68.16 with an application fee pursuant to section 474A.03, subdivision 4, and an application  
68.17 deposit equal to two percent of the requested amount to the commissioner no later than  
68.18 4:30 p.m. on the Monday of the week preceding an allocation. Allocations to cities that  
68.19 choose to issue bonds on their own behalf shall be awarded by the commissioner on  
68.20 the first Monday after October 15 through the last Monday in November. No city may  
68.21 receive an allocation from the commissioner after the last Monday in November. The  
68.22 commissioner shall allocate the requested amount to the city or cities subject to the  
68.23 limitations under this subdivision.

68.24 If a city issues mortgage bonds from an allocation received under this paragraph,  
68.25 the issuer must provide for the recycling of funds into new loans. If the issuer is not  
68.26 able to provide for recycling, the issuer must notify the commissioner in writing of the  
68.27 reason that recycling was not possible and the reason the issuer elected not to have the  
68.28 Minnesota Housing Finance Agency issue the bonds. "Recycling" means the use of money  
68.29 generated from the repayment and prepayment of loans for further eligible loans or for the  
68.30 redemption of bonds and the issuance of current refunding bonds.

68.31 (d) No entitlement city or county or city in an entitlement county may apply for or  
68.32 be allocated authority to issue mortgage bonds or use mortgage credit certificates from  
68.33 the unified pool.

68.34 (e) An allocation awarded to the agency for mortgage bonds under this section  
68.35 may be carried forward by the agency ~~into the next succeeding calendar year~~ subject to

69.1 notice requirements under section 474A.131 ~~and is available until the last business day in~~  
69.2 ~~December of that succeeding calendar year.~~

69.3 **EFFECTIVE DATE.** This section is effective the day following final enactment  
69.4 and applies to any bonding authority allocated in 2011 and subsequent years.

69.5 Sec. 8. Minnesota Statutes 2010, section 475.521, subdivision 2, is amended to read:

69.6 Subd. 2. **Election requirement.** (a) Bonds issued by a municipality to finance  
69.7 capital improvements under an approved capital improvements plan are not subject to the  
69.8 election requirements of section 475.58. The bonds must be approved by an affirmative  
69.9 vote of three-fifths of the members of a five-member governing body. In the case of a  
69.10 governing body having more or less than five members, the bonds must be approved by a  
69.11 vote of at least two-thirds of the members of the governing body.

69.12 (b) Before the issuance of bonds qualifying under this section, the municipality  
69.13 must publish a notice of its intention to issue the bonds and the date and time of the  
69.14 hearing to obtain public comment on the matter. The notice must be published in the  
69.15 official newspaper of the municipality or in a newspaper of general circulation in the  
69.16 municipality. Additionally, the notice may be posted on the official Web site, if any, of the  
69.17 municipality. The notice must be published at least 14 but not more than 28 days before  
69.18 the date of the hearing.

69.19 (c) A municipality may issue the bonds only after obtaining the approval of a  
69.20 majority of the voters voting on the question of issuing the obligations, if a petition  
69.21 requesting a vote on the issuance is signed by voters equal to five percent of the votes cast  
69.22 in the municipality in the last municipal general election and is filed with the clerk within  
69.23 30 days after the public hearing. ~~The commissioner of revenue shall prepare a suggested~~  
69.24 ~~form of the question to be presented at the election.~~ If the municipality elects not to submit  
69.25 the question to the voters, the municipality shall not propose the issuance of bonds under  
69.26 this section for the same purpose and in the same amount for a period of 365 days from the  
69.27 date of receipt of the petition. If the question of issuing the bonds is submitted and not  
69.28 approved by the voters, the provisions of section 475.58, subdivision 1a, apply.

69.29 Sec. 9. Minnesota Statutes 2010, section 475.521, subdivision 4, is amended to read:

69.30 Subd. 4. **Limitations on amount.** A municipality may not issue bonds under  
69.31 this section if the maximum amount of principal and interest to become due in any  
69.32 year on all the outstanding bonds issued under this section, including the bonds to be  
69.33 issued, will equal or exceed 0.16 percent of the taxable market value of property in the  
69.34 municipality. Calculation of the limit must be made using the taxable market value for

70.1 the taxes payable year in which the obligations are issued and sold, provided that, for  
70.2 purposes of determining the principal and interest due in any year, the municipality may  
70.3 deduct the amount of interest expected to be paid or reimbursed to the municipality by the  
70.4 federal government in that year on any outstanding bonds or the bonds to be issued. In  
70.5 the case of a municipality with a population of 2,500 or more, the bonds are subject to  
70.6 the net debt limits under section 475.53. In the case of a shared facility in which more  
70.7 than one municipality participates, upon compliance by each participating municipality  
70.8 with the requirements of subdivision 2, the limitations in this subdivision and the net debt  
70.9 represented by the bonds shall be allocated to each participating municipality in proportion  
70.10 to its required financial contribution to the financing of the shared facility, as set forth in  
70.11 the joint powers agreement relating to the shared facility. This section does not limit the  
70.12 authority to issue bonds under any other special or general law.

70.13 Sec. 10. Minnesota Statutes 2010, section 475.58, subdivision 3b, is amended to read:

70.14 Subd. 3b. **Street reconstruction.** (a) A municipality may, without regard to  
70.15 the election requirement under subdivision 1, issue and sell obligations for street  
70.16 reconstruction, if the following conditions are met:

70.17 (1) the streets are reconstructed under a street reconstruction plan that describes the  
70.18 street reconstruction to be financed, the estimated costs, and any planned reconstruction  
70.19 of other streets in the municipality over the next five years, and the plan and issuance of  
70.20 the obligations has been approved by a vote of all of the members of the governing body  
70.21 present at the meeting following a public hearing for which notice has been published in  
70.22 the official newspaper at least ten days but not more than 28 days prior to the hearing; and

70.23 (2) if a petition requesting a vote on the issuance is signed by voters equal to  
70.24 five percent of the votes cast in the last municipal general election and is filed with the  
70.25 municipal clerk within 30 days of the public hearing, the municipality may issue the bonds  
70.26 only after obtaining the approval of a majority of the voters voting on the question of the  
70.27 issuance of the obligations. If the municipality elects not to submit the question to the  
70.28 voters, the municipality shall not propose the issuance of bonds under this section for the  
70.29 same purpose and in the same amount for a period of 365 days from the date of receipt  
70.30 of the petition. If the question of issuing the bonds is submitted and not approved by the  
70.31 voters, the provisions of subdivision 1a, apply.

70.32 (b) Obligations issued under this subdivision are subject to the debt limit of the  
70.33 municipality and are not excluded from net debt under section 475.51, subdivision 4.

70.34 (c) For purposes of this subdivision, street reconstruction includes utility  
70.35 replacement and relocation and other activities incidental to the street reconstruction, turn

71.1 lanes and other improvements having a substantial public safety function, realignments,  
71.2 other modifications to intersect with state and county roads, and the local share of state  
71.3 and county road projects.

71.4 (d) Except in the case of turn lanes, safety improvements, realignments, intersection  
71.5 modifications, and the local share of state and county road projects, street reconstruction  
71.6 does not include the portion of project cost allocable to widening a street or adding curbs  
71.7 and gutters where none previously existed.

71.8 Sec. 11. Laws 1971, chapter 773, section 1, subdivision 2, as amended by Laws 1974,  
71.9 chapter 351, section 5, Laws 1976, chapter 234, sections 1 and 7, Laws 1978, chapter 788,  
71.10 section 1, Laws 1981, chapter 369, section 1, Laws 1983, chapter 302, section 1, Laws  
71.11 1988, chapter 513, section 1, Laws 1992, chapter 511, article 9, section 23, Laws 1998,  
71.12 chapter 389, article 3, section 27, and Laws 2002, chapter 390, section 23, is amended to  
71.13 read:

71.14 Subd. 2. For each of the years ~~2003 to 2013~~ 2012 to 2024, the city of St. Paul is  
71.15 authorized to issue bonds in the aggregate principal amount of \$20,000,000 for each year.

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

71.17 Sec. 12. Laws 2003, chapter 127, article 12, section 28, is amended to read:

71.18 Sec. 28. **NURSING HOME BONDS AUTHORIZED.**

71.19 (a) Itasca County may issue bonds under Minnesota Statutes, sections 376.55 and  
71.20 376.56, to finance the construction of a 35-bed nursing home facility to replace an existing  
71.21 35-bed private facility located in the county. The bonds issued under this section ~~must~~  
71.22 may be payable solely from revenues ~~and or~~ may ~~not~~ be general obligations of the county.

71.23 (b) Before issuing general obligation bonds under this section, the county must  
71.24 publish a notice of its intention to issue the bonds and the date and time of a hearing to  
71.25 obtain public comment on the matter. The notice must be published on the official Web  
71.26 site of the county or in a newspaper of general circulation in the county. The notice must  
71.27 be published at least 14 but not more than 28 days before the date of the hearing. The  
71.28 county may issue the bonds only upon obtaining the approval of a majority of the voters  
71.29 voting on the question of issuing the obligations, if a petition requesting a vote on the  
71.30 issuance is signed by voters equal to five percent of the votes cast in the county in the last  
71.31 general election and is filed with the county auditor within 30 days after the public hearing.

72.1 **EFFECTIVE DATE; LOCAL APPROVAL.** This section is effective the day after  
72.2 the governing body of Itasca County and its chief clerical officer timely complete their  
72.3 compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

72.4 Sec. 13. **CARRYFORWARD OF BONDING AUTHORITY FOR 2008, 2009,**  
72.5 **AND 2010; NO DEDUCTION FROM ENTITLEMENT ALLOCATION.**

72.6 Notwithstanding Minnesota Statutes, section 474A.04, subdivision 1a, and Laws  
72.7 2009, chapter 88, article 6, section 27, bonding authority that was allocated to an  
72.8 entitlement issuer in 2008, 2009, and 2010 and that was carried forward under federal  
72.9 tax law, but for which the entitlement issuer did not provide a notice of issue to the  
72.10 commissioner of management and budget before 4:30 p.m. on the last business day of  
72.11 December 2011 must not be deducted from the entitlement allocation for that entitlement  
72.12 issuer in 2012.

72.13 **EFFECTIVE DATE.** This section is effective the day following final enactment  
72.14 and applies retroactively to rescind any reallocation by the commissioner of management  
72.15 and budget under Minnesota Statutes, section 474A.04, subdivision 1a, of any amounts so  
72.16 deducted.

72.17 Sec. 14. **WOODBURY; EXEMPTION FROM REFERENDUM.**

72.18 (a) Notwithstanding the referendum requirement in Minnesota Statutes, section  
72.19 475.58, subdivision 1, or any other provision of law, the city of Woodbury may issue and  
72.20 sell obligations to pay for the cost of renovating, improving, expanding, and equipping the  
72.21 Bielenberg Sports Center, along with costs of issuance of the obligations and capitalized  
72.22 interest, if:

72.23 (1) the obligations are secured by a pledge of revenues from the facility; and

72.24 (2) the city finds, based on analysis provided by a professional experienced in  
72.25 finance, that the facility's revenues and a property tax levy equal to the maximum annual  
72.26 property tax levy used to pay the bonds previously issued to finance, in whole or in part,  
72.27 the facility will in the aggregate be sufficient to pay the obligations without the imposition  
72.28 of an additional property tax levy pledged to the obligations.

72.29 (b) Before issuing bonds under this section, the city must publish a notice of its  
72.30 intention to issue the bonds and the date and time of a hearing to obtain public comment  
72.31 on the matter. The notice must be published on the official Web site of the city or in a  
72.32 newspaper of general circulation in the city. The notice must be published at least 14 but  
72.33 not more than 28 days before the date of the hearing. The city may issue the bonds only  
72.34 upon obtaining the approval of a majority of the voters voting on the question of issuing



73.1 the obligations, if a petition requesting a vote on the issuance is signed by voters equal to  
73.2 five percent of the votes cast in the city in the last general election and is filed with the city  
73.3 clerk within 30 days after the public hearing.

73.4 **EFFECTIVE DATE; LOCAL APPROVAL.** This section is effective the day after  
73.5 the governing body of the city of Woodbury and its chief clerical officer timely complete  
73.6 their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

## 73.7 **ARTICLE 7**

### 73.8 **PROPERTY TAXES**

73.9 Section 1. Minnesota Statutes 2010, section 6.91, subdivision 2, is amended to read:

73.10 Subd. 2. **Benefits of participation.** (a) A county or city that elects to participate in  
73.11 the standard measures program for 2011 is: (1) eligible for per capita reimbursement of  
73.12 \$0.14 per capita, but not to exceed \$25,000 for any government entity; and (2) exempt  
73.13 from levy limits under sections 275.70 to 275.74 for taxes payable in 2012, if levy limits  
73.14 are in effect.

73.15 (b) Any county or city that elects to participate in the standard measures program  
73.16 for 2012 is eligible for per capita reimbursement of \$0.14 per capita, but not to exceed  
73.17 \$25,000 for any government entity, provided that for 2012, a county or city with a  
73.18 population over 5,000 must also participate in the expenditure-type reporting under section  
73.19 471.703 in order to be eligible. Any jurisdiction participating in the comprehensive  
73.20 performance measurement program is exempt from levy limits under sections 275.70 to  
73.21 275.74 for taxes payable in 2013 if levy limits are in effect.

73.22 (c) Any county or city that elects to participate in the standard measures program for  
73.23 2013 or any year thereafter is eligible for per capita reimbursement of \$0.14 per capita,  
73.24 but not to exceed \$25,000 for any government entity. Any jurisdiction participating in  
73.25 the comprehensive performance measurement program for 2013 or any year thereafter is  
73.26 exempt from levy limits under sections 275.70 to 275.74 for taxes payable in the following  
73.27 year, if levy limits are in effect.

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

73.29 Sec. 2. Minnesota Statutes 2011 Supplement, section 270C.991, subdivision 4, as  
73.30 amended by Laws 2012, chapter 187, article 1, section 45, is amended to read:

73.31 Subd. 4. **Property tax working group.** (a) A property tax working group is  
73.32 established as provided in this subdivision. The goals of the working group are:

74.1 (1) to investigate ways to simplify the property tax system and make advisory  
74.2 recommendations on ways to make the system more understandable;

74.3 (2) to reexamine the property tax calendar to determine what changes could be made  
74.4 to shorten the two-year cycle from assessment through property tax collection; and

74.5 (3) to determine the cost versus the benefits of the various property tax components,  
74.6 including property classifications, credits, aids, exclusions, exemptions, and abatements,  
74.7 and to suggest ways to achieve some of the goals in simpler and more cost-efficient ways.

74.8 (b) The 12-member working group shall consist of the following members:

74.9 (1) two state representatives, both appointed by the chair of the house of  
74.10 representatives Taxes Committee, one from the majority party and one from the largest  
74.11 minority party;

74.12 (2) two senators appointed by the Subcommittee on Committees of the Senate Rules  
74.13 and Administration Committee, one from the majority party and one from the largest  
74.14 minority party;

74.15 (3) one person appointed by the Association of Minnesota Counties;

74.16 (4) one person appointed by the League of Minnesota Cities;

74.17 (5) one person appointed by the Minnesota Association of Townships;

74.18 (6) one person appointed by the Minnesota Chamber of Commerce;

74.19 (7) one person appointed by the Minnesota Association of Assessing Officers;

74.20 (8) two homeowners, one who is under 65 years of age, and one who is 65 years of  
74.21 age or older, both appointed by the commissioner of revenue; and

74.22 (9) one person jointly appointed by the Minnesota Farm Bureau and the Minnesota  
74.23 Farmers Union.

74.24 The commissioner of revenue shall chair the initial meeting, and the working  
74.25 group shall elect a chair at that initial meeting. The working group will meet at the call  
74.26 of the chair. Members of the working group shall serve without compensation. The  
74.27 commissioner of revenue must provide administrative support to the working group.  
74.28 Chapter 13D does not apply to meetings of the working group. Meetings of the working  
74.29 group must be open to the public and the working group must provide notice of a meeting  
74.30 to potentially interested persons at least seven days before the meeting. A meeting of the  
74.31 working group occurs when a quorum is present.

74.32 (c) The working group shall make its advisory recommendations to the chairs of the  
74.33 house of representatives and senate Taxes Committees on or before February 1, 2013, at  
74.34 which time the working group shall be finished and this subdivision expires. ~~The advisory  
74.35 recommendations should be reviewed by the Taxes Committees under subdivision 5.~~

75.1 Sec. 3. Minnesota Statutes 2010, section 273.113, is amended to read:

75.2 **273.113 TAX CREDIT FOR PROPERTY IN ~~PROPOSED~~ BOVINE**  
75.3 **TUBERCULOSIS ~~MODIFIED-ACCREDITED~~ MANAGEMENT ZONE.**

75.4 Subdivision 1. **Definitions.** For the purposes of this section, the following terms  
75.5 have the meanings given to them:

75.6 (1) "bovine tuberculosis ~~modified-accredited~~ management zone" means the ~~modified~~  
75.7 ~~accredited~~ management zone designated by the Board of Animal Health under section  
75.8 35.244;

75.9 (2) "located within" means that the herd is kept in the area for at least a part of  
75.10 calendar year 2006, 2007, or 2008; and

75.11 (3) "animal" means cattle, bison, goats, and farmed cervidae.

75.12 Subd. 2. **Eligibility; amount of credit.** Agricultural and rural vacant land classified  
75.13 under section 273.13, subdivision 23, located within a bovine tuberculosis ~~modified~~  
75.14 ~~accredited~~ management zone is eligible for a property tax credit equal to ~~the greater of: (1)~~  
75.15 ~~\$5 per acre on the first 160 acres of the property where the herd had been located; or (2) an~~  
75.16 ~~amount equal to \$5 per acre times five acres times the highest number of animals tested~~  
75.17 ~~on the property for bovine tuberculosis in a whole-herd test as reported by the Board of~~  
75.18 ~~Animal Health in 2006, 2007, or 2008~~ the amount of credit received under this section for  
75.19 taxes payable in 2011. The amount of the credit cannot exceed the property tax payable on  
75.20 the property where the herd had been located, excluding any tax attributable to residential  
75.21 structures. ~~To begin to qualify for the tax credit~~ for taxes payable in 2012, the owner shall  
75.22 file an application with the county by ~~December 1 of the levy year~~ July 1, 2012. For  
75.23 taxes payable in 2012, the credit shall be paid as a direct payment to the property owner,  
75.24 issued by the county within 30 days of receipt of the application, provided that there are  
75.25 no delinquent taxes on the property. The credit must be given for each subsequent taxes  
75.26 payable year until the credit terminates under subdivision 4. For taxes payable in 2013  
75.27 and thereafter, the assessor shall indicate the amount of the property tax reduction on the  
75.28 property tax statement of each taxpayer receiving a credit under this section. For taxes  
75.29 payable in 2013 and thereafter, the credit paid pursuant to this section shall be deducted  
75.30 from the tax due on the property as provided in section 273.1393.

75.31 Subd. 3. **Reimbursement for lost revenue.** The county auditor shall certify to the  
75.32 commissioner of revenue, as part of the abstracts of tax lists required to be filed with the  
75.33 commissioner under section 275.29, the amount of tax lost to the county from the property  
75.34 tax credit under subdivision 2, except that for taxes payable in 2012 only, the county shall  
75.35 submit the credit amounts to the commissioner of revenue in a separate report, in a form  
75.36 prescribed by the commissioner, prior to August 15, 2012. Any prior year adjustments

76.1 must also be certified in the abstracts of tax lists. The commissioner of revenue shall  
76.2 review the certifications to determine their accuracy. The commissioner may make the  
76.3 changes in the certification that are considered necessary or return a certification to the  
76.4 county auditor for corrections. The commissioner shall reimburse each taxing district,  
76.5 other than school districts, for the taxes lost. The payments must be made at the time  
76.6 provided in section 473H.10 for payment to taxing jurisdictions in the same proportion  
76.7 that the ad valorem tax is distributed, except that for taxes payable in 2012 the entire  
76.8 reimbursement must be made to the county. Reimbursements to school districts must be  
76.9 made as provided in section 273.1392. The amount necessary to make the reimbursements  
76.10 under this section is annually appropriated from the general fund to the commissioner of  
76.11 revenue.

76.12 Subd. 4. **Termination of credit.** The credits provided under this section cease to  
76.13 be available beginning with taxes payable in the year following the date when the Board  
76.14 of Animal Health notifies the commissioner of revenue in writing that the board has  
76.15 certified that the state is free of discontinued all required bovine tuberculosis related  
76.16 activities within the bovine tuberculosis management zone.

76.17 **EFFECTIVE DATE.** This section is effective for taxes payable in 2012 and  
76.18 thereafter.

76.19 Sec. 4. Minnesota Statutes 2010, section 275.025, subdivision 1, is amended to read:

76.20 Subdivision 1. **Levy amount.** The state general levy is levied against  
76.21 commercial-industrial property and seasonal residential recreational property, as defined in  
76.22 this section. The state general levy base amount is ~~\$592,000,000~~ \$817,423,000 for taxes  
76.23 payable in ~~2002~~ 2013. For taxes payable in subsequent years, the levy base amount is  
76.24 increased each year by multiplying the levy base amount for the prior year by the sum  
76.25 of one plus the rate of increase, if any, in the implicit price deflator for government  
76.26 consumption expenditures and gross investment for state and local governments prepared  
76.27 by the Bureau of Economic Analysts of the United States Department of Commerce for  
76.28 the 12-month period ending March 31 of the year prior to the year the taxes are payable.  
76.29 The tax under this section is not treated as a local tax rate under section 469.177 and is not  
76.30 the levy of a governmental unit under chapters 276A and 473F.

76.31 The commissioner shall increase or decrease the preliminary or final ~~rate~~ rates for a  
76.32 year as necessary to account for errors and tax base changes that affected a preliminary or  
76.33 final rate for either of the two preceding years. Adjustments are allowed to the extent that  
76.34 the necessary information is available to the commissioner at the time the rates for a year  
76.35 must be certified, and for the following reasons:

- 77.1 (1) an erroneous report of taxable value by a local official;  
77.2 (2) an erroneous calculation by the commissioner; and  
77.3 (3) an increase or decrease in taxable value for commercial-industrial or seasonal  
77.4 residential recreational property reported on the abstracts of tax lists submitted under  
77.5 section 275.29 that was not reported on the abstracts of assessment submitted under  
77.6 section 270C.89 for the same year.

77.7 The commissioner may, but need not, make adjustments if the total difference in the tax  
77.8 levied for the year would be less than \$100,000.

77.9 **EFFECTIVE DATE.** This section is effective for taxes payable in 2013 and  
77.10 thereafter.

77.11 Sec. 5. Minnesota Statutes 2010, section 275.065, subdivision 1, is amended to read:

77.12 Subdivision 1. **Proposed levy.** (a) Notwithstanding any law or charter to the  
77.13 contrary, on or before September 15, each taxing authority, other than a school district,  
77.14 shall adopt a proposed budget and shall certify to the county auditor the proposed or, in  
77.15 the case of a town, the final property tax levy for taxes payable in the following year. All  
77.16 counties with a population of more than 5,000 and home rule charter or statutory cities  
77.17 with a population of more than 5,000, shall also provide to the county auditor the county  
77.18 or city Web site, if there is one, where the public is able to access the budget information  
77.19 required to be reported under section 471.703.

77.20 (b) On or before September 30, each school district that has not mutually agreed  
77.21 with its home county to extend this date shall certify to the county auditor the proposed  
77.22 property tax levy for taxes payable in the following year. Each school district that has  
77.23 agreed with its home county to delay the certification of its proposed property tax levy  
77.24 must certify its proposed property tax levy for the following year no later than October  
77.25 7. The school district shall certify the proposed levy as:

77.26 (1) a specific dollar amount by school district fund, broken down between  
77.27 voter-approved and non-voter-approved levies and between referendum market value  
77.28 and tax capacity levies; or

77.29 (2) the maximum levy limitation certified by the commissioner of education  
77.30 according to section 126C.48, subdivision 1.

77.31 (c) If the board of estimate and taxation or any similar board that establishes  
77.32 maximum tax levies for taxing jurisdictions within a first class city certifies the maximum  
77.33 property tax levies for funds under its jurisdiction by charter to the county auditor by  
77.34 September 15, the city shall be deemed to have certified its levies for those taxing  
77.35 jurisdictions.

78.1 (d) For purposes of this section, "taxing authority" includes all home rule and  
78.2 statutory cities, towns, counties, school districts, and special taxing districts as defined  
78.3 in section 275.066. Intermediate school districts that levy a tax under chapter 124 or  
78.4 136D, joint powers boards established under sections 123A.44 to 123A.446, and Common  
78.5 School Districts No. 323, Franconia, and No. 815, Prinsburg, are also special taxing  
78.6 districts for purposes of this section.

78.7 (e) At the meeting at which the taxing authority, other than a town, adopts its  
78.8 proposed tax levy under paragraph (a) or (b), the taxing authority shall announce the  
78.9 time and place of its subsequent regularly scheduled meetings at which the budget and  
78.10 levy will be discussed and at which the public will be allowed to speak. ~~The time and  
78.11 place of those meetings~~ The following information must be included in the proceedings  
78.12 or summary of proceedings published in the official newspaper of the taxing authority  
78.13 under section 123B.09, 375.12, or 412.191:

78.14 (1) the time and place of the meetings described in this paragraph; and

78.15 (2) a statement that the budget information required to be reported under section  
78.16 471.703 is available on the county or city Web site, if there is one.

78.17 **EFFECTIVE DATE.** This section is effective July 1, 2012.

78.18 Sec. 6. Minnesota Statutes 2010, section 275.065, subdivision 3, is amended to read:

78.19 Subd. 3. **Notice of proposed property taxes.** (a) The county auditor shall prepare  
78.20 and the county treasurer shall deliver after November 10 and on or before November 24  
78.21 each year, by first class mail to each taxpayer at the address listed on the county's current  
78.22 year's assessment roll, a notice of proposed property taxes. Upon written request by  
78.23 the taxpayer, the treasurer may send the notice in electronic form or by electronic mail  
78.24 instead of on paper or by ordinary mail.

78.25 (b) The commissioner of revenue shall prescribe the form of the notice.

78.26 (c) The notice must inform taxpayers that it contains the amount of property taxes  
78.27 each taxing authority proposes to collect for taxes payable the following year. In the  
78.28 case of a town, or in the case of the state general tax, the final tax amount will be its  
78.29 proposed tax. The notice must clearly state for each city that has a population over 500,  
78.30 county, school district, regional library authority established under section 134.201, and  
78.31 metropolitan taxing districts as defined in paragraph (i), the time and place of a meeting  
78.32 for each taxing authority in which the budget and levy will be discussed and public input  
78.33 allowed, prior to the final budget and levy determination. The notice must clearly state  
78.34 for each county with a population of more than 5,000 and for each city with a population  
78.35 of more than 5,000 that the budget information required to be reported under section

79.1 471.703 is available on the county or city Web site, if there is one. The taxing authorities  
79.2 must provide the county auditor with the information to be included in the notice on or  
79.3 before the time it certifies its proposed levy under subdivision 1. The public must be  
79.4 allowed to speak at that meeting, which must occur after November 24 and must not be  
79.5 held before 6:00 p.m. It must provide a telephone number for the taxing authority that  
79.6 taxpayers may call if they have questions related to the notice and an address where  
79.7 comments will be received by mail, except that no notice required under this section  
79.8 shall be interpreted as requiring the printing of a personal telephone number or address  
79.9 as the contact information for a taxing authority. If a taxing authority does not maintain  
79.10 public offices where telephone calls can be received by the authority, the authority may  
79.11 inform the county of the lack of a public telephone number and the county shall not list a  
79.12 telephone number for that taxing authority.

79.13 (d) The notice must state for each parcel:

79.14 (1) the market value of the property as determined under section 273.11, and used  
79.15 for computing property taxes payable in the following year and for taxes payable in the  
79.16 current year as each appears in the records of the county assessor on November 1 of the  
79.17 current year; and, in the case of residential property, whether the property is classified as  
79.18 homestead or nonhomestead. The notice must clearly inform taxpayers of the years to  
79.19 which the market values apply and that the values are final values;

79.20 (2) the items listed below, shown separately by county, city or town, and state general  
79.21 tax, net of the residential and agricultural homestead credit under section 273.1384, voter  
79.22 approved school levy, other local school levy, and the sum of the special taxing districts,  
79.23 and as a total of all taxing authorities:

79.24 (i) the actual tax for taxes payable in the current year; and

79.25 (ii) the proposed tax amount.

79.26 If the county levy under clause (2) includes an amount for a lake improvement  
79.27 district as defined under sections 103B.501 to 103B.581, the amount attributable for that  
79.28 purpose must be separately stated from the remaining county levy amount.

79.29 In the case of a town or the state general tax, the final tax shall also be its proposed  
79.30 tax unless the town changes its levy at a special town meeting under section 365.52. If a  
79.31 school district has certified under section 126C.17, subdivision 9, that a referendum will  
79.32 be held in the school district at the November general election, the county auditor must  
79.33 note next to the school district's proposed amount that a referendum is pending and that, if  
79.34 approved by the voters, the tax amount may be higher than shown on the notice. In the  
79.35 case of the city of Minneapolis, the levy for Minneapolis Park and Recreation shall be  
79.36 listed separately from the remaining amount of the city's levy. In the case of the city of

80.1 St. Paul, the levy for the St. Paul Library Agency must be listed separately from the  
80.2 remaining amount of the city's levy. In the case of Ramsey County, any amount levied  
80.3 under section 134.07 may be listed separately from the remaining amount of the county's  
80.4 levy. In the case of a parcel where tax increment or the fiscal disparities areawide tax  
80.5 under chapter 276A or 473F applies, the proposed tax levy on the captured value or the  
80.6 proposed tax levy on the tax capacity subject to the areawide tax must each be stated  
80.7 separately and not included in the sum of the special taxing districts; and

80.8 (3) the increase or decrease between the total taxes payable in the current year and  
80.9 the total proposed taxes, expressed as a percentage.

80.10 For purposes of this section, the amount of the tax on homesteads qualifying under  
80.11 the senior citizens' property tax deferral program under chapter 290B is the total amount  
80.12 of property tax before subtraction of the deferred property tax amount.

80.13 (e) The notice must clearly state that the proposed or final taxes do not include  
80.14 the following:

80.15 (1) special assessments;

80.16 (2) levies approved by the voters after the date the proposed taxes are certified,  
80.17 including bond referenda and school district levy referenda;

80.18 (3) a levy limit increase approved by the voters by the first Tuesday after the first  
80.19 Monday in November of the levy year as provided under section 275.73;

80.20 (4) amounts necessary to pay cleanup or other costs due to a natural disaster  
80.21 occurring after the date the proposed taxes are certified;

80.22 (5) amounts necessary to pay tort judgments against the taxing authority that become  
80.23 final after the date the proposed taxes are certified; and

80.24 (6) the contamination tax imposed on properties which received market value  
80.25 reductions for contamination.

80.26 (f) Except as provided in subdivision 7, failure of the county auditor to prepare or  
80.27 the county treasurer to deliver the notice as required in this section does not invalidate the  
80.28 proposed or final tax levy or the taxes payable pursuant to the tax levy.

80.29 (g) If the notice the taxpayer receives under this section lists the property as  
80.30 nonhomestead, and satisfactory documentation is provided to the county assessor by the  
80.31 applicable deadline, and the property qualifies for the homestead classification in that  
80.32 assessment year, the assessor shall reclassify the property to homestead for taxes payable  
80.33 in the following year.

80.34 (h) In the case of class 4 residential property used as a residence for lease or rental  
80.35 periods of 30 days or more, the taxpayer must either:



81.1 (1) mail or deliver a copy of the notice of proposed property taxes to each tenant,  
81.2 renter, or lessee; or

81.3 (2) post a copy of the notice in a conspicuous place on the premises of the property.

81.4 The notice must be mailed or posted by the taxpayer by November 27 or within  
81.5 three days of receipt of the notice, whichever is later. A taxpayer may notify the county  
81.6 treasurer of the address of the taxpayer, agent, caretaker, or manager of the premises to  
81.7 which the notice must be mailed in order to fulfill the requirements of this paragraph.

81.8 (i) For purposes of this subdivision and subdivision 6, "metropolitan special taxing  
81.9 districts" means the following taxing districts in the seven-county metropolitan area that  
81.10 levy a property tax for any of the specified purposes listed below:

81.11 (1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325,  
81.12 473.446, 473.521, 473.547, or 473.834;

81.13 (2) Metropolitan Airports Commission under section 473.667, 473.671, or 473.672;  
81.14 and

81.15 (3) Metropolitan Mosquito Control Commission under section 473.711.

81.16 For purposes of this section, any levies made by the regional rail authorities in the  
81.17 county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter  
81.18 398A shall be included with the appropriate county's levy.

81.19 (j) The governing body of a county, city, or school district may, with the consent  
81.20 of the county board, include supplemental information with the statement of proposed  
81.21 property taxes about the impact of state aid increases or decreases on property tax  
81.22 increases or decreases and on the level of services provided in the affected jurisdiction.  
81.23 This supplemental information may include information for the following year, the current  
81.24 year, and for as many consecutive preceding years as deemed appropriate by the governing  
81.25 body of the county, city, or school district. It may include only information regarding:

81.26 (1) the impact of inflation as measured by the implicit price deflator for state and  
81.27 local government purchases;

81.28 (2) population growth and decline;

81.29 (3) state or federal government action; and

81.30 (4) other financial factors that affect the level of property taxation and local services  
81.31 that the governing body of the county, city, or school district may deem appropriate to  
81.32 include.

81.33 The information may be presented using tables, written narrative, and graphic  
81.34 representations and may contain instruction toward further sources of information or  
81.35 opportunity for comment.

81.36 **EFFECTIVE DATE.** This section is effective July 1, 2012.

82.1 Sec. 7. Minnesota Statutes 2010, section 275.065, subdivision 3, is amended to read:

82.2 Subd. 3. **Notice of proposed property taxes.** (a) The county auditor shall prepare  
82.3 and the county treasurer shall deliver after November 10 and on or before November 24  
82.4 each year, by first class mail to each taxpayer at the address listed on the county's current  
82.5 year's assessment roll, a notice of proposed property taxes. Upon written request by  
82.6 the taxpayer, the treasurer may send the notice in electronic form or by electronic mail  
82.7 instead of on paper or by ordinary mail.

82.8 (b) The commissioner of revenue shall prescribe the form of the notice.

82.9 (c) The notice must inform taxpayers that it contains the amount of property taxes  
82.10 each taxing authority proposes to collect for taxes payable the following year. In the  
82.11 case of a town, or in the case of the state general tax, the final tax amount will be its  
82.12 proposed tax. ~~The notice must clearly state~~ For each city that has a population over 500,  
82.13 county, school district, regional library authority established under section 134.201, and  
82.14 metropolitan taxing districts as defined in paragraph (i), the notice must state the time and  
82.15 place of a meeting for each taxing authority in which the budget and levy will be discussed  
82.16 and public input allowed, prior to the final budget and levy determination. For each special  
82.17 taxing district, the notice must: (1) list separately any levy by a special taxing district that  
82.18 exceeds 25 percent of the total of all special taxing district levies; and (2) provide county  
82.19 government contact information where additional information may be obtained for each  
82.20 special taxing district. The taxing authorities must provide the county auditor with the  
82.21 information to be included in the notice on or before the time it certifies its proposed  
82.22 levy under subdivision 1. The public must be allowed to speak at that meeting, which  
82.23 must occur after November 24 and must not be held before 6:00 p.m. It must provide a  
82.24 telephone number for the taxing authority that taxpayers may call if they have questions  
82.25 related to the notice and an address where comments will be received by mail, except that  
82.26 no notice required under this section shall be interpreted as requiring the printing of a  
82.27 personal telephone number or address as the contact information for a taxing authority. If  
82.28 a taxing authority does not maintain public offices where telephone calls can be received  
82.29 by the authority, the authority may inform the county of the lack of a public telephone  
82.30 number and the county shall not list a telephone number for that taxing authority.

82.31 (d) The notice must state for each parcel:

82.32 (1) the market value of the property as determined under section 273.11, and used  
82.33 for computing property taxes payable in the following year and for taxes payable in the  
82.34 current year as each appears in the records of the county assessor on November 1 of the  
82.35 current year; and, in the case of residential property, whether the property is classified as

83.1 homestead or nonhomestead. The notice must clearly inform taxpayers of the years to  
83.2 which the market values apply and that the values are final values;

83.3 (2) the items listed below, shown separately by county, city or town, and state  
83.4 general tax, net of the ~~residential and~~ agricultural homestead credit under section  
83.5 273.1384, voter approved school levy, other local school levy, and ~~the sum of the each~~  
83.6 special taxing ~~districts~~ district, provided that the levies of all special taxing districts whose  
83.7 levies do not exceed 25 percent of the total amount of all special taxing district levies may  
83.8 be aggregated, and as a total of for all taxing authorities:

83.9 (i) the actual tax for taxes payable in the current year; and

83.10 (ii) the proposed tax amount.

83.11 If the county levy under clause (2) includes an amount for a lake improvement  
83.12 district as defined under sections 103B.501 to 103B.581, the amount attributable for that  
83.13 purpose must be separately stated from the remaining county levy amount.

83.14 In the case of a town or the state general tax, the final tax shall also be its proposed  
83.15 tax unless the town changes its levy at a special town meeting under section 365.52. If a  
83.16 school district has certified under section 126C.17, subdivision 9, that a referendum will  
83.17 be held in the school district at the November general election, the county auditor must  
83.18 note next to the school district's proposed amount that a referendum is pending and that, if  
83.19 approved by the voters, the tax amount may be higher than shown on the notice. In the  
83.20 case of the city of Minneapolis, the levy for Minneapolis Park and Recreation shall be  
83.21 listed separately from the remaining amount of the city's levy. In the case of the city of  
83.22 St. Paul, the levy for the St. Paul Library Agency must be listed separately from the  
83.23 remaining amount of the city's levy. In the case of Ramsey County, any amount levied  
83.24 under section 134.07 may be listed separately from the remaining amount of the county's  
83.25 levy. In the case of a parcel where tax increment or the fiscal disparities areawide tax  
83.26 under chapter 276A or 473F applies, the proposed tax levy on the captured value or the  
83.27 proposed tax levy on the tax capacity subject to the areawide tax must each be stated  
83.28 separately and not included in the sum of the special taxing districts; and

83.29 (3) the increase or decrease between the total taxes payable in the current year and  
83.30 the total proposed taxes, expressed as a percentage.

83.31 For purposes of this section, the amount of the tax on homesteads qualifying under  
83.32 the senior citizens' property tax deferral program under chapter 290B is the total amount  
83.33 of property tax before subtraction of the deferred property tax amount.

83.34 (e) The notice must clearly state that the proposed or final taxes do not include  
83.35 the following:

83.36 (1) special assessments;

84.1 (2) levies approved by the voters after the date the proposed taxes are certified,  
84.2 including bond referenda and school district levy referenda;

84.3 (3) a levy limit increase approved by the voters by the first Tuesday after the first  
84.4 Monday in November of the levy year as provided under section 275.73;

84.5 (4) amounts necessary to pay cleanup or other costs due to a natural disaster  
84.6 occurring after the date the proposed taxes are certified;

84.7 (5) amounts necessary to pay tort judgments against the taxing authority that become  
84.8 final after the date the proposed taxes are certified; and

84.9 (6) the contamination tax imposed on properties which received market value  
84.10 reductions for contamination.

84.11 (f) Except as provided in subdivision 7, failure of the county auditor to prepare or  
84.12 the county treasurer to deliver the notice as required in this section does not invalidate the  
84.13 proposed or final tax levy or the taxes payable pursuant to the tax levy.

84.14 (g) If the notice the taxpayer receives under this section lists the property as  
84.15 nonhomestead, and satisfactory documentation is provided to the county assessor by the  
84.16 applicable deadline, and the property qualifies for the homestead classification in that  
84.17 assessment year, the assessor shall reclassify the property to homestead for taxes payable  
84.18 in the following year.

84.19 (h) In the case of class 4 residential property used as a residence for lease or rental  
84.20 periods of 30 days or more, the taxpayer must either:

84.21 (1) mail or deliver a copy of the notice of proposed property taxes to each tenant,  
84.22 renter, or lessee; or

84.23 (2) post a copy of the notice in a conspicuous place on the premises of the property.

84.24 The notice must be mailed or posted by the taxpayer by November 27 or within  
84.25 three days of receipt of the notice, whichever is later. A taxpayer may notify the county  
84.26 treasurer of the address of the taxpayer, agent, caretaker, or manager of the premises to  
84.27 which the notice must be mailed in order to fulfill the requirements of this paragraph.

84.28 (i) For purposes of this subdivision and subdivision 6, "metropolitan special taxing  
84.29 districts" means the following taxing districts in the seven-county metropolitan area that  
84.30 levy a property tax for any of the specified purposes listed below:

84.31 (1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325,  
84.32 473.446, 473.521, 473.547, or 473.834;

84.33 (2) Metropolitan Airports Commission under section 473.667, 473.671, or 473.672;

84.34 and

84.35 (3) Metropolitan Mosquito Control Commission under section 473.711.

85.1 For purposes of this section, any levies made by the regional rail authorities in the  
85.2 county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter  
85.3 398A shall be included with the appropriate county's levy.

85.4 (j) The governing body of a county, city, or school district may, with the consent  
85.5 of the county board, include supplemental information with the statement of proposed  
85.6 property taxes about the impact of state aid increases or decreases on property tax  
85.7 increases or decreases and on the level of services provided in the affected jurisdiction.  
85.8 This supplemental information may include information for the following year, the current  
85.9 year, and for as many consecutive preceding years as deemed appropriate by the governing  
85.10 body of the county, city, or school district. It may include only information regarding:

- 85.11 (1) the impact of inflation as measured by the implicit price deflator for state and  
85.12 local government purchases;
- 85.13 (2) population growth and decline;
- 85.14 (3) state or federal government action; and
- 85.15 (4) other financial factors that affect the level of property taxation and local services  
85.16 that the governing body of the county, city, or school district may deem appropriate to  
85.17 include.

85.18 The information may be presented using tables, written narrative, and graphic  
85.19 representations and may contain instruction toward further sources of information or  
85.20 opportunity for comment.

85.21 **EFFECTIVE DATE.** This section is effective for tax statements relating to taxes  
85.22 payable in 2014 and thereafter.

85.23 Sec. 8. Minnesota Statutes 2011 Supplement, section 276.04, subdivision 2, is  
85.24 amended to read:

85.25 Subd. 2. **Contents of tax statements.** (a) The treasurer shall provide for the  
85.26 printing of the tax statements. The commissioner of revenue shall prescribe the form of  
85.27 the property tax statement and its contents. The tax statement must not state or imply  
85.28 that property tax credits are paid by the state of Minnesota. The statement must contain  
85.29 a tabulated statement of the dollar amount due to each taxing authority and the amount  
85.30 of the state tax from the parcel of real property for which a particular tax statement is  
85.31 prepared. The dollar amounts attributable to the county, the state tax, the voter approved  
85.32 school tax, the other local school tax, the township or municipality, and the total of  
85.33 the metropolitan special taxing districts as defined in section 275.065, subdivision 3,  
85.34 paragraph (i), must be separately stated. The amounts due all other special taxing districts,  
85.35 if any, may be aggregated except ~~that~~ (1) any levies made by the regional rail authorities

86.1 in the county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under  
 86.2 chapter 398A shall be listed on a separate line directly under the appropriate county's  
 86.3 levy, and (2) any levy by a special taxing district that exceeds 25 percent of the total of all  
 86.4 special taxing district levies on a tax statement must be separately stated. If the county  
 86.5 levy under this paragraph includes an amount for a lake improvement district as defined  
 86.6 under sections 103B.501 to 103B.581, the amount attributable for that purpose must be  
 86.7 separately stated from the remaining county levy amount. In the case of Ramsey County,  
 86.8 if the county levy under this paragraph includes an amount for public library service  
 86.9 under section 134.07, the amount attributable for that purpose may be separated from the  
 86.10 remaining county levy amount. The amount of the tax on homesteads qualifying under the  
 86.11 senior citizens' property tax deferral program under chapter 290B is the total amount of  
 86.12 property tax before subtraction of the deferred property tax amount. The amount of the  
 86.13 tax on contamination value imposed under sections 270.91 to 270.98, if any, must also  
 86.14 be separately stated. The dollar amounts, including the dollar amount of any special  
 86.15 assessments, may be rounded to the nearest even whole dollar. For purposes of this section  
 86.16 whole odd-numbered dollars may be adjusted to the next higher even-numbered dollar.  
 86.17 The amount of market value excluded under section 273.11, subdivision 16, if any, must  
 86.18 also be listed on the tax statement.

86.19 (b) The property tax statements for manufactured homes and sectional structures  
 86.20 taxed as personal property shall contain the same information that is required on the  
 86.21 tax statements for real property.

86.22 (c) Real and personal property tax statements must contain the following information  
 86.23 in the order given in this paragraph. The information must contain the current year tax  
 86.24 information in the right column with the corresponding information for the previous year  
 86.25 in a column on the left:

86.26 (1) the property's estimated market value under section 273.11, subdivision 1;

86.27 (2) the property's homestead market value exclusion under section 273.13,  
 86.28 subdivision 35;

86.29 (3) the property's taxable market value after reductions under sections 273.11,  
 86.30 subdivisions 1a and 16, and 273.13, subdivision 35;

86.31 (4) the property's gross tax, before credits;

86.32 (5) for homestead agricultural properties, the credit under section 273.1384;

86.33 (6) any credits received under sections 273.119; 273.1234 or 273.1235; 273.135;

86.34 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of  
 86.35 credit received under section 273.135 must be separately stated and identified as "taconite  
 86.36 tax relief"; and

87.1 (7) the net tax payable in the manner required in paragraph (a).

87.2 (d) If the county uses envelopes for mailing property tax statements and if the county  
87.3 agrees, a taxing district may include a notice with the property tax statement notifying  
87.4 taxpayers when the taxing district will begin its budget deliberations for the current  
87.5 year, and encouraging taxpayers to attend the hearings. If the county allows notices to  
87.6 be included in the envelope containing the property tax statement, and if more than  
87.7 one taxing district relative to a given property decides to include a notice with the tax  
87.8 statement, the county treasurer or auditor must coordinate the process and may combine  
87.9 the information on a single announcement.

87.10 **EFFECTIVE DATE.** This section is effective for tax statements relating to taxes  
87.11 payable in 2014 and thereafter.

87.12 Sec. 9. Minnesota Statutes 2010, section 290A.04, subdivision 2h, is amended to read:

87.13 Subd. 2h. **Additional refund.** (a) If the gross property taxes payable on a homestead  
87.14 increase more than 12 percent over the property taxes payable in the prior year on the same  
87.15 property that is owned and occupied by the same owner on January 2 of both years, and the  
87.16 amount of that increase is \$100 or more, a claimant who is a homeowner shall be allowed  
87.17 an additional refund equal to ~~60~~75 percent of the amount of the increase over the greater  
87.18 of 12 percent of the prior year's property taxes payable or \$100. This subdivision shall not  
87.19 apply to any increase in the gross property taxes payable attributable to improvements  
87.20 made to the homestead after the assessment date for the prior year's taxes. This subdivision  
87.21 shall not apply to any increase in the gross property taxes payable attributable to the  
87.22 termination of valuation exclusions under section 273.11, subdivision 16.

87.23 The maximum refund allowed under this subdivision is \$1,000.

87.24 (b) For purposes of this subdivision "gross property taxes payable" means property  
87.25 taxes payable determined without regard to the refund allowed under this subdivision.

87.26 (c) In addition to the other proofs required by this chapter, each claimant under  
87.27 this subdivision shall file with the property tax refund return a copy of the property tax  
87.28 statement for taxes payable in the preceding year or other documents required by the  
87.29 commissioner.

87.30 (d) Upon request, the appropriate county official shall make available the names and  
87.31 addresses of the property taxpayers who may be eligible for the additional property tax  
87.32 refund under this section. The information shall be provided on a magnetic computer  
87.33 disk. The county may recover its costs by charging the person requesting the information  
87.34 the reasonable cost for preparing the data. The information may not be used for any

88.1 purpose other than for notifying the homeowner of potential eligibility and assisting the  
88.2 homeowner, without charge, in preparing a refund claim.

88.3 **EFFECTIVE DATE.** This section is effective beginning with refunds based on  
88.4 taxes payable in 2013.

88.5 Sec. 10. **[471.703] EXPENDITURE TYPE REPORTING.**

88.6 Subdivision 1. **Purpose.** In order to facilitate involvement of the public in local  
88.7 government budgeting, municipalities shall provide the following budgetary information  
88.8 on a municipal Web site, except as provided in subdivision 4, and publicize the availability  
88.9 of this information as part of the property tax and budget notices required in section  
88.10 275.065.

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

88.13 (b) "Municipality" means a county with a population of more than 5,000 or a home  
88.14 rule charter or statutory city with a population of more than 5,000.

88.15 (c) "Population" means the population of the municipality as established by the last  
88.16 federal census, by a special census conducted under contract with the United States Bureau  
88.17 of the Census, by a population estimate made by the Metropolitan Council pursuant to  
88.18 section 473.24, or by a population estimate of the state demographer made pursuant to  
88.19 section 4A.02, whichever is the most recent as to the stated date of the count or estimate for  
88.20 the preceding calendar year, and which has been certified to the commissioner of revenue  
88.21 on or before July 15 of the year in which the information is required to be reported.

88.22 Subd. 3. **Electronic budgetary information.** (a) By July 31 of each year, a  
88.23 municipality shall publish on its Web site, except as provided in subdivision 4, four years  
88.24 of budget information on both revenues and expenditures organized by function and by  
88.25 expenditure type. The four years shall include actual data from the three most recently  
88.26 concluded budget years and estimated data for the current budget year.

88.27 (b) The governmental funds included in the budget information required under  
88.28 this section shall include the municipality's general fund, debt service fund, and special  
88.29 revenue funds, except for special revenue funds specifically used for the acquisition and  
88.30 construction of major capital facilities. The reported information shall also exclude  
88.31 enterprise funds and fiduciary funds.

88.32 (c) The forms and reporting requirements for revenues and expenditures by function  
88.33 shall be established by the state auditor's office and shall be based on the revenue and  
88.34 expenditure breakdowns used by that office in the five-year summary tables for annual



89.1 revenue, expenditure, and debt reports for counties and cities with a population over  
89.2 2,500, under section 6.75.

89.3 (d) The forms and reporting requirements for expenditures by expenditure type shall  
89.4 be established by the state auditor's office and at minimum shall include the following line  
89.5 items: employee costs, purchased services, supplies, central services, capital items, debt  
89.6 service, transfer to other funds, and miscellaneous; with employee costs further subdivided  
89.7 into the following items: wages and salaries, pensions, Social Security, health care, and  
89.8 other benefits. The state auditor shall consult with the commissioner of management and  
89.9 budget, city and county representatives, and members of the governmental accounting  
89.10 community in developing the definition of expenditure types for reporting purposes.

89.11 Subd. 4. **Alternative publication of budgetary information.** A municipality  
89.12 that does not maintain an official Web site must either (1) set up a separate Web site to  
89.13 make accessible the budgetary information as required in subdivision 3, or (2) publish the  
89.14 same information required in subdivision 3 by August 31 of each year in one issue of the  
89.15 official newspaper of the municipality. If a county publishes the information in its official  
89.16 newspaper it must also publish the same information in one other newspaper, if one of  
89.17 general circulation is located in a different city in the county than the official newspaper.  
89.18 The state auditor must prescribe the form for the newspaper notice.

89.19 Subd. 5. **Incentives.** In 2012 only, a city or county that complies with the  
89.20 requirement of this section and section 6.91, subdivision 1, shall receive the benefits  
89.21 pursuant to section 6.91, subdivision 2.

89.22 Subd. 6. **Penalties.** In 2013 and thereafter, failure of a municipality to provide  
89.23 the information required in this section shall result in the withholding of aids payable  
89.24 the following calendar year under sections 162.01 to 162.14, 423A.02, and 477A.011  
89.25 to 477A.014.

89.26 **EFFECTIVE DATE.** This section is effective July 1, 2012.

89.27 Sec. 11. Minnesota Statutes 2010, section 477A.017, subdivision 3, is amended to read:

89.28 Subd. 3. **Conformity.** Other law to the contrary notwithstanding, in order to receive  
89.29 distributions under sections 477A.011 to 477A.03, counties and cities must conform to  
89.30 the standards set in subdivision 2 in making all financial reports required to be made to  
89.31 the state auditor ~~after June 30, 1984~~ by the deadline set by the state auditor. Counties and  
89.32 cities that fail to submit the required information to the state auditor within 45 days of  
89.33 the reporting deadline shall forfeit an amount equal to ten percent of the distributions  
89.34 under sections 477A.011 to 477A.03. Counties and cities that fail to submit the required  
89.35 information within 60 days of the reporting deadline shall forfeit an amount equal to 30

90.1 percent of the distributions. Counties and cities that fail to submit the required information  
90.2 within 90 days of the reporting deadline shall forfeit an amount equal to 50 percent of the  
90.3 distributions.

90.4 **EFFECTIVE DATE.** This section is effective for financial reports for calendar  
90.5 year 2012 and thereafter.

90.6 Sec. 12. Laws 1988, chapter 645, section 3, as amended by Laws 1999, chapter 243,  
90.7 article 6, section 9, Laws 2000, chapter 490, article 6, section 15, and Laws 2008, chapter  
90.8 154, article 2, section 30, is amended to read:

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

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

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

90.17 (1) ambulance acquisitions for the Cook ambulance service and the Orr ambulance  
90.18 service and not:

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

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

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

90.22 (c) The part of the levy referred to in paragraph (b) must be administered by the Cook  
90.23 Hospital and passed on directly to the Cook area ambulance service board and the city of  
90.24 Orr to be held in trust until funding for a new ambulance is needed by either the Cook  
90.25 ambulance service or the Orr ambulance service used for the purposes in paragraph (b).

90.26 Sec. 13. Laws 1999, chapter 243, article 6, section 11, is amended to read:

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

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

90.32 ~~Subd. 2. Effective date.~~ This section is effective June 1, 1999, without local  
90.33 approval.

91.1 **EFFECTIVE DATE; LOCAL APPROVAL.** This section applies to taxes  
91.2 payable in 2013 and thereafter, and is effective the day after the Carlton county board  
91.3 of commissioners and its chief clerical officer timely complete their compliance with  
91.4 Minnesota Statutes, section 645.021, subdivisions 2 and 3.

91.5 Sec. 14. Laws 2010, chapter 389, article 1, section 12, the effective date, is amended to  
91.6 read:

91.7 **EFFECTIVE DATE.** This section is effective for assessment ~~years~~ year 2010 and  
91.8 ~~2011, for taxes payable in 2011 and 2012~~ thereafter.

91.9 **EFFECTIVE DATE.** This section is effective for assessment year 2012 and  
91.10 thereafter.

91.11 Sec. 15. **HOLDING OF PROPERTY FOR ECONOMIC DEVELOPMENT;**  
91.12 **TEMPORARY EXTENSION.**

91.13 (a) For purposes of Minnesota Statutes, section 272.02, subdivision 39, a political  
91.14 subdivision's holding for resale for economic development of a property that is located in  
91.15 a city in the metropolitan area, or in a city with a population of more than 5,000 outside  
91.16 of the metropolitan area, as defined in Minnesota Statutes, section 473.121, subdivision  
91.17 2, for up to ten years, is a public purpose.

91.18 (b) The authority under this section expires on December 31, 2015.

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

91.20 Sec. 16. **REPEALER.**

91.21 Minnesota Statutes 2010, section 270C.991, subdivision 5, is repealed.

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

## 91.23 **ARTICLE 8**

### 91.24 **INDIVIDUAL INCOME AND CORPORATE FRANCHISE TAXES**

91.25 Section 1. Minnesota Statutes 2011 Supplement, section 116J.8737, subdivision 1,  
91.26 is amended to read:

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

91.29 (b) "Qualified small business" means a business that has been certified by the  
91.30 commissioner under subdivision 2.

92.1 (c) "Qualified investor" means an investor who has been certified by the  
92.2 commissioner under subdivision 3.

92.3 (d) "Qualified fund" means a pooled angel investment network fund that has been  
92.4 certified by the commissioner under subdivision 4.

92.5 (e) "Qualified investment" means a cash investment in a qualified small business  
92.6 of a minimum of:

92.7 (1) \$10,000 in a calendar year by a qualified investor; or

92.8 (2) \$30,000 in a calendar year by a qualified fund.

92.9 A qualified investment must be made in exchange for common stock, a partnership  
92.10 or membership interest, preferred stock, debt with mandatory conversion to equity, or an  
92.11 equivalent ownership interest as determined by the commissioner.

92.12 (f) "Family" means a family member within the meaning of the Internal Revenue  
92.13 Code, section 267(c)(4).

92.14 (g) "Pass-through entity" means a corporation that for the applicable taxable year is  
92.15 treated as an S corporation or a general partnership, limited partnership, limited liability  
92.16 partnership, trust, or limited liability company and which for the applicable taxable year is  
92.17 not taxed as a corporation under chapter 290.

92.18 (h) "Intern" means a student of an accredited institution of higher education, or a  
92.19 former student who has graduated in the past six months from an accredited institution  
92.20 of higher education, who is employed by a qualified small business in a nonpermanent  
92.21 position for a duration of nine months or less that provides training and experience in the  
92.22 primary business activity of the business.

92.23 (i) "Liquidation event" means a conversion of qualified investment for cash, cash  
92.24 and other consideration, or any other form of equity or debt interest.

92.25 **EFFECTIVE DATE.** This section is effective for qualified small businesses  
92.26 certified after June 30, 2012.

92.27 Sec. 2. Minnesota Statutes 2011 Supplement, section 116J.8737, subdivision 2, is  
92.28 amended to read:

92.29 Subd. 2. **Certification of qualified small businesses.** (a) Businesses may apply  
92.30 to the commissioner for certification as a qualified small business for a calendar year.  
92.31 The application must be in the form and be made under the procedures specified by the  
92.32 commissioner, accompanied by an application fee of \$150. Application fees are deposited  
92.33 in the small business investment tax credit administration account in the special revenue  
92.34 fund. The application for certification for 2010 must be made available on the department's

93.1 Web site by August 1, 2010. Applications for subsequent years' certification must be made  
93.2 available on the department's Web site by November 1 of the preceding year.

93.3 (b) Within 30 days of receiving an application for certification under this subdivision,  
93.4 the commissioner must either certify the business as satisfying the conditions required of a  
93.5 qualified small business, request additional information from the business, or reject the  
93.6 application for certification. If the commissioner requests additional information from the  
93.7 business, the commissioner must either certify the business or reject the application within  
93.8 30 days of receiving the additional information. If the commissioner neither certifies the  
93.9 business nor rejects the application within 30 days of receiving the original application or  
93.10 within 30 days of receiving the additional information requested, whichever is later, then  
93.11 the application is deemed rejected, and the commissioner must refund the \$150 application  
93.12 fee. A business that applies for certification and is rejected may reapply.

93.13 (c) To receive certification, a business must satisfy all of the following conditions:

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

93.15 (2) at least 51 percent of the business's employees are employed in Minnesota, and  
93.16 51 percent of the business's total payroll is paid or incurred in the state;

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

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

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

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

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

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

93.32 (6) the business must pay its employees annual wages of at least 175 percent of the  
93.33 federal poverty guideline for the year for a family of four and must pay its interns annual  
93.34 wages of at least 175 percent of the federal minimum wage used for federally covered  
93.35 employers, except that this requirement must be reduced proportionately for employees  
93.36 and interns who work less than full-time, and does not apply to an executive, officer, or

94.1 member of the board of the business, or to any employee who owns, controls, or holds  
94.2 power to vote more than 20 percent of the outstanding securities of the business;

94.3 (7) the business has not been in operation for more than ten years, except as provided  
94.4 in clause (8);

94.5 (8) the business has not been in operation for more than 20 years if the business is  
94.6 engaged in the research, development, or production of medical devices or pharmaceuticals  
94.7 for which U.S. Food and Drug Administration approval is required for use in the treatment  
94.8 or diagnosis of a disease or condition;

94.9 ~~(8)~~ (9) the business has not previously received private equity investments of more  
94.10 than \$4,000,000; ~~and~~

94.11 ~~(9)~~ (10) the business is not an entity disqualified under section 80A.50, paragraph  
94.12 (b), clause (3); and

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

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

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

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

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

94.22 (3) the business must not issue securities that are traded on a public exchange within  
94.23 180 days subsequent to the date on which the qualified investment was made; and

94.24 (4) the business must not have a liquidation event within 180 days subsequent to the  
94.25 date on which the qualified investment was made.

94.26 (f) The commissioner must maintain a list of businesses certified under this  
94.27 subdivision for the calendar year and make the list accessible to the public on the  
94.28 department's Web site.

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

94.30 (1) "qualified high-technology field" includes aerospace, agricultural processing,  
94.31 renewable energy, energy efficiency and conservation, environmental engineering, food  
94.32 technology, cellulosic ethanol, information technology, materials science technology,  
94.33 nanotechnology, telecommunications, biotechnology, medical device products,  
94.34 pharmaceuticals, diagnostics, biologicals, chemistry, veterinary science, and similar  
94.35 fields; and

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

95.4 **EFFECTIVE DATE.** This section is effective for qualified small businesses  
95.5 certified after June 30, 2012, except the amendments to paragraph (c), clause (7), and  
95.6 paragraph (c), adding clause (8), are effective the day following final enactment.

95.7 Sec. 3. Minnesota Statutes 2010, section 116J.8737, subdivision 5, is amended to read:

95.8 Subd. 5. **Credit allowed.** (a) A qualified investor or qualified fund is eligible for  
95.9 a credit equal to 25 percent of the qualified investment in a qualified small business.  
95.10 Investments made by a pass-through entity qualify for a credit only if the entity is a  
95.11 qualified fund. The commissioner must not allocate more than \$11,000,000 in credits to  
95.12 qualified investors or qualified funds for taxable years beginning after December 31,  
95.13 2009, and before January 1, 2011, ~~and~~ must not allocate more than \$12,000,000 in credits  
95.14 per year for taxable years beginning after December 31, 2010, and before January 1,  
95.15 ~~2015~~ 2012, must not allocate more than \$16,500,000 in credits per year for taxable years  
95.16 beginning after December 31, 2011, and before January 1, 2013, and must not allocate  
95.17 more than \$12,000,000 in credits per year for taxable years beginning after December 31,  
95.18 2012, and before January 1, 2015. Any portion of a taxable year's credits that is not  
95.19 allocated by the commissioner does not cancel and may be carried forward to subsequent  
95.20 taxable years until all credits have been allocated.

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

95.27 (c) The commissioner may not allocate a credit to a qualified investor either as an  
95.28 individual qualified investor or as an investor in a qualified fund if the investor receives  
95.29 more than 50 percent of the investor's gross annual income from the qualified small  
95.30 business in which the qualified investment is proposed. A member of the family of an  
95.31 individual disqualified by this paragraph is not eligible for a credit under this section. For  
95.32 a married couple filing a joint return, the limitations in this paragraph apply collectively  
95.33 to the investor and spouse. For purposes of determining the ownership interest of an  
95.34 investor under this paragraph, the rules under section 267(c) and 267(e) of the Internal  
95.35 Revenue Code apply.

96.1 (d) Applications for tax credits for 2010 must be made available on the department's  
96.2 Web site by September 1, 2010, and the department must begin accepting applications  
96.3 by September 1, 2010. Applications for subsequent years must be made available by  
96.4 November 1 of the preceding year.

96.5 (e) Qualified investors and qualified funds must apply to the commissioner for tax  
96.6 credits. Tax credits must be allocated to qualified investors or qualified funds in the order  
96.7 that the tax credit request applications are filed with the department. The commissioner  
96.8 must approve or reject tax credit request applications within 15 days of receiving the  
96.9 application. The investment specified in the application must be made within 60 days of  
96.10 the allocation of the credits. If the investment is not made within 60 days, the credit  
96.11 allocation is canceled and available for reallocation. A qualified investor or qualified fund  
96.12 that fails to invest as specified in the application, within 60 days of allocation of the  
96.13 credits, must notify the commissioner of the failure to invest within five business days of  
96.14 the expiration of the 60-day investment period.

96.15 (f) All tax credit request applications filed with the department on the same day must  
96.16 be treated as having been filed contemporaneously. If two or more qualified investors or  
96.17 qualified funds file tax credit request applications on the same day, and the aggregate  
96.18 amount of credit allocation claims exceeds the aggregate limit of credits under this section  
96.19 or the lesser amount of credits that remain unallocated on that day, then the credits must  
96.20 be allocated among the qualified investors or qualified funds who filed on that day on a  
96.21 pro rata basis with respect to the amounts claimed. The pro rata allocation for any one  
96.22 qualified investor or qualified fund is the product obtained by multiplying a fraction,  
96.23 the numerator of which is the amount of the credit allocation claim filed on behalf of  
96.24 a qualified investor and the denominator of which is the total of all credit allocation  
96.25 claims filed on behalf of all applicants on that day, by the amount of credits that remain  
96.26 unallocated on that day for the taxable year.

96.27 (g) A qualified investor or qualified fund, or a qualified small business acting on their  
96.28 behalf, must notify the commissioner when an investment for which credits were allocated  
96.29 has been made, and the taxable year in which the investment was made. A qualified fund  
96.30 must also provide the commissioner with a statement indicating the amount invested by  
96.31 each investor in the qualified fund based on each investor's share of the assets of the  
96.32 qualified fund at the time of the qualified investment. After receiving notification that the  
96.33 investment was made, the commissioner must issue credit certificates for the taxable year  
96.34 in which the investment was made to the qualified investor or, for an investment made by  
96.35 a qualified fund, to each qualified investor who is an investor in the fund. The certificate  
96.36 must state that the credit is subject to revocation if the qualified investor or qualified



97.1 fund does not hold the investment in the qualified small business for at least three years,  
97.2 consisting of the calendar year in which the investment was made and the two following  
97.3 years. The three-year holding period does not apply if:

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

97.6 (2) 80 percent or more of the assets of the qualified small business is sold before  
97.7 the end of the three-year period;

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

97.9 (4) the qualified small business's common stock begins trading on a public exchange  
97.10 before the end of the three-year period.

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

97.13 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
97.14 December 31, 2011.

97.15 Sec. 4. Minnesota Statutes 2010, section 116J.8737, is amended by adding a  
97.16 subdivision to read:

97.17 **Subd. 5a. Promotion of credit in greater Minnesota.** (a) By July 1, 2012, the  
97.18 commissioner shall develop a plan to increase awareness of and use of the credit for  
97.19 investments in greater Minnesota businesses with a target goal that a minimum of 30  
97.20 percent of the credit will be awarded for those investments during the second half  
97.21 of calendar year 2013 and for each full calendar year thereafter. Beginning with the  
97.22 legislative report due on March 15, 2013, under subdivision 9, the commissioner shall  
97.23 report on its plan under this subdivision and the results achieved.

97.24 (b) If the target goal of 30 percent under paragraph (a) is not achieved for the  
97.25 six-month period ending on December 31, 2013, the credit percentage under subdivision  
97.26 5, paragraph (a), is increased to 40 percent for a qualified investment made after December  
97.27 31, 2013, in a greater Minnesota business. This paragraph does not apply and the credit  
97.28 percentage for all qualified investments is the rate provided under subdivision 5 for any  
97.29 calendar year beginning after a calendar year for which the commissioner determines the  
97.30 30 percent target has been satisfied. The commissioner shall timely post notification of  
97.31 changes in the credit rate under this paragraph on the department's website.

97.32 (c) For purposes of this section, a "greater Minnesota business" means a qualified  
97.33 small business with its headquarters and 51 percent or more of its employees employed  
97.34 at Minnesota locations outside of the metropolitan area as defined in section 473.121,  
97.35 subdivision 2.

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

98.2 Sec. 5. Minnesota Statutes 2010, section 116J.8737, subdivision 8, is amended to read:

98.3 Subd. 8. **Data privacy.** (a) Data contained in an application submitted to the  
98.4 commissioner under subdivision 2, 3, or 4 are nonpublic data, or private data on  
98.5 individuals, as defined in section 13.02, subdivision 9 or 12, except that the following  
98.6 data items are public:

98.7 (1) the name, mailing address, telephone number, e-mail address, contact person's  
98.8 name, and industry type of a qualified small business upon approval of the application  
98.9 and certification by the commissioner under subdivision 2;

98.10 (2) the name of a qualified investor upon approval of the application and certification  
98.11 by the commissioner under subdivision 3;

98.12 (3) the name of a qualified fund upon approval of the application and certification  
98.13 by the commissioner under subdivision 4;

98.14 (4) for credit certificates issued under subdivision 5, the amount of the credit  
98.15 certificate issued, amount of the qualifying investment, the name of the qualifying investor  
98.16 or qualifying fund that received the certificate, and the name of the qualifying small  
98.17 business in which the qualifying investment was made;

98.18 (5) for credits revoked under subdivision 7, paragraph (a), the amount revoked and  
98.19 the name of the qualified investor or qualified fund; and

98.20 (6) for credits revoked under subdivision 7, paragraphs (b) and (c), the amount  
98.21 revoked and the name of the qualified small business.

98.22 (b) The following data, including data classified as nonpublic or private, must be  
98.23 provided to the consultant for use in conducting the program evaluation under subdivision  
98.24 10:

98.25 (1) the commissioner of employment and economic development shall provide data  
98.26 contained in an application for certification received from a qualified small business,  
98.27 qualified investor, or qualified fund, and any annual reporting information received on a  
98.28 qualified small business, qualified investor, or qualified fund; and

98.29 (2) the commissioner of revenue shall provide data contained in any applicable tax  
98.30 returns of a qualified small business, qualified investor, or qualified fund.

98.31 **EFFECTIVE DATE.** This section is effective for businesses requesting certification  
98.32 starting on the day following final enactment.

98.33 Sec. 6. Minnesota Statutes 2011 Supplement, section 289A.02, subdivision 7, is  
98.34 amended to read:

99.1 Subd. 7. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal  
99.2 Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~April 14,~~  
99.3 ~~2011~~ February 14, 2012.

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

99.5 Sec. 7. Minnesota Statutes 2011 Supplement, section 290.01, subdivision 19, is  
99.6 amended to read:

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

99.13 In the case of a regulated investment company or a fund thereof, as defined in section  
99.14 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment  
99.15 company taxable income as defined in section 852(b)(2) of the Internal Revenue Code,  
99.16 except that:

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

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

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

99.26 The net income of a real estate investment trust as defined and limited by section  
99.27 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust  
99.28 taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

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

99.32 The Internal Revenue Code of 1986, as amended through ~~April 14, 2011~~ February  
99.33 14, 2012, shall be in effect for taxable years beginning after December 31, 1996. ~~The~~  
99.34 ~~provisions of the act of January 22, 2010, Public Law 111-126, to accelerate the benefits~~  
99.35 ~~for charitable cash contributions for the relief of victims of the Haitian earthquake, are~~

100.1 ~~effective at the same time they became effective for federal purposes and apply to the~~  
100.2 ~~subtraction under subdivision 19b, clause (6). The provisions of title II, section 2112, of~~  
100.3 ~~the act of September 27, 2010, Public Law 111-240, rollovers from elective deferral plans~~  
100.4 ~~to designated Roth accounts, are effective at the same time they became effective for~~  
100.5 ~~federal purposes and taxable rollovers are included in net income at the same time they are~~  
100.6 ~~included in gross income for federal purposes.~~

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

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

100.11 Sec. 8. Minnesota Statutes 2011 Supplement, section 290.01, subdivision 31, is  
100.12 amended to read:

100.13 Subd. 31. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal  
100.14 Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~April 14,~~  
100.15 ~~2011~~ February 14, 2012. Internal Revenue Code also includes any uncodified provision in  
100.16 federal law that relates to provisions of the Internal Revenue Code that are incorporated  
100.17 into Minnesota law. When used in this chapter, the reference to "subtitle A, chapter 1,  
100.18 subchapter N, part 1, of the Internal Revenue Code" is to the Internal Revenue Code as  
100.19 amended through March 18, 2010.

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

100.21 Sec. 9. Minnesota Statutes 2010, section 290.068, subdivision 1, is amended to read:

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

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

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

100.27 (2) the base amount; and

100.28 (b) ~~2.5~~ 2.8 percent on all of such excess expenses over \$2,000,000 for taxable years  
100.29 beginning after December 31, 2011.

100.30 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
100.31 December 31, 2011.

100.32 Sec. 10. Minnesota Statutes 2010, section 290.0681, subdivision 1, is amended to read:

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

101.3 (b) "Account" means the historic credit administration account in the special  
101.4 revenue fund.

101.5 (c) "Office" means the State Historic Preservation Office of the Minnesota Historical  
101.6 Society.

101.7 (d) "Project" means rehabilitation of a certified historic structure, as defined in  
101.8 section 47(c)(3)(A) of the Internal Revenue Code, that is located in Minnesota and is  
101.9 allowed a federal credit ~~under section 47(a)(2) of the Internal Revenue Code.~~

101.10 (e) "Society" means the Minnesota Historical Society.

101.11 (f) "Federal credit" means the credit allowed under section 47(a)(2) of the Internal  
101.12 Revenue Code.

101.13 (g) "Placed in service" has the meaning used in section 47 of the Internal Revenue  
101.14 Code.

101.15 (h) "Qualified rehabilitation expenditures" has the meaning given in section 47 of  
101.16 the Internal Revenue Code.

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

101.18 Sec. 11. Minnesota Statutes 2010, section 290.0681, subdivision 3, is amended to read:

101.19 Subd. 3. **Applications; allocations.** (a) To qualify for a credit or grant under this  
101.20 section, the developer of a project must apply to the office before the rehabilitation begins.  
101.21 The application must contain the information and be in the form prescribed by the office.  
101.22 The office may collect a fee for application of up to \$5,000, based on estimated qualified  
101.23 rehabilitation ~~expenses~~ expenditures, to offset costs associated with personnel and  
101.24 administrative expenses related to administering the credit and preparing the economic  
101.25 impact report in subdivision 9. Application fees are deposited in the account. The  
101.26 application must indicate if the application is for a credit or a grant in lieu of the credit  
101.27 or a combination of the two and designate the taxpayer qualifying for the credit or the  
101.28 recipient of the grant.

101.29 (b) Upon approving an application for credit, the office shall issue allocation  
101.30 certificates that:

101.31 (1) verify eligibility for the credit or grant;

101.32 (2) state the amount of credit or grant anticipated with the project, with the credit  
101.33 amount equal to 100 percent and the grant amount equal to 90 percent of the federal  
101.34 credit anticipated in the application;

102.1 (3) state that the credit or grant allowed may increase or decrease if the federal  
102.2 credit the project receives at the time it is placed in service is different than the amount  
102.3 anticipated at the time the allocation certificate is issued; and

102.4 (4) state the fiscal year in which the credit or grant is allocated, and that the taxpayer  
102.5 or grant recipient is entitled to receive the credit or grant at the time the project is placed  
102.6 in service, provided that date is within three calendar years following the issuance of  
102.7 the allocation certificate.

102.8 (c) The office, in consultation with the commissioner ~~of revenue~~, shall determine  
102.9 if the project is eligible for a credit or a grant under this section and must notify the  
102.10 developer in writing of its determination. Eligibility for the credit is subject to review  
102.11 and audit by the commissioner ~~of revenue~~.

102.12 (d) The federal credit recapture and repayment requirements under section 50 of the  
102.13 Internal Revenue Code do not apply to the credit allowed under this section.

102.14 (e) Any decision of the office under paragraph (c) of this subdivision may be  
102.15 challenged as a contested case under chapter 14. The contested case proceeding must be  
102.16 initiated within 45 days of the date of written notification by the office.

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

102.18 Sec. 12. Minnesota Statutes 2010, section 290.0681, subdivision 4, is amended to read:

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

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

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

102.27 (b) The recipient of a credit certificate may assign the certificate to another taxpayer,  
102.28 which is then allowed the credit under this section or section 297I.20, subdivision 3. An  
102.29 assignment is not valid unless the assignee notifies the commissioner within 30 days of the  
102.30 date that the assignment is made. The commissioner shall prescribe the forms necessary  
102.31 for notifying the commissioner of the assignment of a credit certificate and for claiming  
102.32 a credit by assignment.

102.33 (c) Credits passed through pursuant to subdivision 5 of this section are not an  
102.34 assignment of a credit certificate under this subdivision.

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

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

103.4 Sec. 13. Minnesota Statutes 2010, section 290.0681, subdivision 5, is amended to read:

103.5 Subd. 5. **Partnerships; multiple owners.** Credits granted to a partnership, a limited  
103.6 liability company taxed as a partnership, S corporation, or multiple owners of property  
103.7 are passed through to the partners, members, shareholders, or owners, respectively, pro  
103.8 rata to each partner, member, shareholder, or owner based on their share of the entity's  
103.9 assets or as specially allocated in their organizational documents or any other executed  
103.10 agreement, as of the last day of the taxable year.

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

103.12 Sec. 14. Minnesota Statutes 2010, section 290.0681, subdivision 10, is amended to  
103.13 read:

103.14 Subd. 10. **Sunset.** This section expires after fiscal year ~~2015~~ 2021, except that  
103.15 the office's authority to issue credit certificates under subdivision 4 based on allocation  
103.16 certificates that were issued before fiscal year ~~2016~~ 2022 remains in effect through ~~2018~~  
103.17 2024, and the reporting requirements in subdivision 9 remain in effect through the year  
103.18 following the year in which all allocation certificates have either been canceled or resulted  
103.19 in issuance of credit certificates, or ~~2019~~ 2025, whichever is earlier.

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

103.21 Sec. 15. **[290.0693] VETERANS JOBS TAX CREDIT.**

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

103.24 (b)(1) "Full-time employee" means an employee as defined in section 290.92,  
103.25 subdivision 1, who meets the following criteria:

103.26 (i) the employee is paid wages as defined in section 290.92, subdivision 1, for at  
103.27 least 1,820 hours during the 12-month period that starts on the date of hire;

103.28 (ii) the employee's wages are attributable to Minnesota under section 290.191,  
103.29 subdivision 12;

103.30 (iii) the employee performs services for the employer in at least 50 weeks during the  
103.31 12-month period that starts on the date of hire; and

104.1 (iv) the employee's total compensation, including benefits not mandated by law, is at  
104.2 least \$25,000 for the 12-month period that starts on the date of hire.

104.3 (2) "Full-time employee" does not include:

104.4 (i) any employee who bears any of the relationships described in subparagraphs (A)  
104.5 to (G) of section 152(d)(2) of the Internal Revenue Code to the employer;

104.6 (ii) if the employer is a corporation, any employee who owns, directly or indirectly,  
104.7 more than 50 percent in value of the outstanding stock of the corporation, or if the  
104.8 employer is an entity other than a corporation, an employee who owns, directly or  
104.9 indirectly, more than 50 percent of the capital and profits interests in the entity, as  
104.10 determined with the application of section 267(c) of the Internal Revenue Code; or

104.11 (iii) if the employer is an estate or trust, any employee who is a fiduciary of the estate  
104.12 or trust, or is an individual who bears any of the relationships described in subparagraphs  
104.13 (A) to (G) of section 152(d)(2) of the Internal Revenue Code to a grantor, beneficiary,  
104.14 or fiduciary of the estate or trust.

104.15 (c) "Qualified employer" means an employer that:

104.16 (1) employed a total of five or more full-time employees on December 31, 2011; and

104.17 (2) hired one or more qualified full-time employees after March 31, 2012.

104.18 (d) "Qualified full-time employee" means a full-time employee who:

104.19 (1) has completed 12 consecutive months of service as a full-time employee for a  
104.20 qualified employer;

104.21 (2) is a qualified unemployed veteran; and

104.22 (3) is a resident of Minnesota on the date of hire.

104.23 (e) "Qualified unemployed veteran" is a person who:

104.24 (1) was in active military service in a designated area after September 11, 2001,  
104.25 as defined in section 290.0677;

104.26 (2) was separated from active military service at any time during the five-year period  
104.27 prior to the date of hire;

104.28 (3) received unemployment compensation under state or federal law for not less than  
104.29 four weeks during the one-year period prior to the date of hire; and

104.30 (4) was unemployed on the date of hire.

104.31 (f) "Date of hire" means the day that the qualified full-time employee begins  
104.32 performing services as an employee for the qualified employer.

104.33 (g) "Construction trades employer" means a person carrying on a trade or business  
104.34 described in industry code numbers 23 through 238990 of the North American Industry  
104.35 Classification System.



105.1 Subd. 2. Credit for new full-time employees. (a) A qualified employer who is  
105.2 required to file a return under section 289A.08, subdivision 1, 2, or 3, is allowed a credit  
105.3 against the tax imposed by this chapter for the net increase in qualified full-time employees.

105.4 (b)(1) For hiring qualified full-time employees after March 30, 2012, but before  
105.5 January 1, 2013, the credit is equal to \$3,000 times the net increase in full-time employees.

105.6 The net increase in full-time employees is the difference between:

105.7 (i) the total number of full-time employees employed by the employer on December  
105.8 31, 2011; and

105.9 (ii) the number of full-time employees employed by the employer on December  
105.10 31, 2012.

105.11 The net increase in full-time employees cannot exceed the number of qualified full-time  
105.12 employees hired after March 31, 2012, but before January 1, 2013.

105.13 (2) For hiring qualified full-time employees after December 31, 2012, but before  
105.14 July 1, 2013, the credit is equal to \$1,500 times the net increase in full-time employees.

105.15 The net increase in full-time employees is the difference between:

105.16 (i) the total number of full-time employees employed by the taxpayer on December  
105.17 31, 2011; and

105.18 (ii) the number of full-time employees employed by the taxpayer on December  
105.19 31, 2013.

105.20 The net increase in full-time employees cannot exceed the number of qualified full-time  
105.21 employees hired after December 31, 2012, but before July 1, 2013.

105.22 (c) The credit may be claimed in the taxable year in which the qualified full-time  
105.23 employee completes 12 consecutive months of continuous service as a full-time employee  
105.24 of the qualified employer.

105.25 (d) The maximum aggregate credits allowed to a qualified employer under this  
105.26 section for all taxable years is \$50,000.

105.27 (e) For members of a unitary business whose income and factors are included on a  
105.28 combined income report under section 289A.08, subdivision 3, the number of full-time  
105.29 employees and the maximum allowable credit are not determined at the individual  
105.30 member level but are instead determined at the group level.

105.31 Subd. 3. Allocation of credits. (a) By July 1, 2012, the commissioner shall develop  
105.32 an Internet application that allows employers to apply for tentative credits. The application  
105.33 must include the employer's name, tax identification number, and North American Industry  
105.34 Classification System industry code, and the name and date of hire of the employee.

106.1 (b) The credit is available only to employers who apply for a tentative credit using  
106.2 the application in paragraph (a) and who receive notice that their application has been  
106.3 approved for a tentative credit.

106.4 (c) Employers may apply for a tentative credit no earlier than the date of hire of  
106.5 each qualified full-time employee. Any employer may file more than one tentative credit  
106.6 application, but no employer may apply for tentative credits for more than a total of 16  
106.7 employees hired in 2012 or 33 employees hired in 2013.

106.8 (d) The commissioner shall approve applications seeking tentative credits for the  
106.9 first 1,250 full-time employees based on the order in which the applications are received.

106.10 (e) The commissioner must promptly notify employers if they are eligible for a  
106.11 tentative credit. The notice must state that the employer is eligible for a credit only after  
106.12 the employee named in the application has worked for 12 consecutive months and all other  
106.13 conditions of eligibility are met.

106.14 (f) The commissioner shall promptly publish public notice when all 2,500 tentative  
106.15 credits have been applied for.

106.16 **Subd. 4. Tentative credits for construction trades employers.** (a) Any  
106.17 construction trades employer may apply for a tentative credit.

106.18 (b) To remain eligible for a credit, a construction trades employer who has received  
106.19 a tentative credit must renew the tentative credit by filing an application with the  
106.20 commissioner no earlier than 180 days after date of hire and no more than 210 days after  
106.21 date of hire. The renewal notice must state that the employee for whom the tentative credit  
106.22 was originally granted is still an employee and that the employer reasonably believes that  
106.23 all qualifications of eligibility for a credit will be met.

106.24 (c) Any tentative credit issued to a construction trades employer that is not renewed  
106.25 within the time required for renewal is canceled. Any canceled tentative credits are  
106.26 available to be reissued by the commissioner to employers under subdivision 3.

106.27 **Subd. 5. Flow-through entities.** Credits granted to a partnership, limited liability  
106.28 company taxed as a partnership, S corporation, or multiple owners of a business are passed  
106.29 through to the partners, members, shareholders, or owners, respectively, pro rata to each  
106.30 partner, member, shareholder, or owner based on their share of the entity's assets or as  
106.31 specially allocated in their organizational documents, as of the last day of the taxable year.

106.32 **Subd. 6. Refundable.** If the amount of the credit allowed under this section exceeds  
106.33 the liability for tax under this chapter, the commissioner shall refund the excess to the  
106.34 taxpayer.

106.35 **Subd. 7. Appropriation.** An amount sufficient to pay the refunds authorized by this  
106.36 section is appropriated to the commissioner from the general fund.

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

107.2 Sec. 16. Minnesota Statutes 2011 Supplement, section 290A.03, subdivision 15,  
107.3 is amended to read:

107.4 Subd. 15. **Internal Revenue Code.** "Internal Revenue Code" means the Internal  
107.5 Revenue Code of 1986, as amended through ~~April 14, 2011~~ February 14, 2012.

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

107.7 Sec. 17. Minnesota Statutes 2011 Supplement, section 291.005, subdivision 1, is  
107.8 amended to read:

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

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

107.13 (2) "Federal gross estate" means the gross estate of a decedent as required to be  
107.14 valued and otherwise determined for federal estate tax purposes under the Internal  
107.15 Revenue Code.

107.16 (3) "Internal Revenue Code" means the United States Internal Revenue Code of  
107.17 1986, as amended through ~~April 14, 2011~~ February 14, 2012, but without regard to the  
107.18 provisions of sections 501 and 901 of Public Law 107-16, as amended by Public Law  
107.19 111-312, and section 301(c) of Public Law 111-312.

107.20 (4) "Minnesota adjusted taxable estate" means federal adjusted taxable estate as  
107.21 defined by section 2011(b)(3) of the Internal Revenue Code, plus

107.22 (i) the amount of deduction for state death taxes allowed under section 2058 of  
107.23 the Internal Revenue Code; less

107.24 (ii)(A) the value of qualified small business property under section 291.03,  
107.25 subdivision 9, and the value of qualified farm property under section 291.03, subdivision  
107.26 10, or (B) \$4,000,000, whichever is less.

107.27 (5) "Minnesota gross estate" means the federal gross estate of a decedent after (a)  
107.28 excluding therefrom any property included therein which has its situs outside Minnesota,  
107.29 and (b) including therein any property omitted from the federal gross estate which is  
107.30 includable therein, has its situs in Minnesota, and was not disclosed to federal taxing  
107.31 authorities.

107.32 (6) "Nonresident decedent" means an individual whose domicile at the time of  
107.33 death was not in Minnesota.

108.1 (7) "Personal representative" means the executor, administrator or other person  
108.2 appointed by the court to administer and dispose of the property of the decedent. If there  
108.3 is no executor, administrator or other person appointed, qualified, and acting within this  
108.4 state, then any person in actual or constructive possession of any property having a situs in  
108.5 this state which is included in the federal gross estate of the decedent shall be deemed  
108.6 to be a personal representative to the extent of the property and the Minnesota estate tax  
108.7 due with respect to the property.

108.8 (8) "Resident decedent" means an individual whose domicile at the time of death  
108.9 was in Minnesota.

108.10 (9) "Situs of property" means, with respect to real property, the state or country in  
108.11 which it is located; with respect to tangible personal property, the state or country in which  
108.12 it was normally kept or located at the time of the decedent's death; and with respect to  
108.13 intangible personal property, the state or country in which the decedent was domiciled  
108.14 at death.

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

108.16 Sec. 18. Laws 2010, chapter 216, section 11, the effective date, is amended to read:

108.17 **EFFECTIVE DATE.** This section is effective for taxable years beginning  
108.18 after December 31, 2009, for certified historic structures for which qualified ~~costs of~~  
108.19 ~~rehabilitation are first paid under construction contracts entered into after May 1, 2010~~  
108.20 rehabilitation expenditures are first paid by the developer or taxpayer after May 1, 2010,  
108.21 for rehabilitation that occurs after May 1, 2010, provided that the application under  
108.22 subdivision 3 is submitted before the project is placed in service.

108.23 **EFFECTIVE DATE.** This section is effective the day following final enactment  
108.24 and applies retroactively for taxable years beginning after December 31, 2009, and for  
108.25 certified historic structures placed in service after May 1, 2010, but the office may not  
108.26 issue certificates allowed under the change to this section until July 1, 2012.

108.27 Sec. 19. **AMENDED RETURNS; CERTAIN IRA ROLLOVERS.**

108.28 An individual who excludes an amount from net income in a prior taxable year  
108.29 through rollover of an airline payment amount to a traditional IRA, as authorized under  
108.30 Public Law 112-95, section 1106, may file an amended individual income tax return and  
108.31 claim for refund of state taxes as provided under Minnesota Statutes, section 289A.40,  
108.32 subdivision 1, or, if later, by April 15, 2013.

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

109.2 **ARTICLE 9**

109.3 **SALES AND SPECIAL TAXES**

109.4 Section 1. Minnesota Statutes 2010, section 289A.20, subdivision 4, is amended to  
109.5 read:

109.6 Subd. 4. **Sales and use tax.** (a) The taxes imposed by chapter 297A are due and  
109.7 payable to the commissioner monthly on or before the 20th day of the month following  
109.8 the month in which the taxable event occurred, or following another reporting period  
109.9 as the commissioner prescribes or as allowed under section 289A.18, subdivision 4,  
109.10 paragraph (f) or (g), except that:

109.11 ~~(1) use taxes due on an annual use tax return as provided under section 289A.11,~~  
109.12 ~~subdivision 1, are payable by April 15 following the close of the calendar year, and~~

109.13 ~~(2) except as provided in paragraph (f), for a vendor having a liability of \$120,000~~  
109.14 ~~or more during a fiscal year ending June 30, 2009, and fiscal years thereafter, the taxes~~  
109.15 ~~imposed by chapter 297A, except as provided in paragraph (b), are due and payable to the~~  
109.16 ~~commissioner monthly in the following manner:~~

109.17 ~~(i) On or before the 14th day of the month following the month in which the taxable~~  
109.18 ~~event occurred, the vendor must remit to the commissioner 90 percent of the estimated~~  
109.19 ~~liability for the month in which the taxable event occurred.~~

109.20 ~~(ii) On or before the 20th day of the month in which the taxable event occurs, the~~  
109.21 ~~vendor must remit to the commissioner a prepayment for the month in which the taxable~~  
109.22 ~~event occurs equal to 67 percent of the liability for the previous month.~~

109.23 ~~(iii) On or before the 20th day of the month following the month in which the taxable~~  
109.24 ~~event occurred, the vendor must pay any additional amount of tax not previously remitted~~  
109.25 ~~under either item (i) or (ii) or, if the payment made under item (i) or (ii) was greater than~~  
109.26 ~~the vendor's liability for the month in which the taxable event occurred, the vendor may~~  
109.27 ~~take a credit against the next month's liability in a manner prescribed by the commissioner.~~

109.28 ~~(iv) Once the vendor first pays under either item (i) or (ii), the vendor is required to~~  
109.29 ~~continue to make payments in the same manner, as long as the vendor continues having a~~  
109.30 ~~liability of \$120,000 or more during the most recent fiscal year ending June 30.~~

109.31 ~~(v) Notwithstanding items (i), (ii), and (iv), if a vendor fails to make the required~~  
109.32 ~~payment in the first month that the vendor is required to make a payment under either item~~  
109.33 ~~(i) or (ii), then the vendor is deemed to have elected to pay under item (ii) and must make~~  
109.34 ~~subsequent monthly payments in the manner provided in item (ii).~~

110.1 ~~(vi) For vendors making an accelerated payment under item (ii), for the first month~~  
110.2 ~~that the vendor is required to make the accelerated payment, on the 20th of that month, the~~  
110.3 ~~vendor will pay 100 percent of the liability for the previous month and a prepayment for~~  
110.4 ~~the first month equal to 67 percent of the liability for the previous month.~~

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

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

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

110.12 (c) A vendor having a liability of:

110.13 (1) \$10,000 or more, but less than \$120,000 during a fiscal year ending June 30,  
110.14 2009, and fiscal years thereafter, must remit by electronic means all liabilities on returns  
110.15 due for periods beginning in the subsequent calendar year on or before the 20th day of  
110.16 the month following the month in which the taxable event occurred, or on or before the  
110.17 20th day of the month following the month in which the sale is reported under section  
110.18 289A.18, subdivision 4; or

110.19 (2) \$120,000 or more, during a fiscal year ending June 30, 2009, and fiscal years  
110.20 thereafter, must remit by electronic means all liabilities in the manner provided in  
110.21 paragraph (a), ~~clause (2),~~ on returns due for periods beginning in the subsequent calendar  
110.22 year, except for 90 percent of the estimated June liability, which is due two business days  
110.23 before June 30. The remaining amount of the June liability is due on August 20.

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

110.31 ~~(e) Whenever the liability is \$120,000 or more separately for: (1) the tax imposed~~  
110.32 ~~under chapter 297A; (2) a fee that is to be reported on the same return as and paid with the~~  
110.33 ~~chapter 297A taxes; or (3) any other tax that is to be reported on the same return as and~~  
110.34 ~~paid with the chapter 297A taxes, then the payment of all the liabilities on the return must~~  
110.35 ~~be accelerated as provided in this subdivision.~~

111.1 ~~(f) At the start of the first calendar quarter at least 90 days after the cash flow~~  
111.2 ~~account established in section 16A.152, subdivision 1, and the budget reserve account~~  
111.3 ~~established in section 16A.152, subdivision 1a, reach the amounts listed in section~~  
111.4 ~~16A.152, subdivision 2, paragraph (a), the remittance of the accelerated payments required~~  
111.5 ~~under paragraph (a), clause (2), must be suspended. The commissioner of management~~  
111.6 ~~and budget shall notify the commissioner of revenue when the accounts have reached~~  
111.7 ~~the required amounts. Beginning with the suspension of paragraph (a), clause (2), for a~~  
111.8 ~~vendor with a liability of \$120,000 or more during a fiscal year ending June 30, 2009,~~  
111.9 ~~and fiscal years thereafter, the taxes imposed by chapter 297A are due and payable to the~~  
111.10 ~~commissioner on the 20th day of the month following the month in which the taxable~~  
111.11 ~~event occurred. Payments of tax liabilities for taxable events occurring in June under~~  
111.12 ~~paragraph (b) are not changed.~~

111.13 **EFFECTIVE DATE.** This section is effective for taxes due and payable after  
111.14 June 30, 2012.

111.15 Sec. 2. Minnesota Statutes 2011 Supplement, section 295.53, subdivision 1, is  
111.16 amended to read:

111.17 Subdivision 1. **Exemptions.** (a) The following payments are excluded from the  
111.18 gross revenues subject to the hospital, surgical center, or health care provider taxes under  
111.19 sections 295.50 to 295.59:

111.20 (1) payments received for services provided under the Medicare program, including  
111.21 payments received from the government, and organizations governed by sections 1833  
111.22 and 1876 of title XVIII of the federal Social Security Act, United States Code, title 42,  
111.23 section 1395, and enrollee deductibles, coinsurance, and co-payments, whether paid by the  
111.24 Medicare enrollee or by a Medicare supplemental coverage as defined in section 62A.011,  
111.25 subdivision 3, clause (10), or by Medicaid payments under title XIX of the federal Social  
111.26 Security Act. Payments for services not covered by Medicare are taxable;

111.27 (2) payments received for home health care services;

111.28 (3) payments received from hospitals or surgical centers for goods and services on  
111.29 which liability for tax is imposed under section 295.52 or the source of funds for the  
111.30 payment is exempt under clause (1), (7), (10), or (14);

111.31 (4) payments received from health care providers for goods and services on which  
111.32 liability for tax is imposed under this chapter or the source of funds for the payment is  
111.33 exempt under clause (1), (7), (10), or (14);

111.34 (5) amounts paid for legend drugs, other than nutritional products and blood and  
111.35 blood components, to a wholesale drug distributor who is subject to tax under section

112.1 295.52, subdivision 3, reduced by reimbursements received for legend drugs otherwise  
112.2 exempt under this chapter;

112.3 (6) payments received by a health care provider or the wholly owned subsidiary of a  
112.4 health care provider for care provided outside Minnesota;

112.5 (7) payments received from the chemical dependency fund under chapter 254B;

112.6 (8) payments received in the nature of charitable donations that are not designated  
112.7 for providing patient services to a specific individual or group;

112.8 (9) payments received for providing patient services incurred through a formal  
112.9 program of health care research conducted in conformity with federal regulations  
112.10 governing research on human subjects. Payments received from patients or from other  
112.11 persons paying on behalf of the patients are subject to tax;

112.12 (10) payments received from any governmental agency for services benefiting the  
112.13 public, not including payments made by the government in its capacity as an employer  
112.14 or insurer or payments made by the government for services provided under general  
112.15 assistance medical care, the MinnesotaCare program, or the medical assistance program  
112.16 governed by title XIX of the federal Social Security Act, United States Code, title 42,  
112.17 sections 1396 to 1396v;

112.18 (11) government payments received by the commissioner of human services for  
112.19 state-operated services;

112.20 (12) payments received by a health care provider for hearing aids and related  
112.21 equipment or prescription eyewear delivered outside of Minnesota;

112.22 (13) payments received by an educational institution from student tuition, student  
112.23 activity fees, health care service fees, government appropriations, donations, or grants,  
112.24 and for services identified in and provided under an individualized education program  
112.25 as defined in section 256B.0625 or Code of Federal Regulations, chapter 34, section  
112.26 300.340(a). Fee for service payments and payments for extended coverage are taxable;

112.27 (14) payments received under the federal Employees Health Benefits Act, United  
112.28 States Code, title 5, section 8909(f), as amended by the Omnibus Reconciliation Act of  
112.29 1990. Enrollee deductibles, coinsurance, and co-payments are subject to tax; ~~and~~

112.30 (15) payments received under the federal Tricare program, Code of Federal  
112.31 Regulations, title 32, section 199.17(a)(7). Enrollee deductibles, coinsurance, and  
112.32 co-payments are subject to tax; and

112.33 (16) payments for laboratory services to examine and report results for a biological  
112.34 specimen that is collected outside the state. The entity claiming the exemption is required  
112.35 to keep adequate records demonstrating that the specimen was collected outside the state,  
112.36 so that the commissioner can ensure that the correct amount of tax is paid.



113.1 (b) Payments received by wholesale drug distributors for legend drugs sold directly  
113.2 to veterinarians or veterinary bulk purchasing organizations are excluded from the gross  
113.3 revenues subject to the wholesale drug distributor tax under sections 295.50 to 295.59.

113.4 **EFFECTIVE DATE.** This section is effective for gross revenues received from  
113.5 laboratory services provided on or after July 1, 2013.

113.6 Sec. 3. Minnesota Statutes 2010, section 297A.61, subdivision 4, is amended to read:

113.7 Subd. 4. **Retail sale.** (a) A "retail sale" means any sale, lease, or rental for any  
113.8 purpose, other than resale, sublease, or subrent of items by the purchaser in the normal  
113.9 course of business as defined in subdivision 21.

113.10 (b) A sale of property used by the owner only by leasing it to others or by holding it  
113.11 in an effort to lease it, and put to no use by the owner other than resale after the lease or  
113.12 effort to lease, is a sale of property for resale.

113.13 (c) A sale of master computer software that is purchased and used to make copies for  
113.14 sale or lease is a sale of property for resale.

113.15 (d) A sale of building materials, supplies, and equipment to owners, contractors,  
113.16 subcontractors, or builders for the erection of buildings or the alteration, repair, or  
113.17 improvement of real property is a retail sale in whatever quantity sold, whether the sale is  
113.18 for purposes of resale in the form of real property or otherwise.

113.19 (e) A sale of carpeting, linoleum, or similar floor covering to a person who provides  
113.20 for installation of the floor covering is a retail sale and not a sale for resale since a sale  
113.21 of floor covering which includes installation is a contract for the improvement of real  
113.22 property.

113.23 (f) A sale of shrubbery, plants, sod, trees, and similar items to a person who provides  
113.24 for installation of the items is a retail sale and not a sale for resale since a sale of  
113.25 shrubbery, plants, sod, trees, and similar items that includes installation is a contract for  
113.26 the improvement of real property.

113.27 (g) A sale of tangible personal property that is awarded as prizes is a retail sale and  
113.28 is not considered a sale of property for resale.

113.29 (h) A sale of tangible personal property utilized or employed in the furnishing or  
113.30 providing of services under subdivision 3, paragraph (g), clause (1), including, but not  
113.31 limited to, property given as promotional items, is a retail sale and is not considered a  
113.32 sale of property for resale.

113.33 (i) A sale of tangible personal property used in conducting lawful gambling under  
113.34 chapter 349 or the State Lottery under chapter 349A, including, but not limited to,

114.1 property given as promotional items, is a retail sale and is not considered a sale of  
114.2 property for resale.

114.3 (j) A sale of machines, equipment, or devices that are used to furnish, provide, or  
114.4 dispense goods or services, including, but not limited to, coin-operated devices, is a retail  
114.5 sale and is not considered a sale of property for resale.

114.6 (k) In the case of a lease, a retail sale occurs (1) when an obligation to make a lease  
114.7 payment becomes due under the terms of the agreement or the trade practices of the lessor  
114.8 ~~or~~; (2) in the case of a lease of a motor vehicle, as defined in section 297B.01, subdivision  
114.9 11, but excluding vehicles with a manufacturer's gross vehicle weight rating greater than  
114.10 10,000 pounds and rentals of vehicles for not more than 28 days, at the time the lease is  
114.11 executed; or (3) for rent-to-own or lease-to-own used vehicles where the lessee may  
114.12 purchase or return the vehicle at any time without penalty, at the time each payment is  
114.13 made under the terms of the agreement.

114.14 (l) In the case of a conditional sales contract, a retail sale occurs upon the transfer of  
114.15 title or possession of the tangible personal property.

114.16 (m) A sale of a bundled transaction in which one or more of the products included  
114.17 in the bundle is a taxable product is a retail sale, except that if one of the products  
114.18 is a telecommunication service, ancillary service, Internet access, or audio or video  
114.19 programming service, and the seller has maintained books and records identifying through  
114.20 reasonable and verifiable standards the portions of the price that are attributable to the  
114.21 distinct and separately identifiable products, then the products are not considered part of a  
114.22 bundled transaction. For purposes of this paragraph:

114.23 (1) the books and records maintained by the seller must be maintained in the regular  
114.24 course of business, and do not include books and records created and maintained by the  
114.25 seller primarily for tax purposes;

114.26 (2) books and records maintained in the regular course of business include, but are  
114.27 not limited to, financial statements, general ledgers, invoicing and billing systems and  
114.28 reports, and reports for regulatory tariffs and other regulatory matters; and

114.29 (3) books and records are maintained primarily for tax purposes when the books  
114.30 and records identify taxable and nontaxable portions of the price, but the seller maintains  
114.31 other books and records that identify different prices attributable to the distinct products  
114.32 included in the same bundled transaction.

114.33 **EFFECTIVE DATE.** This section is effective for leases entered into after June  
114.34 30, 2012.

114.35 Sec. 4. Minnesota Statutes 2010, section 297A.68, subdivision 5, is amended to read:

115.1 Subd. 5. **Capital equipment.** (a) Capital equipment is exempt. Except as provided  
115.2 in paragraph (e), the tax must be imposed and collected as if the rate under section  
115.3 297A.62, subdivision 1, applied, and then refunded in the manner provided in section  
115.4 297A.75.

115.5 "Capital equipment" means machinery and equipment purchased or leased, and used  
115.6 in this state by the purchaser or lessee primarily for manufacturing, fabricating, mining,  
115.7 or refining tangible personal property to be sold ultimately at retail if the machinery and  
115.8 equipment are essential to the integrated production process of manufacturing, fabricating,  
115.9 mining, or refining. Capital equipment also includes machinery and equipment  
115.10 used primarily to electronically transmit results retrieved by a customer of an online  
115.11 computerized data retrieval system.

115.12 (b) Capital equipment includes, but is not limited to:

115.13 (1) machinery and equipment used to operate, control, or regulate the production  
115.14 equipment;

115.15 (2) machinery and equipment used for research and development, design, quality  
115.16 control, and testing activities;

115.17 (3) environmental control devices that are used to maintain conditions such as  
115.18 temperature, humidity, light, or air pressure when those conditions are essential to and are  
115.19 part of the production process;

115.20 (4) materials and supplies used to construct and install machinery or equipment;

115.21 (5) repair and replacement parts, including accessories, whether purchased as spare  
115.22 parts, repair parts, or as upgrades or modifications to machinery or equipment;

115.23 (6) materials used for foundations that support machinery or equipment;

115.24 (7) materials used to construct and install special purpose buildings used in the  
115.25 production process;

115.26 (8) ready-mixed concrete equipment in which the ready-mixed concrete is mixed  
115.27 as part of the delivery process regardless if mounted on a chassis, repair parts for  
115.28 ready-mixed concrete trucks, and leases of ready-mixed concrete trucks; and

115.29 (9) machinery or equipment used for research, development, design, or production  
115.30 of computer software.

115.31 (c) Capital equipment does not include the following:

115.32 (1) motor vehicles taxed under chapter 297B;

115.33 (2) machinery or equipment used to receive or store raw materials;

115.34 (3) building materials, except for materials included in paragraph (b), clauses (6)  
115.35 and (7);

116.1 (4) machinery or equipment used for nonproduction purposes, including, but not  
116.2 limited to, the following: plant security, fire prevention, first aid, and hospital stations;  
116.3 support operations or administration; pollution control; and plant cleaning, disposal of  
116.4 scrap and waste, plant communications, space heating, cooling, lighting, or safety;

116.5 (5) farm machinery and aquaculture production equipment as defined by section  
116.6 297A.61, subdivisions 12 and 13;

116.7 (6) machinery or equipment purchased and installed by a contractor as part of an  
116.8 improvement to real property;

116.9 (7) machinery and equipment used by restaurants in the furnishing, preparing, or  
116.10 serving of prepared foods as defined in section 297A.61, subdivision 31;

116.11 (8) machinery and equipment used to furnish the services listed in section 297A.61,  
116.12 subdivision 3, paragraph (g), clause (6), items (i) to (vi) and (viii);

116.13 (9) machinery or equipment used in the transportation, transmission, or distribution  
116.14 of petroleum, liquefied gas, natural gas, water, or steam, in, by, or through pipes, lines,  
116.15 tanks, mains, or other means of transporting those products. This clause does not apply to  
116.16 machinery or equipment used to blend petroleum or biodiesel fuel as defined in section  
116.17 239.77; or

116.18 (10) any other item that is not essential to the integrated process of manufacturing,  
116.19 fabricating, mining, or refining.

116.20 (d) For purposes of this subdivision:

116.21 (1) "Equipment" means independent devices or tools separate from machinery but  
116.22 essential to an integrated production process, including computers and computer software,  
116.23 used in operating, controlling, or regulating machinery and equipment; and any subunit or  
116.24 assembly comprising a component of any machinery or accessory or attachment parts of  
116.25 machinery, such as tools, dies, jigs, patterns, and molds.

116.26 (2) "Fabricating" means to make, build, create, produce, or assemble components or  
116.27 property to work in a new or different manner.

116.28 (3) "Integrated production process" means a process or series of operations through  
116.29 which tangible personal property is manufactured, fabricated, mined, or refined. For  
116.30 purposes of this clause, (i) manufacturing begins with the removal of raw materials  
116.31 from inventory and ends when the last process prior to loading for shipment has been  
116.32 completed; (ii) fabricating begins with the removal from storage or inventory of the  
116.33 property to be assembled, processed, altered, or modified and ends with the creation  
116.34 or production of the new or changed product; (iii) mining begins with the removal of  
116.35 overburden from the site of the ores, minerals, stone, peat deposit, or surface materials and  
116.36 ends when the last process before stockpiling is completed; and (iv) refining begins with

117.1 the removal from inventory or storage of a natural resource and ends with the conversion  
117.2 of the item to its completed form.

117.3 (4) "Machinery" means mechanical, electronic, or electrical devices, including  
117.4 computers and computer software, that are purchased or constructed to be used for the  
117.5 activities set forth in paragraph (a), beginning with the removal of raw materials from  
117.6 inventory through completion of the product, including packaging of the product.

117.7 (5) "Machinery and equipment used for pollution control" means machinery and  
117.8 equipment used solely to eliminate, prevent, or reduce pollution resulting from an activity  
117.9 described in paragraph (a).

117.10 (6) "Manufacturing" means an operation or series of operations where raw materials  
117.11 are changed in form, composition, or condition by machinery and equipment and which  
117.12 results in the production of a new article of tangible personal property. For purposes of  
117.13 this subdivision, "manufacturing" includes the generation of electricity or steam to be  
117.14 sold at retail.

117.15 (7) "Mining" means the extraction of minerals, ores, stone, or peat.

117.16 (8) "Online data retrieval system" means a system whose cumulation of information  
117.17 is equally available and accessible to all its customers.

117.18 (9) "Primarily" means machinery and equipment used 50 percent or more of the time  
117.19 in an activity described in paragraph (a).

117.20 (10) "Refining" means the process of converting a natural resource to an intermediate  
117.21 or finished product, including the treatment of water to be sold at retail.

117.22 (11) This subdivision does not apply to telecommunications equipment as  
117.23 provided in subdivision 35, and does not apply to wire, cable, fiber, poles, or conduit  
117.24 for telecommunications services.

117.25 (e) Materials exempt under this section may be purchased without imposing and  
117.26 collecting the tax and applying for a refund under section 297A.75, provided that:

117.27 (1) the purchaser employed not more than 50 full-time employees at any time  
117.28 during the calendar year that is immediately prior to the calendar year of the sale and  
117.29 purchase; and

117.30 (2) if another business owns at least 20 percent of the purchaser, then the sum of the  
117.31 number of full-time employees employed by the purchaser and the number of full-time  
117.32 employees employed by any other business that owns at least 20 percent of the purchaser's  
117.33 business is not more than 50 full-time employees at any time during the calendar year that  
117.34 is immediately prior to the calendar year of the sale and purchase. This clause must be  
117.35 applied for each business that owns at least 20 percent of the purchaser.

118.1 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
118.2 June 30, 2012.

118.3 Sec. 5. Minnesota Statutes 2011 Supplement, section 297A.68, subdivision 42, is  
118.4 amended to read:

118.5 Subd. 42. **Qualified data centers.** (a) Purchases of enterprise information  
118.6 technology equipment and computer software for use in a qualified data center are exempt.  
118.7 The tax on purchases exempt under this paragraph must be imposed and collected as if  
118.8 the rate under section 297A.62, subdivision 1, applied, and then refunded after June 30,  
118.9 2013, in the manner provided in section 297A.75. This exemption includes enterprise  
118.10 information technology equipment and computer software purchased to replace or upgrade  
118.11 enterprise information technology equipment and computer software in a qualified data  
118.12 center.

118.13 (b) Electricity used or consumed in the operation of a qualified data center is exempt.

118.14 (c) For purposes of this subdivision, "qualified data center" means a facility in  
118.15 Minnesota:

118.16 (1) that is comprised of one or more buildings that consist in the aggregate of  
118.17 at least 30,000 square feet, and that are located on a single parcel or on contiguous  
118.18 parcels, where the total cost of construction or refurbishment, investment in enterprise  
118.19 information technology equipment, and computer software is at least \$50,000,000 within  
118.20 a 24-month period;

118.21 (2) that is constructed or substantially refurbished after June 30, 2012, where  
118.22 "substantially refurbished" means that at least ~~30,000~~ 25,000 square feet have been rebuilt  
118.23 or modified; ~~and, including:~~

118.24 (i) installation of enterprise information technology equipment, computer software,  
118.25 environmental control and energy efficiency improvements; and

118.26 (ii) building improvements; and

118.27 (3) that is used to house enterprise information technology equipment, where the  
118.28 facility has the following characteristics:

118.29 (i) uninterruptible power supplies, generator backup power, or both;

118.30 (ii) sophisticated fire suppression and prevention systems; and

118.31 (iii) enhanced security. A facility will be considered to have enhanced security if it  
118.32 has restricted access to the facility to selected personnel; permanent security guards; video  
118.33 camera surveillance; an electronic system requiring pass codes, keycards, or biometric  
118.34 scans, such as hand scans and retinal or fingerprint recognition; or similar security features.

119.1 In determining whether the facility has the required square footage, the square  
119.2 footage of the following spaces shall be included if the spaces support the operation  
119.3 of enterprise information technology equipment: office space, meeting space, and  
119.4 mechanical and other support facilities. For purposes of this subdivision, "computer  
119.5 software" includes, but is not limited to, software utilized or loaded at the qualified data  
119.6 center, including maintenance, licensing, and software customization.

119.7 (d) For purposes of this subdivision, "enterprise information technology equipment"  
119.8 means computers and equipment supporting computing, networking, or data storage,  
119.9 including servers and routers. It includes, but is not limited to: cooling systems,  
119.10 cooling towers, and other temperature control infrastructure; power infrastructure for  
119.11 transformation, distribution, or management of electricity used for the maintenance  
119.12 and operation of a qualified data center, including but not limited to exterior dedicated  
119.13 business-owned substations, backup power generation systems, battery systems, and  
119.14 related infrastructure; and racking systems, cabling, and trays, which are necessary for  
119.15 the maintenance and operation of the qualified data center.

119.16 (e) A qualified data center may claim the exemptions in this subdivision for  
119.17 purchases made either within 20 years of the date of its first purchase qualifying for the  
119.18 exemption under paragraph (a), or by June 30, 2042, whichever is earlier.

119.19 (f) The purpose of this exemption is to create jobs in the construction and data  
119.20 center industries.

119.21 (g) This subdivision is effective for sales and purchases made after June 30, 2012,  
119.22 and before July 1, 2042.

119.23 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
119.24 June 30, 2012.

119.25 Sec. 6. Minnesota Statutes 2010, section 297A.70, subdivision 4, is amended to read:

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

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

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

119.32 (i) in general limits membership to persons who are either age 55 or older, or  
119.33 physically disabled;

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

120.4 (iii) is an exempt organization under section 501(c) of the Internal Revenue Code.  
120.5 For purposes of this subdivision, charitable purpose includes the maintenance of a  
120.6 cemetery owned by a religious organization.

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

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

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

120.15 (3) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause  
120.16 (2), and prepared food, candy, soft drinks, and alcoholic beverages as defined in section  
120.17 297A.67, subdivision 2, except wine purchased by an established religious organization  
120.18 for sacramental purposes or as allowed under subdivision 9a; and

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

120.21 (c) This exemption applies to the leasing of a motor vehicle as defined in section  
120.22 297B.01, subdivision 11, only if the vehicle is:

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

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

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

120.32 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
120.33 June 30, 2012.

120.34 Sec. 7. Minnesota Statutes 2010, section 297A.70, is amended by adding a subdivision  
120.35 to read:



121.1            Subd. 9a. **Established religious orders.** (a) Sales of lodging, prepared food, candy,  
121.2 soft drinks, and alcoholic beverages at noncatered events between an established religious  
121.3 order and an affiliated institution of higher education are exempt.

121.4            (b) For purposes of this subdivision, "established religious order" means an  
121.5 organization directly or indirectly under the control or supervision of a church or  
121.6 convention or association of churches, where members of the organization (1) normally  
121.7 live together as part of a community, (2) make long-term commitments to live under a  
121.8 strict set of moral and spiritual rules, and (3) work or engage full time in a combination  
121.9 of prayer, religious study, church reform or renewal, or other religious, educational, or  
121.10 charitable goals of the organization.

121.11           (c) For purposes of this subdivision, an institution of higher education is "affiliated"  
121.12 with an established religious order if members of the religious order are represented  
121.13 on the governing board of the institution of higher education and the two organization  
121.14 share campus space and common facilities.

121.15           **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
121.16 June 30, 2012.

121.17           Sec. 8. Minnesota Statutes 2010, section 297A.70, is amended by adding a subdivision  
121.18 to read:

121.19           Subd. 18. **Nursing homes and boarding care homes.** (a) All sales, except those  
121.20 listed in paragraph (b), to a nursing home licensed under section 144A.02 or a boarding  
121.21 care home certified as a nursing facility under title 19 of the Social Security Act are  
121.22 exempt if the facility:

121.23           (1) is exempt from federal income taxation pursuant to section 501(c)(3) of the  
121.24 Internal Revenue Code; and

121.25           (2) is certified to participate in the medical assistance program under title 19 of the  
121.26 Social Security Act, or certifies to the commissioner that it does not discharge residents  
121.27 due to the inability to pay.

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

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

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

122.1 (3) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause  
122.2 (2), and prepared food, candy, soft drinks, and alcoholic beverages as defined in section  
122.3 297A.67, subdivision 2; and

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

122.6 (c) This exemption applies to the leasing of a motor vehicle as defined in section  
122.7 297B.01, subdivision 11, only if the vehicle is:

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

122.11 (2) intended to be used primarily to transport tangible personal property or residents  
122.12 of the nursing home or boarding care home.

122.13 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
122.14 June 30, 2012.

122.15 Sec. 9. Minnesota Statutes 2010, section 297A.815, subdivision 3, is amended to read:

122.16 Subd. 3. **Motor vehicle lease sales tax revenue.** (a) For purposes of this  
122.17 subdivision, "net revenue" means an amount equal to:

122.18 (1) the revenues, including interest and penalties, collected under this section and  
122.19 on the leases under section 297A.61, subdivision 4, paragraph (k), clause (3), during  
122.20 the fiscal year; less

122.21 (2) in fiscal year 2011, \$30,100,000; in fiscal year 2012, \$31,100,000; and in fiscal  
122.22 year 2013 and following fiscal years, \$32,000,000.

122.23 (b) On or before June 30 of each fiscal year, the commissioner of revenue shall  
122.24 estimate the amount of the revenues and subtraction under paragraph (a) for the current  
122.25 fiscal year.

122.26 (c) On or after July 1 of the subsequent fiscal year, the commissioner of management  
122.27 and budget shall transfer the net revenue as estimated in paragraph (b) from the general  
122.28 fund, as follows:

122.29 (1) 50 percent to the greater Minnesota transit account; and

122.30 (2) 50 percent to the county state-aid highway fund. Notwithstanding any other law  
122.31 to the contrary, the commissioner of transportation shall allocate the funds transferred  
122.32 under this clause to the counties in the metropolitan area, as defined in section 473.121,  
122.33 subdivision 4, excluding the counties of Hennepin and Ramsey, so that each county shall  
122.34 receive of such amount the percentage that its population, as defined in section 477A.011,

123.1 subdivision 3, estimated or established by July 15 of the year prior to the current calendar  
123.2 year, bears to the total population of the counties receiving funds under this clause.

123.3 (d) For fiscal years 2010 and 2011, the amount under paragraph (a), clause (1), must  
123.4 be calculated using the following percentages of the total revenues:

123.5 (1) for fiscal year 2010, 83.75 percent; and

123.6 (2) for fiscal year 2011, 93.75 percent.

123.7 **EFFECTIVE DATE.** This section is effective for leases entered into after June  
123.8 30, 2012.

123.9 Sec. 10. Minnesota Statutes 2010, section 297A.8155, is amended to read:

123.10 **297A.8155 LIQUOR REPORTING REQUIREMENTS; PENALTY.**

123.11 A person who sells liquor, as defined in section 295.75, subdivision 1, in Minnesota  
123.12 to a retailer that sells liquor, shall file with the commissioner an annual informational  
123.13 report, in the form and manner prescribed by the commissioner, indicating the name,  
123.14 address, and Minnesota business identification number of each retailer, and the total  
123.15 dollar amount of liquor sold to each retailer in the previous calendar year. The report  
123.16 must be filed on or before March 31 following the close of the calendar year. A person  
123.17 failing to file this report is subject to the penalty imposed under section 289A.60. A  
123.18 person required to file a report under this section is not required to provide a copy of an  
123.19 exemption certificate, as defined in section 297A.72, provided to the person by a retailer,  
123.20 along with the annual informational report.

123.21 **EFFECTIVE DATE.** This section is effective for reports required to be filed  
123.22 beginning in calendar year 2012 and thereafter.

123.23 Sec. 11. Laws 1998, chapter 389, article 8, section 43, subdivision 3, as amended by  
123.24 Laws 2005, First Special Session chapter 3, article 5, section 28, and Laws 2011, First  
123.25 Special Session chapter 7, article 4, section 5, is amended to read:

123.26 Subd. 3. **Use of revenues.** (a) Revenues received from the taxes authorized by  
123.27 subdivisions 1 and 2 must be used by the city to pay for the cost of collecting and  
123.28 administering the taxes and to pay for the following projects:

123.29 (1) transportation infrastructure improvements including regional highway and  
123.30 airport improvements;

123.31 (2) improvements to the civic center complex;

123.32 (3) a municipal water, sewer, and storm sewer project necessary to improve regional  
123.33 ground water quality; and

124.1 (4) construction of a regional recreation and sports center and other higher education  
124.2 facilities available for both community and student use.

124.3 (b) The total amount of capital expenditures or bonds for projects listed in paragraph  
124.4 (a) that may be paid from the revenues raised from the taxes authorized in this section  
124.5 may not exceed \$111,500,000. The total amount of capital expenditures or bonds for the  
124.6 project in clause (4) that may be paid from the revenues raised from the taxes authorized  
124.7 in this section may not exceed \$28,000,000.

124.8 (c) In addition to the projects authorized in paragraph (a) and not subject to the  
124.9 amount stated in paragraph (b), the city of Rochester may, if approved by the voters at an  
124.10 election under subdivision 5, paragraph (c), use the revenues received from the taxes and  
124.11 bonds authorized in this section to pay the costs of or bonds for the following purposes:

124.12 (1) \$17,000,000 for capital expenditures and bonds for the following Olmsted  
124.13 County transportation infrastructure improvements:

124.14 (i) County State Aid Highway 34 reconstruction;

124.15 (ii) Trunk Highway 63 and County State Aid Highway 16 interchange;

124.16 (iii) phase II of the Trunk Highway 52 and County State Aid Highway 22  
124.17 interchange;

124.18 (iv) widening of County State Aid Highway 22 West Circle Drive; and

124.19 (v) 60th Avenue Northwest corridor preservation;

124.20 (2) \$30,000,000 for city transportation projects including:

124.21 (i) Trunk Highway 52 and 65th Street interchange;

124.22 (ii) NW transportation corridor acquisition;

124.23 (iii) Phase I of the Trunk Highway 52 and County State Aid Highway 22 interchange;

124.24 (iv) Trunk Highway 14 and Trunk Highway 63 intersection;

124.25 (v) Southeast transportation corridor acquisition;

124.26 (vi) Rochester International Airport expansion; and

124.27 (vii) a transit operations center bus facility;

124.28 (3) \$14,000,000 for the University of Minnesota Rochester academic and  
124.29 complementary facilities;

124.30 (4) \$6,500,000 for the Rochester Community and Technical College/Winona State  
124.31 University career technical education and science and math facilities;

124.32 (5) \$6,000,000 for the Rochester Community and Technical College regional  
124.33 recreation facilities at University Center Rochester;

124.34 (6) \$20,000,000 for the Destination Medical Community Initiative;

124.35 (7) \$8,000,000 for the regional public safety and 911 dispatch center facilities;

124.36 (8) \$20,000,000 for a regional recreation/senior center;

125.1 (9) \$10,000,000 for an economic development fund; and

125.2 (10) \$8,000,000 for downtown infrastructure.

125.3 (d) No revenues from the taxes raised from the taxes authorized in subdivisions 1  
125.4 and 2 may be used to fund transportation improvements related to a railroad bypass that  
125.5 would divert traffic from the city of Rochester.

125.6 (e) The city shall use \$5,000,000 of the money allocated to the purpose in paragraph  
125.7 (c), clause (9), for grants to the cities of Byron, Chatfield, Dodge Center, Dover, Elgin,  
125.8 Eyota, Kasson, Mantorville, Oronoco, Pine Island, Plainview, St. Charles, Stewartville,  
125.9 Zumbrota, Spring Valley, West Concord, ~~and Hayfield,~~ and any other city with a 2010  
125.10 population of at least 1,000 that has a city boundary within 25 miles of the geographic  
125.11 center of Rochester and is closer to Rochester than to any other city located wholly  
125.12 outside of the seven-county metropolitan area with a population of 20,000 or more,  
125.13 for economic development projects that these communities would fund through their  
125.14 economic development authority or housing and redevelopment authority.

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

125.16 Sec. 12. Laws 2002, chapter 377, article 3, section 25, as amended by Laws 2009,  
125.17 chapter 88, article 4, section 19, and Laws 2010, chapter 389, article 5, section 3, is  
125.18 amended to read:

125.19 Sec. 25. **ROCHESTER LODGING TAX.**

125.20 Subdivision 1. **Authorization.** Notwithstanding Minnesota Statutes, section  
125.21 469.190 or 477A.016, or any other law, the city of Rochester may impose an additional  
125.22 tax of one percent on the gross receipts from the furnishing for consideration of lodging at  
125.23 a hotel, motel, rooming house, tourist court, or resort, other than the renting or leasing of it  
125.24 for a continuous period of 30 days or more.

125.25 Subd. 1a. **Authorization.** Notwithstanding Minnesota Statutes, section 469.190  
125.26 or 477A.016, or any other law, and in addition to the tax authorized by subdivision 1,  
125.27 the city of Rochester may impose an additional tax of ~~one~~ three percent on the gross  
125.28 receipts from the furnishing for consideration of lodging at a hotel, motel, rooming house,  
125.29 tourist court, or resort, other than the renting or leasing of it for a continuous period of  
125.30 30 days or more only upon the approval of the city governing body of a total financial  
125.31 package for the project.

125.32 Subd. 2. **Disposition of proceeds.** (a) The gross proceeds from the tax imposed  
125.33 under subdivision 1 must be used by the city to fund a local convention or tourism bureau  
125.34 for the purpose of marketing and promoting the city as a tourist or convention center.

126.1 (b) The gross proceeds from the ~~one~~ three percent tax imposed under subdivision  
126.2 1a shall be used to pay for (1) construction, renovation, improvement, and expansion of  
126.3 the Mayo Civic Center and related skyway access, lighting, parking, or landscaping; and  
126.4 (2) for payment of any principal, interest, or premium on bonds issued to finance the  
126.5 construction, renovation, improvement, and expansion of the Mayo Civic Center Complex.

126.6 Subd. 2a. **Bonds.** The city of Rochester may issue, without an election, general  
126.7 obligation bonds of the city, in one or more series, in the aggregate principal amount  
126.8 not to exceed \$43,500,000, to pay for capital and administrative costs for the design,  
126.9 construction, renovation, improvement, and expansion of the Mayo Civic Center Complex,  
126.10 and related skyway, access, lighting, parking, and landscaping. The city may pledge  
126.11 the lodging tax authorized by subdivision 1a ~~and the food and beverage tax authorized~~  
126.12 ~~under Laws 2009, chapter 88, article 4, section 23,~~ to the payment of the bonds. The debt  
126.13 represented by the bonds is not included in computing any debt limitations applicable to  
126.14 the city, and the levy of taxes required by Minnesota Statutes, section 475.61, to pay the  
126.15 principal of and interest on the bonds is not subject to any levy limitation or included in  
126.16 computing or applying any levy limitation applicable to the city.

126.17 Subd. 3. **Expiration of taxing authority.** The authority of the city to impose a  
126.18 tax under subdivision 1a shall expire when the principal and interest on any bonds or  
126.19 other obligations issued prior to December 31, ~~2014~~ 2016, to finance the construction,  
126.20 renovation, improvement, and expansion of the Mayo Civic Center Complex and related  
126.21 skyway access, lighting, parking, or landscaping have been paid, including any bonds  
126.22 issued to refund such bonds, or at an earlier time as the city shall, by ordinance, determine.  
126.23 Any funds remaining after completion of the project and retirement or redemption of the  
126.24 bonds shall be placed in the general fund of the city.

126.25 **EFFECTIVE DATE.** This section is effective the day after the governing body of  
126.26 the city of Rochester and its chief clerical officer comply with Minnesota Statutes, section  
126.27 645.021, subdivisions 2 and 3.

126.28 Sec. 13. Laws 2005, First Special Session chapter 3, article 5, section 37, subdivision  
126.29 2, is amended to read:

126.30 Subd. 2. **Use of revenues.** (a) Revenues received from the tax authorized by  
126.31 subdivision 1 by the city of St. Cloud must be used for the cost of collecting and  
126.32 administering the tax and to pay all or part of the capital or administrative costs of the  
126.33 development, acquisition, construction, improvement, and securing and paying debt  
126.34 service on bonds or other obligations issued to finance the following regional projects as

127.1 approved by the voters and specifically detailed in the referendum authorizing the tax or  
127.2 extending the tax:

127.3 (1) St. Cloud Regional Airport;

127.4 (2) regional transportation improvements;

127.5 (3) regional community and aquatics centers and facilities;

127.6 (4) regional public libraries; and

127.7 (5) acquisition and improvement of regional park land and open space.

127.8 (b) Revenues received from the tax authorized by subdivision 1 by the cities of St.  
127.9 Joseph, Waite Park, Sartell, Sauk Rapids, and St. Augusta must be used for the cost of  
127.10 collecting and administering the tax and to pay all or part of the capital or administrative  
127.11 costs of the development, acquisition, construction, improvement, and securing and paying  
127.12 debt service on bonds or other obligations issued to fund the projects specifically approved  
127.13 by the voters at the referendum authorizing the tax or extending the tax. The portion of  
127.14 revenues from the city going to fund the regional airport or regional library located in the  
127.15 city of St. Cloud will be as required under the applicable joint powers agreement.

127.16 (c) The use of revenues received from the taxes authorized in subdivision 1 for  
127.17 projects allowed under paragraphs (a) and (b) are limited to the amount authorized for  
127.18 each project under the enabling referendum.

127.19 **EFFECTIVE DATE.** This section is effective for the city that approves them the  
127.20 day after compliance by the governing body of each city with Minnesota Statutes, section  
127.21 645.021, subdivision 3.

127.22 Sec. 14. Laws 2005, First Special Session chapter 3, article 5, section 37, subdivision  
127.23 4, is amended to read:

127.24 Subd. 4. **Termination of tax.** The tax imposed in the cities of St. Joseph, St. Cloud,  
127.25 St. Augusta, Sartell, Sauk Rapids, and Waite Park under subdivision 1 expires when the  
127.26 city council determines that sufficient funds have been collected from the tax to retire or  
127.27 redeem the bonds and obligations authorized under subdivision 2, paragraph (a), but no  
127.28 later than December 31, 2018. Notwithstanding Minnesota Statutes, section 297A.99,  
127.29 subdivision 3, paragraphs (a), (c), and (d), a city may extend the tax imposed under  
127.30 subdivision 1 through December 31, 2038, if approved under the referendum authorizing  
127.31 the tax under subdivision 1 or if approved by voters of the city at a general election held  
127.32 no later than November 6, 2017.

128.1 **EFFECTIVE DATE.** This section is effective for the city that approves them the  
128.2 day after compliance by the governing body of each city with Minnesota Statutes, section  
128.3 645.021, subdivision 3.

128.4 Sec. 15. Laws 2008, chapter 366, article 7, section 19, subdivision 3, as amended by  
128.5 Laws 2011, First Special Session chapter 7, article 4, section 8, is amended to read:

128.6 Subd. 3. **Use of revenues.** Notwithstanding Minnesota Statutes, section 297A.99,  
128.7 subdivision 3, paragraph (b), the proceeds of the tax imposed under this section shall be  
128.8 used to pay for the costs of improvements to the Sportsman Park/Ballfields, Riverside  
128.9 Park, Lions Park/Pavilion, Cedar South Park also known as Eldorado Park, and Spring  
128.10 Street Park; improvements to and extension of the River County bike trail; acquisition;  
128.11 and construction, improvement, and development of regional parks, bicycle trails, park  
128.12 land, open space, and of a pedestrian walkways, as described in the city improvement plan  
128.13 adopted by the city council by resolution on December 12, 2006, and walkway over  
128.14 Interstate 94 and State Highway 24; and the acquisition of land and construction of  
128.15 buildings for a community and recreation center. The total amount of revenues from the  
128.16 taxes in subdivisions 1 and 2 that may be used to fund these projects is \$12,000,000  
128.17 plus any associated bond costs.

128.18 **EFFECTIVE DATE.** This section is effective the day after compliance by the  
128.19 governing body of the city of Clearwater with Minnesota Statutes, section 645.021,  
128.20 subdivisions 2 and 3.

128.21 Sec. 16. **LIQUOR REPORTING REQUIREMENTS.**

128.22 A person who was required to submit an annual informational report under  
128.23 Minnesota Statutes, section 297A.8155, to the commissioner of revenue during calendar  
128.24 year 2010 or 2011 is not required to provide a copy of an exemption certificate or a  
128.25 retailer's tax identification number along with the informational report.

128.26 **EFFECTIVE DATE.** This section is effective the day following final enactment  
128.27 and applies to reports required to be filed in calendar year 2010 or 2011.

128.28 Sec. 17. **REPEALER.**

128.29 (a) Minnesota Statutes 2011 Supplement, section 289A.60, subdivision 31, is  
128.30 repealed.

128.31 (b) Laws 2009, chapter 88, article 4, section 23, as amended by Laws 2010, chapter  
128.32 389, article 5, section 4, is repealed.



129.1 **EFFECTIVE DATE.** Paragraph (a) is effective for taxes due and payable after June  
129.2 30, 2012. Paragraph (b) is effective the day following final enactment.

129.3 **ARTICLE 10**

129.4 **LOCAL DEVELOPMENT**

129.5 Section 1. Minnesota Statutes 2010, section 469.174, subdivision 2, is amended to read:

129.6 Subd. 2. **Authority.** "Authority" means a rural development financing authority  
129.7 created pursuant to sections 469.142 to 469.151; a housing and redevelopment authority  
129.8 created pursuant to sections 469.001 to 469.047; a port authority created pursuant to  
129.9 sections 469.048 to 469.068; an economic development authority created pursuant to  
129.10 sections 469.090 to 469.108; a redevelopment agency as defined in sections 469.152 to  
129.11 469.165; a municipality that is administering a development district created pursuant to  
129.12 sections 469.124 to 469.134 or any special law; a municipality that undertakes a project  
129.13 pursuant to sections 469.152 to 469.165, except a town located outside the metropolitan  
129.14 area or with a population of 5,000 persons or less; a municipality that undertakes a project  
129.15 located in an area designated under subdivision 30; or a municipality that exercises the  
129.16 powers of a port authority pursuant to any general or special law.

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

129.18 Sec. 2. Minnesota Statutes 2010, section 469.174, subdivision 10, is amended to read:

129.19 Subd. 10. **Redevelopment district.** (a) "Redevelopment district" means a type of  
129.20 tax increment financing district consisting of a project, or portions of a project, within  
129.21 which the authority finds by resolution that one or more of the following conditions,  
129.22 reasonably distributed throughout the district, exists:

129.23 (1) parcels consisting of 70 percent of the area of the district are occupied by  
129.24 buildings, streets, utilities, paved or gravel parking lots, or other similar structures and  
129.25 ~~more than~~ 50 percent or more of the buildings, not including outbuildings, are structurally  
129.26 substandard to a degree requiring substantial renovation or clearance;

129.27 (2) the property consists of vacant, unused, underused, inappropriately used, or  
129.28 infrequently used rail yards, rail storage facilities, or excessive or vacated railroad  
129.29 rights-of-way;

129.30 (3) tank facilities, or property whose immediately previous use was for tank  
129.31 facilities, as defined in section 115C.02, subdivision 15, if the tank facilities:

129.32 (i) have or had a capacity of more than 1,000,000 gallons;

129.33 (ii) are located adjacent to rail facilities; and

130.1 (iii) have been removed or are unused, underused, inappropriately used, or  
130.2 infrequently used; or

130.3 (4) a qualifying disaster area, as defined in subdivision 10b.

130.4 (b) For purposes of this subdivision, "structurally substandard" shall mean  
130.5 containing defects in structural elements or a combination of deficiencies in essential  
130.6 utilities and facilities, light and ventilation, fire protection including adequate egress,  
130.7 layout and condition of interior partitions, or similar factors, which defects or deficiencies  
130.8 are of sufficient total significance to justify substantial renovation or clearance.

130.9 (c) A building is not structurally substandard if it is in compliance with the building  
130.10 code applicable to new buildings or could be modified to satisfy the building code at  
130.11 a cost of less than 15 percent of the cost of constructing a new structure of the same  
130.12 square footage and type on the site. The municipality may find that a building is not  
130.13 disqualified as structurally substandard under the preceding sentence on the basis of  
130.14 reasonably available evidence, such as the size, type, and age of the building, the average  
130.15 cost of plumbing, electrical, or structural repairs, or other similar reliable evidence. The  
130.16 municipality may not make such a determination without an interior inspection of the  
130.17 property, but need not have an independent, expert appraisal prepared of the cost of repair  
130.18 and rehabilitation of the building. An interior inspection of the property is not required,  
130.19 if the municipality finds that (1) the municipality or authority is unable to gain access to  
130.20 the property after using its best efforts to obtain permission from the party that owns or  
130.21 controls the property; and (2) the evidence otherwise supports a reasonable conclusion that  
130.22 the building is structurally substandard. Items of evidence that support such a conclusion  
130.23 include recent fire or police inspections, on-site property tax appraisals or housing  
130.24 inspections, exterior evidence of deterioration, or other similar reliable evidence. Written  
130.25 documentation of the findings and reasons why an interior inspection was not conducted  
130.26 must be made and retained under section 469.175, subdivision 3, clause (1). Failure of a  
130.27 building to be disqualified under the provisions of this paragraph is a necessary, but not a  
130.28 sufficient, condition to determining that the building is substandard.

130.29 (d) A parcel is deemed to be occupied by a structurally substandard building  
130.30 for purposes of the finding under paragraph (a) or by the improvements described in  
130.31 paragraph (e) if all of the following conditions are met:

130.32 (1) the parcel was occupied by a substandard building or met the requirements  
130.33 of paragraph (e), as the case may be, within three years of the filing of the request for  
130.34 certification of the parcel as part of the district with the county auditor;

131.1 (2) the substandard building or the improvements described in paragraph (e) were  
131.2 demolished or removed by the authority or the demolition or removal was financed by the  
131.3 authority or was done by a developer under a development agreement with the authority;

131.4 (3) the authority found by resolution before the demolition or removal that the  
131.5 parcel was occupied by a structurally substandard building or met the requirements of  
131.6 paragraph (e) and that after demolition and clearance the authority intended to include  
131.7 the parcel within a district; and

131.8 (4) upon filing the request for certification of the tax capacity of the parcel as part  
131.9 of a district, the authority notifies the county auditor that the original tax capacity of the  
131.10 parcel must be adjusted as provided by section 469.177, subdivision 1, paragraph (f).

131.11 (e) For purposes of this subdivision, a parcel is not occupied by buildings, streets,  
131.12 utilities, paved or gravel parking lots, or other similar structures unless 15 percent of the  
131.13 area of the parcel contains buildings, streets, utilities, paved or gravel parking lots, or  
131.14 other similar structures.

131.15 (f) For districts consisting of two or more noncontiguous areas, each area must  
131.16 qualify as a redevelopment district under paragraph (a) to be included in the district, and  
131.17 the entire area of the district must satisfy paragraph (a).

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

131.19 Sec. 3. Minnesota Statutes 2010, section 469.174, is amended by adding a subdivision  
131.20 to read:

131.21 **Subd. 19a. Soil deficiency district.** "Soil deficiency district" means a type of tax  
131.22 increment financing district consisting of a project, or portions of a project, within which  
131.23 the authority finds by resolution that the following conditions exist:

131.24 (1) parcels consisting of 70 percent of the area of the district contain unusual terrain  
131.25 or soil deficiencies which require substantial filling, grading, or other physical preparation  
131.26 for use and a parcel is eligible for inclusion if at least 50 percent of the area of the parcel  
131.27 requires substantial filling, grading, or other physical preparation for use; and

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

131.32 **EFFECTIVE DATE.** This section is effective for districts for which the request for  
131.33 certification is made after April 30, 2012.

132.1 Sec. 4. Minnesota Statutes 2010, section 469.174, is amended by adding a subdivision  
132.2 to read:

132.3 Subd. 30. **Mining reclamation project area.** (a) An authority may designate an  
132.4 area within its jurisdiction as a mining reclamation project area by finding by resolution,  
132.5 that parcels consisting of at least 70 percent of the acreage, excluding street and railroad  
132.6 rights-of-way, are characterized by one or more of the following conditions:

132.7 (1) peat or other soils with geotechnical deficiencies that impair development of  
132.8 buildings or infrastructure;

132.9 (2) soils or terrain that requires substantial filling in order to permit the development  
132.10 of buildings or infrastructure;

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

132.12 (4) quarries or similar resource extraction sites;

132.13 (5) floodway; and

132.14 (6) substandard buildings, within the meaning of section 469.174, subdivision 10.

132.15 (b) For the purposes of paragraph (a), clauses (1) to (5), a parcel is characterized by  
132.16 the relevant condition if at least 50 percent of the area of the parcel contains the relevant  
132.17 condition. For the purposes of paragraph (a), clause (6), a parcel is characterized by  
132.18 substandard buildings if substandard buildings occupy at least 30 percent of the area  
132.19 of the parcel.

132.20 **EFFECTIVE DATE.** This section is effective for districts for which the request for  
132.21 certification is made after April 30, 2012.

132.22 Sec. 5. Minnesota Statutes 2010, section 469.175, subdivision 3, is amended to read:

132.23 **Subd. 3. Municipality approval.** (a) A county auditor shall not certify the original  
132.24 net tax capacity of a tax increment financing district until the tax increment financing plan  
132.25 proposed for that district has been approved by the municipality in which the district  
132.26 is located. If an authority that proposes to establish a tax increment financing district  
132.27 and the municipality are not the same, the authority shall apply to the municipality in  
132.28 which the district is proposed to be located and shall obtain the approval of its tax  
132.29 increment financing plan by the municipality before the authority may use tax increment  
132.30 financing. The municipality shall approve the tax increment financing plan only after a  
132.31 public hearing thereon after published notice in a newspaper of general circulation in the  
132.32 municipality at least once not less than ten days nor more than 30 days prior to the date  
132.33 of the hearing. The published notice must include a map of the area of the district from  
132.34 which increments may be collected and, if the project area includes additional area, a map  
132.35 of the project area in which the increments may be expended. The hearing may be held

133.1 before or after the approval or creation of the project or it may be held in conjunction with  
133.2 a hearing to approve the project.

133.3 (b) Before or at the time of approval of the tax increment financing plan, the  
133.4 municipality shall make the following findings, and shall set forth in writing the reasons  
133.5 and supporting facts for each determination:

133.6 (1) that the proposed tax increment financing district is a redevelopment district, a  
133.7 renewal or renovation district, a housing district, a soils condition district, soil deficiency  
133.8 district, or an economic development district; if the proposed district is a redevelopment  
133.9 district or a renewal or renovation district, the reasons and supporting facts for the  
133.10 determination that the district meets the criteria of section 469.174, subdivision 10,  
133.11 paragraph (a), clauses (1) and (2), or subdivision 10a, must be documented in writing  
133.12 and retained and made available to the public by the authority until the district has been  
133.13 terminated;

133.14 (2) that, in the opinion of the municipality:

133.15 (i) the proposed development or redevelopment would not reasonably be expected to  
133.16 occur solely through private investment within the reasonably foreseeable future; and

133.17 (ii) the increased market value of the site that could reasonably be expected to occur  
133.18 without the use of tax increment financing would be less than the increase in the market  
133.19 value estimated to result from the proposed development after subtracting the present  
133.20 value of the projected tax increments for the maximum duration of the district permitted  
133.21 by the plan. The requirements of this item do not apply if the district is a housing district;

133.22 (3) that the tax increment financing plan conforms to the general plan for the  
133.23 development or redevelopment of the municipality as a whole;

133.24 (4) that the tax increment financing plan will afford maximum opportunity,  
133.25 consistent with the sound needs of the municipality as a whole, for the development or  
133.26 redevelopment of the project by private enterprise;

133.27 (5) that the municipality elects the method of tax increment computation set forth in  
133.28 section 469.177, subdivision 3, paragraph (b), if applicable; and

133.29 (6) that for a redevelopment district, renewal and renovation district, soils condition  
133.30 district, or soil deficiency district established by the authority in a mining reclamation  
133.31 project area, the reasons and supporting facts for the determination that the mining  
133.32 reclamation project area meets the requirements under section 469.174, subdivision 30,  
133.33 must be documented in writing and retained and made available to the public by the  
133.34 authority until two years after the district is decertified. These findings must have been  
133.35 made and documented no more than ten years before approval of the tax increment  
133.36 financing plan for the district.

134.1 (c) When the municipality and the authority are not the same, the municipality shall  
134.2 approve or disapprove the tax increment financing plan within 60 days of submission by  
134.3 the authority. When the municipality and the authority are not the same, the municipality  
134.4 may not amend or modify a tax increment financing plan except as proposed by the  
134.5 authority pursuant to subdivision 4. Once approved, the determination of the authority  
134.6 to undertake the project through the use of tax increment financing and the resolution of  
134.7 the governing body shall be conclusive of the findings therein and of the public need for  
134.8 the financing.

134.9 (d) For a district that is subject to the requirements of paragraph (b), clause (2),  
134.10 item (ii), the municipality's statement of reasons and supporting facts must include all of  
134.11 the following:

134.12 (1) an estimate of the amount by which the market value of the site will increase  
134.13 without the use of tax increment financing;

134.14 (2) an estimate of the increase in the market value that will result from the  
134.15 development or redevelopment to be assisted with tax increment financing; and

134.16 (3) the present value of the projected tax increments for the maximum duration of  
134.17 the district permitted by the tax increment financing plan.

134.18 (e) For purposes of this subdivision, "site" means the parcels on which the  
134.19 development or redevelopment to be assisted with tax increment financing will be located.

134.20 **EFFECTIVE DATE.** This section is effective for districts for which the request for  
134.21 certification is made after April 30, 2012.

134.22 Sec. 6. Minnesota Statutes 2010, section 469.176, subdivision 1b, is amended to read:

134.23 Subd. 1b. **Duration limits; terms.** (a) No tax increment shall in any event be  
134.24 paid to the authority:

134.25 (1) after 15 years after receipt by the authority of the first increment for a renewal  
134.26 and renovation district;

134.27 (2) after 20 years after receipt by the authority of the first increment for a soils  
134.28 condition district or a soil deficiency district;

134.29 (3) after eight years after receipt by the authority of the first increment for an  
134.30 economic development district;

134.31 (4) for a housing district, a compact development district, or a redevelopment  
134.32 district, after 25 years from the date of receipt by the authority of the first increment.

134.33 (b) For purposes of determining a duration limit under this subdivision or subdivision  
134.34 1e that is based on the receipt of an increment, any increments from taxes payable in  
134.35 the year in which the district terminates shall be paid to the authority. This paragraph

135.1 does not affect a duration limit calculated from the date of approval of the tax increment  
135.2 financing plan or based on the recovery of costs or to a duration limit under subdivision  
135.3 1c. This paragraph does not supersede the restrictions on payment of delinquent taxes in  
135.4 subdivision 1f.

135.5 (c) An action by the authority to waive or decline to accept an increment has no  
135.6 effect for purposes of computing a duration limit based on the receipt of increment under  
135.7 this subdivision or any other provision of law. The authority is deemed to have received an  
135.8 increment for any year in which it waived or declined to accept an increment, regardless  
135.9 of whether the increment was paid to the authority.

135.10 (d) Receipt by a hazardous substance subdistrict of an increment as a result of a  
135.11 reduction in original net tax capacity under section 469.174, subdivision 7, paragraph  
135.12 (b), does not constitute receipt of increment by the overlying district for the purpose of  
135.13 calculating the duration limit under this section.

135.14 **EFFECTIVE DATE.** This section is effective for districts for which the request for  
135.15 certification is made after April 30, 2012.

135.16 Sec. 7. Minnesota Statutes 2010, section 469.176, subdivision 4b, is amended to read:

135.17 Subd. 4b. **Soils condition districts.** Revenue derived from Tax increment from a  
135.18 soils condition district may be used only to (1) acquire parcels on which the improvements  
135.19 described in clause (2) will occur; (2) pay for the cost of removal or remedial action; and  
135.20 (3) pay for the administrative expenses of the authority allocable to the district, including  
135.21 the cost of preparation of the development action response plan. For a soils condition  
135.22 district located in a mining reclamation project area, tax increments may also be expended  
135.23 on the additional cost of public improvements directly caused by the removal or remedial  
135.24 action and located within the mining reclamation project area.

135.25 **EFFECTIVE DATE.** This section is effective for districts for which the request for  
135.26 certification is made after April 30, 2012.

135.27 Sec. 8. Minnesota Statutes 2011 Supplement, section 469.176, subdivision 4c, is  
135.28 amended to read:

135.29 Subd. 4c. **Economic development districts.** (a) Revenue derived from tax  
135.30 increment from an economic development district may not be used to provide  
135.31 improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form  
135.32 to developments consisting of buildings and ancillary facilities, if more than 15 percent

136.1 of the buildings and facilities (determined on the basis of square footage) are used for a  
136.2 purpose other than:

136.3 (1) the manufacturing or production of tangible personal property, including  
136.4 processing resulting in the change in condition of the property;

136.5 (2) warehousing, storage, and distribution of tangible personal property, excluding  
136.6 retail sales;

136.7 (3) research and development related to the activities listed in clause (1) or (2);

136.8 (4) telemarketing if that activity is the exclusive use of the property;

136.9 (5) tourism facilities;

136.10 (6) qualified border retail facilities; or

136.11 (7) space necessary for and related to the activities listed in clauses (1) to (6).

136.12 (b) Notwithstanding the provisions of this subdivision, revenues derived from tax  
136.13 increment from an economic development district may be used to provide improvements,  
136.14 loans, subsidies, grants, interest rate subsidies, or assistance in any form for up to 15,000  
136.15 square feet of any separately owned commercial facility located within the municipal  
136.16 jurisdiction of a small city, if the revenues derived from increments are spent only to  
136.17 assist the facility directly or for administrative expenses, the assistance is necessary to  
136.18 develop the facility, and all of the increments, except those for administrative expenses,  
136.19 are spent only for activities within the district.

136.20 (c) A city is a small city for purposes of this subdivision if the city was a small city  
136.21 in the year in which the request for certification was made and applies for the rest of  
136.22 the duration of the district, regardless of whether the city qualifies or ceases to qualify  
136.23 as a small city.

136.24 (d) Notwithstanding the requirements of paragraph (a) and the finding requirements  
136.25 of section 469.174, subdivision 12, tax increments from an economic development district  
136.26 may be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or  
136.27 assistance in any form to developments consisting of buildings and ancillary facilities, if  
136.28 all the following conditions are met:

136.29 (1) the municipality finds that the project will create or retain jobs in this state,  
136.30 including construction jobs, and that construction of the project would not have  
136.31 commenced before ~~July 1, 2012~~ January 1, 2014, without the authority providing  
136.32 assistance under the provisions of this paragraph;

136.33 (2) construction of the project begins no later than ~~July 1, 2012~~ January 1, 2014;

136.34 (3) the request for certification of the district is made no later than ~~June 30, 2012~~  
136.35 December 31, 2013; and



137.1 (4) for development of housing under this paragraph, the construction must begin  
137.2 before January 1, 2012.

137.3 The provisions of this paragraph may not be used to assist housing that is developed  
137.4 to qualify under section 469.1761, subdivision 2 or 3, or similar requirements of other law,  
137.5 if construction of the project begins later than July 1, 2011.

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

137.7 Sec. 9. Minnesota Statutes 2011 Supplement, section 469.176, subdivision 4m, is  
137.8 amended to read:

137.9 Subd. 4m. **Temporary authority to stimulate construction.** (a) Notwithstanding  
137.10 the restrictions in any other subdivision of this section or any other law to the contrary,  
137.11 except the requirement to pay bonds to which the increments are pledged and the  
137.12 provisions of subdivisions 4g and 4h, the authority may spend tax increments for one or  
137.13 more of the following purposes:

137.14 (1) to provide improvements, loans, interest rate subsidies, or assistance in any  
137.15 form to private development consisting of the construction or substantial rehabilitation of  
137.16 buildings and ancillary facilities, if doing so will create or retain jobs in this state, including  
137.17 construction jobs, and that the construction commences before ~~July 1, 2012~~ January 1,  
137.18 2014, and would not have commenced before that date without the assistance; or

137.19 (2) to make an equity or similar investment in a corporation, partnership, or limited  
137.20 liability company that the authority determines is necessary to make construction of a  
137.21 development that meets the requirements of clause (1) financially feasible.

137.22 (b) The authority may undertake actions under the authority of this subdivision only  
137.23 after approval by the municipality of a written spending plan ~~that specifically authorizes~~  
137.24 ~~the authority to take the actions.~~ The spending plan must contain a detailed description  
137.25 of each action to be undertaken. The municipality shall approve the spending plan only  
137.26 after a public hearing after published notice in a newspaper of general circulation in  
137.27 the municipality at least once, not less than ten days nor more than 30 days prior to the  
137.28 date of the hearing.

137.29 (c) The authority to spend tax increments under this subdivision expires ~~December~~  
137.30 ~~31, 2012~~ June 30, 2014.

137.31 (d) For a development consisting of housing, the authority to spend tax increments  
137.32 under this subdivision expires December 31, 2011, and construction must commence  
137.33 before July 1, 2011, except the authority to spend tax increments on market rate housing  
137.34 developments under this subdivision expires July 31, 2012, and construction must  
137.35 commence before January 1, 2012.

138.1 **EFFECTIVE DATE.** This section is effective the day following final enactment  
138.2 and applies to all tax increment financing districts, regardless of when the request for  
138.3 certification was made. The amendments to paragraph (b) apply to projects approved  
138.4 after June 30, 2012.

138.5 Sec. 10. Minnesota Statutes 2010, section 469.176, is amended by adding a subdivision  
138.6 to read:

138.7 Subd. 4n. **Soil deficiency district.** Tax increments from a soil deficiency district  
138.8 may only be used to pay for the following costs for activities located within the mining  
138.9 reclamation project area:

138.10 (1) acquisition of parcels on which the improvements described in clause (2) will  
138.11 occur;

138.12 (2) the cost of correcting the unusual terrain or soil deficiencies and the additional  
138.13 cost of installing public improvements directly caused by the deficiencies;

138.14 (3) administrative expenses of the authority allocable to the district; and

138.15 (4) costs described in subdivision 4j for the district, if these payments do not exceed  
138.16 25 percent of the tax increment from the district.

138.17 **EFFECTIVE DATE.** This section is effective for districts for which the request for  
138.18 certification is made after April 30, 2012.

138.19 Sec. 11. Minnesota Statutes 2011 Supplement, section 469.1763, subdivision 2,  
138.20 is amended to read:

138.21 Subd. 2. **Expenditures outside district.** (a) For each tax increment financing  
138.22 district, an amount equal to at least 75 percent of the total revenue derived from tax  
138.23 increments paid by properties in the district must be expended on activities in the district  
138.24 or to pay bonds, to the extent that the proceeds of the bonds were used to finance activities  
138.25 in the district or to pay, or secure payment of, debt service on credit enhanced bonds.  
138.26 For districts, other than redevelopment districts for which the request for certification  
138.27 was made after June 30, 1995, the in-district percentage for purposes of the preceding  
138.28 sentence is 80 percent. Not more than 25 percent of the total revenue derived from tax  
138.29 increments paid by properties in the district may be expended, through a development fund  
138.30 or otherwise, on activities outside of the district but within the defined geographic area of  
138.31 the project except to pay, or secure payment of, debt service on credit enhanced bonds.  
138.32 For districts, other than redevelopment districts for which the request for certification was  
138.33 made after June 30, 1995, the pooling percentage for purposes of the preceding sentence is  
138.34 20 percent. The revenue derived from tax increments for the district that are expended on

139.1 costs under section 469.176, subdivision 4h, paragraph (b), may be deducted first before  
139.2 calculating the percentages that must be expended within and without the district.

139.3 (b) In the case of a housing district, a housing project, as defined in section 469.174,  
139.4 subdivision 11, is an activity in the district.

139.5 (c) All administrative expenses are for activities outside of the district, except that  
139.6 if the only expenses for activities outside of the district under this subdivision are for  
139.7 the purposes described in paragraph (d), administrative expenses will be considered as  
139.8 expenditures for activities in the district.

139.9 (d) The authority may elect, in the tax increment financing plan for the district,  
139.10 to increase by up to ten percentage points the permitted amount of expenditures for  
139.11 activities located outside the geographic area of the district under paragraph (a). As  
139.12 permitted by section 469.176, subdivision 4k, the expenditures, including the permitted  
139.13 expenditures under paragraph (a), need not be made within the geographic area of the  
139.14 project. Expenditures that meet the requirements of this paragraph are legally permitted  
139.15 expenditures of the district, notwithstanding section 469.176, subdivisions 4b, 4c, 4d, and  
139.16 4j. To qualify for the increase under this paragraph, the expenditures must:

139.17 (1) be used exclusively to assist housing that

139.18 (i) meets the requirement for a qualified low-income building, as that term is used in  
139.19 section 42 of the Internal Revenue Code; ~~and~~

139.20 ~~(2)~~ (ii) does not exceed the qualified basis of the housing, as defined under section  
139.21 42(c) of the Internal Revenue Code, less the amount of any credit allowed under section  
139.22 42 of the Internal Revenue Code; and

139.23 ~~(3)~~ be (iii) is used to:

139.24 ~~(i)~~ (A) acquire and prepare the site of the housing;

139.25 ~~(ii)~~ (B) acquire, construct, or rehabilitate the housing; or

139.26 ~~(iii)~~ (C) make public improvements directly related to the housing; or

139.27 ~~(4)~~ (2) be used to develop housing:

139.28 (i) if the market value of the housing prior to demolition or rehabilitation does  
139.29 not exceed the lesser of:

139.30 (A) 150 percent of the average market value of single-family homes in that  
139.31 municipality; or

139.32 (B) \$200,000 for municipalities located in the metropolitan area, as defined in  
139.33 section 473.121, or \$125,000 for all other municipalities; and

139.34 (ii) if the expenditures are used to pay the cost of site acquisition, relocation,  
139.35 demolition of existing structures, site preparation, rehabilitation, and pollution abatement  
139.36 on one or more parcels, if provided that the parcel contains a residence containing is

140.1 occupied by one to four family dwelling units that has been vacant for six or more months  
140.2 and is in foreclosure as defined in section 325N.10, subdivision 7, but without regard to  
140.3 whether the residence is the owner's principal residence, and only after the redemption  
140.4 period stated in the notice provided under section 580.06 has expired with respect to which  
140.5 a mortgage was foreclosed under chapter 580, 581, or 582; any applicable redemption  
140.6 period has expired without redemption; and the authority or developer enters into a  
140.7 purchase agreement to acquire the parcel no earlier than 30 days after expiration of the  
140.8 redemption period.

140.9 (e) For a district created within a biotechnology and health sciences industry zone  
140.10 as defined in section 469.330, subdivision 6, or for an existing district located within  
140.11 such a zone, tax increment derived from such a district may be expended outside of the  
140.12 district but within the zone only for expenditures required for the construction of public  
140.13 infrastructure necessary to support the activities of the zone, land acquisition, and other  
140.14 redevelopment costs as defined in section 469.176, subdivision 4j. These expenditures are  
140.15 considered as expenditures for activities within the district.

140.16 (f) The authority under paragraph (d), clause ~~(4)~~ (2), expires on December 31, 2016.  
140.17 Increments may continue to be expended under this authority after that date, if they are  
140.18 used to pay bonds or binding contracts that would qualify under subdivision 3, paragraph  
140.19 (a), if December 31, 2016, is considered to be the last date of the five-year period after  
140.20 certification under that provision.

140.21 (g) The authority may elect, in the tax increment financing plan, for a district located  
140.22 in a mining reclamation area that "activities within the district" under paragraph (a)  
140.23 includes activities within the geographic area of the mining reclamation area.

140.24 **EFFECTIVE DATE.** This section is effective for any district that is subject to  
140.25 the provisions of Minnesota Statutes, section 469.1763, regardless of when the request  
140.26 for certification was made, except the amendment adding paragraph (g) is effective for  
140.27 districts for which the request for certification was made after April 30, 2012.

140.28 Sec. 12. Minnesota Statutes 2010, section 469.1763, subdivision 3, is amended to read:

140.29 Subd. 3. **Five-year rule.** (a) Revenues derived from tax increments are considered  
140.30 to have been expended on an activity within the district under subdivision 2 only if one  
140.31 of the following occurs:

140.32 (1) before or within five years after certification of the district, the revenues are  
140.33 actually paid to a third party with respect to the activity;

140.34 (2) bonds, the proceeds of which must be used to finance the activity, are issued and  
140.35 sold to a third party before or within five years after certification, the revenues are spent

141.1 to repay the bonds, and the proceeds of the bonds either are, on the date of issuance,  
141.2 reasonably expected to be spent before the end of the later of (i) the five-year period, or  
141.3 (ii) a reasonable temporary period within the meaning of the use of that term under section  
141.4 148(c)(1) of the Internal Revenue Code, or are deposited in a reasonably required reserve  
141.5 or replacement fund;

141.6 (3) binding contracts with a third party are entered into for performance of the  
141.7 activity before or within five years after certification of the district and the revenues are  
141.8 spent under the contractual obligation;

141.9 (4) costs with respect to the activity are paid before or within five years after  
141.10 certification of the district and the revenues are spent to reimburse a party for payment  
141.11 of the costs, including interest on unreimbursed costs; or

141.12 (5) expenditures are made for housing purposes as permitted by subdivision 2,  
141.13 paragraphs (b) and (d), or for public infrastructure purposes within a zone as permitted  
141.14 by subdivision 2, paragraph (e).

141.15 (b) For purposes of this subdivision, bonds include subsequent refunding bonds if  
141.16 the original refunded bonds meet the requirements of paragraph (a), clause (2).

141.17 (c) For a redevelopment district or a renewal and renovation district certified after  
141.18 June 30, 2003, and before April 20, 2009, the five-year periods described in paragraph  
141.19 (a) are extended to ten years after certification of the district. This extension is provided  
141.20 primarily to accommodate delays in development activities due to unanticipated economic  
141.21 circumstances.

141.22 (d) If the authority so elects in the tax increment financing plan for a redevelopment  
141.23 district, renewal and renovation district, soils condition district, or soil deficiency district  
141.24 located in a mining reclamation project area, the five-year periods described in paragraph  
141.25 (a) do not apply.

141.26 **EFFECTIVE DATE.** This section is effective for districts for which the request for  
141.27 certification is made after April 30, 2012.

141.28 Sec. 13. Minnesota Statutes 2010, section 469.1763, subdivision 4, is amended to read:

141.29 Subd. 4. **Use of revenues for decertification.** (a) In each year beginning with the  
141.30 sixth year following certification of the district, if the applicable in-district percent of the  
141.31 revenues derived from tax increments paid by properties in the district exceeds the amount  
141.32 of expenditures that have been made for costs permitted under subdivision 3, an amount  
141.33 equal to the difference between the in-district percent of the revenues derived from tax  
141.34 increments paid by properties in the district and the amount of expenditures that have

142.1 been made for costs permitted under subdivision 3 must be used and only used to pay or  
142.2 defease the following or be set aside to pay the following:

142.3 (1) outstanding bonds, as defined in subdivision 3, paragraphs (a), clause (2), and (b);

142.4 (2) contracts, as defined in subdivision 3, paragraph (a), clauses (3) and (4);

142.5 (3) credit enhanced bonds to which the revenues derived from tax increments are  
142.6 pledged, but only to the extent that revenues of the district for which the credit enhanced  
142.7 bonds were issued are insufficient to pay the bonds and to the extent that the increments  
142.8 from the applicable pooling percent share for the district are insufficient; or

142.9 (4) the amount provided by the tax increment financing plan to be paid under  
142.10 subdivision 2, paragraphs (b), (d), and (e).

142.11 (b) The district must be decertified and the pledge of tax increment discharged  
142.12 when the outstanding bonds have been defeased and when sufficient money has been set  
142.13 aside to pay, based on the increment to be collected through the end of the calendar year,  
142.14 the following amounts:

142.15 (1) contractual obligations as defined in subdivision 3, paragraph (a), clauses (3)  
142.16 and (4);

142.17 (2) the amount specified in the tax increment financing plan for activities qualifying  
142.18 under subdivision 2, paragraph (b), that have not been funded with the proceeds of bonds  
142.19 qualifying under paragraph (a), clause (1); and

142.20 (3) the additional expenditures permitted by the tax increment financing plan for  
142.21 housing activities under an election under subdivision 2, paragraph (d), that have not been  
142.22 funded with the proceeds of bonds qualifying under paragraph (a), clause (1).

142.23 (c) If the authority so elects in the tax increment financing plan for a redevelopment  
142.24 district, renewal and renovation district, soils condition district, or soil deficiency district  
142.25 located in a mining reclamation project area, the provisions of this section do not apply.

142.26 **EFFECTIVE DATE.** This section is effective for districts for which the request for  
142.27 certification is made after April 30, 2012.

142.28 Sec. 14. Laws 2008, chapter 366, article 5, section 34, as amended by Laws 2009,  
142.29 chapter 88, article 5, section 11, is amended to read:

142.30 Sec. 34. **CITY OF OAKDALE; ORIGINAL TAX CAPACITY.**

142.31 Subdivision 1. **Original tax capacity election.** (a) The provisions of this section  
142.32 apply to redevelopment tax increment financing districts created by the Housing and  
142.33 Redevelopment Authority in and for the city of Oakdale in the areas comprised of  
142.34 the parcels with the following parcel identification numbers: (1) 3102921320053;  
142.35 3102921320054; 3102921320055; 3102921320056; 3102921320057; 3102921320058;

143.1 3102921320062; 3102921320063; 3102921320059; 3102921320060; 3102921320061;  
143.2 3102921330005; and 3102921330004; and (2) 2902921330001 and 2902921330005.

143.3 (b) For a district subject to this section, the Housing and Redevelopment Authority  
143.4 may, when requesting certification of the original tax capacity of the district under  
143.5 Minnesota Statutes, section 469.177, elect to have the original tax capacity of the district  
143.6 be certified as the tax capacity of the land.

143.7 (c) The authority to request certification of a district under this section expires on  
143.8 ~~July 1, 2013~~ December 31, 2017.

143.9 **Subd. 2. Parcels deemed occupied.** (a) Parcel numbers 3102921320054,  
143.10 3102921320055, 3102921320056, 3102921320057, 3102921320061, and 3102921330004  
143.11 are deemed to meet the requirements of Minnesota Statutes, section 469.174, subdivision  
143.12 10, paragraph (d), notwithstanding any contrary provisions of that paragraph, if the  
143.13 following conditions are met:

143.14 (1) a building located on any part of each of the specified parcels was demolished  
143.15 after the authority adopted a resolution under Minnesota Statutes, section 469.174,  
143.16 subdivision 10, paragraph (d), clause (3);

143.17 (2) the building was removed either by the authority, by a developer under a  
143.18 development agreement with the authority, or by the owner of the property without  
143.19 entering into a development agreement with the authority; and

143.20 (3) the request for certification of the parcel as part of a district is filed with the  
143.21 county auditor by December 31, 2017.

143.22 (b) The provisions of subdivision 1 apply to allow an election by the authority  
143.23 for the parcels deemed occupied under paragraph (a), notwithstanding the provisions  
143.24 of Minnesota Statutes, sections 469.174, subdivision 10, paragraph (d), and 469.177,  
143.25 subdivision 1, paragraph (f).

143.26 **EFFECTIVE DATE.** This section is effective upon compliance by the governing  
143.27 body of the city of Oakdale with the requirements of Minnesota Statutes, section 645.021,  
143.28 subdivision 3.

143.29 **Sec. 15. CITY OF BLOOMINGTON; TAX INCREMENT FINANCING.**

143.30 Notwithstanding Minnesota Statutes, section 469.176, or Laws 1996, chapter 464,  
143.31 article 1, section 8, or any other law to the contrary, the city of Bloomington and its port  
143.32 authority may extend the duration limits of tax increment financing district No. 1-G,  
143.33 containing the former Met Center property, including Lindau Lane and that portion of tax  
143.34 increment financing district No. 1-C north of the existing building line on Lot 1, Block 1,  
143.35 Mall of America 7th Addition, exclusive of Lots 2 and 3, through December 31, 2038.

144.1 **EFFECTIVE DATE.** This section is effective upon compliance of the governing  
144.2 bodies of the city of Bloomington, Hennepin County, and Independent School District  
144.3 No. 271, Bloomington, with the requirements of Minnesota Statutes, sections 469.1782,  
144.4 subdivision 2, and 645.021, subdivision 3.

144.5 Sec. 16. **CITY OF BLOOMINGTON; TAX INCREMENT FINANCING**  
144.6 **EXTENSION.**

144.7 Notwithstanding the provisions of Minnesota Statutes, section 469.176, or any other  
144.8 law to the contrary, the city of Bloomington and its port authority may extend the duration  
144.9 limits of Tax Increment Financing District No. 1-I, containing the Bloomington Central  
144.10 Station property for a period through December 31, 2038.

144.11 **EFFECTIVE DATE.** This section is effective upon compliance of the governing  
144.12 body of the city of Bloomington with the requirements of Minnesota Statutes, sections  
144.13 469.1782, subdivision 2, and 645.021, subdivision 3.

144.14 Sec. 17. **DAKOTA COUNTY COMMUNITY DEVELOPMENT AGENCY; TAX**  
144.15 **INCREMENT FINANCING DISTRICT.**

144.16 Subdivision 1. **Authorization.** Notwithstanding the provisions of any other law,  
144.17 the Dakota County Community Development Agency may establish a redevelopment tax  
144.18 increment financing district comprised of the properties that (1) were included in the  
144.19 CDA 10 Robert and South Street district in the city of West St. Paul, and (2) were not  
144.20 decertified before July 1, 2012. The district created under this section terminates no later  
144.21 than December 31, 2027.

144.22 Subd. 2. **Special rules.** The requirements for qualifying a redevelopment district  
144.23 under Minnesota Statutes, section 469.174, subdivision 10, do not apply to parcels located  
144.24 within the district. Minnesota Statutes, section 469.176, subdivisions 4g, paragraph (c),  
144.25 clause (1), item (ii), 4j, and 4l, do not apply to the district. The original tax capacity  
144.26 of the district is \$93,239.

144.27 Subd. 3. **Authorized expenditures.** Tax increment from the district may be  
144.28 expended to pay for any eligible activities authorized by Minnesota Statutes, chapter  
144.29 469, within the redevelopment area that includes the district. All such expenditures are  
144.30 deemed to be activities within the district under Minnesota Statutes, section 469.1763,  
144.31 subdivisions 2, 3, and 4.



145.1 Subd. 4. **Adjusted net tax capacity.** The captured tax capacity of the district must  
145.2 be included in the adjusted net tax capacity of the city, county, and school district for the  
145.3 purposes of determining local government aid, education aid, and county program aid.  
145.4 The county auditor shall report to the commissioner of revenue the amount of the captured  
145.5 tax capacity for the district at the time the assessment abstracts are filed.

145.6 **EFFECTIVE DATE.** This section is effective upon compliance by the governing  
145.7 body of the Dakota County Community Development Agency with the requirements of  
145.8 Minnesota Statutes, section 645.021, subdivision 3.

145.9 Sec. 18. **CITY OF BROOKLYN PARK; TAX INCREMENT FINANCING;**  
145.10 **SPECIAL RULES.**

145.11 The requirement of Minnesota Statutes, section 469.1763, subdivision 3, that  
145.12 activities must be undertaken within a five-year period from the date of certification of a tax  
145.13 increment financing district, is considered to be met for Tax Increment Financing District  
145.14 No. 23 in the city of Brooklyn Park if the activities were undertaken by July 1, 2014.

145.15 **EFFECTIVE DATE.** This section is effective upon compliance by the governing  
145.16 body of the city of Brooklyn Park with the requirements of Minnesota Statutes, section  
145.17 645.021, subdivision 3.

145.18 Sec. 19. **ST. CLOUD; TAX INCREMENT FINANCING.**

145.19 The request for certification of Tax Increment District No. 2, commonly referred to  
145.20 as the Norwest District, in the city of St. Cloud is deemed to have been made on or after  
145.21 August 1, 1979, and before July 1, 1982. Revenues derived from tax increment for that  
145.22 district must be treated for purposes of any law as revenue of a tax increment financing  
145.23 district for which the request for certification was made during that time period.

145.24 **EFFECTIVE DATE.** This section is effective upon approval by the governing  
145.25 body of the city of St. Cloud and compliance with Minnesota Statutes, section 645.021,  
145.26 subdivision 3.

## 145.27 **ARTICLE 11**

### 145.28 **ESTATE TAXES**

145.29 Section 1. Minnesota Statutes 2010, section 289A.10, is amended by adding a  
145.30 subdivision to read:

145.31 Subd. 1a. **Recapture tax return required.** If a disposition or cessation as provided  
145.32 by section 291.03, subdivision 11, paragraph (a), has occurred, the qualified heir, as

146.1 defined under section 291.03, subdivision 8, paragraph (c), or personal representative of  
146.2 the decedent's estate must submit a recapture tax return to the commissioner.

146.3 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after  
146.4 June 30, 2011.

146.5 Sec. 2. Minnesota Statutes 2010, section 289A.12, is amended by adding a subdivision  
146.6 to read:

146.7 Subd. 18. **Returns by qualified heirs.** Within 24 months and within 36 months  
146.8 after a decedent's death, a qualified heir, as defined under section 291.03, subdivision 8,  
146.9 paragraph (c), must file a return with the commissioner relating to the qualified property  
146.10 received from the decedent.

146.11 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after  
146.12 June 30, 2011.

146.13 Sec. 3. Minnesota Statutes 2010, section 289A.18, is amended by adding a subdivision  
146.14 to read:

146.15 Subd. 3a. **Recapture tax return.** A recapture tax return is due within six months  
146.16 after the date of the disposition or cessation as provided by section 291.03, subdivision  
146.17 11, paragraph (a).

146.18 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after  
146.19 June 30, 2011.

146.20 Sec. 4. Minnesota Statutes 2010, section 289A.20, subdivision 3, is amended to read:

146.21 Subd. 3. **Estate tax.** Taxes imposed by ~~chapter 291~~ section 291.03, subdivision 1,  
146.22 take effect at and upon the death of the person whose estate is subject to taxation and are  
146.23 due and payable on or before the expiration of nine months from that death.

146.24 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after  
146.25 June 30, 2011.

146.26 Sec. 5. Minnesota Statutes 2010, section 289A.20, is amended by adding a subdivision  
146.27 to read:

146.28 Subd. 3a. **Recapture tax.** Taxes imposed by section 291.03, subdivision 11,  
146.29 paragraph (b), are due and payable on or before the expiration of six months from the date  
146.30 of disposition or cessation as provided by section 291.03, subdivision 11, paragraph (a).

147.1 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after  
147.2 June 30, 2011.

147.3 Sec. 6. Minnesota Statutes 2011 Supplement, section 291.03, subdivision 8, is  
147.4 amended to read:

147.5 Subd. 8. **Definitions.** (a) For purposes of this section, the following terms have the  
147.6 meanings given in this subdivision.

147.7 (b) "Family member" means a family member as defined in section 2032A(e)(2) of  
147.8 the Internal Revenue Code or a trust whose present beneficiaries are all family members as  
147.9 defined in section 2032A(e)(2) of the Internal Revenue Code.

147.10 (c) "Qualified heir" means a family member who acquired qualified property ~~from~~  
147.11 upon the death of the decedent and satisfies the requirement under subdivision 9, clause  
147.12 ~~(6)~~ (8), or subdivision 10, clause ~~(4)~~ (5), for the property.

147.13 (d) "Qualified property" means qualified small business property under subdivision  
147.14 9 and qualified farm property under subdivision 10.

147.15 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after  
147.16 June 30, 2011.

147.17 Sec. 7. Minnesota Statutes 2011 Supplement, section 291.03, subdivision 9, is  
147.18 amended to read:

147.19 Subd. 9. **Qualified small business property.** Property satisfying all of the following  
147.20 requirements is qualified small business property:

147.21 (1) The value of the property was included in the federal adjusted taxable estate.

147.22 (2) The property consists of the assets of a trade or business or shares of stock or  
147.23 other ownership interests in a corporation or other entity engaged in a trade or business.

147.24 ~~The decedent or the decedent's spouse must have materially participated in the trade or~~  
147.25 ~~business within the meaning of section 469 of the Internal Revenue Code during the~~  
147.26 ~~taxable year that ended before the date of the decedent's death.~~ Shares of stock in a

147.27 corporation or an ownership interest in another type of entity do not qualify under this  
147.28 subdivision if the shares or ownership interests are traded on a public stock exchange at

147.29 any time during the three-year period ending on the decedent's date of death. For purposes  
147.30 of this subdivision, an ownership interest includes the interest the decedent is deemed to  
147.31 own under sections 2036, 2037, and 2038 of the Internal Revenue Code.

147.32 (3) During the decedent's taxable year that ended before the decedent's death, the  
147.33 trade or business must not have been a passive activity within the meaning of section  
147.34 469(c) of the Internal Revenue Code and the decedent or the decedent's spouse must have

148.1 materially participated in the trade or business within the meaning of section 469(h) of the  
148.2 Internal Revenue Code, excluding section 469(h)(3) of the Internal Revenue Code and  
148.3 any other provision provided by Treasury Department regulation that substitutes material  
148.4 participation in prior taxable years for material participation in the taxable year that ended  
148.5 before the decedent's death.

148.6 ~~(3)~~ (4) The gross annual sales of the trade or business were \$10,000,000 or less for  
148.7 the last taxable year that ended before the date of the death of the decedent.

148.8 ~~(4)~~ (5) The property does not consist of cash ~~or~~, cash equivalents, publicly traded  
148.9 securities, or assets not used in the operation of the trade or business. For property  
148.10 consisting of shares of stock or other ownership interests in an entity, the ~~amount~~ value of  
148.11 cash ~~or~~, cash equivalents, publicly traded securities, or assets not used in the operation of  
148.12 the trade or business held by the corporation or other entity must be deducted from the  
148.13 value of the property qualifying under this subdivision in proportion to the decedent's  
148.14 share of ownership of the entity on the date of death.

148.15 (6) The property does not consist of qualified farm property. For property consisting  
148.16 of shares of stock or other ownership interests in an entity, the value of the qualified  
148.17 farm property held by the corporation or other entity must be deducted from the value  
148.18 of the property qualifying under this subdivision in proportion to the decedent's share of  
148.19 ownership of the entity on the date of death.

148.20 ~~(5)~~ (7) The decedent continuously owned the property, including property the  
148.21 decedent is deemed to own under sections 2036, 2037, and 2038 of the Internal Revenue  
148.22 Code, for the three-year period ending on the date of death of the decedent. In the case of  
148.23 a sole proprietor, if the property replaced similar property within the three-year period,  
148.24 the replacement property will be treated as having been owned for the three-year period  
148.25 ending on the date of death of the decedent.

148.26 ~~(6) A family member continuously uses the property in the operation of the trade or~~  
148.27 ~~business for three years following the date of death of the decedent.~~

148.28 (8) For three years following the date of death of the decedent, the trade or business  
148.29 is not a passive activity within the meaning of section 469(c) of the Internal Revenue  
148.30 Code and a family member materially participates in the operation of the trade or business  
148.31 within the meaning of section 469(h) of the Internal Revenue Code, excluding section  
148.32 469(h)(3) of the Internal Revenue Code and any other provision provided by Treasury  
148.33 Department regulation that substitutes material participation in prior taxable years for  
148.34 material participation in the three years following the date of death of the decedent.

149.1           ~~(7)~~ (9) The estate and the qualified heir elect to treat the property as qualified small  
149.2 business property and agree, in the form prescribed by the commissioner, to pay the  
149.3 recapture tax under subdivision 11, if applicable.

149.4           **EFFECTIVE DATE.** This section is effective for estates of decedents dying after  
149.5 June 30, 2011.

149.6           Sec. 8. Minnesota Statutes 2011 Supplement, section 291.03, subdivision 10, is  
149.7 amended to read:

149.8           Subd. 10. **Qualified farm property.** Property satisfying all of the following  
149.9 requirements is qualified farm property:

149.10           (1) The value of the property was included in the federal adjusted taxable estate.

149.11           (2) The property consists of agricultural land as defined by section 500.24,  
149.12 subdivision 2, paragraph (g), and owned by a farm meeting the requirements of person  
149.13 or entity that is not excluded from owning agricultural land by section 500.24, and was  
149.14 classified for property tax purposes as the homestead of the decedent or the decedent's  
149.15 spouse or both under section 273.124, and as class 2a property under section 273.13,  
149.16 subdivision 23.

149.17           (3) For property taxes payable in the year of decedent's death, the decedent's interest  
149.18 in the property was classified as the homestead of the decedent or the decedent's spouse or  
149.19 both under section 273.124, and as class 2a property under section 273.13, subdivision 23.

149.20           (4) The decedent continuously owned the property, including property the decedent  
149.21 is deemed to own under sections 2036, 2037, and 2038 of the Internal Revenue Code, for  
149.22 the three-year period ending on the date of death of the decedent either by ownership of  
149.23 the agricultural land or pursuant to holding an interest in an entity that is not excluded  
149.24 from owning agricultural land under section 500.24.

149.25           ~~(4)~~ A family member continuously uses the property in the operation of the trade or  
149.26 ~~business~~ (5) The property is classified for property tax purposes as class 2a property under  
149.27 section 273.13, subdivision 23, for three years following the date of death of the decedent.

149.28           ~~(5)~~ (6) The estate and the qualified heir elect to treat the property as qualified farm  
149.29 property and agree, in a form prescribed by the commissioner, to pay the recapture tax  
149.30 under subdivision 11, if applicable.

149.31           **EFFECTIVE DATE.** This section is effective for estates of decedents dying after  
149.32 June 30, 2011.

150.1 Sec. 9. Minnesota Statutes 2011 Supplement, section 291.03, subdivision 11, is  
150.2 amended to read:

150.3 Subd. 11. **Recapture tax.** (a) If, within three years after the decedent's death and  
150.4 before the death of the qualified heir, the qualified heir disposes of any interest in the  
150.5 qualified property, other than by a disposition to a family member or qualifying entity,  
150.6 or a family member ceases to ~~use the qualified property which was acquired or passed~~  
150.7 ~~from the decedent~~ satisfy the requirement under subdivision 9, clause (7); or 10, clause  
150.8 (5), an additional estate tax is imposed on the property. In the case of a sole proprietor, if  
150.9 the qualified heir replaces qualified small business property excluded under subdivision 9  
150.10 with similar property, then the qualified heir will not be treated as having disposed of an  
150.11 interest in the qualified property.

150.12 (b) The amount of the additional tax equals the amount of the exclusion claimed with  
150.13 respect to the qualified interest disposed of by the estate under subdivision 8, paragraph  
150.14 (d), multiplied by 16 percent.

150.15 ~~(c) The additional tax under this subdivision is due on the day which is six months~~  
150.16 ~~after the date of the disposition or cessation in paragraph (a).~~

150.17 (c) For purposes of paragraph (a), "qualifying entity" means a corporation or other  
150.18 entity that is owned by a family member or family members and, for qualified farm  
150.19 property, that is not excluded from owning agricultural land under section 500.24.

150.20 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after  
150.21 June 30, 2011.

## 150.22 ARTICLE 12

### 150.23 HOMESTEAD MARKET VALUE CLEANUP

150.24 Section 1. Minnesota Statutes 2010, section 38.18, is amended to read:

#### 150.25 **38.18 COUNTY FAIRGROUNDS; IMPROVEMENT AIDED.**

150.26 ~~Any~~ Each town, statutory city, or school district in this state, ~~now or hereafter~~ at  
150.27 any time having ~~a~~ an estimated market value of all its taxable property, ~~exclusive of~~  
150.28 ~~money and credits~~, of more than \$105,000,000, and having a county fair located within its  
150.29 corporate limits, ~~is hereby authorized to aid in defraying~~ may pay part of the expense of  
150.30 improving ~~any such~~ the fairground, ~~by appropriating and paying over~~ to the treasurer of  
150.31 the county owning the fairground ~~such sum of money~~, not exceeding \$10,000, ~~for each~~  
150.32 ~~of the political subdivisions~~, as ~~the~~ its governing body ~~of the town, statutory city, or~~  
150.33 ~~school district may~~, by resolution, ~~determine~~ determines to be for the best interest of the  
150.34 political subdivision. ~~The sums so appropriated to~~ amounts paid to the county must be  
150.35 used solely for the purpose of aiding in the improvement of to improve the fairground

151.1 in ~~such~~ the manner as the county board ~~of the county shall determine~~ determines to be  
151.2 for the best interest of the county.

151.3 Sec. 2. Minnesota Statutes 2010, section 40A.15, subdivision 2, is amended to read:

151.4 Subd. 2. **Eligible recipients.** All counties within the state, municipalities that  
151.5 prepare plans and official controls instead of a county, and districts are eligible for  
151.6 assistance under the program. Counties and districts may apply for assistance on behalf  
151.7 of other municipalities. In order to be eligible for financial assistance a county or  
151.8 municipality must agree to levy at least 0.01209 percent of ~~taxable~~ estimated market  
151.9 value for agricultural land preservation and conservation activities or otherwise spend the  
151.10 equivalent amount of local money on those activities, or spend \$15,000 of local money,  
151.11 whichever is less.

151.12 Sec. 3. Minnesota Statutes 2010, section 69.011, subdivision 1, is amended to read:

151.13 Subdivision 1. **Definitions.** Unless the language or context clearly indicates that  
151.14 a different meaning is intended, the following words and terms, for the purposes of this  
151.15 chapter and chapters 423, 423A, 424 and 424A, have the meanings ascribed to them:

151.16 (a) "Commissioner" means the commissioner of revenue.

151.17 (b) "Municipality" means:

151.18 (1) a home rule charter or statutory city;

151.19 (2) an organized town;

151.20 (3) a park district subject to chapter 398;

151.21 (4) the University of Minnesota;

151.22 (5) for purposes of the fire state aid program only, an American Indian tribal  
151.23 government entity located within a federally recognized American Indian reservation;

151.24 (6) for purposes of the police state aid program only, an American Indian tribal  
151.25 government with a tribal police department which exercises state arrest powers under  
151.26 section 626.90, 626.91, 626.92, or 626.93;

151.27 (7) for purposes of the police state aid program only, the Metropolitan Airports  
151.28 Commission; and

151.29 (8) for purposes of the police state aid program only, the Department of Natural  
151.30 Resources and the Department of Public Safety with respect to peace officers covered  
151.31 under chapter 352B.

151.32 (c) "Minnesota Firetown Premium Report" means a form prescribed by the  
151.33 commissioner containing space for reporting by insurers of fire, lightning, sprinkler

152.1 leakage and extended coverage premiums received upon risks located or to be performed  
152.2 in this state less return premiums and dividends.

152.3 (d) "Firetown" means the area serviced by any municipality having a qualified fire  
152.4 department or a qualified incorporated fire department having a subsidiary volunteer  
152.5 firefighters' relief association.

152.6 (e) "Estimated market value" means latest available estimated market value of all  
152.7 property in a taxing jurisdiction, whether the property is subject to taxation, or exempt  
152.8 from ad valorem taxation obtained from information which appears on abstracts filed with  
152.9 the commissioner of revenue or equalized by the State Board of Equalization.

152.10 (f) "Minnesota Aid to Police Premium Report" means a form prescribed by the  
152.11 commissioner for reporting by each fire and casualty insurer of all premiums received  
152.12 upon direct business received by it in this state, or by its agents for it, in cash or otherwise,  
152.13 during the preceding calendar year, with reference to insurance written for insuring against  
152.14 the perils contained in auto insurance coverages as reported in the Minnesota business  
152.15 schedule of the annual financial statement which each insurer is required to file with  
152.16 the commissioner in accordance with the governing laws or rules less return premiums  
152.17 and dividends.

152.18 (g) "Peace officer" means any person:

152.19 (1) whose primary source of income derived from wages is from direct employment  
152.20 by a municipality or county as a law enforcement officer on a full-time basis of not less  
152.21 than 30 hours per week;

152.22 (2) who has been employed for a minimum of six months prior to December 31  
152.23 preceding the date of the current year's certification under subdivision 2, clause (b);

152.24 (3) who is sworn to enforce the general criminal laws of the state and local  
152.25 ordinances;

152.26 (4) who is licensed by the Peace Officers Standards and Training Board and is  
152.27 authorized to arrest with a warrant; and

152.28 (5) who is a member of the Minneapolis Police Relief Association, the State Patrol  
152.29 retirement plan, or the public employees police and fire fund.

152.30 (h) "Full-time equivalent number of peace officers providing contract service" means  
152.31 the integral or fractional number of peace officers which would be necessary to provide  
152.32 the contract service if all peace officers providing service were employed on a full-time  
152.33 basis as defined by the employing unit and the municipality receiving the contract service.

152.34 (i) "Retirement benefits other than a service pension" means any disbursement  
152.35 authorized under section 424A.05, subdivision 3, clauses (3) and (4).



153.1 (j) "Municipal clerk, municipal clerk-treasurer, or county auditor" means the person  
153.2 who was elected or appointed to the specified position or, in the absence of the person,  
153.3 another person who is designated by the applicable governing body. In a park district,  
153.4 the clerk is the secretary of the board of park district commissioners. In the case of the  
153.5 University of Minnesota, the clerk is that official designated by the Board of Regents.  
153.6 For the Metropolitan Airports Commission, the clerk is the person designated by the  
153.7 commission. For the Department of Natural Resources or the Department of Public Safety,  
153.8 the clerk is the respective commissioner. For a tribal police department which exercises  
153.9 state arrest powers under section 626.90, 626.91, 626.92, or 626.93, the clerk is the person  
153.10 designated by the applicable American Indian tribal government.

153.11 (k) "Voluntary statewide lump-sum volunteer firefighter retirement plan" means the  
153.12 retirement plan established by chapter 353G.

153.13 Sec. 4. Minnesota Statutes 2010, section 69.021, subdivision 7, is amended to read:

153.14 Subd. 7. **Apportionment of fire state aid to municipalities and relief associations.**

153.15 (a) The commissioner shall apportion the fire state aid relative to the premiums reported  
153.16 on the Minnesota Firetown Premium Reports filed under this chapter to each municipality  
153.17 and/or firefighters relief association.

153.18 (b) The commissioner shall calculate an initial fire state aid allocation amount for  
153.19 each municipality or fire department under paragraph (c) and a minimum fire state aid  
153.20 allocation amount for each municipality or fire department under paragraph (d). The  
153.21 municipality or fire department must receive the larger fire state aid amount.

153.22 (c) The initial fire state aid allocation amount is the amount available for  
153.23 apportionment as fire state aid under subdivision 5, without inclusion of any additional  
153.24 funding amount to support a minimum fire state aid amount under section 423A.02,  
153.25 subdivision 3, allocated one-half in proportion to the population as shown in the last  
153.26 official statewide federal census for each fire town and one-half in proportion to the  
153.27 estimated market value of each fire town, including (1) the estimated market value of  
153.28 tax-exempt property and (2) the estimated market value of natural resources lands  
153.29 receiving in lieu payments under sections 477A.11 to 477A.14, but excluding the  
153.30 estimated market value of minerals. In the case of incorporated or municipal fire  
153.31 departments furnishing fire protection to other cities, towns, or townships as evidenced  
153.32 by valid fire service contracts filed with the commissioner, the distribution must be  
153.33 adjusted proportionately to take into consideration the crossover fire protection service.  
153.34 Necessary adjustments must be made to subsequent apportionments. In the case of  
153.35 municipalities or independent fire departments qualifying for the aid, the commissioner

154.1 shall calculate the state aid for the municipality or relief association on the basis of the  
154.2 population and the estimated market value of the area furnished fire protection service  
154.3 by the fire department as evidenced by duly executed and valid fire service agreements  
154.4 filed with the commissioner. If one or more fire departments are furnishing contracted fire  
154.5 service to a city, town, or township, only the population and estimated market value of the  
154.6 area served by each fire department may be considered in calculating the state aid and  
154.7 the fire departments furnishing service shall enter into an agreement apportioning among  
154.8 themselves the percent of the population and the estimated market value of each service  
154.9 area. The agreement must be in writing and must be filed with the commissioner.

154.10 (d) The minimum fire state aid allocation amount is the amount in addition to the  
154.11 initial fire state allocation amount that is derived from any additional funding amount  
154.12 to support a minimum fire state aid amount under section 423A.02, subdivision 3, and  
154.13 allocated to municipalities with volunteer firefighters relief associations or covered by the  
154.14 voluntary statewide lump-sum volunteer firefighter retirement plan based on the number  
154.15 of active volunteer firefighters who are members of the relief association as reported  
154.16 in the annual financial reporting for the calendar year 1993 to the Office of the State  
154.17 Auditor, but not to exceed 30 active volunteer firefighters, so that all municipalities or  
154.18 fire departments with volunteer firefighters relief associations receive in total at least a  
154.19 minimum fire state aid amount per 1993 active volunteer firefighter to a maximum of  
154.20 30 firefighters. If a relief association is established after calendar year 1993 and before  
154.21 calendar year 2000, the number of active volunteer firefighters who are members of the  
154.22 relief association as reported in the annual financial reporting for calendar year 1998  
154.23 to the Office of the State Auditor, but not to exceed 30 active volunteer firefighters,  
154.24 shall be used in this determination. If a relief association is established after calendar  
154.25 year 1999, the number of active volunteer firefighters who are members of the relief  
154.26 association as reported in the first annual financial reporting submitted to the Office of  
154.27 the State Auditor, but not to exceed 20 active volunteer firefighters, must be used in this  
154.28 determination. If a relief association is terminated as a result of providing retirement  
154.29 coverage for volunteer firefighters by the voluntary statewide lump-sum volunteer  
154.30 firefighter retirement plan under chapter 353G, the number of active volunteer firefighters  
154.31 of the municipality covered by the statewide plan as certified by the executive director of  
154.32 the Public Employees Retirement Association to the commissioner and the state auditor,  
154.33 but not to exceed 30 active firefighters, must be used in this determination.

154.34 (e) Unless the firefighters of the applicable fire department are members of the  
154.35 voluntary statewide lump-sum volunteer firefighter retirement plan, the fire state aid must  
154.36 be paid to the treasurer of the municipality where the fire department is located and the

155.1 treasurer of the municipality shall, within 30 days of receipt of the fire state aid, transmit  
155.2 the aid to the relief association if the relief association has filed a financial report with the  
155.3 treasurer of the municipality and has met all other statutory provisions pertaining to the  
155.4 aid apportionment. If the firefighters of the applicable fire department are members of  
155.5 the voluntary statewide lump-sum volunteer firefighter retirement plan, the fire state aid  
155.6 must be paid to the executive director of the Public Employees Retirement Association  
155.7 and deposited in the voluntary statewide lump-sum volunteer firefighter retirement fund.

155.8 (f) The commissioner may make rules to permit the administration of the provisions  
155.9 of this section.

155.10 (g) Any adjustments needed to correct prior misallocations must be made to  
155.11 subsequent apportionments.

155.12 Sec. 5. Minnesota Statutes 2010, section 69.021, subdivision 8, is amended to read:

155.13 Subd. 8. **Population and estimated market value.** (a) In computations relating to  
155.14 fire state aid requiring the use of population figures, only official statewide federal census  
155.15 figures are to be used. Increases or decreases in population disclosed by reason of any  
155.16 special census must not be taken into consideration.

155.17 (b) In calculations relating to fire state aid requiring the use of estimated market  
155.18 value property figures, only the latest available estimated market value property figures  
155.19 may be used.

155.20 Sec. 6. Minnesota Statutes 2010, section 88.51, subdivision 3, is amended to read:

155.21 Subd. 3. **Determination of market value.** In determining the net tax capacity of  
155.22 property within any taxing district the value of the surface of lands within any auxiliary  
155.23 forest therein, as determined by the county board under the provisions of section 88.48,  
155.24 subdivision 3, shall, for all purposes except the levying of taxes on lands within any such  
155.25 forest, be deemed the estimated market value thereof.

155.26 Sec. 7. Minnesota Statutes 2010, section 103B.245, subdivision 3, is amended to read:

155.27 Subd. 3. **Tax.** After adoption of the ordinance under subdivision 2, a local  
155.28 government unit may annually levy a tax on all taxable property in the district for the  
155.29 purposes for which the tax district is established. The tax may not exceed 0.02418 percent  
155.30 of estimated market value on taxable property located in rural towns other than urban  
155.31 towns, unless allowed by resolution of the town electors. The proceeds of the tax shall  
155.32 be paid into a fund reserved for these purposes. Any proceeds remaining in the reserve  
155.33 fund at the time the tax is terminated or the district is dissolved shall be transferred and

156.1 irrevocably pledged to the debt service fund of the local unit to be used solely to reduce  
156.2 tax levies for bonded indebtedness of taxable property in the district.

156.3 Sec. 8. Minnesota Statutes 2010, section 103B.251, subdivision 8, is amended to read:

156.4 Subd. 8. **Tax.** (a) For the payment of principal and interest on the bonds issued  
156.5 under subdivision 7 and the payment required under subdivision 6, the county shall  
156.6 irrevocably pledge and appropriate the proceeds of a tax levied on all taxable property  
156.7 located within the territory of the watershed management organization or subwatershed  
156.8 unit for which the bonds are issued. Each year until the reserve for payment of the bonds  
156.9 is sufficient to retire the bonds, the county shall levy on all taxable property in the territory  
156.10 of the organization or unit, without respect to any statutory or other limitation on taxes, an  
156.11 amount of taxes sufficient to pay principal and interest on the bonds and to restore any  
156.12 deficiencies in reserves required to be maintained for payment of the bonds.

156.13 (b) The tax levied on rural towns other than urban towns may not exceed 0.02418  
156.14 percent of ~~taxable~~ estimated market value, unless approved by resolution of the town  
156.15 electors.

156.16 (c) If at any time the amounts available from the levy on property in the territory of  
156.17 the organization are insufficient to pay principal and interest on the bonds when due, the  
156.18 county shall make payment from any available funds in the county treasury.

156.19 (d) The amount of any taxes which are required to be levied outside of the territory  
156.20 of the watershed management organization or unit or taken from the general funds of the  
156.21 county to pay principal or interest on the bonds shall be reimbursed to the county from  
156.22 taxes levied within the territory of the watershed management organization or unit.

156.23 Sec. 9. Minnesota Statutes 2010, section 103B.635, subdivision 2, is amended to read:

156.24 Subd. 2. **Municipal funding of district.** (a) The governing body or board of  
156.25 supervisors of each municipality in the district must provide the funds necessary to meet  
156.26 its proportion of the total cost determined by the board, provided the total funding from  
156.27 all municipalities in the district for the costs shall not exceed an amount equal to .00242  
156.28 percent of the total ~~taxable~~ estimated market value within the district, unless three-fourths  
156.29 of the municipalities in the district pass a resolution concurring to the additional costs.

156.30 (b) The funds must be deposited in the treasury of the district in amounts and at  
156.31 times as the treasurer of the district requires.

156.32 Sec. 10. Minnesota Statutes 2010, section 103B.691, subdivision 2, is amended to read:

157.1 Subd. 2. **Municipal funding of district.** (a) The governing body or board of  
157.2 supervisors of each municipality in the district shall provide the funds necessary to  
157.3 meet its proportion of the total cost to be borne by the municipalities as finally certified  
157.4 by the board.

157.5 (b) The municipality's funds may be raised by any means within the authority of  
157.6 the municipality. The municipalities may each levy a tax not to exceed .02418 percent of  
157.7 ~~taxable~~ estimated market value on the taxable property located in the district to provide  
157.8 the funds. The levy shall be within all other limitations provided by law.

157.9 (c) The funds must be deposited into the treasury of the district in amounts and at  
157.10 times as the treasurer of the district requires.

157.11 Sec. 11. Minnesota Statutes 2010, section 103D.905, subdivision 2, is amended to read:

157.12 Subd. 2. **Organizational expense fund.** (a) An organizational expense fund,  
157.13 consisting of an ad valorem tax levy, shall not exceed 0.01596 percent of ~~taxable~~ estimated  
157.14 market value, or \$60,000, whichever is less. The money in the fund shall be used for  
157.15 organizational expenses and preparation of the watershed management plan for projects.

157.16 (b) The managers may borrow from the affected counties up to 75 percent of the  
157.17 anticipated funds to be collected from the organizational expense fund levy and the  
157.18 counties affected may make the advancements.

157.19 (c) The advancement of anticipated funds shall be apportioned among affected  
157.20 counties in the same ratio as the net tax capacity of the area of the counties within  
157.21 the watershed district bears to the net tax capacity of the entire watershed district. If a  
157.22 watershed district is enlarged, an organizational expense fund may be levied against the  
157.23 area added to the watershed district in the same manner as provided in this subdivision.

157.24 (d) Unexpended funds collected for the organizational expense may be transferred to  
157.25 the administrative fund and used for the purposes of the administrative fund.

157.26 Sec. 12. Minnesota Statutes 2010, section 103D.905, subdivision 3, is amended to read:

157.27 Subd. 3. **General fund.** A general fund, consisting of an ad valorem tax levy, may  
157.28 not exceed 0.048 percent of ~~taxable~~ estimated market value, or \$250,000, whichever is  
157.29 less. The money in the fund shall be used for general administrative expenses and for  
157.30 the construction or implementation and maintenance of projects of common benefit to  
157.31 the watershed district. The managers may make an annual levy for the general fund as  
157.32 provided in section 103D.911. In addition to the annual general levy, the managers may  
157.33 annually levy a tax not to exceed 0.00798 percent of ~~taxable~~ estimated market value  
157.34 for a period not to exceed 15 consecutive years to pay the cost attributable to the basic

158.1 water management features of projects initiated by petition of a political subdivision  
158.2 within the watershed district or by petition of at least 50 resident owners whose property  
158.3 is within the watershed district.

158.4 Sec. 13. Minnesota Statutes 2010, section 103D.905, subdivision 8, is amended to read:

158.5 Subd. 8. **Survey and data acquisition fund.** (a) A survey and data acquisition fund  
158.6 is established and used only if other funds are not available to the watershed district to pay  
158.7 for making necessary surveys and acquiring data.

158.8 (b) The survey and data acquisition fund consists of the proceeds of a property tax  
158.9 that can be levied only once every five years. The levy may not exceed 0.02418 percent of  
158.10 ~~taxable~~ estimated market value.

158.11 (c) The balance of the survey and data acquisition fund may not exceed \$50,000.

158.12 (d) In a subsequent proceeding for a project where a survey has been made, the  
158.13 attributable cost of the survey as determined by the managers shall be included as a part of  
158.14 the cost of the work and the sum shall be repaid to the survey and data acquisition fund.

158.15 Sec. 14. Minnesota Statutes 2010, section 117.025, subdivision 7, is amended to read:

158.16 Subd. 7. **Structurally substandard.** "Structurally substandard" means a building:

158.17 (1) that was inspected by the appropriate local government and cited for one or more  
158.18 enforceable housing, maintenance, or building code violations;

158.19 (2) in which the cited building code violations involve one or more of the following:

158.20 (i) a roof and roof framing element;

158.21 (ii) support walls, beams, and headers;

158.22 (iii) foundation, footings, and subgrade conditions;

158.23 (iv) light and ventilation;

158.24 (v) fire protection, including egress;

158.25 (vi) internal utilities, including electricity, gas, and water;

158.26 (vii) flooring and flooring elements; or

158.27 (viii) walls, insulation, and exterior envelope;

158.28 (3) in which the cited housing, maintenance, or building code violations have not  
158.29 been remedied after two notices to cure the noncompliance; and

158.30 (4) has uncured housing, maintenance, and building code violations, satisfaction of  
158.31 which would cost more than 50 percent of the ~~assessor's taxable~~ estimated market value

158.32 for the building, excluding land value, as determined under section 273.11 for property  
158.33 taxes payable in the year in which the condemnation is commenced.

159.1 A local government is authorized to seek from a judge or magistrate an administrative  
159.2 warrant to gain access to inspect a specific building in a proposed development or  
159.3 redevelopment area upon showing of probable cause that a specific code violation has  
159.4 occurred and that the violation has not been cured, and that the owner has denied the local  
159.5 government access to the property. Items of evidence that may support a conclusion of  
159.6 probable cause may include recent fire or police inspections, housing inspection, exterior  
159.7 evidence of deterioration, or other similar reliable evidence of deterioration in the specific  
159.8 building.

159.9 Sec. 15. Minnesota Statutes 2010, section 127A.48, subdivision 1, is amended to read:

159.10 Subdivision 1. **Computation.** The Department of Revenue must annually conduct  
159.11 an assessment/sales ratio study of the taxable property in each county, city, town, and  
159.12 school district in accordance with the procedures in subdivisions 2 and 3. Based upon the  
159.13 results of this assessment/sales ratio study, the Department of Revenue must determine an  
159.14 ~~aggregate~~ equalized net tax capacity for the various classes of taxable property in each  
159.15 taxing district, the aggregate of which tax capacity shall be is designated as the adjusted  
159.16 net tax capacity. The adjusted net tax capacity must be reduced by the captured tax  
159.17 capacity of tax increment districts under section 469.177, subdivision 2, fiscal disparities  
159.18 contribution tax capacities under sections 276A.06 and 473F.08, and the tax capacity of  
159.19 transmission lines required to be subtracted from the local tax base under section 273.425;  
159.20 and increased by fiscal disparities distribution tax capacities under sections 276A.06 and  
159.21 473F.08. The adjusted net tax capacities shall be determined using the net tax capacity  
159.22 percentages in effect for the assessment year following the assessment year of the study.  
159.23 The Department of Revenue must make whatever estimates are necessary to account for  
159.24 changes in the classification system. The Department of Revenue may incur the expense  
159.25 necessary to make the determinations. The commissioner of revenue may reimburse any  
159.26 county or governmental official for requested services performed in ascertaining the  
159.27 adjusted net tax capacity. On or before March 15 annually, the Department of Revenue  
159.28 shall file with the chair of the Tax Committee of the house of representatives and the  
159.29 chair of the Committee on Taxes and Tax laws of the senate a report of adjusted net tax  
159.30 capacities for school districts. On or before June 15 annually, the Department of Revenue  
159.31 shall file its final report on the adjusted net tax capacities for school districts established  
159.32 by the previous year's assessments and the current year's net tax capacity percentages with  
159.33 the commissioner of education and each county auditor for those school districts for  
159.34 which the auditor has the responsibility for determination of local tax rates. A copy of  
159.35 the report so filed shall be mailed to the clerk of each school district involved and to the

160.1 county assessor or supervisor of assessments of the county or counties in which each  
160.2 school district is located.

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

160.4 Sec. 16. Minnesota Statutes 2010, section 138.053, is amended to read:

160.5 **138.053 COUNTY HISTORICAL SOCIETY; TAX LEVY; CITIES OR**  
160.6 **TOWNS.**

160.7 The governing body of any home rule charter or statutory city or town may annually  
160.8 appropriate from its general fund an amount not to exceed 0.02418 percent of ~~taxable~~  
160.9 estimated market value, derived from ad valorem taxes on property or other revenues,  
160.10 to be paid to the historical society of its respective county to be used for the promotion  
160.11 of historical work and to aid in defraying the expenses of carrying on the historical  
160.12 work in the county. No city or town may appropriate any funds for the benefit of any  
160.13 historical society unless the society is affiliated with and approved by the Minnesota  
160.14 Historical Society.

160.15 Sec. 17. Minnesota Statutes 2010, section 144F.01, subdivision 4, is amended to read:

160.16 Subd. 4. **Property tax levy authority.** The district's board may levy a tax on the  
160.17 taxable real and personal property in the district. The ad valorem tax levy may not  
160.18 exceed 0.048 percent of the ~~taxable~~ estimated market value of the district or \$400,000,  
160.19 whichever is less. The proceeds of the levy must be used as provided in subdivision 5.  
160.20 The board shall certify the levy at the times as provided under section 275.07. The board  
160.21 shall provide the county with whatever information is necessary to identify the property  
160.22 that is located within the district. If the boundaries include a part of a parcel, the entire  
160.23 parcel shall be included in the district. The county auditors must spread, collect, and  
160.24 distribute the proceeds of the tax at the same time and in the same manner as provided by  
160.25 law for all other property taxes.

160.26 Sec. 18. Minnesota Statutes 2010, section 162.07, subdivision 3, is amended to read:

160.27 Subd. 3. **Computation for rural counties.** An amount equal to a levy of 0.01596  
160.28 percent on each rural county's total ~~taxable~~ estimated market value for the last preceding  
160.29 calendar year shall be computed and shall be subtracted from the county's total estimated  
160.30 construction costs. The result thereof shall be the money needs of the county. For the  
160.31 purpose of this section, "rural counties" means all counties having a population of less  
160.32 than 175,000.



161.1 Sec. 19. Minnesota Statutes 2010, section 162.07, subdivision 4, is amended to read:

161.2 Subd. 4. **Computation for urban counties.** An amount equal to a levy of 0.00967  
161.3 percent on each urban county's total ~~taxable~~ estimated market value for the last preceding  
161.4 calendar year shall be computed and shall be subtracted from the county's total estimated  
161.5 construction costs. The result thereof shall be the money needs of the county. For  
161.6 the purpose of this section, "urban counties" means all counties having a population  
161.7 of 175,000 or more.

161.8 Sec. 20. Minnesota Statutes 2010, section 163.04, subdivision 3, is amended to read:

161.9 Subd. 3. **Bridges within certain cities.** When the council of any statutory city or  
161.10 city of the third or fourth class may determine that it is necessary to build or improve any  
161.11 bridge or bridges, including approaches thereto, and any dam or retaining works connected  
161.12 therewith, upon or forming a part of streets or highways either wholly or partly within  
161.13 its limits, the county board shall appropriate one-half of the money as may be necessary  
161.14 therefor from the county road and bridge fund, not exceeding during any year one-half  
161.15 the amount of taxes paid into the county road and bridge fund during the preceding year,  
161.16 on property within the corporate limits of the city. The appropriation shall be made upon  
161.17 the petition of the council, which petition shall be filed by the council with the county  
161.18 board prior to the fixing by the board of the annual county tax levy. The county board  
161.19 shall determine the plans and specifications, shall let all necessary contracts, shall have  
161.20 charge of construction, and upon its request, warrants in payment thereof shall be issued  
161.21 by the county auditor, from time to time, as the construction work proceeds. Any unpaid  
161.22 balance may be paid or advanced by the city. On petition of the council, the appropriations  
161.23 of the county board, during not to exceed three successive years, may be made to apply  
161.24 on the construction of the same items and to repay any money advanced by the city in  
161.25 the construction thereof. None of the provisions of this section shall be construed to  
161.26 be mandatory as applied to any city whose estimated market value exceeds \$2,100 per  
161.27 capita of its population.

161.28 Sec. 21. Minnesota Statutes 2010, section 163.06, subdivision 6, is amended to read:

161.29 Subd. 6. **Expenditure in certain counties.** In any county having not less than 95  
161.30 nor more than 105 full and fractional townships, and having ~~a~~ an estimated market value  
161.31 of not less than \$12,000,000 nor more than \$21,000,000, ~~exclusive of money and credits,~~  
161.32 the county board, by resolution, may expend the funds provided in subdivision 4 in any  
161.33 organized or unorganized township or portion thereof in such county.

162.1 Sec. 22. Minnesota Statutes 2010, section 165.10, subdivision 1, is amended to read:

162.2 Subdivision 1. **Certain counties may issue and sell.** The county board of any  
162.3 county having no outstanding road and bridge bonds may issue and sell county road bonds  
162.4 in an amount not exceeding 0.12089 percent of the estimated market value of the taxable  
162.5 property within the county ~~exclusive of money and credits~~, for the purpose of constructing,  
162.6 reconstructing, improving, or maintaining any bridge or bridges on any highway under its  
162.7 jurisdiction, without submitting the matter to a vote of the electors of the county.

162.8 Sec. 23. Minnesota Statutes 2010, section 272.03, is amended by adding a subdivision  
162.9 to read:

162.10 Subd. 14. **Estimated market value.** "Estimated market value" means the assessor's  
162.11 determination of market value, including the effects of any orders made under section  
162.12 270.12 or chapter 274, for the parcel. The provisions of section 273.032 apply for certain  
162.13 uses in determining the total estimated market value for the taxing jurisdiction.

162.14 Sec. 24. Minnesota Statutes 2010, section 272.03, is amended by adding a subdivision  
162.15 to read:

162.16 Subd. 15. **Taxable market value.** "Taxable market value" means estimated market  
162.17 value for the parcel as reduced by market value exclusions, deferments of value, or other  
162.18 adjustments, required by law, that reduce market value before the application of class rates.

162.19 Sec. 25. Minnesota Statutes 2010, section 273.032, is amended to read:

162.20 **273.032 MARKET VALUE DEFINITION.**

162.21 (a) Unless otherwise provided, for the purpose of determining any property tax  
162.22 levy limitation based on market value or any limit on net debt, the issuance of bonds,  
162.23 certificates of indebtedness, or capital notes based on market value, any qualification to  
162.24 receive state aid based on market value, or any state aid amount based on market value,  
162.25 the terms "market value," "~~taxable~~ estimated market value," and "market valuation,"  
162.26 whether equalized or unequalized, mean the ~~total taxable~~ estimated market value of  
162.27 taxable property within the local unit of government before any of the following or  
162.28 similar adjustments for:

162.29 (1) the market value exclusions under:

162.30 (i) section 273.11, subdivisions 14a and 14c (vacant platted land);

162.31 (ii) section 273.11, subdivision 16 (certain improvements to homestead property);

162.32 (iii) section 273.11, subdivisions 19 and 20 (certain improvements to business  
162.33 properties);

163.1 (iv) section 273.11, subdivision 21 (homestead property damaged by mold);  
163.2 (v) section 273.11, subdivision 22 (qualifying lead hazardous reduction projects);  
163.3 (vi) section 273.13, subdivision 34 (homestead of a disabled veteran, spouse, or  
163.4 caregiver);  
163.5 (vii) section 273.13, subdivision 35 (homestead market value exclusion); or  
163.6 (2) the deferment of value under:  
163.7 (i) the Minnesota Agricultural Property Tax Law, section 273.111;  
163.8 (ii) the aggregate resource preservation law, section 273.1115;  
163.9 (iii) the Minnesota Open Space Property Tax Law, section 273.112;  
163.10 (iv) the rural preserves property tax program, section 273.114; or  
163.11 (v) the Metropolitan Agricultural Preserves Act, section 473H.10; or  
163.12 (3) the adjustments to tax capacity for:  
163.13 (i) tax increment; financing under sections 469.174 to 469.1794;  
163.14 (ii) fiscal disparity; disparities under chapter 276A or 473F; or  
163.15 (iii) powerline credit; or wind energy values, but after the limited market adjustments  
163.16 under section 273.11, subdivision 1a, and after the market value exclusions of certain  
163.17 improvements to homestead property under section 273.11, subdivision 16 under section  
163.18 273.425.  
163.19 (b) Estimated market value under paragraph (a) also includes the market value  
163.20 of tax exempt property if the applicable law specifically provides that the limitation,  
163.21 qualification, or aid calculation includes tax exempt property.  
163.22 (c) Unless otherwise provided, "market value," "taxable estimated market value,"  
163.23 and "market valuation" for purposes of this paragraph, property tax levy limitations and  
163.24 calculation of state aid, refer to the taxable estimated market value for the previous  
163.25 assessment year and for purposes of limits on net debt, the issuance of bonds, certificates of  
163.26 indebtedness, or capital notes refer to the estimated market value as last finally equalized.  
163.27 ~~For the purpose of determining any net debt limit based on market value, or any limit~~  
163.28 ~~on the issuance of bonds, certificates of indebtedness, or capital notes based on market~~  
163.29 ~~value, the terms "market value," "taxable market value," and "market valuation," whether~~  
163.30 ~~equalized or unequalized, mean the total taxable market value of property within the local~~  
163.31 ~~unit of government before any adjustments for tax increment, fiscal disparity, powerline~~  
163.32 ~~credit, or wind energy values, but after the limited market value adjustments under section~~  
163.33 ~~273.11, subdivision 1a, and after the market value exclusions of certain improvements to~~  
163.34 ~~homestead property under section 273.11, subdivision 16. Unless otherwise provided,~~  
163.35 ~~"market value," "taxable market value," and "market valuation" for purposes of this~~  
163.36 ~~paragraph, mean the taxable market value as last finally equalized.~~

164.1 (d) For purposes of a provision of a home rule charter or of any special law that is  
164.2 not codified in the statutes and that imposes a levy limitation based on market value or  
164.3 any limit on debt, the issuance of bonds, certificates of indebtedness, or capital notes  
164.4 based on market value, the terms "market value," "taxable market value," and "market  
164.5 valuation," whether equalized or unequalized, mean "estimated market value" as defined  
164.6 in paragraph (a).

164.7 Sec. 26. Minnesota Statutes 2010, section 273.11, subdivision 1, is amended to read:

164.8 Subdivision 1. **Generally.** Except as provided in this section or section 273.17,  
164.9 subdivision 1, all property shall be valued at its market value. The market value as  
164.10 determined pursuant to this section shall be stated such that any amount under \$100 is  
164.11 rounded up to \$100 and any amount exceeding \$100 shall be rounded to the nearest \$100.  
164.12 In estimating and determining such value, the assessor shall not adopt a lower or different  
164.13 standard of value because the same is to serve as a basis of taxation, nor shall the assessor  
164.14 adopt as a criterion of value the price for which such property would sell at a forced sale,  
164.15 or in the aggregate with all the property in the town or district; but the assessor shall value  
164.16 each article or description of property by itself, and at such sum or price as the assessor  
164.17 believes the same to be fairly worth in money. The assessor shall take into account the  
164.18 effect on the market value of property of environmental factors in the vicinity of the  
164.19 property. In assessing any tract or lot of real property, the value of the land, exclusive of  
164.20 structures and improvements, shall be determined, and also the value of all structures and  
164.21 improvements thereon, and the aggregate value of the property, including all structures  
164.22 and improvements, excluding the value of crops growing upon cultivated land. In valuing  
164.23 real property upon which there is a mine or quarry, it shall be valued at such price as such  
164.24 property, including the mine or quarry, would sell for at a fair, voluntary sale, for cash,  
164.25 if the material being mined or quarried is not subject to taxation under section 298.015  
164.26 and the mine or quarry is not exempt from the general property tax under section 298.25.  
164.27 In valuing real property which is vacant, platted property shall be assessed as provided  
164.28 in ~~subdivision 14~~ subdivisions 14a and 14c. All property, or the use thereof, which is  
164.29 taxable under section 272.01, subdivision 2, or 273.19, shall be valued at the market  
164.30 value of such property and not at the value of a leasehold estate in such property, or at  
164.31 some lesser value than its market value.

164.32 Sec. 27. Minnesota Statutes 2010, section 273.124, subdivision 3a, is amended to read:

164.33 Subd. 3a. **Manufactured home park cooperative.** (a) When a manufactured home  
164.34 park is owned by a corporation or association organized under chapter 308A or 308B,

165.1 and each person who owns a share or shares in the corporation or association is entitled  
165.2 to occupy a lot within the park, the corporation or association may claim homestead  
165.3 treatment for the park. Each lot must be designated by legal description or number, and  
165.4 each lot is limited to not more than one-half acre of land.

165.5 (b) The manufactured home park shall be entitled to homestead treatment if all  
165.6 of the following criteria are met:

165.7 (1) the occupant or the cooperative corporation or association is paying the ad  
165.8 valorem property taxes and any special assessments levied against the land and structure  
165.9 either directly, or indirectly through dues to the corporation or association; and

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

165.12 (c) A charitable corporation, organized under the laws of Minnesota with no  
165.13 outstanding stock, and granted a ruling by the Internal Revenue Service for 501(c)(3)  
165.14 tax-exempt status, qualifies for homestead treatment with respect to a manufactured home  
165.15 park if its members hold residential participation warrants entitling them to occupy a lot  
165.16 in the manufactured home park.

165.17 (d) "Homestead treatment" under this subdivision means the class rate provided for  
165.18 class 4c property classified under section 273.13, subdivision 25, paragraph (d), clause (5),  
165.19 item (ii). The homestead market value ~~credit exclusion~~ under section ~~273.1384~~ 273.13,  
165.20 subdivision 35, does not apply and the property taxes assessed against the park shall not  
165.21 be included in the determination of taxes payable for rent paid under section 290A.03.

165.22 **EFFECTIVE DATE.** This section is effective for taxes payable in 2012 and  
165.23 thereafter.

165.24 Sec. 28. Minnesota Statutes 2010, section 273.124, subdivision 13, is amended to read:

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

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

165.33 (c) Every property owner applying for homestead classification must furnish to the  
165.34 county assessor the Social Security number of each occupant who is listed as an owner  
165.35 of the property on the deed of record, the name and address of each owner who does not

166.1 occupy the property, and the name and Social Security number of each owner's spouse who  
166.2 occupies the property. The application must be signed by each owner who occupies the  
166.3 property and by each owner's spouse who occupies the property, or, in the case of property  
166.4 that qualifies as a homestead under subdivision 1, paragraph (c), by the qualifying relative.

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

166.9 Owners or spouses occupying residences owned by their spouses and previously  
166.10 occupied with the other spouse, either of whom fail to include the other spouse's name  
166.11 and Social Security number on the homestead application or provide the affidavits or  
166.12 other proof requested, will be deemed to have elected to receive only partial homestead  
166.13 treatment of their residence. The remainder of the residence will be classified as  
166.14 nonhomestead residential. When an owner or spouse's name and Social Security number  
166.15 appear on homestead applications for two separate residences and only one application is  
166.16 signed, the owner or spouse will be deemed to have elected to homestead the residence for  
166.17 which the application was signed.

166.18 The Social Security numbers, state or federal tax returns or tax return information,  
166.19 including the federal income tax schedule F required by this section, or affidavits or other  
166.20 proofs of the property owners and spouses submitted under this or another section to  
166.21 support a claim for a property tax homestead classification are private data on individuals  
166.22 as defined by section 13.02, subdivision 12, but, notwithstanding that section, the private  
166.23 data may be disclosed to the commissioner of revenue, or, for purposes of proceeding  
166.24 under the Revenue Recapture Act to recover personal property taxes owing, to the county  
166.25 treasurer.

166.26 (d) If residential real estate is occupied and used for purposes of a homestead by a  
166.27 relative of the owner and qualifies for a homestead under subdivision 1, paragraph (c), in  
166.28 order for the property to receive homestead status, a homestead application must be filed  
166.29 with the assessor. The Social Security number of each relative and spouse of a relative  
166.30 occupying the property shall be required on the homestead application filed under this  
166.31 subdivision. If a different relative of the owner subsequently occupies the property, the  
166.32 owner of the property must notify the assessor within 30 days of the change in occupancy.  
166.33 The Social Security number of a relative or relative's spouse occupying the property  
166.34 is private data on individuals as defined by section 13.02, subdivision 12, but may be  
166.35 disclosed to the commissioner of revenue, or, for the purposes of proceeding under the  
166.36 Revenue Recapture Act to recover personal property taxes owing, to the county treasurer.

167.1 (e) The homestead application shall also notify the property owners that the  
 167.2 application filed under this section will not be mailed annually and that if the property  
 167.3 is granted homestead status for any assessment year, that same property shall remain  
 167.4 classified as homestead until the property is sold or transferred to another person, or  
 167.5 the owners, the spouse of the owner, or the relatives no longer use the property as their  
 167.6 homestead. Upon the sale or transfer of the homestead property, a certificate of value must  
 167.7 be timely filed with the county auditor as provided under section 272.115. Failure to  
 167.8 notify the assessor within 30 days that the property has been sold, transferred, or that the  
 167.9 owner, the spouse of the owner, or the relative is no longer occupying the property as a  
 167.10 homestead, shall result in the penalty provided under this subdivision and the property  
 167.11 will lose its current homestead status.

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

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

167.25 (h) If the commissioner finds that a property owner may be claiming a fraudulent  
 167.26 homestead, the commissioner shall notify the appropriate counties. Within 90 days of  
 167.27 the notification, the county assessor shall investigate to determine if the homestead  
 167.28 classification was properly claimed. If the property owner does not qualify, the county  
 167.29 assessor shall notify the county auditor who will determine the amount of homestead  
 167.30 benefits that had been improperly allowed. For the purpose of this section, "homestead  
 167.31 benefits" means the tax reduction resulting from the classification as a homestead and the  
 167.32 homestead market value exclusion under section 273.13, the taconite homestead credit  
 167.33 under section 273.135, the ~~residential homestead~~ and agricultural homestead ~~credits~~ credit  
 167.34 under section 273.1384, and the supplemental homestead credit under section 273.1391.

167.35 The county auditor shall send a notice to the person who owned the affected property  
 167.36 at the time the homestead application related to the improper homestead was filed,

168.1 demanding reimbursement of the homestead benefits plus a penalty equal to 100 percent  
168.2 of the homestead benefits. The person notified may appeal the county's determination  
168.3 by serving copies of a petition for review with county officials as provided in section  
168.4 278.01 and filing proof of service as provided in section 278.01 with the Minnesota Tax  
168.5 Court within 60 days of the date of the notice from the county. Procedurally, the appeal  
168.6 is governed by the provisions in chapter 271 which apply to the appeal of a property tax  
168.7 assessment or levy, but without requiring any prepayment of the amount in controversy. If  
168.8 the amount of homestead benefits and penalty is not paid within 60 days, and if no appeal  
168.9 has been filed, the county auditor shall certify the amount of taxes and penalty to the county  
168.10 treasurer. The county treasurer will add interest to the unpaid homestead benefits and  
168.11 penalty amounts at the rate provided in section 279.03 for real property taxes becoming  
168.12 delinquent in the calendar year during which the amount remains unpaid. Interest may be  
168.13 assessed for the period beginning 60 days after demand for payment was made.

168.14 If the person notified is the current owner of the property, the treasurer may add the  
168.15 total amount of homestead benefits, penalty, interest, and costs to the ad valorem taxes  
168.16 otherwise payable on the property by including the amounts on the property tax statements  
168.17 under section 276.04, subdivision 3. The amounts added under this paragraph to the ad  
168.18 valorem taxes shall include interest accrued through December 31 of the year preceding  
168.19 the taxes payable year for which the amounts are first added. These amounts, when added  
168.20 to the property tax statement, become subject to all the laws for the enforcement of real or  
168.21 personal property taxes for that year, and for any subsequent year.

168.22 If the person notified is not the current owner of the property, the treasurer may  
168.23 collect the amounts due under the Revenue Recapture Act in chapter 270A, or use any of  
168.24 the powers granted in sections 277.20 and 277.21 without exclusion, to enforce payment  
168.25 of the homestead benefits, penalty, interest, and costs, as if those amounts were delinquent  
168.26 tax obligations of the person who owned the property at the time the application related  
168.27 to the improperly allowed homestead was filed. The treasurer may relieve a prior owner  
168.28 of personal liability for the homestead benefits, penalty, interest, and costs, and instead  
168.29 extend those amounts on the tax lists against the property as provided in this paragraph  
168.30 to the extent that the current owner agrees in writing. On all demands, billings, property  
168.31 tax statements, and related correspondence, the county must list and state separately the  
168.32 amounts of homestead benefits, penalty, interest and costs being demanded, billed or  
168.33 assessed.

168.34 (i) Any amount of homestead benefits recovered by the county from the property  
168.35 owner shall be distributed to the county, city or town, and school district where the  
168.36 property is located in the same proportion that each taxing district's levy was to the total



169.1 of the three taxing districts' levy for the current year. Any amount recovered attributable  
169.2 to taconite homestead credit shall be transmitted to the St. Louis County auditor to be  
169.3 deposited in the taconite property tax relief account. Any amount recovered that is  
169.4 attributable to supplemental homestead credit is to be transmitted to the commissioner of  
169.5 revenue for deposit in the general fund of the state treasury. The total amount of penalty  
169.6 collected must be deposited in the county general fund.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

170.9 **EFFECTIVE DATE.** This section is effective for taxes payable in 2012 and  
170.10 thereafter.

170.11 Sec. 29. Minnesota Statutes 2010, section 273.13, subdivision 21b, is amended to read:

170.12 Subd. 21b. **Net tax capacity.** ~~(a) Gross tax capacity means the product of the~~  
170.13 ~~appropriate gross class rates in this section and market values.~~

170.14 ~~(b)~~ Net tax capacity means the product of the appropriate net class rates in this  
170.15 section and taxable market values.

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

170.17 Sec. 30. Minnesota Statutes 2010, section 273.1398, subdivision 3, is amended to read:

170.18 Subd. 3. **Disparity reduction aid.** The amount of disparity aid certified for each  
170.19 taxing district within each unique taxing jurisdiction for taxes payable in the prior year  
170.20 shall be multiplied by the ratio of (1) the jurisdiction's tax capacity using the class rates for  
170.21 taxes payable in the year for which aid is being computed, to (2) its tax capacity using  
170.22 the class rates for taxes payable in the year prior to that for which aid is being computed,  
170.23 both based upon taxable market values for taxes payable in the year prior to that for which  
170.24 aid is being computed. If the commissioner determines that insufficient information is  
170.25 available to reasonably and timely calculate the numerator in this ratio for the first taxes  
170.26 payable year that a class rate change or new class rate is effective, the commissioner shall  
170.27 omit the effects of that class rate change or new class rate when calculating this ratio for  
170.28 aid payable in that taxes payable year. For aid payable in the year following a year for  
170.29 which such omission was made, the commissioner shall use in the denominator for the  
170.30 class that was changed or created, the tax capacity for taxes payable two years prior to that  
170.31 in which the aid is payable, based on taxable market values for taxes payable in the year  
170.32 prior to that for which aid is being computed.

171.1 Sec. 31. Minnesota Statutes 2010, section 273.1398, subdivision 4, is amended to read:

171.2 Subd. 4. **Disparity reduction credit.** (a) Beginning with taxes payable in 1989,  
171.3 class 4a, class 3a, and class 3b property qualifies for a disparity reduction credit if: (1)  
171.4 the property is located in a border city that has an enterprise zone designated pursuant  
171.5 to section 469.168, subdivision 4; (2) the property is located in a city with a population  
171.6 greater than 2,500 and less than 35,000 according to the 1980 decennial census; (3) the  
171.7 city is adjacent to a city in another state or immediately adjacent to a city adjacent to a city  
171.8 in another state; and (4) the adjacent city in the other state has a population of greater than  
171.9 5,000 and less than 75,000 according to the 1980 decennial census.

171.10 (b) The credit is an amount sufficient to reduce (i) the taxes levied on class 4a  
171.11 property to 2.3 percent of the property's taxable market value and (ii) the tax on class 3a  
171.12 and class 3b property to 2.3 percent of taxable market value.

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

171.16 Sec. 32. Minnesota Statutes 2010, section 275.011, subdivision 1, is amended to read:

171.17 Subdivision 1. **Determination of levy limit.** The property tax levied for any  
171.18 purpose under a special law that is not codified in Minnesota Statutes or a city charter  
171.19 provision and that is subject to a mill rate limitation imposed by the special law or city  
171.20 charter provision, excluding levies subject to mill rate limitations that use adjusted  
171.21 assessed values determined by the commissioner of revenue under section 124.2131, must  
171.22 not exceed the following amount for the years specified:

171.23 (a) for taxes payable in 1988, the product of the applicable mill rate limitation  
171.24 imposed by special law or city charter provision multiplied by the total assessed valuation  
171.25 of all taxable property subject to the tax as adjusted by the provisions of Minnesota  
171.26 Statutes 1986, sections 272.64; 273.13, subdivision 7a; and 275.49;

171.27 (b) for taxes payable in 1989, the product of (1) the property tax levy limitation for  
171.28 the taxes payable year 1988 determined under clause (a) multiplied by (2) an index for  
171.29 market valuation changes equal to the assessment year 1988 total market valuation of all  
171.30 taxable property subject to the tax divided by the assessment year 1987 total market  
171.31 valuation of all taxable property subject to the tax; and

171.32 (c) for taxes payable in 1990 and subsequent years, the product of (1) the property  
171.33 tax levy limitation for the previous year determined pursuant to this subdivision multiplied  
171.34 by (2) an index for market valuation changes equal to the total market valuation of all

172.1 taxable property subject to the tax for the current assessment year divided by the total  
172.2 market valuation of all taxable property subject to the tax for the previous assessment year.

172.3 For the purpose of determining the property tax levy limitation for the taxes payable  
172.4 year ~~1988~~ 2013 and subsequent years under this subdivision, "total market valuation"  
172.5 means the ~~total~~ total estimated market valuation value of all taxable property subject to the  
172.6 tax ~~without valuation adjustments for fiscal disparities (chapters 276A and 473F), tax~~  
172.7 ~~increment financing (sections 469.174 to 469.179), or powerline credit (section 273.425)~~  
172.8 as provided under section 273.032.

172.9 Sec. 33. Minnesota Statutes 2010, section 275.077, subdivision 2, is amended to read:

172.10 Subd. 2. **Correction of levy amount.** The difference between the correct levy and  
172.11 the erroneous levy shall be added to the township levy for the subsequent levy year;  
172.12 provided that if the amount of the difference exceeds 0.12089 percent of ~~taxable~~ taxable estimated  
172.13 market value, the excess shall be added to the township levy for the second and later  
172.14 subsequent levy years, not to exceed an additional levy of 0.12089 percent of ~~taxable~~  
172.15 estimated market value in any year, until the full amount of the difference has been levied.  
172.16 The funds collected from the corrected levies shall be used to reimburse the county for the  
172.17 payment required by subdivision 1.

172.18 Sec. 34. Minnesota Statutes 2010, section 275.71, subdivision 4, is amended to read:

172.19 Subd. 4. **Adjusted levy limit base.** For taxes levied in 2008 through 2010, the  
172.20 adjusted levy limit base is equal to the levy limit base computed under subdivision 2  
172.21 or section 275.72, multiplied by:

172.22 (1) one plus the percentage growth in the implicit price deflator, but the percentage  
172.23 shall not be less than zero or exceed 3.9 percent;

172.24 (2) one plus a percentage equal to 50 percent of the percentage increase in the number  
172.25 of households, if any, for the most recent 12-month period for which data is available; and

172.26 (3) one plus a percentage equal to 50 percent of the percentage increase in the  
172.27 ~~taxable~~ taxable estimated market value of the jurisdiction due to new construction of class 3  
172.28 property, as defined in section 273.13, subdivision 4, except for state-assessed utility and  
172.29 railroad property, for the most recent year for which data is available.

172.30 Sec. 35. Minnesota Statutes 2011 Supplement, section 276.04, subdivision 2, is  
172.31 amended to read:

172.32 Subd. 2. **Contents of tax statements.** (a) The treasurer shall provide for the  
172.33 printing of the tax statements. The commissioner of revenue shall prescribe the form of

173.1 the property tax statement and its contents. The tax statement must not state or imply  
173.2 that property tax credits are paid by the state of Minnesota. The statement must contain  
173.3 a tabulated statement of the dollar amount due to each taxing authority and the amount  
173.4 of the state tax from the parcel of real property for which a particular tax statement is  
173.5 prepared. The dollar amounts attributable to the county, the state tax, the voter approved  
173.6 school tax, the other local school tax, the township or municipality, and the total of  
173.7 the metropolitan special taxing districts as defined in section 275.065, subdivision 3,  
173.8 paragraph (i), must be separately stated. The amounts due all other special taxing districts,  
173.9 if any, may be aggregated except that any levies made by the regional rail authorities in the  
173.10 county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter  
173.11 398A shall be listed on a separate line directly under the appropriate county's levy. If the  
173.12 county levy under this paragraph includes an amount for a lake improvement district as  
173.13 defined under sections 103B.501 to 103B.581, the amount attributable for that purpose  
173.14 must be separately stated from the remaining county levy amount. In the case of Ramsey  
173.15 County, if the county levy under this paragraph includes an amount for public library  
173.16 service under section 134.07, the amount attributable for that purpose may be separated  
173.17 from the remaining county levy amount. The amount of the tax on homesteads qualifying  
173.18 under the senior citizens' property tax deferral program under chapter 290B is the total  
173.19 amount of property tax before subtraction of the deferred property tax amount. The  
173.20 amount of the tax on contamination value imposed under sections 270.91 to 270.98, if any,  
173.21 must also be separately stated. The dollar amounts, including the dollar amount of any  
173.22 special assessments, may be rounded to the nearest even whole dollar. For purposes of this  
173.23 section whole odd-numbered dollars may be adjusted to the next higher even-numbered  
173.24 dollar. The amount of market value excluded under section 273.11, subdivision 16, if any,  
173.25 must also be listed on the tax statement.

173.26 (b) The property tax statements for manufactured homes and sectional structures  
173.27 taxed as personal property shall contain the same information that is required on the  
173.28 tax statements for real property.

173.29 (c) Real and personal property tax statements must contain the following information  
173.30 in the order given in this paragraph. The information must contain the current year tax  
173.31 information in the right column with the corresponding information for the previous year  
173.32 in a column on the left:

173.33 (1) the property's estimated market value under section 273.11, subdivision 1;

173.34 (2) the property's homestead market value exclusion under section 273.13,  
173.35 subdivision 35;

174.1 (3) the property's taxable market value ~~after reductions under sections 273.11,~~  
174.2 ~~subdivisions 1a and 16, and 273.13, subdivision 35~~ section 272.03, subdivision 15;

174.3 (4) the property's gross tax, before credits;

174.4 (5) for homestead agricultural properties, the credit under section 273.1384;

174.5 (6) any credits received under sections 273.119; 273.1234 or 273.1235; 273.135;  
174.6 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of  
174.7 credit received under section 273.135 must be separately stated and identified as "taconite  
174.8 tax relief"; and

174.9 (7) the net tax payable in the manner required in paragraph (a).

174.10 (d) If the county uses envelopes for mailing property tax statements and if the county  
174.11 agrees, a taxing district may include a notice with the property tax statement notifying  
174.12 taxpayers when the taxing district will begin its budget deliberations for the current  
174.13 year, and encouraging taxpayers to attend the hearings. If the county allows notices to  
174.14 be included in the envelope containing the property tax statement, and if more than  
174.15 one taxing district relative to a given property decides to include a notice with the tax  
174.16 statement, the county treasurer or auditor must coordinate the process and may combine  
174.17 the information on a single announcement.

174.18 Sec. 36. Minnesota Statutes 2010, section 276A.01, subdivision 10, is amended to read:

174.19 Subd. 10. **Adjusted market value.** "Adjusted market value" of real and personal  
174.20 property within a municipality means the ~~assessor's estimated taxable~~ taxable market value,  
174.21 as defined in section 272.03, of all real and personal property, including the value of  
174.22 manufactured housing, within the municipality. ~~For purposes of sections 276A.01 to~~  
174.23 ~~276A.09, the commissioner of revenue shall annually make determinations and reports~~  
174.24 ~~with respect to each municipality which are comparable to those it makes for school~~  
174.25 ~~districts, adjusted for sales ratios in a manner similar to the adjustments made to city and~~  
174.26 town net tax capacities under section 127A.48, subdivisions 1 to 6, ~~in the same manner~~  
174.27 ~~and at the same times prescribed by the subdivision. The commissioner of revenue shall~~  
174.28 ~~annually determine, for each municipality, information comparable to that required by~~  
174.29 ~~section 475.53, subdivision 4, for school districts, as soon as practicable after it becomes~~  
174.30 ~~available. The commissioner of revenue shall then compute the equalized market value of~~  
174.31 ~~property within each municipality.~~

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

174.33 Sec. 37. Minnesota Statutes 2010, section 276A.01, subdivision 12, is amended to read:

175.1 Subd. 12. **Fiscal capacity.** "Fiscal capacity" of a municipality means its ~~valuation~~  
175.2 adjusted market value, determined as of January 2 of any year, divided by its population,  
175.3 determined as of a date in the same year.

175.4 Sec. 38. Minnesota Statutes 2010, section 276A.01, subdivision 13, is amended to read:

175.5 Subd. 13. **Average fiscal capacity.** "Average fiscal capacity" of municipalities  
175.6 means the sum of the ~~valuations~~ adjusted market values of all municipalities, determined  
175.7 as of January 2 of any year, divided by the sum of their populations, determined as of  
175.8 a date in the same year.

175.9 Sec. 39. Minnesota Statutes 2010, section 276A.01, subdivision 15, is amended to read:

175.10 Subd. 15. **Net tax capacity.** "Net tax capacity" means the taxable market value of  
175.11 real and personal property multiplied by its net tax capacity rates in section 273.13.

175.12 Sec. 40. Minnesota Statutes 2010, section 287.08, is amended to read:

175.13 **287.08 TAX, HOW PAYABLE; RECEIPTS.**

175.14 (a) The tax imposed by sections 287.01 to 287.12 must be paid to the treasurer of  
175.15 any county in this state in which the real property or some part is located at or before  
175.16 the time of filing the mortgage for record. The treasurer shall endorse receipt on the  
175.17 mortgage and the receipt is conclusive proof that the tax has been paid in the amount  
175.18 stated and authorizes any county recorder or registrar of titles to record the mortgage. Its  
175.19 form, in substance, shall be "registration tax hereon of ..... dollars paid." If the  
175.20 mortgage is exempt from taxation the endorsement shall, in substance, be "exempt from  
175.21 registration tax." In either case the receipt must be signed by the treasurer. In case the  
175.22 treasurer is unable to determine whether a claim of exemption should be allowed, the tax  
175.23 must be paid as in the case of a taxable mortgage. For documents submitted electronically,  
175.24 the endorsements and tax amount shall be affixed electronically and no signature by the  
175.25 treasurer will be required. The actual payment method must be arranged in advance  
175.26 between the submitter and the receiving county.

175.27 (b) The county treasurer may refund in whole or in part any mortgage registry tax  
175.28 overpayment if a written application by the taxpayer is submitted to the county treasurer  
175.29 within 3-1/2 years from the date of the overpayment. If the county has not issued a denial  
175.30 of the application, the taxpayer may bring an action in Tax Court in the county in which  
175.31 the tax was paid at any time after the expiration of six months from the time that the  
175.32 application was submitted. A denial of refund may be appealed within 60 days from  
175.33 the date of the denial by bringing an action in Tax Court in the county in which the tax

176.1 was paid. The action is commenced by the serving of a petition for relief on the county  
176.2 treasurer, and by filing a copy with the court. The county attorney shall defend the action.  
176.3 The county treasurer shall notify the treasurer of each county that has or would receive a  
176.4 portion of the tax as paid.

176.5 (c) If the county treasurer determines a refund should be paid, or if a refund is  
176.6 ordered by the court, the county treasurer of each county that actually received a portion  
176.7 of the tax shall immediately pay a proportionate share of three percent of the refund  
176.8 using any available county funds. The county treasurer of each county that received, or  
176.9 would have received, a portion of the tax shall also pay their county's proportionate share  
176.10 of the remaining 97 percent of the court-ordered refund on or before the 20th day of the  
176.11 following month using solely the mortgage registry tax funds that would be paid to the  
176.12 commissioner of revenue on that date under section 287.12. If the funds on hand under  
176.13 this procedure are insufficient to fully fund 97 percent of the court-ordered refund, the  
176.14 county treasurer of the county in which the action was brought shall file a claim with the  
176.15 commissioner of revenue under section 16A.48 for the remaining portion of 97 percent of  
176.16 the refund, and shall pay over the remaining portion upon receipt of a warrant from the  
176.17 state issued pursuant to the claim.

176.18 (d) When any mortgage covers real property located in more than one county in this  
176.19 state the total tax must be paid to the treasurer of the county where the mortgage is first  
176.20 presented for recording, and the payment must be receipted as provided in paragraph  
176.21 (a). If the principal debt or obligation secured by such a multiple county mortgage  
176.22 exceeds \$10,000,000, the nonstate portion of the tax must be divided and paid over by  
176.23 the county treasurer receiving it, on or before the 20th day of each month after receipt,  
176.24 to the county or counties entitled in the ratio that the estimated market value of the real  
176.25 property covered by the mortgage in each county bears to the estimated market value of  
176.26 all the real property in this state described in the mortgage. In making the division and  
176.27 payment the county treasurer shall send a statement giving the description of the real  
176.28 property described in the mortgage and the estimated market value of the part located in  
176.29 each county. For this purpose, the treasurer of any county may require the treasurer of  
176.30 any other county to certify to the former the estimated market ~~valuation~~ value of any tract  
176.31 of real property in any mortgage.

176.32 (e) The mortgagor must pay the tax imposed by sections 287.01 to 287.12. The  
176.33 mortgagee may undertake to collect and remit the tax on behalf of the mortgagor. If the  
176.34 mortgagee collects money from the mortgagor to remit the tax on behalf of the mortgagor,  
176.35 the mortgagee has a fiduciary duty to remit the tax on behalf of the mortgagor as to the



177.1 amount of the tax collected for that purpose and the mortgagor is relieved of any further  
177.2 obligation to pay the tax as to the amount collected by the mortgagee for this purpose.

177.3 Sec. 41. Minnesota Statutes 2010, section 287.23, subdivision 1, is amended to read:

177.4 Subdivision 1. **Real property outside county.** If any taxable deed or instrument  
177.5 describes any real property located in more than one county in this state, the total tax must  
177.6 be paid to the treasurer of the county where the document is first presented for recording,  
177.7 and the payment must be receipted as provided in section 287.08. If the net consideration  
177.8 exceeds \$700,000, the nonstate portion of the tax must be divided and paid over by the  
177.9 county treasurer receiving it, on or before the 20th day of each month after receipt, to  
177.10 the county or counties entitled in the ratio which the estimated market value of the real  
177.11 property covered by the document in each county bears to the estimated market value of  
177.12 all the real property in this state described in the document. In making the division and  
177.13 payment the county treasurer shall send a statement to the other involved counties giving  
177.14 the description of the real property described in the document and the estimated market  
177.15 value of the part located in each county. The treasurer of any county may require the  
177.16 treasurer of any other county to certify to the former the estimated market ~~valuation~~ value  
177.17 of any parcel of real property for this purpose.

177.18 Sec. 42. Minnesota Statutes 2010, section 353G.08, subdivision 2, is amended to read:

177.19 Subd. 2. **Cash flow funding requirement.** If the executive director determines that  
177.20 an account in the voluntary statewide lump-sum volunteer firefighter retirement plan has  
177.21 insufficient assets to meet the service pensions determined payable from the account,  
177.22 the executive director shall certify the amount of the potential service pension shortfall  
177.23 to the municipality or municipalities and the municipality or municipalities shall make  
177.24 an additional employer contribution to the account within ten days of the certification.  
177.25 If more than one municipality is associated with the account, unless the municipalities  
177.26 agree to a different allocation, the municipalities shall allocate the additional employer  
177.27 contribution one-half in proportion to the population of each municipality and one-half in  
177.28 proportion to the estimated market value of the property of each municipality.

177.29 Sec. 43. Minnesota Statutes 2010, section 365.025, subdivision 4, is amended to read:

177.30 Subd. 4. **Major purchases: notice, petition, election.** Before buying anything  
177.31 under subdivision 2 that costs more than 0.24177 percent of the estimated market value of  
177.32 the town, the town must follow this subdivision.

178.1 The town must publish in its official newspaper the board's resolution to pay for the  
178.2 property over time. Then a petition for an election on the contract may be filed with the  
178.3 clerk. The petition must be filed within ten days after the resolution is published. To  
178.4 require the election the petition must be signed by a number of voters equal to ten percent  
178.5 of the voters at the last regular town election. The contract then must be approved by a  
178.6 majority of those voting on the question. The question may be voted on at a regular  
178.7 or special election.

178.8 Sec. 44. Minnesota Statutes 2010, section 366.095, subdivision 1, is amended to read:

178.9 Subdivision 1. **Certificates of indebtedness.** The town board may issue certificates  
178.10 of indebtedness within the debt limits for a town purpose otherwise authorized by law.  
178.11 The certificates shall be payable in not more than ten years and be issued on the terms and  
178.12 in the manner as the board may determine. If the amount of the certificates to be issued  
178.13 exceeds 0.25 percent of the estimated market value of the town, they shall not be issued  
178.14 for at least ten days after publication in a newspaper of general circulation in the town of  
178.15 the board's resolution determining to issue them. If within that time, a petition asking for  
178.16 an election on the proposition signed by voters equal to ten percent of the number of voters  
178.17 at the last regular town election is filed with the clerk, the certificates shall not be issued  
178.18 until their issuance has been approved by a majority of the votes cast on the question at  
178.19 a regular or special election. A tax levy shall be made to pay the principal and interest  
178.20 on the certificates as in the case of bonds.

178.21 Sec. 45. Minnesota Statutes 2010, section 366.27, is amended to read:

178.22 **366.27 FIREFIGHTERS' RELIEF; TAX LEVY.**

178.23 The town board of any town in this state having therein a platted portion on  
178.24 which resides 1,200 or more people, and wherein a duly incorporated firefighters' relief  
178.25 association is located may each year levy a tax not to exceed 0.00806 percent of ~~taxable~~  
178.26 estimated market value for the benefit of the relief association.

178.27 Sec. 46. Minnesota Statutes 2010, section 368.01, subdivision 23, is amended to read:

178.28 Subd. 23. **Financing purchase of certain equipment.** The town board may issue  
178.29 certificates of indebtedness within debt limits to purchase fire or police equipment or  
178.30 ambulance equipment or street construction or maintenance equipment. The certificates  
178.31 shall be payable in not more than five years and be issued on terms and in the manner  
178.32 as the board may determine. If the amount of the certificates to be issued to finance a  
178.33 purchase exceeds 0.24177 percent of the estimated market value of the town, ~~excluding~~

179.1 ~~money and credits~~, they shall not be issued for at least ten days after publication in the  
179.2 official newspaper of a town board resolution determining to issue them. If before the end  
179.3 of that time, a petition asking for an election on the proposition signed by voters equal  
179.4 to ten percent of the number of voters at the last regular town election is filed with the  
179.5 clerk, the certificates shall not be issued until the proposition of their issuance has been  
179.6 approved by a majority of the votes cast on the question at a regular or special election.  
179.7 A tax levy shall be made for the payment of the principal and interest on the certificates  
179.8 as in the case of bonds.

179.9 Sec. 47. Minnesota Statutes 2010, section 368.47, is amended to read:

179.10 **368.47 TOWNS MAY BE DISSOLVED.**

179.11 (1) When the voters residing within a town have failed to elect any town officials for  
179.12 more than ten years continuously;

179.13 (2) when a town has failed for a period of ten years to exercise any of the powers  
179.14 and functions of a town;

179.15 (3) when the estimated market value of a town drops to less than \$165,000;

179.16 (4) when the tax delinquency of a town, exclusive of taxes that are delinquent or  
179.17 unpaid because they are contested in proceedings for the enforcement of taxes, amounts to  
179.18 12 percent of its market value; or

179.19 (5) when the state or federal government has acquired title to 50 percent of the  
179.20 real estate of a town,

179.21 which facts, or any of them, may be found and determined by the resolution of the county  
179.22 board of the county in which the town is located, according to the official records in the  
179.23 office of the county auditor, the county board by resolution may declare the town, naming  
179.24 it, dissolved and no longer entitled to exercise any of the powers or functions of a town.

179.25 In Cass, Itasca, and St. Louis Counties, before the dissolution is effective the voters  
179.26 of the town shall express their approval or disapproval. The town clerk shall, upon a  
179.27 petition signed by a majority of the registered voters of the town, filed with the clerk at  
179.28 least 60 days before a regular or special town election, give notice at the same time and  
179.29 in the same manner of the election that the question of dissolution of the town will be  
179.30 submitted for determination at the election. At the election the question shall be voted  
179.31 upon by a separate ballot, the terms of which shall be either "for dissolution" or "against  
179.32 dissolution." The ballot shall be deposited in a separate ballot box and the result of the  
179.33 voting canvassed, certified, and returned in the same manner and at the same time as  
179.34 other facts and returns of the election. If a majority of the votes cast at the election are

180.1 for dissolution, the town shall be dissolved. If a majority of the votes cast at the election  
180.2 are against dissolution, the town shall not be dissolved.

180.3 When a town is dissolved under sections 368.47 to 368.49 the county shall acquire  
180.4 title to any telephone company or other business conducted by the town. The business  
180.5 shall be operated by the board of county commissioners until it can be sold. The  
180.6 subscribers or patrons of the business shall have the first opportunity of purchase. If the  
180.7 town has any outstanding indebtedness chargeable to the business, the county auditor shall  
180.8 levy a tax against the property situated in the dissolved town to pay the indebtedness  
180.9 as it becomes due.

180.10 Sec. 48. Minnesota Statutes 2010, section 370.01, is amended to read:

180.11 **370.01 CHANGE OF BOUNDARIES; CREATION OF NEW COUNTIES.**

180.12 The boundaries of counties may be changed by taking territory from a county and  
180.13 attaching it to an adjoining county, and new counties may be established out of territory of  
180.14 one or more existing counties. A new county shall contain at least 400 square miles and  
180.15 have at least 4,000 inhabitants. A proposed new county must have a total ~~taxable~~ estimated  
180.16 market value of at least 35 percent of (i) the total ~~taxable~~ estimated market value of the  
180.17 existing county, or (ii) the average total ~~taxable~~ estimated market value of the existing  
180.18 counties, included in the proposition. The determination of the ~~taxable~~ estimated market  
180.19 value of a county must be made by the commissioner of revenue. An existing county shall  
180.20 not be reduced in area below 400 square miles, have less than 4,000 inhabitants, or have a  
180.21 total ~~taxable~~ estimated market value of less than that required of a new county.

180.22 No change in the boundaries of any county having an area of more than 2,500 square  
180.23 miles, whether by the creation of a new county, or otherwise, shall detach from the existing  
180.24 county any territory within 12 miles of the county seat.

180.25 Sec. 49. Minnesota Statutes 2010, section 373.40, subdivision 1, is amended to read:

180.26 Subdivision 1. **Definitions.** For purposes of this section, the following terms have  
180.27 the meanings given.

180.28 (a) "Bonds" means an obligation as defined under section 475.51.

180.29 (b) "Capital improvement" means acquisition or betterment of public lands,  
180.30 buildings, or other improvements within the county for the purpose of a county courthouse,  
180.31 administrative building, health or social service facility, correctional facility, jail, law  
180.32 enforcement center, hospital, morgue, library, park, qualified indoor ice arena, roads and  
180.33 bridges, and the acquisition of development rights in the form of conservation easements  
180.34 under chapter 84C. An improvement must have an expected useful life of five years or

181.1 more to qualify. "Capital improvement" does not include a recreation or sports facility  
181.2 building (such as, but not limited to, a gymnasium, ice arena, racquet sports facility,  
181.3 swimming pool, exercise room or health spa), unless the building is part of an outdoor  
181.4 park facility and is incidental to the primary purpose of outdoor recreation.

181.5 (c) "Metropolitan county" means a county located in the seven-county metropolitan  
181.6 area as defined in section 473.121 or a county with a population of 90,000 or more.

181.7 (d) "Population" means the population established by the most recent of the  
181.8 following (determined as of the date the resolution authorizing the bonds was adopted):

181.9 (1) the federal decennial census,

181.10 (2) a special census conducted under contract by the United States Bureau of the  
181.11 Census, or

181.12 (3) a population estimate made either by the Metropolitan Council or by the state  
181.13 demographer under section 4A.02.

181.14 (e) "Qualified indoor ice arena" means a facility that meets the requirements of  
181.15 section 373.43.

181.16 ~~(f) "Tax capacity" means total taxable market value, but does not include captured~~  
181.17 ~~market value.~~

181.18 Sec. 50. Minnesota Statutes 2010, section 373.40, subdivision 4, is amended to read:

181.19 Subd. 4. **Limitations on amount.** A county may not issue bonds under this section  
181.20 if the maximum amount of principal and interest to become due in any year on all the  
181.21 outstanding bonds issued pursuant to this section (including the bonds to be issued) will  
181.22 equal or exceed 0.12 percent of ~~taxable~~ the estimated market value of property in the  
181.23 county. Calculation of the limit must be made using the ~~taxable~~ estimated market value for  
181.24 the taxes payable year in which the obligations are issued and sold. This section does not  
181.25 limit the authority to issue bonds under any other special or general law.

181.26 Sec. 51. Minnesota Statutes 2010, section 375.167, subdivision 1, is amended to read:

181.27 Subdivision 1. **Appropriations.** Notwithstanding any contrary law, a county board  
181.28 may appropriate from the general revenue fund to any nonprofit corporation a sum not  
181.29 to exceed 0.00604 percent of ~~taxable~~ estimated market value to provide legal assistance  
181.30 to persons who are unable to afford private legal counsel.

181.31 Sec. 52. Minnesota Statutes 2010, section 375.18, subdivision 3, is amended to read:

181.32 Subd. 3. **Courthouse.** Each county board may erect, furnish, and maintain a  
181.33 suitable courthouse. No indebtedness shall be created for a courthouse in excess of an

182.1 amount equal to a levy of 0.04030 percent of ~~taxable~~ estimated market value without the  
182.2 approval of a majority of the voters of the county voting on the question of issuing the  
182.3 obligation at an election.

182.4 Sec. 53. Minnesota Statutes 2010, section 375.555, is amended to read:

182.5 **375.555 FUNDING.**

182.6 To implement the county emergency jobs program, the county board may expend  
182.7 an amount equal to what would be generated by a levy of 0.01209 percent of ~~taxable~~  
182.8 estimated market value. The money to be expended may be from any available funds  
182.9 not otherwise earmarked.

182.10 Sec. 54. Minnesota Statutes 2010, section 383B.152, is amended to read:

182.11 **383B.152 BUILDING AND MAINTENANCE FUND.**

182.12 The county board may by resolution levy a tax to provide money which shall be kept  
182.13 in a fund known as the county reserve building and maintenance fund. Money in the fund  
182.14 shall be used solely for the construction, maintenance, and equipping of county buildings  
182.15 that are constructed or maintained by the board. The levy shall not be subject to any limit  
182.16 fixed by any other law or by any board of tax levy or other corresponding body, but shall  
182.17 not exceed 0.02215 percent of ~~taxable~~ estimated market value, less the amount required by  
182.18 chapter 475 to be levied in the year for the payment of the principal of and interest on all  
182.19 bonds issued pursuant to Extra Session Laws 1967, chapter 47, section 1.

182.20 Sec. 55. Minnesota Statutes 2010, section 383B.245, is amended to read:

182.21 **383B.245 LIBRARY LEVY.**

182.22 (a) The county board may levy a tax on the taxable property within the county to  
182.23 acquire, better, and construct county library buildings and branches and to pay principal  
182.24 and interest on bonds issued for that purpose.

182.25 (b) The county board may by resolution adopted by a five-sevenths vote issue and  
182.26 sell general obligation bonds of the county in the manner provided in sections 475.60 to  
182.27 475.73. The bonds shall not be subject to the limitations of sections 475.51 to 475.59,  
182.28 but the maturity years and amounts and interest rates of each series of bonds shall be  
182.29 fixed so that the maximum amount of principal and interest to become due in any year,  
182.30 on the bonds of that series and of all outstanding series issued by or for the purposes of  
182.31 libraries, shall not exceed an amount equal to 0.01612 percent of estimated market value  
182.32 of all taxable property in the county as last finally equalized before the issuance of the new

183.1 series. When the tax levy authorized in this section is collected it shall be appropriated  
183.2 and credited to a debt service fund for the bonds in amounts required each year in lieu of a  
183.3 countywide tax levy for the debt service fund under section 475.61.

183.4 Sec. 56. Minnesota Statutes 2010, section 383B.73, subdivision 1, is amended to read:

183.5 Subdivision 1. **Levy.** To provide funds for the purposes of the Three Rivers Park  
183.6 District as set forth in its annual budget, in lieu of the levies authorized by any other  
183.7 special law for such purposes, the Board of Park District Commissioners may levy  
183.8 taxes on all the taxable property in the county and park district at a rate not exceeding  
183.9 0.03224 percent of estimated market value. Notwithstanding section 398.16, on or before  
183.10 October 1 of each year, after public hearing, the Board of Park District Commissioners  
183.11 shall adopt a budget for the ensuing year and shall determine the total amount necessary  
183.12 to be raised from ad valorem tax levies to meet its budget. The Board of Park District  
183.13 Commissioners shall submit the budget to the county board. The county board may veto  
183.14 or modify an item contained in the budget. If the county board determines to veto or to  
183.15 modify an item in the budget, it must, within 15 days after the budget was submitted by  
183.16 the district board, state in writing the specific reasons for its objection to the item vetoed  
183.17 or the reason for the modification. The Park District Board, after consideration of the  
183.18 county board's objections and proposed modifications, may reapprove a vetoed item or the  
183.19 original version of an item with respect to which a modification has been proposed, by a  
183.20 two-thirds majority. If the district board does not reapprove a vetoed item, the item shall  
183.21 be deleted from the budget. If the district board does not reapprove the original version  
183.22 of a modified item, the item shall be included in the budget as modified by the county  
183.23 board. After adoption of the final budget and no later than October 1, the superintendent  
183.24 of the park district shall certify to the office of the Hennepin County director of tax and  
183.25 public records exercising the functions of the county auditor the total amount to be raised  
183.26 from ad valorem tax levies to meet its budget for the ensuing year. The director of tax  
183.27 and public records shall add the amount of any levy certified by the district to other tax  
183.28 levies on the property of the county within the district for collection by the director of tax  
183.29 and public records with other taxes. When collected, the director shall make settlement of  
183.30 such taxes with the district in the same manner as other taxes are distributed to the other  
183.31 political subdivisions in Hennepin County.

183.32 Sec. 57. Minnesota Statutes 2010, section 383E.20, is amended to read:

183.33 **383E.20 BONDING FOR COUNTY LIBRARY BUILDINGS.**

184.1 The Anoka County Board may, by resolution adopted by a four-sevenths vote, issue  
184.2 and sell general obligation bonds of the county in the manner provided in chapter 475 to  
184.3 acquire, better, and construct county library buildings. The bonds shall not be subject to the  
184.4 requirements of sections 475.57 to 475.59. The maturity years and amounts and interest  
184.5 rates of each series of bonds shall be fixed so that the maximum amount of principal and  
184.6 interest to become due in any year, on the bonds of that series and of all outstanding series  
184.7 issued by or for the purposes of libraries, shall not exceed an amount equal to .01 percent  
184.8 of the ~~taxable~~ estimated market value of all taxable property in the county, excluding any  
184.9 taxable property taxed by any city for the support of any free public library. When the tax  
184.10 levy authorized in this section is collected, it shall be appropriated and credited to a debt  
184.11 service fund for the bonds. The tax levy for the debt service fund under section 475.61  
184.12 shall be reduced by the amount available or reasonably anticipated to be available in the  
184.13 fund to make payments otherwise payable from the levy pursuant to section 475.61.

184.14 Sec. 58. Minnesota Statutes 2010, section 383E.23, is amended to read:

184.15 **383E.23 LIBRARY TAX.**

184.16 The Anoka County Board may levy a tax of not more than .01 percent of the ~~taxable~~  
184.17 estimated market value of taxable property located within the county excluding any  
184.18 taxable property taxed by any city for the support of any free public library, to acquire,  
184.19 better, and construct county library buildings and to pay principal and interest on bonds  
184.20 issued for that purpose. The tax shall be disregarded in the calculation of levies or limits  
184.21 on levies provided by section 373.40, or other law.

184.22 Sec. 59. Minnesota Statutes 2010, section 385.31, is amended to read:

184.23 **385.31 PAYMENT OF COUNTY ORDERS OR WARRANTS.**

184.24 When any order or warrant drawn on the treasurer is presented for payment, if there  
184.25 is money in the treasury for that purpose, the county treasurer shall redeem the same, and  
184.26 write across the entire face thereof the word "redeemed," the date of the redemption, and  
184.27 the treasurer's official signature. If there is not sufficient funds in the proper accounts to  
184.28 pay such orders they shall be numbered and registered in their order of presentation,  
184.29 and proper endorsement thereof shall be made on such orders and they shall be entitled  
184.30 to payment in like order. Such orders shall bear interest at not to exceed the rate of six  
184.31 percent per annum from such date of presentment. The treasurer, as soon as there is  
184.32 sufficient money in the treasury, shall appropriate and set apart a sum sufficient for the  
184.33 payment of the orders so presented and registered, and, if entitled to interest, issue to the  
184.34 original holder a notice that interest will cease in 30 days from the date of such notice; and,



185.1 if orders thus entitled to priority of payment are not then presented, the next in order of  
185.2 registry may be paid until such orders are presented. No interest shall be paid on any order,  
185.3 except upon a warrant drawn by the county auditor for that purpose, giving the number  
185.4 and the date of the order on account of which the interest warrant is drawn. In any county  
185.5 in this state now or hereafter having ~~a~~ an estimated market value of all taxable property;  
185.6 ~~exclusive of money and credits~~, of not less than \$1,033,000,000, the county treasurer, in  
185.7 order to save payment of interest on county warrants drawn upon a fund in which there  
185.8 shall be temporarily insufficient money in the treasury to redeem the same, may borrow  
185.9 temporarily from any other fund in the county treasury in which there is a sufficient balance  
185.10 to care for the needs of such fund and allow a temporary loan or transfer to any other fund,  
185.11 and may pay such warrants out of such funds. Any such money so transferred and used in  
185.12 redeeming such county warrants shall be returned to the fund from which drawn as soon  
185.13 as money shall come in to the credit of such fund on which any such warrant was drawn  
185.14 and paid as aforesaid. Any county operating on a cash basis may use a combined form of  
185.15 warrant or order and check, which, when signed by the chair of the county board and by  
185.16 the auditor, is an order or warrant for the payment of the claim, and, when countersigned  
185.17 by the county treasurer, is a check for the payment of the amount thereof.

185.18 Sec. 60. Minnesota Statutes 2010, section 394.36, subdivision 1, is amended to read:

185.19 Subdivision 1. **Continuation of nonconformity; limitations.** Except as provided in  
185.20 subdivision 2, 3, or 4, any nonconformity, including the lawful use or occupation of land  
185.21 or premises existing at the time of the adoption of an official control under this chapter,  
185.22 may be continued, although the use or occupation does not conform to the official control.  
185.23 If the nonconformity or occupancy is discontinued for a period of more than one year, or  
185.24 any nonconforming building or structure is destroyed by fire or other peril to the extent of  
185.25 50 percent of its estimated market value, any subsequent use or occupancy of the land or  
185.26 premises shall be a conforming use or occupancy.

185.27 Sec. 61. Minnesota Statutes 2010, section 398A.04, subdivision 8, is amended to read:

185.28 Subd. 8. **Taxation.** Before deciding to exercise the power to tax, the authority shall  
185.29 give six weeks' published notice in all municipalities in the region. If a number of voters  
185.30 in the region equal to five percent of those who voted for candidates for governor at the  
185.31 last gubernatorial election present a petition within nine weeks of the first published notice  
185.32 to the secretary of state requesting that the matter be submitted to popular vote, it shall be  
185.33 submitted at the next general election. The question prepared shall be:

185.34 "Shall the regional rail authority have the power to impose a property tax?"

186.1 Yes .....  
186.2 No ....."

186.3 If a majority of those voting on the question approve or if no petition is presented  
186.4 within the prescribed time the authority may levy a tax at any annual rate not exceeding  
186.5 0.04835 percent of estimated market value of all taxable property situated within the  
186.6 municipality or municipalities named in its organization resolution. Its recording officer  
186.7 shall file, on or before September 15, in the office of the county auditor of each county  
186.8 in which territory under the jurisdiction of the authority is located a certified copy of the  
186.9 board of commissioners' resolution levying the tax, and each county auditor shall assess  
186.10 and extend upon the tax rolls of each municipality named in the organization resolution the  
186.11 portion of the tax that bears the same ratio to the whole amount that the net tax capacity of  
186.12 taxable property in that municipality bears to the net tax capacity of taxable property in  
186.13 all municipalities named in the organization resolution. Collections of the tax shall be  
186.14 remitted by each county treasurer to the treasurer of the authority. For taxes levied in 1991,  
186.15 the amount levied for light rail transit purposes under this subdivision shall not exceed 75  
186.16 percent of the amount levied in 1990 for light rail transit purposes under this subdivision.

186.17 Sec. 62. Minnesota Statutes 2010, section 401.05, subdivision 3, is amended to read:

186.18 Subd. 3. **Leasing.** (a) A county or joint powers board of a group of counties  
186.19 which acquires or constructs and equips or improves facilities under this chapter may,  
186.20 with the approval of the board of county commissioners of each county, enter into a  
186.21 lease agreement with a city situated within any of the counties, or a county housing and  
186.22 redevelopment authority established under chapter 469 or any special law. Under the lease  
186.23 agreement, the city or county housing and redevelopment authority shall:

186.24 (1) construct or acquire and equip or improve a facility in accordance with plans  
186.25 prepared by or at the request of a county or joint powers board of the group of counties  
186.26 and approved by the commissioner of corrections; and

186.27 (2) finance the facility by the issuance of revenue bonds.

186.28 (b) The county or joint powers board of a group of counties may lease the facility  
186.29 site, improvements, and equipment for a term upon rental sufficient to produce revenue  
186.30 for the prompt payment of the revenue bonds and all interest accruing on them. Upon  
186.31 completion of payment, the lessee shall acquire title. The real and personal property  
186.32 acquired for the facility constitutes a project and the lease agreement constitutes a revenue  
186.33 agreement as provided in sections 469.152 to 469.165. All proceedings by the city or  
186.34 county housing and redevelopment authority and the county or joint powers board shall be  
186.35 as provided in sections 469.152 to 469.165, with the following adjustments:

- 187.1 (1) no tax may be imposed upon the property;
- 187.2 (2) the approval of the project by the commissioner of employment and economic  
187.3 development is not required;
- 187.4 (3) the Department of Corrections shall be furnished and shall record information  
187.5 concerning each project as it may prescribe, in lieu of reports required on other projects to  
187.6 the commissioner of employment and economic development;
- 187.7 (4) the rentals required to be paid under the lease agreement shall not exceed in any  
187.8 year one-tenth of one percent of the estimated market value of property within the county  
187.9 or group of counties as last equalized before the execution of the lease agreement;
- 187.10 (5) the county or group of counties shall provide for payment of all rentals due  
187.11 during the term of the lease agreement in the manner required in subdivision 4;
- 187.12 (6) no mortgage on the facilities shall be granted for the security of the bonds, but  
187.13 compliance with clause (5) may be enforced as a nondiscretionary duty of the county  
187.14 or group of counties; and
- 187.15 (7) the county or the joint powers board of the group of counties may sublease any  
187.16 part of the facilities for purposes consistent with their maintenance and operation.

187.17 Sec. 63. Minnesota Statutes 2010, section 410.32, is amended to read:

187.18 **410.32 CITIES MAY ISSUE CAPITAL NOTES FOR CAPITAL EQUIPMENT.**

187.19 (a) Notwithstanding any contrary provision of other law or charter, a home rule  
187.20 charter city may, by resolution and without public referendum, issue capital notes subject  
187.21 to the city debt limit to purchase capital equipment.

187.22 (b) For purposes of this section, "capital equipment" means:

187.23 (1) public safety equipment, ambulance and other medical equipment, road  
187.24 construction and maintenance equipment, and other capital equipment; and

187.25 (2) computer hardware and software, whether bundled with machinery or equipment  
187.26 or unbundled.

187.27 (c) The equipment or software must have an expected useful life at least as long  
187.28 as the term of the notes.

187.29 (d) The notes shall be payable in not more than ten years and be issued on terms  
187.30 and in the manner the city determines. The total principal amount of the capital notes  
187.31 issued in a fiscal year shall not exceed 0.03 percent of the estimated market value of  
187.32 taxable property in the city for that year.

187.33 (e) A tax levy shall be made for the payment of the principal and interest on the  
187.34 notes, in accordance with section 475.61, as in the case of bonds.

188.1 (f) Notes issued under this section shall require an affirmative vote of two-thirds of  
188.2 the governing body of the city.

188.3 (g) Notwithstanding a contrary provision of other law or charter, a home rule charter  
188.4 city may also issue capital notes subject to its debt limit in the manner and subject to the  
188.5 limitations applicable to statutory cities pursuant to section 412.301.

188.6 Sec. 64. Minnesota Statutes 2010, section 412.221, subdivision 2, is amended to read:

188.7 Subd. 2. **Contracts.** The council shall have power to make such contracts as may  
188.8 be deemed necessary or desirable to make effective any power possessed by the council.  
188.9 The city may purchase personal property through a conditional sales contract and real  
188.10 property through a contract for deed under which contracts the seller is confined to the  
188.11 remedy of recovery of the property in case of nonpayment of all or part of the purchase  
188.12 price, which shall be payable over a period of not to exceed five years. When the contract  
188.13 price of property to be purchased by contract for deed or conditional sales contract  
188.14 exceeds 0.24177 percent of the estimated market value of the city, the city may not enter  
188.15 into such a contract for at least ten days after publication in the official newspaper of a  
188.16 council resolution determining to purchase property by such a contract; and, if before the  
188.17 end of that time a petition asking for an election on the proposition signed by voters equal  
188.18 to ten percent of the number of voters at the last regular city election is filed with the clerk,  
188.19 the city may not enter into such a contract until the proposition has been approved by a  
188.20 majority of the votes cast on the question at a regular or special election.

188.21 Sec. 65. Minnesota Statutes 2010, section 412.301, is amended to read:

188.22 **412.301 FINANCING PURCHASE OF CERTAIN EQUIPMENT.**

188.23 (a) The council may issue certificates of indebtedness or capital notes subject to the  
188.24 city debt limits to purchase capital equipment.

188.25 (b) For purposes of this section, "capital equipment" means:

188.26 (1) public safety equipment, ambulance and other medical equipment, road  
188.27 construction and maintenance equipment, and other capital equipment; and

188.28 (2) computer hardware and software, whether bundled with machinery or equipment  
188.29 or unbundled.

188.30 (c) The equipment or software must have an expected useful life at least as long as  
188.31 the terms of the certificates or notes.

188.32 (d) Such certificates or notes shall be payable in not more than ten years and shall be  
188.33 issued on such terms and in such manner as the council may determine.

189.1 (e) If the amount of the certificates or notes to be issued to finance any such purchase  
189.2 exceeds 0.25 percent of the estimated market value of taxable property in the city, they  
189.3 shall not be issued for at least ten days after publication in the official newspaper of  
189.4 a council resolution determining to issue them; and if before the end of that time, a  
189.5 petition asking for an election on the proposition signed by voters equal to ten percent  
189.6 of the number of voters at the last regular municipal election is filed with the clerk, such  
189.7 certificates or notes shall not be issued until the proposition of their issuance has been  
189.8 approved by a majority of the votes cast on the question at a regular or special election.

189.9 (f) A tax levy shall be made for the payment of the principal and interest on such  
189.10 certificates or notes, in accordance with section 475.61, as in the case of bonds.

189.11 Sec. 66. Minnesota Statutes 2010, section 428A.02, subdivision 1, is amended to read:

189.12 Subdivision 1. **Ordinance.** The governing body of a city may adopt an ordinance  
189.13 establishing a special service district. Only property that is classified under section 273.13  
189.14 and used for commercial, industrial, or public utility purposes, or is vacant land zoned or  
189.15 designated on a land use plan for commercial or industrial use and located in the special  
189.16 service district, may be subject to the charges imposed by the city on the special service  
189.17 district. Other types of property may be included within the boundaries of the special  
189.18 service district but are not subject to the levies or charges imposed by the city on the  
189.19 special service district. If 50 percent or more of the estimated market value of a parcel of  
189.20 property is classified under section 273.13 as commercial, industrial, or vacant land zoned  
189.21 or designated on a land use plan for commercial or industrial use, or public utility for the  
189.22 current assessment year, then the entire taxable market value of the property is subject to a  
189.23 service charge based on net tax capacity for purposes of sections 428A.01 to 428A.10.  
189.24 The ordinance shall describe with particularity the area within the city to be included in  
189.25 the district and the special services to be furnished in the district. The ordinance may not  
189.26 be adopted until after a public hearing has been held on the question. Notice of the hearing  
189.27 shall include the time and place of hearing, a map showing the boundaries of the proposed  
189.28 district, and a statement that all persons owning property in the proposed district that  
189.29 would be subject to a service charge will be given opportunity to be heard at the hearing.  
189.30 Within 30 days after adoption of the ordinance under this subdivision, the governing body  
189.31 shall send a copy of the ordinance to the commissioner of revenue.

189.32 Sec. 67. Minnesota Statutes 2010, section 430.102, subdivision 2, is amended to read:

189.33 Subd. 2. **Council approval; special tax levy limitation.** The council shall receive  
189.34 and consider the estimate required in subdivision 1 and the items of cost after notice and

190.1 hearing before it or its appropriate committee as it considers necessary or expedient,  
190.2 and shall approve the estimate, with necessary amendments. The amounts of each item  
190.3 of cost estimated are then appropriated to operate, maintain, and improve the pedestrian  
190.4 mall during the next fiscal year. The amount of the special tax to be charged under  
190.5 subdivision 1, clause (3), must not, however, exceed 0.12089 percent of estimated market  
190.6 value of taxable property in the district. The council shall make any necessary adjustment  
190.7 in costs of operating and maintaining the district to keep the amount of the tax within  
190.8 this limitation.

190.9 Sec. 68. Minnesota Statutes 2010, section 447.10, is amended to read:

190.10 **447.10 TAX LEVY FOR OPERATING AND MAINTAINING HOSPITAL.**

190.11 The governing body of a city of the first class owning a hospital may annually levy  
190.12 a tax to operate and maintain the hospital. The tax must not exceed 0.00806 percent of  
190.13 ~~taxable~~ estimated market value.

190.14 Sec. 69. Minnesota Statutes 2010, section 450.19, is amended to read:

190.15 **450.19 TOURIST CAMPING GROUNDS.**

190.16 A home rule charter or statutory city or town may establish and maintain public  
190.17 tourist camping grounds. The governing body thereof may acquire by lease, purchase, or  
190.18 gift, suitable lands located either within or without the corporate limits for use as public  
190.19 tourist camping grounds and provide for the equipment, operation, and maintenance  
190.20 of the same. The amount that may be expended for the maintenance, improvement, or  
190.21 operation of tourist camping grounds shall not exceed, in any year, a sum equal to 0.00806  
190.22 percent of ~~taxable~~ estimated market value.

190.23 Sec. 70. Minnesota Statutes 2010, section 450.25, is amended to read:

190.24 **450.25 MUSEUM, GALLERY, OR SCHOOL OF ARTS OR CRAFTS; TAX**  
190.25 **LEVY.**

190.26 After the acquisition of any museum, gallery, or school of arts or crafts, the board  
190.27 of park commissioners of the city in which it is located shall cause to be included in the  
190.28 annual tax levy upon all the taxable property of the county in which the museum, gallery,  
190.29 or school of arts or crafts is located, a tax of 0.00846 percent of estimated market value.  
190.30 The board shall certify the levy to the county auditor and it shall be added to, and collected  
190.31 with and as part of, the general, real, and personal property taxes, with like penalties and  
190.32 interest, in case of nonpayment and default, and all provisions of law in respect to the

191.1 levy, collection, and enforcement of other taxes shall, so far as applicable, be followed in  
191.2 respect of these taxes. All of these taxes, penalties, and interest, when collected, shall be  
191.3 paid to the city treasurer of the city in which is located the museum, gallery, or school  
191.4 of arts or crafts and credited to a fund to be known as the park museum fund, and shall  
191.5 be used only for the purposes specified in sections 450.23 to 450.25. Any part of the  
191.6 proceeds of the levy not expended for the purposes specified in section 450.24 may be  
191.7 used for the erection of new buildings for the same purposes.

191.8 Sec. 71. Minnesota Statutes 2010, section 458A.10, is amended to read:

191.9 **458A.10 PROPERTY TAX.**

191.10 The commission shall annually levy a tax not to exceed 0.12089 percent of estimated  
191.11 market value on all the taxable property in the transit area at a rate sufficient to produce  
191.12 an amount necessary for the purposes of sections 458A.01 to 458A.15, other than the  
191.13 payment of principal and interest due on any revenue bonds issued pursuant to section  
191.14 458A.05. Property taxes levied under this section shall be certified by the commission to  
191.15 the county auditors of the transit area, extended, assessed, and collected in the manner  
191.16 provided by law for the property taxes levied by the governing bodies of cities. The  
191.17 proceeds of the taxes levied under this section shall be remitted by the respective county  
191.18 treasurers to the treasurer of the commission, who shall credit the same to the funds of  
191.19 the commission for use for the purposes of sections 458A.01 to 458A.15 subject to any  
191.20 applicable pledges or limitations on account of tax anticipation certificates or other  
191.21 specific purposes. At any time after making a tax levy under this section and certifying  
191.22 it to the county auditors, the commission may issue general obligation certificates of  
191.23 indebtedness in anticipation of the collection of the taxes as provided by section 412.261.

191.24 Sec. 72. Minnesota Statutes 2010, section 458A.31, subdivision 1, is amended to read:

191.25 Subdivision 1. **Levy limit.** Notwithstanding anything to the contrary contained in  
191.26 the charter of the city of Duluth, any ordinance thereof, or any statute applicable thereto,  
191.27 limiting the amount levied in any one year for general or special purposes, the city council  
191.28 of the city of Duluth shall each year levy a tax in an amount not to exceed 0.07253  
191.29 percent of ~~taxable~~ estimated market value, by ordinance. An ordinance fixing the levy  
191.30 shall take effect immediately upon its passage and approval. The proceeds of the levy  
191.31 shall be paid into the city treasury and deposited in the operating fund provided for in  
191.32 section 458A.24, subdivision 3.

191.33 Sec. 73. Minnesota Statutes 2010, section 465.04, is amended to read:

192.1           **465.04 ACCEPTANCE OF GIFTS.**

192.2           Cities of the second, third, or fourth class, having at any time ~~a~~ an estimated  
192.3 market value of not more than \$41,000,000, ~~exclusive of money and credits~~, as officially  
192.4 equalized by the commissioner of revenue, either under home rule charter or under the  
192.5 laws of this state, in addition to all other powers possessed by them, hereby are authorized  
192.6 and empowered to receive and accept gifts and donations for the use and benefit of  
192.7 such cities and the inhabitants thereof upon terms and conditions to be approved by the  
192.8 governing bodies of such cities; and such cities are authorized to comply with and perform  
192.9 such terms and conditions, which may include payment to the donor or donors of interest  
192.10 on the value of the gift at not exceeding five percent per annum payable annually or  
192.11 semiannually, during the remainder of the natural life or lives of such donor or donors.

192.12           Sec. 74. Minnesota Statutes 2010, section 469.033, subdivision 6, is amended to read:

192.13           Subd. 6. **Operation area as taxing district, special tax.** All of the territory  
192.14 included within the area of operation of any authority shall constitute a taxing district for  
192.15 the purpose of levying and collecting special benefit taxes as provided in this subdivision.  
192.16 All of the taxable property, both real and personal, within that taxing district shall be  
192.17 deemed to be benefited by projects to the extent of the special taxes levied under this  
192.18 subdivision. Subject to the consent by resolution of the governing body of the city in and  
192.19 for which it was created, an authority may levy a tax upon all taxable property within that  
192.20 taxing district. The tax shall be extended, spread, and included with and as a part of  
192.21 the general taxes for state, county, and municipal purposes by the county auditor, to be  
192.22 collected and enforced therewith, together with the penalty, interest, and costs. As the tax,  
192.23 including any penalties, interest, and costs, is collected by the county treasurer it shall be  
192.24 accumulated and kept in a separate fund to be known as the "housing and redevelopment  
192.25 project fund." The money in the fund shall be turned over to the authority at the same time  
192.26 and in the same manner that the tax collections for the city are turned over to the city, and  
192.27 shall be expended only for the purposes of sections 469.001 to 469.047. It shall be paid  
192.28 out upon vouchers signed by the chair of the authority or an authorized representative.  
192.29 The amount of the levy shall be an amount approved by the governing body of the city, but  
192.30 shall not exceed 0.0185 percent of ~~taxable~~ estimated market value. The authority shall  
192.31 each year formulate and file a budget in accordance with the budget procedure of the city  
192.32 in the same manner as required of executive departments of the city or, if no budgets are  
192.33 required to be filed, by August 1. The amount of the tax levy for the following year shall  
192.34 be based on that budget.



193.1 Sec. 75. Minnesota Statutes 2010, section 469.034, subdivision 2, is amended to read:

193.2 Subd. 2. **General obligation revenue bonds.** (a) An authority may pledge the  
193.3 general obligation of the general jurisdiction governmental unit as additional security for  
193.4 bonds payable from income or revenues of the project or the authority. The authority  
193.5 must find that the pledged revenues will equal or exceed 110 percent of the principal and  
193.6 interest due on the bonds for each year. The proceeds of the bonds must be used for a  
193.7 qualified housing development project or projects. The obligations must be issued and  
193.8 sold in the manner and following the procedures provided by chapter 475, except the  
193.9 obligations are not subject to approval by the electors, and the maturities may extend to  
193.10 not more than 35 years for obligations sold to finance housing for the elderly and 40 years  
193.11 for other obligations issued under this subdivision. The authority is the municipality for  
193.12 purposes of chapter 475.

193.13 (b) The principal amount of the issue must be approved by the governing body of  
193.14 the general jurisdiction governmental unit whose general obligation is pledged. Public  
193.15 hearings must be held on issuance of the obligations by both the authority and the general  
193.16 jurisdiction governmental unit. The hearings must be held at least 15 days, but not more  
193.17 than 120 days, before the sale of the obligations.

193.18 (c) The maximum amount of general obligation bonds that may be issued and  
193.19 outstanding under this section equals the greater of (1) one-half of one percent of the  
193.20 ~~taxable~~ estimated market value of the general jurisdiction governmental unit whose  
193.21 general obligation is pledged, or (2) \$3,000,000. In the case of county or multicounty  
193.22 general obligation bonds, the outstanding general obligation bonds of all cities in the  
193.23 county or counties issued under this subdivision must be added in calculating the limit  
193.24 under clause (1).

193.25 (d) "General jurisdiction governmental unit" means the city in which the housing  
193.26 development project is located. In the case of a county or multicounty authority, the  
193.27 county or counties may act as the general jurisdiction governmental unit. In the case of  
193.28 a multicounty authority, the pledge of the general obligation is a pledge of a tax on the  
193.29 taxable property in each of the counties.

193.30 (e) "Qualified housing development project" means a housing development project  
193.31 providing housing either for the elderly or for individuals and families with incomes not  
193.32 greater than 80 percent of the median family income as estimated by the United States  
193.33 Department of Housing and Urban Development for the standard metropolitan statistical  
193.34 area or the nonmetropolitan county in which the project is located. The project must be  
193.35 owned for the term of the bonds either by the authority or by a limited partnership or other  
193.36 entity in which the authority or another entity under the sole control of the authority is

194.1 the sole general partner and the partnership or other entity must receive (1) an allocation  
194.2 from the Department of Management and Budget or an entitlement issuer of tax-exempt  
194.3 bonding authority for the project and a preliminary determination by the Minnesota  
194.4 Housing Finance Agency or the applicable suballocator of tax credits that the project  
194.5 will qualify for four percent low-income housing tax credits or (2) a reservation of nine  
194.6 percent low-income housing tax credits from the Minnesota Housing Finance Agency or a  
194.7 suballocator of tax credits for the project. A qualified housing development project may  
194.8 admit nonelderly individuals and families with higher incomes if:

194.9 (1) three years have passed since initial occupancy;

194.10 (2) the authority finds the project is experiencing unanticipated vacancies resulting in  
194.11 insufficient revenues, because of changes in population or other unforeseen circumstances  
194.12 that occurred after the initial finding of adequate revenues; and

194.13 (3) the authority finds a tax levy or payment from general assets of the general  
194.14 jurisdiction governmental unit will be necessary to pay debt service on the bonds if higher  
194.15 income individuals or families are not admitted.

194.16 (f) The authority may issue bonds to refund bonds issued under this subdivision in  
194.17 accordance with section 475.67. The finding of the adequacy of pledged revenues required  
194.18 by paragraph (a) and the public hearing required by paragraph (b) shall not apply to the  
194.19 issuance of refunding bonds. This paragraph applies to refunding bonds issued on and  
194.20 after July 1, 1992.

194.21 Sec. 76. Minnesota Statutes 2010, section 469.053, subdivision 4, is amended to read:

194.22 Subd. 4. **Mandatory city levy.** A city shall, at the request of the port authority, levy  
194.23 a tax in any year for the benefit of the port authority. The tax must not exceed 0.01813  
194.24 percent of ~~taxable~~ estimated market value. The amount levied must be paid by the city  
194.25 treasurer to the treasurer of the port authority, to be spent by the authority.

194.26 Sec. 77. Minnesota Statutes 2010, section 469.053, subdivision 4a, is amended to read:

194.27 Subd. 4a. **Seaway port authority levy.** A levy made under this subdivision shall  
194.28 replace the mandatory city levy under subdivision 4. A seaway port authority is a special  
194.29 taxing district under section 275.066 and may levy a tax in any year for the benefit of the  
194.30 seaway port authority. The tax must not exceed 0.01813 percent of ~~taxable~~ estimated  
194.31 market value. The county auditor shall distribute the proceeds of the property tax levy to  
194.32 the seaway port authority.

194.33 Sec. 78. Minnesota Statutes 2010, section 469.053, subdivision 6, is amended to read:

195.1 Subd. 6. **Discretionary city levy.** Upon request of a port authority, the port  
195.2 authority's city may levy a tax to be spent by and for its port authority. The tax must  
195.3 enable the port authority to carry out efficiently and in the public interest sections 469.048  
195.4 to 469.068 to create and develop industrial development districts. The levy must not be  
195.5 more than 0.00282 percent of ~~taxable~~ estimated market value. The county treasurer shall  
195.6 pay the proceeds of the tax to the port authority treasurer. The money may be spent by  
195.7 the authority in performance of its duties to create and develop industrial development  
195.8 districts. In spending the money the authority must judge what best serves the public  
195.9 interest. The levy in this subdivision is in addition to the levy in subdivision 4.

195.10 Sec. 79. Minnesota Statutes 2010, section 469.107, subdivision 1, is amended to read:

195.11 Subdivision 1. **City tax levy.** A city may, at the request of the authority, levy a tax in  
195.12 any year for the benefit of the authority. The tax must be not more than 0.01813 percent of  
195.13 ~~taxable~~ estimated market value. The amount levied must be paid by the city treasurer to  
195.14 the treasurer of the authority, to be spent by the authority.

195.15 Sec. 80. Minnesota Statutes 2010, section 469.180, subdivision 2, is amended to read:

195.16 Subd. 2. **Tax levies.** Notwithstanding any law, the county board of any county may  
195.17 appropriate from the general revenue fund a sum not to exceed a county levy of 0.00080  
195.18 percent of ~~taxable~~ estimated market value to carry out the purposes of this section.

195.19 Sec. 81. Minnesota Statutes 2010, section 469.187, is amended to read:

195.20 **469.187 FIRST CLASS CITY SPENDING FOR PUBLICITY; PUBLICITY**  
195.21 **BOARD.**

195.22 Any city of the first class may expend money for city publicity purposes. The city  
195.23 may levy a tax, not exceeding 0.00080 percent of ~~taxable~~ estimated market value. The  
195.24 proceeds of the levy shall be expended in the manner and for the city publicity purposes  
195.25 the council directs. The council may establish and provide for a publicity board or bureau  
195.26 to administer the fund, subject to the conditions and limitations the council prescribes  
195.27 by ordinance.

195.28 Sec. 82. Minnesota Statutes 2010, section 469.206, is amended to read:

195.29 **469.206 HAZARDOUS PROPERTY PENALTY.**

195.30 A city may assess a penalty up to one percent of the estimated market value of  
195.31 real property, including any building located within the city that the city determines to  
195.32 be hazardous as defined in section 463.15, subdivision 3. The city shall send a written

196.1 notice to the address to which the property tax statement is sent at least 90 days before it  
196.2 may assess the penalty. If the owner of the property has not paid the penalty or fixed the  
196.3 property within 90 days after receiving notice of the penalty, the penalty is considered  
196.4 delinquent and is increased by 25 percent each 60 days the penalty is not paid and the  
196.5 property remains hazardous. For the purposes of this section, a penalty that is delinquent  
196.6 is considered a delinquent property tax and subject to chapters 279, 280, and 281, in the  
196.7 same manner as delinquent property taxes.

196.8 Sec. 83. Minnesota Statutes 2010, section 471.24, is amended to read:

196.9 **471.24 TOWNS, STATUTORY CITIES; JOINT MAINTENANCE OF**  
196.10 **CEMETERY.**

196.11 Where a statutory city or town owns and maintains an established cemetery or burial  
196.12 ground, either within or without the municipal limits, the statutory city or town may, by  
196.13 mutual agreement with contiguous statutory cities and towns, each having ~~a~~ an estimated  
196.14 market value of not less than \$2,000,000, join together in the maintenance of such public  
196.15 cemetery or burial ground for the use of the inhabitants of each of such municipalities; and  
196.16 each such municipality is hereby authorized, by action of its council or governing body,  
196.17 to levy a tax or make an appropriation for the annual support and maintenance of such  
196.18 cemetery or burial ground; provided, the amount thus appropriated by each municipality  
196.19 shall not exceed a total of \$10,000 in any one year.

196.20 Sec. 84. Minnesota Statutes 2010, section 471.571, subdivision 1, is amended to read:

196.21 Subdivision 1. **Application.** This section applies to each city in which the net tax  
196.22 capacity of real and personal property consists in part of iron ore or lands containing  
196.23 taconite or semitaconite and in which the total ~~taxable~~ estimated market value of real  
196.24 and personal property exceeds \$2,500,000.

196.25 Sec. 85. Minnesota Statutes 2010, section 471.571, subdivision 2, is amended to read:

196.26 Subd. 2. **Creation of fund, tax levy.** The governing body of the city may create a  
196.27 permanent improvement and replacement fund to be maintained by an annual tax levy.  
196.28 The governing body may levy a tax in excess of any charter limitation for the support of  
196.29 the permanent improvement and replacement fund, but not exceeding the following:

196.30 (a) in cities having a population of not more than 500 inhabitants, the lesser of \$20  
196.31 per capita or 0.08059 percent of ~~taxable~~ estimated market value;

197.1 (b) in cities having a population of more than 500 and less than ~~2500~~ 2,500, the  
197.2 greater of \$12.50 per capita or \$10,000 but not exceeding 0.08059 percent of ~~taxable~~  
197.3 estimated market value;

197.4 (c) in cities having a population of ~~more than 2500~~ 2,500 or more inhabitants,  
197.5 the greater of \$10 per capita or \$31,500 but not exceeding 0.08059 percent of ~~taxable~~  
197.6 estimated market value.

197.7 Sec. 86. Minnesota Statutes 2010, section 471.73, is amended to read:

197.8 **471.73 ACCEPTANCE OF PROVISIONS.**

197.9 In the case of any city within the class specified in section 471.72 having ~~a~~ an  
197.10 estimated market value, ~~as defined in section 471.72~~, in excess of \$37,000,000; and in the  
197.11 case of any statutory city within such class having ~~a~~ an estimated market value, ~~as defined~~  
197.12 ~~in section 471.72~~, of less than \$5,000,000; and in the case of any statutory city within such  
197.13 class which is governed by Laws 1933, chapter 211, or Laws 1937, chapter 356; and in  
197.14 the case of any statutory city within such class which is governed by Laws 1929, chapter  
197.15 208, and has ~~a~~ an estimated market value of less than \$83,000,000; and in the case of  
197.16 any school district within such class having ~~a~~ an estimated market value, ~~as defined in~~  
197.17 ~~section 471.72~~, of more than \$54,000,000; and in the case of all towns within said class;  
197.18 sections 471.71 to 471.83 apply only if the governing body of the city or statutory city, the  
197.19 board of the school district, or the town board of the town shall have adopted a resolution  
197.20 determining to issue bonds under the provisions of sections 471.71 to 471.83 or to go  
197.21 upon a cash basis in accordance with the provisions thereof.

197.22 Sec. 87. Minnesota Statutes 2010, section 473.325, subdivision 2, is amended to read:

197.23 Subd. 2. **Chapter 475 applies; exceptions.** The Metropolitan Council shall sell and  
197.24 issue the bonds in the manner provided in chapter 475, and shall have the same powers  
197.25 and duties as a municipality issuing bonds under that law, except that the approval of a  
197.26 majority of the electors shall not be required and the net debt limitations shall not apply.  
197.27 The terms of each series of bonds shall be fixed so that the amount of principal and interest  
197.28 on all outstanding and undischarged bonds, together with the bonds proposed to be issued,  
197.29 due in any year shall not exceed 0.01209 percent of estimated market value of all taxable  
197.30 property in the metropolitan area as last finally equalized prior to a proposed issue. The  
197.31 bonds shall be secured in accordance with section 475.61, subdivision 1, and any taxes  
197.32 required for their payment shall be levied by the council, shall not affect the amount or rate  
197.33 of taxes which may be levied by the council for other purposes, shall be spread against all  
197.34 taxable property in the metropolitan area and shall not be subject to limitation as to rate or

198.1 amount. Any taxes certified by the council to the county auditors for collection shall be  
198.2 reduced by the amount received by the council from the commissioner of management and  
198.3 budget or the federal government for the purpose of paying the principal and interest on  
198.4 bonds to which the levy relates. The council shall certify the fact and amount of all money  
198.5 so received to the county auditors, and the auditors shall reduce the levies previously made  
198.6 for the bonds in the manner and to the extent provided in section 475.61, subdivision 3.

198.7 Sec. 88. Minnesota Statutes 2010, section 473.629, is amended to read:

198.8 **473.629 VALUE OF PROPERTY FOR BOND ISSUES BY SCHOOL**  
198.9 **DISTRICTS.**

198.10 As to any lands ~~to be~~ detached from any school district under ~~the provisions hereof~~  
198.11 section 473.625, notwithstanding ~~such prospective~~ the detachment, the estimated market  
198.12 value of such the detached lands and the net tax capacity of taxable properties now located  
198.13 ~~therein or thereon shall be and~~ on the lands on the date of the detachment constitute  
198.14 ~~from and after the date of the enactment hereof~~ a part of the estimated market value of  
198.15 properties ~~upon the basis of which such~~ used to calculate the net debt limit of the school  
198.16 ~~district may issue its bonds.~~ The value of ~~such the lands for such purpose to be and other~~  
198.17 taxable properties for purposes of the school district's net debt limit are 33-1/3 percent of  
198.18 the estimated market value thereof as determined and certified by said the assessor to said  
198.19 the school district, and it shall be the duty of such the assessor annually on or before the  
198.20 tenth day of October from and after the passage hereof, to so of each year, shall determine  
198.21 and certify that value; provided, however, that the value of ~~such the~~ detached lands and  
198.22 ~~such~~ taxable properties shall never exceed 20 percent of the estimated market value of  
198.23 all properties ~~constituting and making up the basis aforesaid~~ used to calculate the net  
198.24 debt limit of the school district.

198.25 Sec. 89. Minnesota Statutes 2010, section 473.661, subdivision 3, is amended to read:

198.26 Subd. 3. **Levy limit.** In any budget certified by the commissioners under this  
198.27 section, the amount included for operation and maintenance shall not exceed an amount  
198.28 which, when extended against the property taxable therefor under section 473.621,  
198.29 subdivision 5, will require a levy at a rate of 0.00806 percent of estimated market value.  
198.30 Taxes levied by the corporation shall not affect the amount or rate of taxes which may  
198.31 be levied by any other local government unit within the metropolitan area under the  
198.32 provisions of any charter.

198.33 Sec. 90. Minnesota Statutes 2010, section 473.667, subdivision 9, is amended to read:

199.1 Subd. 9. **Additional taxes.** Nothing herein shall prevent the commission from  
199.2 levying a tax not to exceed 0.00121 percent of estimated market value on taxable property  
199.3 within its taxing jurisdiction, in addition to any levies found necessary for the debt  
199.4 service fund authorized by section 473.671. Nothing herein shall prevent the levy and  
199.5 appropriation for purposes of the commission of any other tax on property or on any  
199.6 income, transaction, or privilege, when and if authorized by law. All collections of any  
199.7 taxes so levied shall be included in the revenues appropriated for the purposes referred  
199.8 to in this section, unless otherwise provided in the law authorizing the levies; but no  
199.9 covenant as to the continuance or as to the rate and amount of any such levy shall be made  
199.10 with the holders of the commission's bonds unless specifically authorized by law.

199.11 Sec. 91. Minnesota Statutes 2010, section 473.671, is amended to read:

199.12 **473.671 LIMIT OF TAX LEVY.**

199.13 The taxes levied against the property of the metropolitan area in any one year shall  
199.14 not exceed 0.00806 percent of ~~taxable~~ estimated market value, exclusive of taxes levied  
199.15 to pay the principal or interest on any bonds or indebtedness of the city issued under  
199.16 Laws 1943, chapter 500, and exclusive of any taxes levied to pay the share of the city for  
199.17 payments on bonded indebtedness of the corporation provided for in Laws 1943, chapter  
199.18 500. The levy of taxes authorized in Laws 1943, chapter 500, shall be in addition to the  
199.19 maximum rate allowed to be levied to defray the cost of government under the provisions  
199.20 of the charter of any city affected by Laws 1943, chapter 500.

199.21 Sec. 92. Minnesota Statutes 2010, section 473.711, subdivision 2a, is amended to read:

199.22 Subd. 2a. **Tax levy.** (a) The commission may levy a tax on all taxable property in  
199.23 the district as defined in section 473.702 to provide funds for the purposes of sections  
199.24 473.701 to 473.716. The tax shall not exceed the property tax levy limitation determined  
199.25 in this subdivision. A participating county may agree to levy an additional tax to be used  
199.26 by the commission for the purposes of sections 473.701 to 473.716 but the sum of the  
199.27 county's and commission's taxes may not exceed the county's proportionate share of  
199.28 the property tax levy limitation determined under this subdivision based on the ratio of  
199.29 its total net tax capacity to the total net tax capacity of the entire district as adjusted by  
199.30 section 270.12, subdivision 3. The auditor of each county in the district shall add the  
199.31 amount of the levy made by the district to other taxes of the county for collection by  
199.32 the county treasurer with other taxes. When collected, the county treasurer shall make  
199.33 settlement of the tax with the district in the same manner as other taxes are distributed  
199.34 to political subdivisions. No county shall levy any tax for mosquito, disease vectoring

200.1 tick, and black gnat (Simuliidae) control except under this section. The levy shall be in  
200.2 addition to other taxes authorized by law.

200.3 (b) The property tax levied by the Metropolitan Mosquito Control Commission shall  
200.4 not exceed the product of (i) the commission's property tax levy limitation for the previous  
200.5 year determined under this subdivision multiplied by (ii) an index for market valuation  
200.6 changes equal to the total estimated market valuation value of all taxable property for the  
200.7 current tax payable year located within the district plus any area that has been added to the  
200.8 district since the previous year, divided by the total estimated market valuation value of all  
200.9 taxable property located within the district for the previous taxes payable year.

200.10 ~~(c) For the purpose of determining the commission's property tax levy limitation~~  
200.11 ~~under this subdivision, "total market valuation" means the total market valuation of all~~  
200.12 ~~taxable property within the district without valuation adjustments for fiscal disparities~~  
200.13 ~~(chapter 473F), tax increment financing (sections 469.174 to 469.179), and high voltage~~  
200.14 ~~transmission lines (section 273.425).~~

200.15 Sec. 93. Minnesota Statutes 2010, section 473F.02, subdivision 12, is amended to read:

200.16 Subd. 12. **Adjusted market value.** "Adjusted market value" of real and personal  
200.17 property within a municipality means the ~~assessor's estimated~~ taxable market value,  
200.18 as defined in section 272.03, of all real and personal property, including the value of  
200.19 manufactured housing, within the municipality, adjusted for sales ratios in a manner  
200.20 similar to the adjustments made to city and town net tax capacities. ~~For purposes~~  
200.21 ~~of sections 473F.01 to 473F.13, the commissioner of revenue shall annually make~~  
200.22 ~~determinations and reports with respect to each municipality which are comparable to~~  
200.23 ~~those it makes for school districts under section 127A.48, subdivisions 1 to 6, in the same~~  
200.24 ~~manner and at the same times as are prescribed by the subdivisions. The commissioner~~  
200.25 ~~of revenue shall annually determine, for each municipality, information comparable to~~  
200.26 ~~that required by section 475.53, subdivision 4, for school districts, as soon as practicable~~  
200.27 ~~after it becomes available. The commissioner of revenue shall then compute the equalized~~  
200.28 ~~market value of property within each municipality using the aggregate sales ratios from~~  
200.29 ~~the Department of Revenue's sales ratio study.~~

200.30 Sec. 94. Minnesota Statutes 2010, section 473F.02, subdivision 14, is amended to read:

200.31 Subd. 14. **Fiscal capacity.** "Fiscal capacity" of a municipality means its ~~valuation~~  
200.32 adjusted market value, determined as of January 2 of any year, divided by its population,  
200.33 determined as of a date in the same year.



201.1 Sec. 95. Minnesota Statutes 2010, section 473F.02, subdivision 15, is amended to read:

201.2 Subd. 15. **Average fiscal capacity.** "Average fiscal capacity" of municipalities  
201.3 means the sum of the ~~valuations~~ adjusted market values of all municipalities, determined  
201.4 as of January 2 of any year, divided by the sum of their populations, determined as of  
201.5 a date in the same year.

201.6 Sec. 96. Minnesota Statutes 2010, section 473F.02, subdivision 23, is amended to read:

201.7 Subd. 23. **Net tax capacity.** "Net tax capacity" means the taxable market value of  
201.8 real and personal property multiplied by its net tax capacity rates in section 273.13.

201.9 Sec. 97. Minnesota Statutes 2010, section 475.521, subdivision 4, is amended to read:

201.10 Subd. 4. **Limitations on amount.** A municipality may not issue bonds under this  
201.11 section if the maximum amount of principal and interest to become due in any year on  
201.12 all the outstanding bonds issued under this section, including the bonds to be issued,  
201.13 will equal or exceed 0.16 percent of the ~~taxable~~ estimated market value of property  
201.14 in the municipality. Calculation of the limit must be made using the ~~taxable~~ estimated  
201.15 market value for the taxes payable year in which the obligations are issued and sold. In  
201.16 the case of a municipality with a population of 2,500 or more, the bonds are subject to  
201.17 the net debt limits under section 475.53. In the case of a shared facility in which more  
201.18 than one municipality participates, upon compliance by each participating municipality  
201.19 with the requirements of subdivision 2, the limitations in this subdivision and the net debt  
201.20 represented by the bonds shall be allocated to each participating municipality in proportion  
201.21 to its required financial contribution to the financing of the shared facility, as set forth in  
201.22 the joint powers agreement relating to the shared facility. This section does not limit the  
201.23 authority to issue bonds under any other special or general law.

201.24 Sec. 98. Minnesota Statutes 2010, section 475.53, subdivision 1, is amended to read:

201.25 Subdivision 1. **Generally.** Except as otherwise provided in sections 475.51 to  
201.26 475.74, no municipality, except a school district or a city of the first class, shall incur or be  
201.27 subject to a net debt in excess of three percent of the estimated market value of taxable  
201.28 property in the municipality.

201.29 Sec. 99. Minnesota Statutes 2010, section 475.53, subdivision 3, is amended to read:

201.30 Subd. 3. **Cities first class.** Unless its charter permits a greater net debt a city of  
201.31 the first class may not incur a net debt in excess of two percent of the estimated market  
201.32 value of all taxable property therein. If the charter of the city permits a net debt of the city

202.1 in excess of two percent of its valuation, it may not incur a net debt in excess of 3-2/3  
202.2 percent of the estimated market value of the taxable property therein.

202.3 The county auditor, at the time of preparing the tax list of the city, shall compile a  
202.4 statement setting forth the total net tax capacity and the total estimated market value of  
202.5 each class of taxable property in such city for such year.

202.6 Sec. 100. Minnesota Statutes 2010, section 475.53, subdivision 4, is amended to read:

202.7 Subd. 4. **School districts.** Except as otherwise provided by law, no school district  
202.8 shall be subject to a net debt in excess of 15 percent of the ~~actual~~ estimated market value  
202.9 of all taxable property situated within its corporate limits, as computed in accordance with  
202.10 this subdivision. The county auditor of each county containing taxable real or personal  
202.11 property situated within any school district shall certify to the district upon request the  
202.12 estimated market value of all such property. Whenever the commissioner of revenue, in  
202.13 accordance with section 127A.48, subdivisions 1 to 6, has determined that the ~~net tax~~  
202.14 ~~capacity of any district furnished by county auditors is not based upon the~~ adjusted market  
202.15 value of taxable property in the district exceeds the estimated market value of property  
202.16 within the district, the commissioner of revenue shall certify to the district upon request  
202.17 the ratio most recently ascertained to exist between ~~such~~ the estimated market value and  
202.18 the ~~actual~~ adjusted market value of property within the district, ~~and the actual market~~  
202.19 ~~value of property within a district, on which its debt limit under this subdivision is~~ will  
202.20 be based, is (a) the value certified by the county auditors, or (b) this on the estimated  
202.21 market value divided by the ratio certified by the commissioner of revenue, ~~whichever~~  
202.22 ~~results in a higher value.~~

202.23 Sec. 101. Minnesota Statutes 2010, section 475.58, subdivision 2, is amended to read:

202.24 Subd. 2. **Funding, refunding.** Any county, city, town, or school district whose  
202.25 outstanding gross debt, including all items referred to in section 475.51, subdivision  
202.26 4, exceed in amount 1.62 percent of its estimated market value may issue bonds under  
202.27 this subdivision for the purpose of funding or refunding such indebtedness or any part  
202.28 thereof. A list of the items of indebtedness to be funded or refunded shall be made by the  
202.29 recording officer and treasurer and filed in the office of the recording officer. The initial  
202.30 resolution of the governing body shall refer to this subdivision as authority for the issue,  
202.31 state the amount of bonds to be issued and refer to the list of indebtedness to be funded or  
202.32 refunded. This resolution shall be published once each week for two successive weeks  
202.33 in a legal newspaper published in the municipality or if there be no such newspaper, in  
202.34 a legal newspaper published in the county seat. Such bonds may be issued without the

203.1 submission of the question of their issue to the electors unless within ten days after the  
203.2 second publication of the resolution a petition requesting such election signed by ten or  
203.3 more voters who are taxpayers of the municipality, shall be filed with the recording officer.  
203.4 In event such petition is filed, no bonds shall be issued hereunder unless authorized by a  
203.5 majority of the electors voting on the question.

203.6 Sec. 102. Minnesota Statutes 2010, section 475.73, subdivision 1, is amended to read:

203.7 Subdivision 1. **May purchase these bonds; conditions.** Obligations sold under the  
203.8 provisions of section 475.60 may be purchased by the State Board of Investment if the  
203.9 obligations meet the requirements of section 11A.24, subdivision 2, upon the approval of  
203.10 the attorney general as to form and execution of the application therefor, and under rules  
203.11 as the board may specify, and the state board shall have authority to purchase the same  
203.12 to an amount not exceeding 3.63 percent of the estimated market value of the taxable  
203.13 property of the municipality, according to the last preceding assessment. The obligations  
203.14 shall not run for a shorter period than one year, nor for a longer period than 30 years and  
203.15 shall bear interest at a rate to be fixed by the state board but not less than two percent per  
203.16 annum. Forthwith upon the delivery to the state of Minnesota of any obligations issued by  
203.17 virtue thereof, the commissioner of management and budget shall certify to the respective  
203.18 auditors of the various counties wherein are situated the municipalities issuing the same,  
203.19 the number, denomination, amount, rate of interest and date of maturity of each obligation.

203.20 Sec. 103. Minnesota Statutes 2011 Supplement, section 477A.011, subdivision 20,  
203.21 is amended to read:

203.22 Subd. 20. **City net tax capacity.** "City net tax capacity" means ~~(1) the net tax~~  
203.23 ~~capacity computed using the net tax capacity rates in section 273.13 for taxes payable~~  
203.24 ~~in the year of the aid distribution, and the market values, after the exclusion in section~~  
203.25 ~~273.13, subdivision 35, for taxes payable in the year prior to the aid distribution plus (2)~~  
203.26 ~~a city's fiscal disparities distribution tax capacity under section 276A.06, subdivision 2,~~  
203.27 ~~paragraph (b), or 473F.08, subdivision 2, paragraph (b), for taxes payable in the year prior~~  
203.28 ~~to that for which aids are being calculated. The market value utilized in computing city~~  
203.29 ~~net tax capacity shall be reduced by the sum of (1) a city's market value of commercial~~  
203.30 ~~industrial property as defined in section 276A.01, subdivision 3, or 473F.02, subdivision 3,~~  
203.31 ~~multiplied by the ratio determined pursuant to section 276A.06, subdivision 2, paragraph~~  
203.32 ~~(a), or 473F.08, subdivision 2, paragraph (a), (2) the market value of the captured value~~  
203.33 ~~of tax increment financing districts as defined in section 469.177, subdivision 2, and (3)~~  
203.34 ~~the market value of transmission lines deducted from a city's total net tax capacity under~~

204.1 ~~section 273.425. The city net tax capacity will be computed using equalized market values~~  
204.2 the city's adjusted net tax capacity under section 273.1325.

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

204.4 Sec. 104. Minnesota Statutes 2010, section 477A.011, subdivision 32, is amended to  
204.5 read:

204.6 Subd. 32. **Commercial industrial percentage.** "Commercial industrial percentage"  
204.7 for a city is 100 times the sum of the estimated market values of all real property in the  
204.8 city classified as class 3 under section 273.13, subdivision 24, excluding public utility  
204.9 property, to the total estimated market value of all taxable real and personal property in  
204.10 the city. The estimated market values are the amounts computed before any adjustments  
204.11 for fiscal disparities under section 276A.06 or 473F.08. The estimated market values  
204.12 used for this subdivision are not equalized.

204.13 **EFFECTIVE DATE.** This section is effective for aids payable in 2014 and  
204.14 thereafter.

204.15 Sec. 105. Minnesota Statutes 2010, section 477A.0124, subdivision 2, is amended to  
204.16 read:

204.17 Subd. 2. **Definitions.** (a) For the purposes of this section, the following terms  
204.18 have the meanings given them.

204.19 (b) "County program aid" means the sum of "county need aid," "county tax base  
204.20 equalization aid," and "county transition aid."

204.21 (c) "Age-adjusted population" means a county's population multiplied by the county  
204.22 age index.

204.23 (d) "County age index" means the percentage of the population over age 65 within  
204.24 the county divided by the percentage of the population over age 65 within the state, except  
204.25 that the age index for any county may not be greater than 1.8 nor less than 0.8.

204.26 (e) "Population over age 65" means the population over age 65 established as of  
204.27 July 15 in an aid calculation year by the most recent federal census, by a special census  
204.28 conducted under contract with the United States Bureau of the Census, by a population  
204.29 estimate made by the Metropolitan Council, or by a population estimate of the state  
204.30 demographer made pursuant to section 4A.02, whichever is the most recent as to the stated  
204.31 date of the count or estimate for the preceding calendar year and which has been certified  
204.32 to the commissioner of revenue on or before July 15 of the aid calculation year. A revision  
204.33 to an estimate or count is effective for these purposes only if certified to the commissioner

205.1 on or before July 15 of the aid calculation year. Clerical errors in the certification or use of  
205.2 estimates and counts established as of July 15 in the aid calculation year are subject to  
205.3 correction within the time periods allowed under section 477A.014.

205.4 (f) "Part I crimes" means the three-year average annual number of Part I crimes  
205.5 reported for each county by the Department of Public Safety for the most recent years  
205.6 available. By July 1 of each year, the commissioner of public safety shall certify to the  
205.7 commissioner of revenue the number of Part I crimes reported for each county for the  
205.8 three most recent calendar years available.

205.9 (g) "Households receiving food stamps" means the average monthly number of  
205.10 households receiving food stamps for the three most recent years for which data is  
205.11 available. By July 1 of each year, the commissioner of human services must certify to the  
205.12 commissioner of revenue the average monthly number of households in the state and in  
205.13 each county that receive food stamps, for the three most recent calendar years available.

205.14 (h) "County net tax capacity" means the ~~net tax capacity of the county, computed~~  
205.15 ~~analogously to city net tax capacity under section 477A.011, subdivision 20~~ county's  
205.16 adjusted net tax capacity under section 273.1325.

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

205.18 Sec. 106. Minnesota Statutes 2010, section 641.23, is amended to read:

205.19 **641.23 FUNDS; HOW PROVIDED.**

205.20 Before any contract is made for the erection of a county jail, sheriff's residence, or  
205.21 both, the county board shall either levy a sufficient tax to provide the necessary funds, or  
205.22 issue county bonds therefor in accordance with the provisions of chapter 475, provided  
205.23 that no election is required if the amount of all bonds issued for this purpose and interest  
205.24 on them which are due and payable in any year does not exceed an amount equal to  
205.25 0.09671 percent of estimated market value of taxable property within the county, as last  
205.26 determined before the bonds are issued.

205.27 Sec. 107. Minnesota Statutes 2010, section 641.24, is amended to read:

205.28 **641.24 LEASING.**

205.29 The county may, by resolution of the county board, enter into a lease agreement with  
205.30 any statutory or home rule charter city situated within the county, or a county housing and  
205.31 redevelopment authority established pursuant to chapter 469 or any special law whereby  
205.32 the city or county housing and redevelopment authority will construct a jail or other law  
205.33 enforcement facilities for the county sheriff, deputy sheriffs, and other employees of the

206.1 sheriff and other law enforcement agencies, in accordance with plans prepared by or at  
206.2 the request of the county board and, when required, approved by the commissioner of  
206.3 corrections and will finance it by the issuance of revenue bonds, and the county may lease  
206.4 the site and improvements for a term and upon rentals sufficient to produce revenue for the  
206.5 prompt payment of the bonds and all interest accruing thereon and, upon completion of  
206.6 payment, will acquire title thereto. The real and personal property acquired for the jail  
206.7 shall constitute a project and the lease agreement shall constitute a revenue agreement  
206.8 as contemplated in chapter 469, and all proceedings shall be taken by the city or county  
206.9 housing and redevelopment authority and the county in the manner and with the force and  
206.10 effect provided in chapter 469; provided that:

206.11 (1) no tax shall be imposed upon or in lieu of a tax upon the property;

206.12 (2) the approval of the project by the commissioner of commerce shall not be  
206.13 required;

206.14 (3) the Department of Corrections shall be furnished and shall record such  
206.15 information concerning each project as it may prescribe;

206.16 (4) the rentals required to be paid under the lease agreement shall not exceed in any  
206.17 year one-tenth of one percent of the estimated market value of property within the county,  
206.18 as last finally equalized before the execution of the agreement;

206.19 (5) the county board shall provide for the payment of all rentals due during the term  
206.20 of the lease, in the manner required in section 641.264, subdivision 2;

206.21 (6) no mortgage on the property shall be granted for the security of the bonds, but  
206.22 compliance with clause (5) hereof may be enforced as a nondiscretionary duty of the  
206.23 county board; and

206.24 (7) the county board may sublease any part of the jail property for purposes consistent  
206.25 with the maintenance and operation of a county jail or other law enforcement facility.

206.26 Sec. 108. Minnesota Statutes 2010, section 645.44, is amended by adding a subdivision  
206.27 to read:

206.28 Subd. 20. **Estimated market value.** When used in determining or calculating a  
206.29 limit on taxation, spending, state aid amounts, or debt, bond, certificate of indebtedness, or  
206.30 capital note issuance by or for a local government unit, "estimated market value" has the  
206.31 meaning given in section 273.032.

206.32 Sec. 109. **REVISOR'S INSTRUCTION.**

207.1 The revisor of statutes shall recodify Minnesota Statutes, section 127A.48,  
207.2 subdivisions 1 to 6, as section 273.1325, subdivisions 1 to 6, and change all  
207.3 cross-references to the affected subdivisions accordingly.

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

207.5 Sec. 110. **REPEALER.**

207.6 Minnesota Statutes 2010, sections 273.11, subdivision 1a; 276A.01, subdivision  
207.7 11; 276A.06, subdivision 10; 473F.02, subdivision 13; 473F.08, subdivision 10; and  
207.8 477A.011, subdivision 21, are repealed.

207.9 Sec. 111. **EFFECTIVE DATE.**

207.10 Unless otherwise specifically provided, this article is effective the day following  
207.11 final enactment for purposes of limits on net debt, the issuance of bonds, certificates of  
207.12 indebtedness, and capital notes and is effective beginning for taxes payable in 2013 for  
207.13 all other purposes.

## 207.14 **ARTICLE 13**

### 207.15 **MISCELLANEOUS TAXES**

207.16 Section 1. **[136A.129] GREATER MINNESOTA INTERNSHIP PROGRAM.**

207.17 Subdivision 1. **Definitions.** (a) For the purposes of this section, the terms defined in  
207.18 this subdivision have the meanings given them.

207.19 (b) "Eligible employer" means a taxpayer under section 290.01 with employees  
207.20 located in greater Minnesota.

207.21 (c) "Eligible institution" means a Minnesota public postsecondary institution, or a  
207.22 Minnesota private, nonprofit, baccalaureate degree granting college or university.

207.23 (d) "Eligible student" means a student enrolled in an eligible institution who is a  
207.24 junior or senior in a degree program or has completed one-half of the credits necessary for  
207.25 an associate degree or certification.

207.26 (e) "Greater Minnesota" means the area located outside of the metropolitan area, as  
207.27 defined in section 473.121, subdivision 2.

207.28 (f) "Office" means the Office of Higher Education.

207.29 Subd. 2. **Program established.** The office, in cooperation with the Department of  
207.30 Employment and Economic Development, shall administer a greater Minnesota internship  
207.31 grant program for eligible employers who hire interns in greater Minnesota through  
207.32 eligible institutions that provide academic credit. The purpose of the program is to  
207.33 encourage Minnesota businesses to:

208.1 (1) employ and provide valuable experience to Minnesota students; and  
208.2 (2) foster long-term relationships between the students and greater Minnesota  
208.3 employers.

208.4 Subd. 3. **Program components.** (a) An intern must be an eligible student who  
208.5 has been admitted to a major program that is closely related to the intern experience  
208.6 as determined by the eligible institution.

208.7 (b) To participate in the program, an eligible institution must:

208.8 (1) enter into written agreements with eligible employers to provide paid internships  
208.9 that are at least 12 weeks long and located in greater Minnesota;

208.10 (2) determine that the work experience of the internship is closely related to the  
208.11 eligible student's course of study; and

208.12 (3) provide academic credit for the successful completion of the internship or  
208.13 ensure that it fulfills requirements necessary to complete a vocational technical education  
208.14 program.

208.15 (c) To participate in the program, an eligible employer must enter into a written  
208.16 agreement with an eligible institution specifying that the intern:

208.17 (1) would not have been hired without the grant described in subdivision 4;

208.18 (2) did not work for the employer prior to entering the agreement;

208.19 (3) does not replace an existing employee;

208.20 (4) has not previously participated in the program;

208.21 (5) will be employed at a location in greater Minnesota;

208.22 (6) will be paid at least minimum wage for a minimum of 16 hours per week for at  
208.23 least a 12-week period; and

208.24 (7) will be supervised and evaluated by the employer.

208.25 (d) Participating eligible institutions and eligible employers must report annually to  
208.26 the office. The report must include at least the following:

208.27 (1) the number of interns hired;

208.28 (2) the number of hours and weeks worked by interns; and

208.29 (3) the compensation paid to interns.

208.30 (e) An internship with clinical experience currently required for completion of  
208.31 an academic program does not qualify for the greater Minnesota internship program  
208.32 under this section.

208.33 Subd. 4. **Employer grants for internships; maximum limits.** (a) A grant for an  
208.34 eligible employer equals 40 percent of the compensation paid to each qualifying intern,  
208.35 not to exceed \$1,250. An employer may receive a grant for a maximum of five interns  
208.36 in any fiscal year.



209.1 (b) The total amount of grants authorized under this section is limited to \$1,000,000  
209.2 per fiscal year less administrative expense as provided in law. The office shall allocate  
209.3 grants to eligible institutions for participating employers and certify to the Department of  
209.4 Employment and Economic Development the amount of the grant.

209.5 Subd. 5. **Allocations to institutions.** The office shall allocate employer grants  
209.6 authorized in subdivision 4 to eligible institutions. The office shall determine relevant  
209.7 criteria to allocate the grants, including the geographic distribution of grants to work  
209.8 locations outside the metropolitan area. Any grant amount allocated to an institution but  
209.9 not used may be reallocated to other eligible institutions. The office shall allocate a portion  
209.10 of any administrative fee to participating eligible institutions for their administrative costs.

209.11 Subd. 6. **Reports to the legislature.** (a) By February 1, 2013, the office and the  
209.12 Department of Employment and Economic Development shall report to the legislature on  
209.13 the greater Minnesota internship program. The report must include at least the following:

209.14 (1) the number and dollar amount of grants allocated to employers;

209.15 (2) the number of interns employed under the program; and

209.16 (3) the cost of administering the program.

209.17 (b) By February 1, 2014, the office and the Department of Employment and  
209.18 Economic Development shall report to the legislature with an analysis of the effectiveness  
209.19 of the program in stimulating businesses to hire interns and in assisting participating  
209.20 interns in finding permanent career positions. The report must include the number of  
209.21 students who participated in the program who were subsequently employed full-time by  
209.22 the employer.

209.23 Subd. 7. **Sunset.** This section expires on June 30, 2015.

209.24 **EFFECTIVE DATE.** This section is effective July 1, 2012.

209.25 Sec. 2. Minnesota Statutes 2010, section 297G.04, subdivision 2, is amended to read:

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

209.31 (1) the liability for tax; or

209.32 (2) \$115,000.

209.33 For purposes of this subdivision, a "qualified brewer" means a brewer, whether or  
209.34 not located in this state, manufacturing less than ~~100,000~~ 250,000 barrels of fermented  
209.35 malt beverages in the calendar year immediately preceding the calendar year for which

210.1 the credit under this subdivision is claimed. In determining the number of barrels, all  
210.2 brands or labels of a brewer must be combined. All facilities for the manufacture of  
210.3 fermented malt beverages owned or controlled by the same person, corporation, or other  
210.4 entity must be treated as a single brewer.

210.5 **EFFECTIVE DATE.** This section is effective for determinations based on calendar  
210.6 year 2011 production and thereafter.

210.7 Sec. 3. Minnesota Statutes 2010, section 298.75, is amended by adding a subdivision  
210.8 to read:

210.9 Subd. 12. **Tax may be imposed; Otter Tail County.** (a) If Otter Tail County  
210.10 does not impose a tax under this section and approves imposition of the tax under this  
210.11 subdivision, the city of Vergas in Otter Tail County may impose the aggregate materials  
210.12 tax under this section.

210.13 (b) For purposes of exercising the powers contained in this section, the "city" is  
210.14 deemed to be the "county."

210.15 (c) All provisions in this section apply to the city of Vergas, except that in lieu of the  
210.16 tax proceeds under subdivision 7, all proceeds of the tax must be retained by the city.

210.17 (d) If Otter Tail County imposes an aggregate materials tax under this section, the  
210.18 tax imposed by the city of Vergas under this subdivision is repealed on the effective  
210.19 date of the Otter Tail County tax.

210.20 **EFFECTIVE DATE.** This section is effective the day after the governing body of  
210.21 the city of Vergas and its chief clerical officer comply with Minnesota Statutes, section  
210.22 645.021, subdivisions 2 and 3.

210.23 Sec. 4. Minnesota Statutes 2010, section 469.169, is amended by adding a subdivision  
210.24 to read:

210.25 Subd. 19. **Additional border city allocation; 2012.** (a) In addition to tax  
210.26 reductions authorized in subdivisions 7 to 18, the commissioner shall allocate \$125,000  
210.27 for tax reductions to border city enterprise zones in cities located on the western border  
210.28 of the state. The commissioner shall make allocations to zones in cities on the western  
210.29 border on a per capita basis. Allocations made under this subdivision may be used for  
210.30 tax reductions as provided in section 469.171, or for other offsets of taxes imposed on  
210.31 or remitted by businesses located in the enterprise zone, but only if the municipality  
210.32 determines that the granting of the tax reduction or offset is necessary in order to retain a  
210.33 business within or attract a business to the zone. The city alternatively may elect to use

211.1 any portion of the allocation provided in this paragraph for tax reductions under section  
211.2 469.1732 or 469.1734.

211.3 (b) The commissioner shall allocate \$125,000 for tax reductions under section  
211.4 469.1732 or 469.1734 to cities with border city enterprise zones located on the western  
211.5 border of the state. The commissioner shall allocate this amount among the cities on a per  
211.6 capita basis. The city alternatively may elect to use any portion of the allocation provided  
211.7 in this paragraph for tax reductions as provided in section 469.171.

211.8 Sec. 5. **PURPOSE STATEMENTS; TAX EXPENDITURES.**

211.9 Subdivision 1. **Authority.** This section is intended to fulfill the requirement under  
211.10 Minnesota Statutes, section 3.192, that a bill creating, renewing, or continuing a tax  
211.11 expenditure provide a purpose for the tax expenditure and a standard or goal against  
211.12 which its effectiveness may be measured.

211.13 Subd. 2. **Federal conformity.** The provisions of article 8 conforming Minnesota  
211.14 individual income tax to changes in federal law are intended to simplify compliance with  
211.15 and administration of the individual income tax.

211.16 Subd. 3. **Employment of qualified veterans tax credit.** The provisions of article 8,  
211.17 section 15, providing a tax credit for the employment of qualified veterans, are intended  
211.18 to give an incentive to employers to hire returning veterans who would otherwise be  
211.19 unemployed and to encourage their reintegration into the community. The standard against  
211.20 which the effectiveness of the credit is to be measured is the additional number of veterans  
211.21 who are hired as a result of the tax credit.

211.22 Subd. 4. **Extension of historic structure rehabilitation credit.** The provisions  
211.23 of article 8, section 14, extending the sunset of the historic structure rehabilitation credit  
211.24 are intended to create and retain jobs related to rehabilitation of historic structures in  
211.25 Minnesota. The standard against which the effectiveness of the extension of the credit is to  
211.26 be measured is the number of jobs created through the rehabilitation of historic structures  
211.27 and the number of historic structures rehabilitated and placed in service.

211.28 Subd. 5. **Exemption of certain laboratory services from the health care provider**  
211.29 **tax.** The provisions of article 9, section 2, exempting laboratory services on specimens  
211.30 collected outside the state from the health care provider tax is intended to eliminate  
211.31 a competitive disadvantage for laboratories located in Minnesota when competing to  
211.32 provide services with laboratories located outside of the state.

212.1 Subd. 6. Sales tax exemption for established religious orders. The provisions  
212.2 of article 9, section 7, exempting certain sales between a religious order and an affiliated  
212.3 institute of higher education is intended to retain an existing sales tax exemption that  
212.4 exists between St. John's Abbey and St. John's University after a governing restructure  
212.5 between the two entities.

212.6 Subd. 7. Sales tax exemption for nursing homes and boarding care homes.  
212.7 The provisions of article 9, section 8, exempting certain nursing homes and boarding  
212.8 care homes is intended to clarify that an existing exemption for these facilities is not  
212.9 affected by a recent property tax case related to defining nonprofit organizations engaged  
212.10 in charitable activities.

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

212.12 Sec. 6. BUDGET RESERVE.

212.13 The commissioner of management and budget shall cancel \$27,900,000 to the  
212.14 general fund from the budget reserve account in Minnesota Statutes, section 16A.152.

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

212.16 Sec. 7. APPROPRIATION; GREATER MINNESOTA INTERNSHIP  
212.17 PROGRAM.

212.18 \$1,000,000 for fiscal year 2013 is appropriated from the general fund to the  
212.19 commissioner of employment and economic development for grants under Minnesota  
212.20 Statutes, section 136A.129, for employers who hire interns. Up to five percent of  
212.21 the appropriation is for an administrative fee for the Office of Higher Education and  
212.22 participating eligible institutions. The base for the Department of Employment and  
212.23 Economic Development for the greater Minnesota internship program is \$1,000,000 in  
212.24 fiscal year 2014, \$1,000,000 in fiscal year 2015, and \$0 beginning in fiscal year 2016.

212.25 EFFECTIVE DATE. This section is effective July 1, 2012.

212.26 Sec. 8. APPROPRIATION; MINNESOTA INVESTMENT FUND.

212.27 \$7,000,000 for fiscal year 2013 is appropriated from the general fund to the  
212.28 commissioner of employment and economic development for the Minnesota investment  
212.29 fund under Minnesota Statutes, section 116J.8731. The commissioner of employment  
212.30 and economic development must consult with the Science and Technology Initiative  
212.31 Advisory Commission established in Minnesota Statutes, section 116W.06, and must

213.1 obtain approval of a simple majority of the commission in determining how to use 25  
213.2 percent of this amount. This is a onetime appropriation and is available until spent."

213.3 Delete the title and insert:

213.4 "A bill for an act  
213.5 relating to financing of state and local government; making policy, technical, and  
213.6 other changes to individual income, corporate franchise, property, sales and  
213.7 use, special, mineral, liquor, aggregate materials, gross receipts, estate, local,  
213.8 and other taxes and tax-related provisions; updating references to the Internal  
213.9 Revenue Code; changing and providing income and franchise tax credits,  
213.10 exemptions, and deductions; changing income tax withholding requirements;  
213.11 establishing a veterans jobs tax credit; permitting the filing of certain amended  
213.12 returns; modifying property tax levies, credits, exemptions, refunds, proposed  
213.13 levies and property tax notices, and tax statements; providing for use of a local  
213.14 levy; changing the state general levy; modifying city aid reporting requirements;  
213.15 modifying tax increment financing district requirements; authorizing, changing,  
213.16 and extending tax increment financing districts in certain local governments;  
213.17 changing sales and use tax payment requirements and changing and providing  
213.18 exemptions; modifying use of revenues and authorizing extension of certain  
213.19 sales and lodging taxes and other local taxes for certain cities and making other  
213.20 local tax changes; modifying filing, compliance, and payment requirements  
213.21 for estate tax returns; modifying requirements for qualified farms and small  
213.22 business property; modifying definitions and making clarifying, technical, and  
213.23 other changes relating to the issuance of municipal bonds; authorizing certain  
213.24 local governments to issue public debt; clarifying limits on taxation, spending,  
213.25 and incurring debt based on market values; making technical and clarifying  
213.26 changes, and repealing obsolete provisions related to the homestead market value  
213.27 credit; changing liquor tax reporting and credits; allocating funds to border city  
213.28 enterprise zones; changing local standard measures program reimbursement  
213.29 requirements; requiring certain local budgetary information on local Web sites;  
213.30 establishing a greater Minnesota internship program; requiring reports; canceling  
213.31 funds to the general fund from the budget reserve account; appropriating money;  
213.32 amending Minnesota Statutes 2010, sections 6.91, subdivision 2; 13.4965,  
213.33 subdivision 3; 16A.46; 38.18; 40A.15, subdivision 2; 65B.84, subdivision 1;  
213.34 69.011, subdivision 1; 69.021, subdivisions 7, 8; 88.51, subdivision 3; 103B.245,  
213.35 subdivision 3; 103B.251, subdivision 8; 103B.635, subdivision 2; 103B.691,  
213.36 subdivision 2; 103D.905, subdivisions 2, 3, 8; 116J.8737, subdivisions 5, 8,  
213.37 by adding a subdivision; 117.025, subdivision 7; 127A.48, subdivision 1;  
213.38 138.053; 144F.01, subdivision 4; 162.07, subdivisions 3, 4; 163.04, subdivision  
213.39 3; 163.06, subdivision 6; 165.10, subdivision 1; 270.077; 270.41, subdivision 5;  
213.40 270C.38, subdivision 1; 270C.42, subdivision 2; 270C.69, subdivision 1; 272.01,  
213.41 subdivision 2; 272.03, by adding subdivisions; 273.032; 273.11, subdivision  
213.42 1; 273.113; 273.124, subdivisions 3a, 13; 273.13, subdivision 21b; 273.1315,  
213.43 subdivisions 1, 2; 273.1398, subdivisions 3, 4; 273.19, subdivision 1; 273.372,  
213.44 subdivision 4; 273.39; 275.011, subdivision 1; 275.025, subdivision 1; 275.065,  
213.45 subdivisions 1, 3; 275.077, subdivision 2; 275.71, subdivision 4; 276A.01,  
213.46 subdivisions 10, 12, 13, 15; 279.06, subdivision 1; 287.08; 287.20, by adding  
213.47 a subdivision; 287.23, subdivision 1; 287.385, subdivision 7; 289A.02, by  
213.48 adding a subdivision; 289A.10, by adding a subdivision; 289A.12, by adding a  
213.49 subdivision; 289A.18, by adding a subdivision; 289A.20, subdivisions 3, 4, by  
213.50 adding a subdivision; 289A.26, subdivisions 3, 4, 7, 9; 289A.38, subdivisions  
213.51 7, 8, 9; 289A.42, subdivision 2; 289A.55, subdivision 9; 289A.60, subdivisions  
213.52 4, 24; 290.01, subdivisions 6b, 19d; 290.068, subdivision 1; 290.0681,  
213.53 subdivisions 1, 3, 4, 5, 10; 290.0921, subdivision 3; 290.17, subdivision 4;  
213.54 290A.04, subdivision 2h; 290A.25; 290B.04, subdivision 2; 296A.22; 297A.61,  
213.55 subdivision 4; 297A.665; 297A.68, subdivision 5; 297A.70, subdivision 4, by  
213.56 adding subdivisions; 297A.815, subdivision 3; 297A.8155; 297E.14, subdivision

214.1 7; 297F.01, subdivision 23; 297F.09, subdivision 9; 297F.18, subdivision 7;  
 214.2 297G.04, subdivision 2; 297G.09, subdivision 8; 297G.17, subdivision 7;  
 214.3 297I.05, subdivision 11; 297I.30, by adding a subdivision; 297I.80, subdivision  
 214.4 1; 298.018, subdivision 2; 298.75, by adding a subdivision; 353G.08, subdivision  
 214.5 2; 365.025, subdivision 4; 366.095, subdivision 1; 366.27; 368.01, subdivision  
 214.6 23; 368.47; 370.01; 373.40, subdivisions 1, 2, 4; 375.167, subdivision 1; 375.18,  
 214.7 subdivision 3; 375.555; 383B.152; 383B.245; 383B.73, subdivision 1; 383E.20;  
 214.8 383E.23; 385.31; 394.36, subdivision 1; 398A.04, subdivision 8; 401.05,  
 214.9 subdivision 3; 410.32; 412.221, subdivision 2; 412.301; 428A.02, subdivision 1;  
 214.10 430.102, subdivision 2; 447.10; 450.19; 450.25; 458A.10; 458A.31, subdivision  
 214.11 1; 465.04; 469.033, subdivision 6; 469.034, subdivision 2; 469.053, subdivisions  
 214.12 4, 4a, 6; 469.107, subdivision 1; 469.169, by adding a subdivision; 469.174,  
 214.13 subdivisions 2, 10, by adding subdivisions; 469.175, subdivision 3; 469.176,  
 214.14 subdivisions 1b, 4b, by adding a subdivision; 469.1763, subdivisions 3, 4;  
 214.15 469.180, subdivision 2; 469.187; 469.206; 471.24; 471.571, subdivisions 1,  
 214.16 2; 471.73; 473.325, subdivision 2; 473.629; 473.661, subdivision 3; 473.667,  
 214.17 subdivision 9; 473.671; 473.711, subdivision 2a; 473F.02, subdivisions 12,  
 214.18 14, 15, 23; 474A.02, subdivision 23a; 474A.04, subdivision 1a; 474A.062;  
 214.19 474A.091, subdivision 3a; 475.521, subdivisions 2, 4; 475.53, subdivisions 1, 3,  
 214.20 4; 475.58, subdivisions 2, 3b; 475.73, subdivision 1; 477A.011, subdivision 32;  
 214.21 477A.0124, subdivision 2; 477A.017, subdivision 3; 641.23; 641.24; 645.44, by  
 214.22 adding a subdivision; Minnesota Statutes 2011 Supplement, sections 116J.8737,  
 214.23 subdivisions 1, 2; 270C.34, subdivision 1; 270C.991, subdivision 4, as amended;  
 214.24 272.02, subdivision 97; 273.114, subdivision 6; 273.13, subdivision 25; 276.04,  
 214.25 subdivision 2; 289A.02, subdivision 7; 290.01, subdivisions 19, 19b, 19c, 31;  
 214.26 290A.03, subdivision 15; 291.005, subdivision 1; 291.03, subdivisions 8, 9, 10,  
 214.27 11; 295.53, subdivision 1; 297A.68, subdivision 42; 297I.05, subdivisions 7, 12;  
 214.28 297I.30, subdivisions 1, 2; 298.01, subdivision 3; 373.01, subdivision 1; 469.176,  
 214.29 subdivisions 4c, 4m; 469.1763, subdivision 2; 477A.011, subdivision 20; Laws  
 214.30 1971, chapter 773, section 1, subdivision 2, as amended; Laws 1988, chapter 645,  
 214.31 section 3, as amended; Laws 1998, chapter 389, article 8, section 43, subdivision  
 214.32 3, as amended; Laws 1999, chapter 243, article 6, section 11; Laws 2002, chapter  
 214.33 377, article 3, section 25, as amended; Laws 2003, chapter 127, article 12, section  
 214.34 28; Laws 2005, First Special Session chapter 3, article 5, section 37, subdivisions  
 214.35 2, 4; Laws 2008, chapter 366, article 5, section 34, as amended; article 7, section  
 214.36 19, subdivision 3, as amended; Laws 2010, chapter 216, section 11; Laws 2010,  
 214.37 chapter 389, article 1, section 12; proposing coding for new law in Minnesota  
 214.38 Statutes, chapters 136A; 290; 297I; 471; repealing Minnesota Statutes 2010,  
 214.39 sections 168A.40, subdivisions 3, 4; 270C.991, subdivision 5; 272.69; 273.11,  
 214.40 subdivisions 1a, 22; 276A.01, subdivision 11; 276A.06, subdivision 10; 473F.02,  
 214.41 subdivision 13; 473F.08, subdivision 10; 477A.011, subdivision 21; Minnesota  
 214.42 Statutes 2011 Supplement, section 289A.60, subdivision 31; Laws 2009, chapter  
 214.43 88, article 4, section 23, as amended."

215.1 We request the adoption of this report and repassage of the bill.

215.2 House Conferees:

215.3 .....  
215.4 Greg Davids Sarah Anderson

215.5 .....  
215.6 Jenifer Loon

215.7 Senate Conferees:

215.8 .....  
215.9 Julianne E. Ortman Warren Limmer

215.10 .....  
215.11 Geoff Michel