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State of Minnesota  
**HOUSE OF REPRESENTATIVES**

EIGHTY-EIGHTH SESSION

**H. F. No. 2578**

03/03/2014 Authored by Lenczewski

The bill was read for the first time and referred to the Committee on Taxes

A bill for an act

1.1 relating to taxation; removing obsolete, redundant, and unnecessary laws and  
1.2 administrative rules administered by the Department of Revenue; amending  
1.3 Minnesota Statutes 2012, sections 16D.02, subdivisions 3, 6; 16D.04,  
1.4 subdivisions 3, 4; 16D.07; 16D.11, subdivisions 1, 3, 7; 84A.20, subdivision 2;  
1.5 84A.31, subdivision 2; 115B.49, subdivision 4; 163.06, subdivision 1; 270.11,  
1.6 subdivision 1; 270.12, subdivisions 2, 4; 270A.03, subdivision 2; 270B.14,  
1.7 subdivision 3; 270C.085; 270C.52, subdivision 2; 272.01, subdivisions 1,  
1.8 3; 272.025, subdivision 1; 272.027, subdivision 1; 272.029, subdivision 6;  
1.9 273.061, subdivision 6; 273.10; 273.11, subdivision 13; 273.112, subdivision  
1.10 6a; 273.18; 274.01, subdivisions 1, 2; 275.08, subdivisions 1a, 1d; 275.74,  
1.11 subdivision 2; 275.75; 279.03; 279.16; 279.23; 279.25; 280.001; 280.03;  
1.12 280.07; 280.11; 281.03; 281.327; 282.01, subdivision 6; 282.04, subdivision  
1.13 4; 282.261, subdivisions 2, 4, 5; 282.322; 287.30; 289A.25, subdivision 1;  
1.14 290.01, subdivisions 5, 19f, 29; 290.015, subdivision 1; 290.07, subdivisions 1,  
1.15 2; 290.0922, subdivision 3; 290.095, subdivision 3; 290.9728, subdivision 2;  
1.16 297A.70, subdivision 10; 297A.94; 297B.09; 297F.03, subdivision 2; 297I.05,  
1.17 subdivision 14; 412.131; 469.176, subdivisions 1b, 3; 473.665, subdivision 5;  
1.18 477A.0124, subdivision 5; 477A.014, subdivision 1; 611.27, subdivisions 13, 15;  
1.19 Minnesota Statutes 2013 Supplement, sections 273.032; 273.13, subdivision 23;  
1.20 273.1325, subdivision 2; 275.70, subdivision 5; 279.37, subdivision 2; 281.17;  
1.21 290.01, subdivision 19d; 290.0921, subdivision 3; 290.191, subdivision 5;  
1.22 297A.61, subdivision 3; 297A.68, subdivision 5; 297A.75, subdivisions 1, 2, 3;  
1.23 423A.022, subdivision 3; 469.1763, subdivision 2; repealing Minnesota Statutes  
1.24 2012, sections 16D.02, subdivisions 5, 8; 16D.11, subdivision 2; 270C.131;  
1.25 270C.53; 270C.991, subdivision 4; 272.02, subdivisions 1, 1a, 48, 51, 53,  
1.26 67, 72, 82; 272.027, subdivision 2; 272.031; 273.015, subdivision 1; 273.03,  
1.27 subdivision 3; 273.075; 273.1115; 273.1383; 273.1386; 273.80; 275.77; 279.32;  
1.28 281.173, subdivision 8; 281.174, subdivision 8; 281.328; 282.10; 282.23;  
1.29 287.20, subdivision 4; 287.27, subdivision 2; 289A.56, subdivision 7; 290.01,  
1.30 subdivisions 4b, 19e, 20e; 290.06, subdivisions 30, 31; 290.0674, subdivision  
1.31 3; 290.33; 290C.02, subdivisions 5, 9; 290C.06; 291.41; 291.42; 291.43;  
1.32 291.44; 291.45; 291.46; 291.47; 295.52, subdivision 7; 297A.68, subdivision  
1.33 38; 297A.71, subdivisions 4, 5, 7, 10, 17, 18, 20, 32; 297F.08, subdivision 11;  
1.34 297H.10, subdivision 2; 469.174, subdivision 10c; 469.175, subdivision 2b;  
1.35 469.176, subdivision 1i; 469.1764; 469.177, subdivision 10; 469.330; 469.331;  
1.36 469.332; 469.333; 469.334; 469.335; 469.336; 469.337; 469.338; 469.339;  
1.37 469.340, subdivisions 1, 2, 3, 5; 469.341; 477A.0124, subdivisions 1, 6; 505.173;  
1.38 Minnesota Statutes 2013 Supplement, section 469.340, subdivision 4; Minnesota  
1.39

2.1 Rules, parts 8002.0200, subpart 8; 8007.0200; 8100.0800; 8130.7500, subpart 7;  
 2.2 8130.8900, subpart 3; 8130.9500, subparts 1, 1a, 2, 3, 4, 5.

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

2.4 Section 1. Minnesota Statutes 2012, section 16D.02, subdivision 3, is amended to read:

2.5 Subd. 3. **Debt.** "Debt" means an amount owed to the state directly, or through a  
 2.6 state agency, on account of a fee, duty, lease, direct loan, loan insured or guaranteed by  
 2.7 the state, rent, service, sale of real or personal property, overpayment, fine, assessment,  
 2.8 penalty, restitution, damages, interest, tax, bail bond, forfeiture, reimbursement, liability  
 2.9 owed, an assignment to the state including assignments under section 256.741, the Social  
 2.10 Security Act, or other state or federal law, recovery of costs incurred by the state, or any  
 2.11 other source of indebtedness to the state. Debt also includes amounts owed to individuals  
 2.12 as a result of civil, criminal, or administrative action brought by the state or a state agency  
 2.13 pursuant to its statutory authority or for which the state or state agency acts in a fiduciary  
 2.14 capacity in providing collection services in accordance with the regulations adopted under  
 2.15 the Social Security Act at Code of Federal Regulations, title 45, section 302.33. When  
 2.16 the commissioner provides collection services ~~pursuant to a debt qualification plan to a~~  
 2.17 referring agency, debt also includes an amount owed to the courts, local government  
 2.18 units, Minnesota state colleges and universities governed by the Board of Trustees of the  
 2.19 Minnesota State Colleges and Universities, or University of Minnesota.

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

2.21 Sec. 2. Minnesota Statutes 2012, section 16D.02, subdivision 6, is amended to read:

2.22 Subd. 6. **Referring agency.** "Referring agency" means a state agency, local  
 2.23 government unit, Minnesota state colleges and universities governed by the Board of  
 2.24 Trustees of the Minnesota State Colleges and Universities, University of Minnesota, or a  
 2.25 court, that has entered into ~~a debt qualification plan~~ an agreement with the commissioner  
 2.26 to refer debts to the commissioner for collection.

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

2.28 Sec. 3. Minnesota Statutes 2012, section 16D.04, subdivision 3, is amended to read:

2.29 Subd. 3. **Services.** The commissioner shall provide collection services for a state  
 2.30 agency, and may provide for collection services for ~~a court, in accordance with the terms and~~  
 2.31 ~~conditions of a signed debt qualification plan~~ referring agencies other than state agencies.

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

3.1 Sec. 4. Minnesota Statutes 2012, section 16D.04, subdivision 4, is amended to read:

3.2 Subd. 4. **Authority to contract.** The ~~commissioners~~ commissioner of revenue and  
 3.3 ~~management and budget~~ may contract with credit bureaus, private collection agencies, and  
 3.4 other entities as necessary for the collection of debts. A private collection agency acting  
 3.5 under a contract with the commissioner of revenue ~~or management and budget~~ is subject  
 3.6 to sections 332.31 to 332.45, except that the private collection agency may indicate that it  
 3.7 is acting under a contract with the state. The commissioner may not delegate the powers  
 3.8 provided under section 16D.08 to any nongovernmental entity.

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

3.10 Sec. 5. Minnesota Statutes 2012, section 16D.07, is amended to read:

3.11 **16D.07 NOTICE TO DEBTOR.**

3.12 The referring agency shall send notice to the debtor by United States mail or  
 3.13 personal delivery at the debtor's last known address at least 20 days before the debt is  
 3.14 referred to the commissioner. The notice must state the nature and amount of the debt,  
 3.15 identify to whom the debt is owed, and inform the debtor of the remedies available under  
 3.16 this chapter. The referring agency shall advise the debtor of collection costs imposed  
 3.17 under section 16D.11 and of the debtor's right to cancellation of collection costs under  
 3.18 section 16D.11, subdivision 3.

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

3.20 Sec. 6. Minnesota Statutes 2012, section 16D.11, subdivision 1, is amended to read:

3.21 Subdivision 1. **Imposition.** As determined by the commissioner of ~~management and~~  
 3.22 ~~budget~~ revenue, collection costs shall be added to the debts referred to the commissioner  
 3.23 or private collection agency for collection. Collection costs are collectible by the  
 3.24 commissioner or private agency from the debtor at the same time and in the same  
 3.25 manner as the referred debt. ~~The referring agency shall advise the debtor of collection~~  
 3.26 ~~costs under this section and the debtor's right to cancellation of collection costs under~~  
 3.27 ~~subdivision 3 at the time the agency sends notice to the debtor under section 16D.07.~~

3.28 If the commissioner or private agency collects an amount less than the total due, the  
 3.29 payment is applied proportionally to collection costs and the underlying debt unless  
 3.30 the commissioner of management and budget has waived this requirement for certain  
 3.31 categories of debt pursuant to the department's internal guidelines. Collection costs  
 3.32 collected by the commissioner under this subdivision or retained under subdivision 6 shall  
 3.33 be deposited in the general fund as nondedicated receipts. ~~Collection costs collected by~~

4.1 ~~private agencies are appropriated to the referring agency to pay the collection fees charged~~  
 4.2 ~~by the private agency.~~ Collections of collection costs in excess of collection agency fees  
 4.3 must be deposited in the general fund as nondedicated receipts.

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

4.5 Sec. 7. Minnesota Statutes 2012, section 16D.11, subdivision 3, is amended to read:

4.6 Subd. 3. **Cancellation.** Collection costs imposed under subdivision 1 shall be  
 4.7 canceled and subtracted from the amount due if:

4.8 (1) the debtor's household income as defined in section 290A.03, subdivision 5,  
 4.9 excluding the exemption subtractions in subdivision 3, paragraph (3) of that section, for  
 4.10 the 12 months preceding the date of referral is less than twice the annual federal poverty  
 4.11 guideline under United States Code, title 42, section 9902, subsection (2);

4.12 (2) within 60 days after the first contact with the debtor by the ~~enterprise~~  
 4.13 commissioner or collection agency, the debtor establishes reasonable cause for the failure  
 4.14 to pay the debt prior to referral of the debt to the ~~enterprise~~ commissioner;

4.15 (3) a good faith dispute as to the legitimacy or the amount of the debt is made,  
 4.16 and payment is remitted or a payment agreement is entered into within 30 days after  
 4.17 resolution of the dispute;

4.18 (4) good faith litigation occurs and the debtor's position is substantially justified, and  
 4.19 if the debtor does not totally prevail, the debt is paid or a payment agreement is entered  
 4.20 into within 30 days after the judgment becomes final and nonappealable; or

4.21 (5) collection costs have been added by the referring agency and are included in  
 4.22 the amount of the referred debt.

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

4.24 Sec. 8. Minnesota Statutes 2012, section 16D.11, subdivision 7, is amended to read:

4.25 Subd. 7. **Adjustment of rate.** By June 1 of each year, the commissioner shall  
 4.26 determine the rate of collection costs for debts referred to the ~~enterprise~~ commissioner  
 4.27 during the next fiscal year. The rate is a percentage of the debts in an amount that most  
 4.28 nearly equals the costs of the ~~enterprise~~ commissioner necessary to process and collect  
 4.29 referred debts under this chapter. In no event shall the rate of the collection costs exceed  
 4.30 25 percent of the debt. Determination of the rate of collection costs under this section is  
 4.31 not subject to the fee setting requirements of section 16A.1283.

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

5.1 Sec. 9. Minnesota Statutes 2012, section 84A.20, subdivision 2, is amended to read:

5.2 Subd. 2. **County proposal to state.** ~~Under certain conditions,~~ The board of county  
5.3 commissioners of any county may by resolution propose to the state that one or more  
5.4 areas in the county be taken over by the state for afforestation, reforestation, flood control  
5.5 projects, or other state purposes. The projects are to be managed, controlled, and used for  
5.6 the purposes in subdivision 1 on lands to be acquired by the state within the projects, as set  
5.7 forth in sections 84A.20 to 84A.30. The county board may propose this if ~~(1) the county~~  
5.8 ~~contains lands suitable for the purposes in subdivision 1, (2) on January 1, 1931, the taxes~~  
5.9 ~~on more than 35 percent of the taxable land in the county are delinquent, (3) on January 1,~~  
5.10 ~~1931, the county's bonded ditch indebtedness, including accrued interest, equals or exceeds~~  
5.11 ~~nine percent of the assessed valuation of the county, exclusive of money and credits.~~

5.12 The area taken over must include lands that have been assessed for all or part of  
5.13 the cost of the establishment and construction of public drainage ditches under state law,  
5.14 and on which the assessments or installments are delinquent. A certified copy of the  
5.15 county board's resolution must be filed with the department and considered and acted  
5.16 upon by the department. If approved by the department, it must then be submitted to,  
5.17 considered, and acted upon by the executive council. If approved by the Executive  
5.18 Council, the proposition must be formally accepted by the governor. Acceptance must be  
5.19 communicated in writing to and filed with the county auditor.

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

5.21 Sec. 10. Minnesota Statutes 2012, section 84A.31, subdivision 2, is amended to read:

5.22 Subd. 2. **County proposal to state.** ~~Under certain conditions,~~ The board of county  
5.23 commissioners of any county may by resolution propose that the state take over part of the  
5.24 tax-delinquent lands in the county. ~~The board may propose this if:~~

5.25 ~~(1) the county contains land suitable for the purposes in subdivision 1;~~

5.26 ~~(2) on January 1, 1933, the taxes on more than 25 percent of the acreage of the lands~~  
5.27 ~~in a town in the county are delinquent, as shown by its tax books;~~

5.28 ~~(3) on January 1, 1933, the taxes or ditch assessments on more than 50 percent of the~~  
5.29 ~~acreage of the lands to be taken over are delinquent, as shown by the county's tax books; and~~

5.30 ~~(4) on January 1, 1933, the bonded ditch indebtedness of the county equals or~~  
5.31 ~~exceeds 15 percent of the assessed value of the county for 1932 as fixed by the Minnesota~~  
5.32 ~~Tax Commission, exclusive of money and credits.~~

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

6.1 Sec. 11. Minnesota Statutes 2012, section 115B.49, subdivision 4, is amended to read:

6.2 Subd. 4. **Registration; fees.** (a) The owner or operator of a dry cleaning facility  
6.3 shall register on or before October 1 of each year with the commissioner of revenue in  
6.4 a manner prescribed by the commissioner of revenue and pay a registration fee for the  
6.5 facility. The amount of the fee is:

6.6 (1) \$500, for facilities with a full-time equivalence of fewer than five;

6.7 (2) \$1,000, for facilities with a full-time equivalence of five to ten; and

6.8 (3) \$1,500, for facilities with a full-time equivalence of more than ten.

6.9 The registration fee must be paid on or before October 18 or the owner or operator  
6.10 of a dry cleaning facility may elect to pay the fee in equal installments. Installment  
6.11 payments must be paid on or before October 18, on or before January 18, on or before  
6.12 April 18, and on or before June 18. All payments made after October 18 bear interest  
6.13 at the rate specified in section 270C.40.

6.14 (b) A person who sells dry cleaning solvents for use by dry cleaning facilities in  
6.15 the state shall collect and remit to the commissioner of revenue in a the same manner  
6.16 prescribed by the commissioner of revenue, ~~on or before the 20th day of the month~~  
6.17 ~~following the month in which the sales of dry cleaning solvents are made~~ for the taxes  
6.18 imposed under chapter 297A, a fee of:

6.19 (1) \$3.50 for each gallon of perchloroethylene sold for use by dry cleaning facilities  
6.20 in the state;

6.21 (2) 70 cents for each gallon of hydrocarbon-based dry cleaning solvent sold for use  
6.22 by dry cleaning facilities in the state; and

6.23 (3) 35 cents for each gallon of other nonaqueous solvents sold for use by dry  
6.24 cleaning facilities in the state.

6.25 (c) The audit, assessment, appeal, collection, enforcement, and administrative  
6.26 provisions of chapters 270C and 289A apply to the fee imposed by this subdivision. To  
6.27 enforce this subdivision, the commissioner of revenue may grant extensions to file returns  
6.28 and pay fees, impose penalties and interest on the annual registration fee under paragraph  
6.29 (a) and the monthly fee under paragraph (b), and abate penalties and interest in the manner  
6.30 provided in chapters 270C and 289A. The penalties and interest imposed on taxes under  
6.31 chapter 297A apply to the fees imposed under this subdivision. Disclosure of data collected  
6.32 by the commissioner of revenue under this subdivision is governed by chapter 270B.

6.33 **EFFECTIVE DATE.** This section is effective for fees due after June 30, 2014.

6.34 Sec. 12. Minnesota Statutes 2012, section 163.06, subdivision 1, is amended to read:

7.1 Subdivision 1. **Levy.** The county board of any county in which there are unorganized  
 7.2 townships may levy a tax for road and bridge purposes upon all the real and personal  
 7.3 property in such unorganized townships, ~~exclusive of money and credits taxed under the~~  
 7.4 ~~provisions of chapter 285.~~

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

7.6 Sec. 13. Minnesota Statutes 2012, section 270.11, subdivision 1, is amended to read:

7.7 Subdivision 1. **To act as State Board of Equalization.** The commissioner of  
 7.8 revenue shall have and exercise all the rights, powers and authority by law vested in the  
 7.9 State Board of Equalization, ~~which board of equalization is hereby continued,~~ with full  
 7.10 power and authority to review, modify, and revise all of the acts and proceedings of the  
 7.11 commissioner in so far as they relate to the equalization and valuation of property assessed  
 7.12 for taxation, as prescribed by section 270.12.

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

7.14 Sec. 14. Minnesota Statutes 2012, section 270.12, subdivision 2, is amended to read:

7.15 Subd. 2. **Meeting dates; duties.** The board shall meet annually between April 15  
 7.16 and June 30 at the office of the commissioner of revenue and examine and compare the  
 7.17 returns of the assessment of the property in the several counties, and equalize the same so  
 7.18 that all the taxable property in the state shall be assessed at its market value, subject to  
 7.19 the following rules:

7.20 (1) The board shall add to or deduct from the aggregate valuation of the real property  
 7.21 of every county, which the board believes to be valued below or above its market value in  
 7.22 money, such percent as will bring the same to its market value ~~in money~~;

7.23 ~~(2) The board shall deduct from the aggregate valuation of the real property of every~~  
 7.24 ~~county, which the board believes to be valued above its market value in money, such~~  
 7.25 ~~percent as will reduce the same to its market value in money;~~

7.26 ~~(3)~~ (2) If the board believes the valuation for a part of a class determined by a range  
 7.27 of market value under clause ~~(8)~~ (6) or otherwise, a class, or classes of the real property of  
 7.28 any town or district in any county, or the valuation for a part of a class, a class, or classes  
 7.29 of the real property of any county not in towns or cities, should be raised or reduced,  
 7.30 without raising or reducing the other real property of such county, or without raising or  
 7.31 reducing it in the same ratio, the board may add to, or take from, the valuation of a part of  
 7.32 a class, a class, or classes in any one or more of such towns or cities, or of the property not

8.1 in towns or cities, such percent as the board believes will raise or reduce the same to its  
8.2 market value ~~in money~~;

8.3 ~~(4)~~ (3) The board shall add to or take from the aggregate valuation of any part of a  
8.4 class, a class, or classes of personal property of any county, town, or city, which the  
8.5 board believes to be valued below or above the market value thereof, such percent as will  
8.6 raise the same to its market value ~~in money~~;

8.7 ~~(5)~~ The board shall ~~take from~~ the aggregate valuation of any part of a class, a class,  
8.8 or classes of personal property in any county, town or city, which the board believes to  
8.9 be valued above the market value thereof, such percent as will reduce the same to its  
8.10 market value ~~in money~~;

8.11 ~~(6)~~ (4) The board shall not reduce the aggregate valuation of all the property of the  
8.12 state, as returned by the several county auditors, more than one percent on the whole  
8.13 valuation thereof;

8.14 ~~(7)~~ (5) When it would be of assistance in equalizing values the board may require any  
8.15 county auditor to furnish statements showing assessments of real and personal property  
8.16 of any individuals, firms, or corporations within the county. The board shall consider  
8.17 and equalize such assessments and may increase the assessment of individuals, firms, or  
8.18 corporations above the amount returned by the county board of equalization when it shall  
8.19 appear to be undervalued, first giving notice to such persons of the intention of the board  
8.20 so to do, which notice shall fix a time and place of hearing. The board shall not decrease  
8.21 any such assessment below the valuation placed by the county board of equalization;

8.22 ~~(8)~~ (6) In equalizing values pursuant to this section, the board shall utilize a 12-month  
8.23 assessment/sales ratio study conducted by the Department of Revenue containing only  
8.24 sales that are filed in the county auditor's office under section 272.115, by November 1 of  
8.25 the previous year and that occurred between October 1 of the year immediately preceding  
8.26 the previous year and September 30 of the previous year.

8.27 The assessment/sales ratio study may separate the values of residential property  
8.28 into market value categories. The board may adjust the market value categories and the  
8.29 number of categories as necessary to create an adequate sample size for each market value  
8.30 category. The board may determine the adequate sample size. To the extent practicable,  
8.31 the methodology used in preparing the assessment/sales ratio study must be consistent  
8.32 with the most recent Standard on Assessment Sales Ratio Studies published by the  
8.33 Assessment Standards Committee of the International Association of Assessing Officers.  
8.34 The board may determine the geographic area used in preparing the study to accurately  
8.35 equalize values. A sales ratio study separating residential property into market value  
8.36 categories may not be used as the basis for a petition under chapter 278.



9.1 The sales prices used in the study must be discounted for terms of financing. The  
 9.2 board shall use the median ratio as the statistical measure of the level of assessment for  
 9.3 any particular category of property; and

9.4 ~~(9)~~ (7) The board shall receive from each county the estimated market values on the  
 9.5 assessment date falling within the study period for all parcels by ~~magnetic tape or other~~ a  
 9.6 medium as prescribed by the commissioner of revenue.

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

9.8 Sec. 15. Minnesota Statutes 2012, section 270.12, subdivision 4, is amended to read:

9.9 Subd. 4. **Public utility property.** For purposes of equalization only, public utility  
 9.10 personal property shall be treated as a separate class of property ~~notwithstanding the fact~~  
 9.11 ~~that its class rate is the same as commercial-industrial property.~~

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

9.13 Sec. 16. Minnesota Statutes 2012, section 270A.03, subdivision 2, is amended to read:

9.14 Subd. 2. **Claimant agency.** "Claimant agency" means any state agency, as defined  
 9.15 by section 14.02, subdivision 2, the regents of the University of Minnesota, any district  
 9.16 court of the state, any county, any statutory or home rule charter city, including a city that  
 9.17 is presenting a claim for a municipal hospital or a public library or a municipal ambulance  
 9.18 service, a hospital district, a private nonprofit hospital that leases its building from the  
 9.19 county or city in which it is located, any ambulance service licensed under chapter 144E,  
 9.20 any public agency responsible for child support enforcement, any public agency responsible  
 9.21 for the collection of court-ordered restitution, and any public agency established by  
 9.22 general or special law that is responsible for the administration of a low-income housing  
 9.23 program, ~~and the Minnesota collection enterprise as defined in section 16D.02, subdivision~~  
 9.24 ~~8, for the purpose of collecting the costs imposed under section 16D.11.~~

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

9.26 Sec. 17. Minnesota Statutes 2012, section 270B.14, subdivision 3, is amended to read:

9.27 Subd. 3. **Administration of enterprise, and job opportunity, ~~and biotechnology~~**  
 9.28 **~~and health sciences industry zone programs.~~** The commissioner may disclose return  
 9.29 information relating to the taxes imposed by chapters 290 and 297A to the Department of  
 9.30 Employment and Economic Development or a municipality with a border city enterprise  
 9.31 zone as defined under section 469.166, but only as necessary to administer the funding  
 9.32 limitations under section 469.169, or to the Department of Employment and Economic

10.1 Development and appropriate officials from the local government units in which a  
 10.2 qualified business is located but only as necessary to enforce the job opportunity building  
 10.3 zone benefits under section 469.315, ~~or biotechnology and health sciences industry zone~~  
 10.4 ~~benefits under section 469.336.~~

10.5 **EFFECTIVE DATE.** This section is effective January 1, 2016.

10.6 Sec. 18. Minnesota Statutes 2012, section 270C.085, is amended to read:

10.7 **270C.085 NOTIFICATION REQUIREMENTS; SALES AND USE TAXES.**

10.8 The commissioner of revenue shall establish a means of electronically notifying  
 10.9 persons holding a sales tax permit under section 297A.84 of any statutory change in  
 10.10 chapter 297A and any issuance or change in any administrative rule, revenue notice, or  
 10.11 sales tax fact sheet or other written information provided by the department explaining the  
 10.12 interpretation or administration of the tax imposed under that chapter. The notification  
 10.13 must indicate the basic subject of the statute, rule, fact sheet, or other material and provide  
 10.14 an electronic link to the material. Any person holding a sales tax permit that provides  
 10.15 an electronic address to the department must receive these notifications unless they  
 10.16 specifically request electronically, or in writing, to be removed from the notification list.  
 10.17 This requirement does not replace traditional means of notifying the general public or  
 10.18 persons without access to electronic communications of changes in the sales tax law. ~~The~~  
 10.19 ~~electronic notification must begin no later than December 31, 2009.~~

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

10.21 Sec. 19. Minnesota Statutes 2012, section 270C.52, subdivision 2, is amended to read:

10.22 Subd. 2. **Payment agreements.** (a) When any portion of any tax payable to the  
 10.23 commissioner together with interest and penalty thereon, if any, has not been paid, the  
 10.24 commissioner may extend the time for payment for a further period. When the authority  
 10.25 of this section is invoked, the extension shall be evidenced by written agreement signed by  
 10.26 the taxpayer and the commissioner, stating the amount of the tax with penalty and interest,  
 10.27 if any, and providing for the payment of the amount in installments.

10.28 (b) The agreement may contain a confession of judgment for the amount and for any  
 10.29 unpaid portion thereof. If the agreement contains a confession of judgment, the confession  
 10.30 of judgment must provide that the commissioner may enter judgment against the taxpayer  
 10.31 in the district court of the county of residence as shown upon the taxpayer's tax return for  
 10.32 the unpaid portion of the amount specified in the extension agreement.

11.1 (c) The agreement shall provide that it can be terminated, after notice by the  
11.2 commissioner, if information provided by the taxpayer prior to the agreement was  
11.3 inaccurate or incomplete, collection of the tax covered by the agreement is in jeopardy,  
11.4 there is a subsequent change in the taxpayer's financial condition, the taxpayer has failed  
11.5 to make a payment due under the agreement, or the taxpayer has failed to pay any other  
11.6 tax or file a tax return coming due after the agreement.

11.7 (d) The notice must be given at least 14 calendar days prior to termination, and shall  
11.8 advise the taxpayer of the right to request a reconsideration from the commissioner of  
11.9 whether termination is reasonable and appropriate under the circumstances. A request for  
11.10 reconsideration does not stay collection action beyond the 14-day notice period. If the  
11.11 commissioner has reason to believe that collection of the tax covered by the agreement  
11.12 is in jeopardy, the commissioner may proceed under section 270C.36 and terminate the  
11.13 agreement without regard to the 14-day period.

11.14 (e) The commissioner may accept other collateral the commissioner considers  
11.15 appropriate to secure satisfaction of the tax liability. The principal sum specified in the  
11.16 agreement shall bear interest at the rate specified in section 270C.40 on all unpaid portions  
11.17 thereof until the same has been fully paid or the unpaid portion thereof has been entered as  
11.18 a judgment. The judgment shall bear interest at the rate specified in section 270C.40.

11.19 (f) If it appears to the commissioner that the tax reported by the taxpayer is in excess  
11.20 of the amount actually owing by the taxpayer, the extension agreement or the judgment  
11.21 entered pursuant thereto shall be corrected. If after making the extension agreement  
11.22 or entering judgment with respect thereto, the commissioner determines that the tax as  
11.23 reported by the taxpayer is less than the amount actually due, the commissioner shall  
11.24 assess a further tax in accordance with the provisions of law applicable to the tax.

11.25 (g) The authority granted to the commissioner by this section is in addition to any  
11.26 other authority granted to the commissioner by law to extend the time of payment or the  
11.27 time for filing a return and shall not be construed in limitation thereof.

11.28 (h) The commissioner shall charge a fee for entering into payment agreements ~~that~~  
11.29 ~~reflects the commissioner's costs for entering into payment agreements.~~ The fee is set at  
11.30 \$50 and is charged for entering into a payment agreement, for entering into a new payment  
11.31 agreement after the taxpayer has defaulted on a prior agreement, and for entering into a  
11.32 new payment agreement as a result of renegotiation of the terms of an existing agreement.  
11.33 The fee is paid to the commissioner before the payment agreement becomes effective and  
11.34 does not reduce the amount of the liability.

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

12.1 Sec. 20. Minnesota Statutes 2012, section 272.01, subdivision 1, is amended to read:

12.2 Subdivision 1. **Generally taxable.** All real and personal property in this state, ~~and~~  
 12.3 ~~all personal property of persons residing therein, including the property of corporations,~~  
 12.4 ~~banks, banking companies, and bankers,~~ is taxable, except Indian lands and such other  
 12.5 property as is by law exempt from taxation.

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

12.7 Sec. 21. Minnesota Statutes 2012, section 272.01, subdivision 3, is amended to read:

12.8 Subd. 3. **Exceptions.** The provisions of subdivision 2 shall not apply to:

12.9 (a) Federal property for which payments are made in lieu of taxes in amounts  
 12.10 equivalent to taxes which might otherwise be lawfully assessed;

12.11 (b) Real estate exempt from ad valorem taxes and taxes in lieu thereof which is  
 12.12 leased, loaned, or otherwise made available to telephone companies or electric, light  
 12.13 and power companies upon which personal property consisting of transmission and  
 12.14 distribution lines is situated and assessed pursuant to sections 273.37, 273.38, 273.40  
 12.15 and 273.41, or upon which are situated the communication lines of express, railway, or  
 12.16 telephone ~~or telegraph~~ companies, or pipelines used for the transmission and distribution  
 12.17 of petroleum products, or the equipment items of a cable communications company  
 12.18 subject to sections 238.35 to 238.42;

12.19 (c) Property presently owned by any educational institution chartered by the  
 12.20 territorial legislature;

12.21 (d) Indian lands;

12.22 (e) Property of any corporation organized as a tribal corporation under the Indian  
 12.23 Reorganization Act of June 18, 1934, (Statutes at Large, volume 48, page 984);

12.24 (f) Real property owned by the state and leased pursuant to section 161.23 or  
 12.25 161.431, and acts amendatory thereto;

12.26 (g) Real property owned by a seaway port authority on June 1, 1967, upon which  
 12.27 there has been constructed docks, warehouses, tank farms, administrative and maintenance  
 12.28 buildings, railroad and ship terminal facilities and other maritime and transportation  
 12.29 facilities or those directly related thereto, together with facilities for the handling of  
 12.30 passengers and baggage and for the handling of freight and bulk liquids, and personal  
 12.31 property owned by a seaway port authority used or usable in connection therewith, when  
 12.32 said property is leased to a private individual, association or corporation, but only when  
 12.33 such lease provides that the said facilities are available to the public for the loading and  
 12.34 unloading of passengers and their baggage and the handling, storage, care, shipment,  
 12.35 and delivery of merchandise, freight and baggage and other maritime and transportation

13.1 activities and functions directly related thereto, but not including property used for grain  
 13.2 elevator facilities; it being the declared policy of this state that such property when  
 13.3 so leased is public property used exclusively for a public purpose, notwithstanding the  
 13.4 one-year limitation in the provisions of section 273.19;

13.5 (h) Notwithstanding the provisions of clause (g), when the annual rental received by  
 13.6 a seaway port authority in any calendar year for such leased property exceeds an amount  
 13.7 reasonably required for administrative expense of the authority per year, plus promotional  
 13.8 expense for the authority not to exceed the sum of \$100,000 per year, to be expended  
 13.9 when and in the manner decided upon by the commissioners, plus an amount sufficient to  
 13.10 pay all installments of principal and interest due, or to become due, during such calendar  
 13.11 year and the next succeeding year on any revenue bonds issued by the authority, plus  
 13.12 25 percent of the gross annual rental to be retained by the authority for improvement,  
 13.13 development, or other contingencies, the authority shall make a payment in lieu of real  
 13.14 and personal property taxes of a reasonable portion of the remaining annual rental to the  
 13.15 county treasurer of the county in which such seaway port authority is principally located.  
 13.16 Any such payments to the county treasurer shall be disbursed by the treasurer on the same  
 13.17 basis as real estate taxes are divided among the various governmental units, but if such  
 13.18 port authority shall have received funds from the state of Minnesota and funds from any  
 13.19 city and county pursuant to Laws 1957, chapters 648, 831, and 849 and acts amendatory  
 13.20 thereof, then such disbursement by the county treasurer shall be on the same basis as real  
 13.21 estate taxes are divided among the various governmental units, except that the portion of  
 13.22 such payments which would otherwise go to other taxing units shall be divided equally  
 13.23 among the state of Minnesota and said county and city.

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

13.25 Sec. 22. Minnesota Statutes 2012, section 272.025, subdivision 1, is amended to read:

13.26 Subdivision 1. **Statement of exemption.** (a) Except in the case of property owned  
 13.27 by the state of Minnesota or any political subdivision thereof, and property exempt from  
 13.28 taxation under section 272.02, subdivisions 9, 10, 13, 15, 18, 20, and 22 to 25, and at the  
 13.29 times provided in subdivision 3, a taxpayer claiming an exemption from taxation on  
 13.30 property described in section 272.02, subdivisions ~~1~~ 2 to 33, must file a statement of  
 13.31 exemption with the assessor of the assessment district in which the property is located.

13.32 (b) A taxpayer claiming an exemption from taxation on property described in section  
 13.33 272.02, subdivision 10, must file a statement of exemption with the commissioner of  
 13.34 revenue, on or before February 15 of each year for which the taxpayer claims an exemption.

14.1 (c) In case of sickness, absence or other disability or for good cause, the assessor  
 14.2 or the commissioner may extend the time for filing the statement of exemption for a  
 14.3 period not to exceed 60 days.

14.4 (d) The commissioner of revenue shall prescribe the form and contents of the  
 14.5 statement of exemption.

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

14.7 Sec. 23. Minnesota Statutes 2012, section 272.027, subdivision 1, is amended to read:

14.8 Subdivision 1. **Electricity generated to produce goods and services.** Personal  
 14.9 property used to generate electric power is exempt from property taxation if the electric  
 14.10 power is used to manufacture or produce goods, products, or services, other than electric  
 14.11 power, by the owner of the electric generation plant. ~~Except as provided in subdivisions 2~~  
 14.12 ~~and 3,~~ The exemption does not apply to property used to produce electric power for sale  
 14.13 to others and does not apply to real property. In determining the value subject to tax,  
 14.14 a proportionate share of the value of the generating facilities, equal to the proportion  
 14.15 that the power sold to others bears to the total generation of the plant, is subject to the  
 14.16 general property tax in the same manner as other property. Power generated in such a  
 14.17 plant and exchanged for an equivalent amount of power that is used for the manufacture or  
 14.18 production of goods, products, or services other than electric power by the owner of the  
 14.19 generating plant is considered to be used by the owner of the plant.

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

14.21 Sec. 24. Minnesota Statutes 2012, section 272.029, subdivision 6, is amended to read:

14.22 Subd. 6. **Distribution of revenues.** Revenues from the taxes imposed under  
 14.23 subdivision 5 must be part of the settlement between the county treasurer and the county  
 14.24 auditor under section 276.09. The revenue must be distributed by the county auditor or the  
 14.25 county treasurer to local taxing jurisdictions in which the wind energy conversion system  
 14.26 is located as follows: ~~beginning with distributions in 2010, 80 percent to counties; and 20~~  
 14.27 ~~percent to cities and townships; and for distributions occurring in 2006 to 2009, 80 percent~~  
 14.28 ~~to counties; 14 percent to cities and townships; and six percent to school districts.~~

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

14.30 Sec. 25. Minnesota Statutes 2013 Supplement, section 273.032, is amended to read:

14.31 **273.032 MARKET VALUE DEFINITION.**

15.1 (a) Unless otherwise provided, for the purpose of determining any property tax  
 15.2 levy limitation based on market value or any limit on net debt, the issuance of bonds,  
 15.3 certificates of indebtedness, or capital notes based on market value, any qualification to  
 15.4 receive state aid based on market value, or any state aid amount based on market value,  
 15.5 the terms "market value," "estimated market value," and "market valuation," whether  
 15.6 equalized or unequalized, mean the estimated market value of taxable property within the  
 15.7 local unit of government before any of the following or similar adjustments for:

15.8 (1) the market value exclusions under:

15.9 (i) section 273.11, subdivisions 14a and 14c (vacant platted land);

15.10 (ii) section 273.11, subdivision 16 (certain improvements to homestead property);

15.11 (iii) section 273.11, subdivisions 19 and 20 (certain improvements to business  
 15.12 properties);

15.13 (iv) section 273.11, subdivision 21 (homestead property damaged by mold);

15.14 (v) section 273.11, subdivision 22 (qualifying lead hazardous reduction projects);

15.15 (vi) section 273.13, subdivision 34 (homestead of a disabled veteran or family  
 15.16 caregiver);

15.17 (vii) section 273.13, subdivision 35 (homestead market value exclusion); or

15.18 (2) the deferment of value under:

15.19 (i) the Minnesota Agricultural Property Tax Law, section 273.111;

15.20 ~~(ii) the Aggregate Resource Preservation Law, section 273.1115;~~

15.21 ~~(iii)~~ (ii) the Minnesota Open Space Property Tax Law, section 273.112;

15.22 ~~(iv)~~ (iii) the rural preserves property tax program, section 273.114; or

15.23 ~~(v)~~ (iv) the Metropolitan Agricultural Preserves Act, section 473H.10; or

15.24 (3) the adjustments to tax capacity for:

15.25 (i) tax increment financing under sections 469.174 to 469.1794;

15.26 (ii) fiscal disparities under chapter 276A or 473F; or

15.27 (iii) powerline credit under section 273.425.

15.28 (b) Estimated market value under paragraph (a) also includes the market value  
 15.29 of tax-exempt property if the applicable law specifically provides that the limitation,  
 15.30 qualification, or aid calculation includes tax-exempt property.

15.31 (c) Unless otherwise provided, "market value," "estimated market value," and  
 15.32 "market valuation" for purposes of property tax levy limitations and calculation of state  
 15.33 aid, refer to the estimated market value for the previous assessment year and for purposes  
 15.34 of limits on net debt, the issuance of bonds, certificates of indebtedness, or capital notes  
 15.35 refer to the estimated market value as last finally equalized.

16.1 (d) For purposes of a provision of a home rule charter or of any special law that is not  
 16.2 codified in the statutes and that imposes a levy limitation based on market value or any limit  
 16.3 on debt, the issuance of bonds, certificates of indebtedness, or capital notes based on market  
 16.4 value, the terms "market value," "taxable market value," and "market valuation," whether  
 16.5 equalized or unequalized, mean "estimated market value" as defined in paragraph (a).

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

16.7 Sec. 26. Minnesota Statutes 2012, section 273.061, subdivision 6, is amended to read:

16.8 Subd. 6. **Salaries; expenses.** The salaries of the county assessor and assistants and  
 16.9 clerical help, shall be fixed by the board of county commissioners and shall be payable in  
 16.10 ~~monthly installments~~ out of the general revenue fund of the county. ~~In counties with a~~  
 16.11 ~~population of less than 50,000 inhabitants, according to the then last preceding federal~~  
 16.12 ~~census, the board of county commissioners shall not fix the salary of the county assessor at~~  
 16.13 ~~an amount below the following schedule:~~

16.14 ~~In counties with a population of less than 6,500, \$5,900;~~

16.15 ~~In counties with a population of 6,500 but less than 12,000, \$6,200;~~

16.16 ~~In counties with a population of 12,000 but less than 16,000, \$6,500;~~

16.17 ~~In counties with a population of 16,000 but less than 21,000, \$6,700;~~

16.18 ~~In counties with a population of 21,000 but less than 30,000, \$6,900;~~

16.19 ~~In counties with a population of 30,000 but less than 39,500, \$7,100;~~

16.20 ~~In counties with a population of 39,500 but less than 50,000, \$7,300;~~

16.21 ~~In counties with a population of 50,000 or more, \$8,300.~~

16.22 In addition to their salaries, the county assessor and assistants shall be allowed their  
 16.23 expenses for reasonable and necessary travel in the performance of their duties, including  
 16.24 necessary travel, lodging and meal expense incurred by them while attending meetings of  
 16.25 instructions or official hearings called by the commissioner of revenue. These expenses  
 16.26 shall be payable out of the general revenue fund of the county, and shall be allowed on the  
 16.27 same basis as such expenses are allowed to other county officers.

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

16.29 Sec. 27. Minnesota Statutes 2012, section 273.10, is amended to read:

16.30 **273.10 SCHOOL DISTRICTS.**

16.31 When assessing personal property the county assessor shall designate the number of  
 16.32 the school district in which each person assessed is liable for tax, ~~by writing the number~~  
 16.33 ~~of the district opposite each assessment in a column provided for that purpose in the~~



17.1 ~~assessment book.~~ When the personal property of any person is assessable in several  
 17.2 school districts, the amount in each shall be assessed separately, and the name of the  
 17.3 owner placed opposite each amount.

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

17.5 Sec. 28. Minnesota Statutes 2012, section 273.11, subdivision 13, is amended to read:

17.6 Subd. 13. **Valuation of income-producing property.** ~~Beginning with the 1995~~  
 17.7 ~~assessment,~~ Only accredited assessors or senior accredited assessors or other licensed  
 17.8 assessors who have successfully completed at least two income-producing property  
 17.9 appraisal courses may value income-producing property for ad valorem tax purposes.  
 17.10 "Income-producing property" as used in this subdivision means the taxable property in  
 17.11 class 3a and 3b in section 273.13, subdivision 24; class 4a and 4c, except for seasonal  
 17.12 recreational property not used for commercial purposes; and class 5 in section 273.13,  
 17.13 subdivision 31. "Income-producing property" includes any property in class 4e in section  
 17.14 273.13, subdivision 25, that would be income-producing property under the definition in  
 17.15 this subdivision if it were not substandard. "Income-producing property appraisal course"  
 17.16 as used in this subdivision means a course of study of approximately 30 instructional  
 17.17 hours, with a final comprehensive test. An assessor must successfully complete the final  
 17.18 examination for each of the two required courses. The course must be approved by the  
 17.19 board of assessors.

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

17.21 Sec. 29. Minnesota Statutes 2012, section 273.112, subdivision 6a, is amended to read:

17.22 Subd. 6a. **Guidelines issued by commissioner.** The commissioner of revenue shall  
 17.23 develop and issue guidelines for qualification by private golf clubs under this section  
 17.24 covering the access to and use of the golf course by members and other adults so as to be  
 17.25 consistent with the purposes and terms of this section. ~~The guidelines shall be mailed to~~  
 17.26 ~~the county attorney and assessor of each county not later than 60 days following May 26,~~  
 17.27 ~~1989. Within 15 days of receipt of the guidelines from the commissioner, the assessor~~  
 17.28 ~~shall mail a copy of the guidelines to each golf club in the county.~~

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

17.30 Sec. 30. Minnesota Statutes 2013 Supplement, section 273.13, subdivision 23, is  
 17.31 amended to read:

18.1 Subd. 23. **Class 2.** (a) An agricultural homestead consists of class 2a agricultural  
18.2 land that is homesteaded, along with any class 2b rural vacant land that is contiguous to  
18.3 the class 2a land under the same ownership. The market value of the house and garage  
18.4 and immediately surrounding one acre of land has the same class rates as class 1a or 1b  
18.5 property under subdivision 22. The value of the remaining land including improvements  
18.6 up to the first tier valuation limit of agricultural homestead property has a net class rate  
18.7 of 0.5 percent of market value. The remaining property over the first tier has a class rate  
18.8 of one percent of market value. For purposes of this subdivision, the "first tier valuation  
18.9 limit of agricultural homestead property" and "first tier" means the limit certified under  
18.10 section 273.11, subdivision 23.

18.11 (b) Class 2a agricultural land consists of parcels of property, or portions thereof, that  
18.12 are agricultural land and buildings. Class 2a property has a net class rate of one percent of  
18.13 market value, unless it is part of an agricultural homestead under paragraph (a). Class 2a  
18.14 property must also include any property that would otherwise be classified as 2b, but is  
18.15 interspersed with class 2a property, including but not limited to sloughs, wooded wind  
18.16 shelters, acreage abutting ditches, ravines, rock piles, land subject to a setback requirement,  
18.17 and other similar land that is impractical for the assessor to value separately from the rest of  
18.18 the property or that is unlikely to be able to be sold separately from the rest of the property.

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

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

18.31 (d) Class 2c managed forest land consists of no less than 20 and no more than 1,920  
18.32 acres statewide per taxpayer that is being managed under a forest management plan that  
18.33 meets the requirements of chapter 290C, but is not enrolled in the sustainable forest  
18.34 resource management incentive program. It has a class rate of .65 percent, provided that  
18.35 the owner of the property must apply to the assessor in order for the property to initially  
18.36 qualify for the reduced rate and provide the information required by the assessor to verify

19.1 that the property qualifies for the reduced rate. If the assessor receives the application  
 19.2 and information before May 1 in an assessment year, the property qualifies beginning  
 19.3 with that assessment year. If the assessor receives the application and information after  
 19.4 April 30 in an assessment year, the property may not qualify until the next assessment  
 19.5 year. The commissioner of natural resources must concur that the land is qualified. The  
 19.6 commissioner of natural resources shall annually provide county assessors verification  
 19.7 information on a timely basis. The presence of a minor, ancillary nonresidential structure  
 19.8 as defined by the commissioner of revenue does not disqualify the property from  
 19.9 classification under this paragraph.

19.10 (e) Agricultural land as used in this section means:

19.11 (1) contiguous acreage of ten acres or more, used during the preceding year for  
 19.12 agricultural purposes; or

19.13 (2) contiguous acreage used during the preceding year for an intensive livestock or  
 19.14 poultry confinement operation, provided that land used only for pasturing or grazing  
 19.15 does not qualify under this clause.

19.16 "Agricultural purposes" as used in this section means the raising, cultivation, drying,  
 19.17 or storage of agricultural products for sale, or the storage of machinery or equipment  
 19.18 used in support of agricultural production by the same farm entity. For a property to be  
 19.19 classified as agricultural based only on the drying or storage of agricultural products,  
 19.20 the products being dried or stored must have been produced by the same farm entity as  
 19.21 the entity operating the drying or storage facility. "Agricultural purposes" also includes  
 19.22 enrollment in the Reinvest in Minnesota program under sections 103F.501 to 103F.535  
 19.23 or the federal Conservation Reserve Program as contained in Public Law 99-198 or a  
 19.24 similar state or federal conservation program if the property was classified as agricultural  
 19.25 (i) under this subdivision for taxes payable in 2003 because of its enrollment in a  
 19.26 qualifying program and the land remains enrolled or (ii) in the year prior to its enrollment.  
 19.27 Agricultural classification shall not be based upon the market value of any residential  
 19.28 structures on the parcel or contiguous parcels under the same ownership.

19.29 "Contiguous acreage," for purposes of this paragraph, means all of, or a contiguous  
 19.30 portion of, a tax parcel as described in section 272.193, or all of, or a contiguous portion  
 19.31 of, a set of contiguous tax parcels under that section that are owned by the same person.

19.32 (f) Agricultural land under this section also includes:

19.33 (1) contiguous acreage that is less than ten acres in size and exclusively used in the  
 19.34 preceding year for raising or cultivating agricultural products; or

20.1 (2) contiguous acreage that contains a residence and is less than 11 acres in size, if  
20.2 the contiguous acreage exclusive of the house, garage, and surrounding one acre of land  
20.3 was used in the preceding year for one or more of the following three uses:

20.4 (i) for an intensive grain drying or storage operation, or for intensive machinery or  
20.5 equipment storage activities used to support agricultural activities on other parcels of  
20.6 property operated by the same farming entity;

20.7 (ii) as a nursery, provided that only those acres used intensively to produce nursery  
20.8 stock are considered agricultural land; or

20.9 (iii) for intensive market farming; for purposes of this paragraph, "market farming"  
20.10 means the cultivation of one or more fruits or vegetables or production of animal or other  
20.11 agricultural products for sale to local markets by the farmer or an organization with which  
20.12 the farmer is affiliated.

20.13 "Contiguous acreage," for purposes of this paragraph, means all of a tax parcel as  
20.14 described in section 272.193, or all of a set of contiguous tax parcels under that section  
20.15 that are owned by the same person.

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

20.18 Classification under this subdivision is not determinative for qualifying under  
20.19 section 273.111.

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

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

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

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

20.30 (3) the commercial boarding of horses, which may include related horse training and  
20.31 riding instruction, if the boarding is done on property that is also used for raising pasture  
20.32 to graze horses or raising or cultivating other agricultural products as defined in clause (1);

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

20.35 (5) game birds and waterfowl bred and raised (i) on a game farm licensed under  
20.36 section 97A.105, provided that the annual licensing report to the Department of Natural

21.1 Resources, which must be submitted annually by March 30 to the assessor, indicates  
 21.2 that at least 500 birds were raised or used for breeding stock on the property during the  
 21.3 preceding year and that the owner provides a copy of the owner's most recent schedule F;  
 21.4 or (ii) for use on a shooting preserve licensed under section 97A.115;

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

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

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

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

21.12 (1) wholesale and retail sales;

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

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

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

21.17 the assessor shall classify the part of the parcel used for agricultural purposes as class  
 21.18 1b, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its  
 21.19 use. The grading, sorting, and packaging of raw agricultural products for first sale is  
 21.20 considered an agricultural purpose. A greenhouse or other building where horticultural  
 21.21 or nursery products are grown that is also used for the conduct of retail sales must be  
 21.22 classified as agricultural if it is primarily used for the growing of horticultural or nursery  
 21.23 products from seed, cuttings, or roots and occasionally as a showroom for the retail sale of  
 21.24 those products. Use of a greenhouse or building only for the display of already grown  
 21.25 horticultural or nursery products does not qualify as an agricultural purpose.

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

21.30 (l) Class 2d airport landing area consists of a landing area or public access area of  
 21.31 a privately owned public use airport. It has a class rate of one percent of market value.  
 21.32 To qualify for classification under this paragraph, a privately owned public use airport  
 21.33 must be licensed as a public airport under section 360.018. For purposes of this paragraph,  
 21.34 "landing area" means that part of a privately owned public use airport properly cleared,  
 21.35 regularly maintained, and made available to the public for use by aircraft and includes  
 21.36 runways, taxiways, aprons, and sites upon which are situated landing or navigational aids.

22.1 A landing area also includes land underlying both the primary surface and the approach  
 22.2 surfaces that comply with all of the following:

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

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

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

22.8 The land contained in a landing area under this paragraph must be described and certified  
 22.9 by the commissioner of transportation. The certification is effective until it is modified,  
 22.10 or until the airport or landing area no longer meets the requirements of this paragraph.

22.11 For purposes of this paragraph, "public access area" means property used as an aircraft  
 22.12 parking ramp, apron, or storage hangar, or an arrival and departure building in connection  
 22.13 with the airport.

22.14 ~~(m) Class 2e consists of land with a commercial aggregate deposit that is not actively~~  
 22.15 ~~being mined and is not otherwise classified as class 2a or 2b, provided that the land is not~~  
 22.16 ~~located in a county that has elected to opt-out of the aggregate preservation program as~~  
 22.17 ~~provided in section 273.1115, subdivision 6. It has a class rate of one percent of market~~  
 22.18 ~~value. To qualify for classification under this paragraph, the property must be at least~~  
 22.19 ~~ten contiguous acres in size and the owner of the property must record with the county~~  
 22.20 ~~recorder of the county in which the property is located an affidavit containing:~~

22.21 ~~(1) a legal description of the property;~~

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

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

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

22.30 ~~For purposes of this section and section 273.1115, "commercial aggregate deposit"~~  
 22.31 ~~means a deposit that will yield crushed stone or sand and gravel that is suitable for use~~  
 22.32 ~~as a construction aggregate; and "actively mined" means the removal of top soil and~~  
 22.33 ~~overburden in preparation for excavation or excavation of a commercial deposit.~~

22.34 ~~(n) When any portion of the property under this subdivision or subdivision 22 begins~~  
 22.35 ~~to be actively mined, the owner must file a supplemental affidavit within 60 days from~~  
 22.36 ~~the day any aggregate is removed stating the number of acres of the property that is~~

23.1 actively being mined. The acres actively being mined must be (1) valued and classified  
 23.2 under subdivision 24 in the next subsequent assessment year, and (2) removed from the  
 23.3 aggregate resource preservation property tax program under section 273.1115, if the  
 23.4 land was enrolled in that program. Copies of the original affidavit and all supplemental  
 23.5 affidavits must be filed with the county assessor, the local zoning administrator, and the  
 23.6 Department of Natural Resources, Division of Land and Minerals. A supplemental  
 23.7 affidavit must be filed each time a subsequent portion of the property is actively mined,  
 23.8 provided that the minimum acreage change is five acres, even if the actual mining activity  
 23.9 constitutes less than five acres.

23.10 (m) The definitions prescribed by the commissioner under paragraphs (c) and  
 23.11 (d) are not rules and are exempt from the rulemaking provisions of chapter 14, and the  
 23.12 provisions in section 14.386 concerning exempt rules do not apply.

23.13 **EFFECTIVE DATE.** This section is effective beginning for taxes payable in 2015.

23.14 Sec. 31. Minnesota Statutes 2013 Supplement, section 273.1325, subdivision 2,  
 23.15 is amended to read:

23.16 Subd. 2. **Methodology.** In making its annual assessment/sales ratio studies, the  
 23.17 Department of Revenue must use a methodology consistent with the most recent Standard  
 23.18 on Assessment Ratio Studies published by the assessment standards committee of the  
 23.19 International Association of Assessing Officers. The commissioner of revenue shall  
 23.20 supplement this general methodology with specific procedures necessary for execution of  
 23.21 the study in accordance with other Minnesota laws impacting the assessment/sales ratio  
 23.22 study. The commissioner shall document these specific procedures in writing and shall  
 23.23 publish the procedures in the State Register, but these procedures will not be considered  
 23.24 "rules" pursuant to the Minnesota Administrative Procedure Act. When property is sold and  
 23.25 the purchaser changes its use in a manner that would result in a change of classification of  
 23.26 the property, the assessment sales ratio study under this subdivision must take into account  
 23.27 that changed classification as soon as practicable. A change in status from homestead to  
 23.28 nonhomestead or from nonhomestead to homestead is not a change under this subdivision.  
 23.29 For purposes of this section, sections 270.12, subdivision 2, clause (8) (6), and 278.05,  
 23.30 subdivision 4, the commissioner of revenue shall exclude from the assessment/sales ratio  
 23.31 study the sale of any nonagricultural property which does not contain an improvement,  
 23.32 if (1) the statutory basis on which the property's taxable value as most recently assessed  
 23.33 is less than market value as defined in section 273.11, or (2) the property has undergone  
 23.34 significant physical change or a change of use since the most recent assessment.

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

24.2 Sec. 32. Minnesota Statutes 2012, section 273.18, is amended to read:

24.3 **273.18 LISTING, VALUATION, AND ASSESSMENT OF EXEMPT**  
 24.4 **PROPERTY BY COUNTY AUDITORS.**

24.5 (a) In every sixth year after the year ~~1926~~ 2010, the county auditor shall enter, ~~in~~  
 24.6 ~~a separate place in the real estate assessment books,~~ the description of each tract of real  
 24.7 property exempt by law from taxation, with the name of the owner, ~~if known,~~ and the  
 24.8 assessor shall value and assess the same in the same manner that other real property is  
 24.9 valued and assessed, and shall designate in each case the purpose for which the property is  
 24.10 used.

24.11 (b) For purposes of the apportionment of fire state aid under section 69.021,  
 24.12 subdivision 7, the county auditor shall include on the abstract of assessment of exempt real  
 24.13 property filed under this section, the total number of acres of all natural resources lands for  
 24.14 which in lieu payments are made under sections 477A.11 to 477A.14. The assessor shall  
 24.15 estimate its market value, provided that if the assessor is not able to estimate the market  
 24.16 value of the land on a per parcel basis, the assessor shall furnish the commissioner of  
 24.17 revenue with an estimate of the average value per acre of this land within the county.

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

24.19 Sec. 33. Minnesota Statutes 2012, section 274.01, subdivision 1, is amended to read:

24.20 Subdivision 1. **Ordinary board; meetings, deadlines, grievances.** (a) The town  
 24.21 board of a town, or the council or other governing body of a city, is the board of appeal  
 24.22 and equalization except (1) in cities whose charters provide for a board of equalization or  
 24.23 (2) in any city or town that has transferred its local board of review power and duties to  
 24.24 the county board as provided in subdivision 3. The county assessor shall fix a day and  
 24.25 time when the board or the board of equalization shall meet in the assessment districts  
 24.26 of the county. Notwithstanding any law or city charter to the contrary, a city board of  
 24.27 equalization shall be referred to as a board of appeal and equalization. On or before  
 24.28 February 15 of each year the assessor shall give written notice of the time to the city or  
 24.29 town clerk. Notwithstanding the provisions of any charter to the contrary, the meetings  
 24.30 must be held between April 1 and May 31 each year. The clerk shall give published and  
 24.31 posted notice of the meeting at least ten days before the date of the meeting.

24.32 The board shall meet at the office of the clerk to review the assessment and  
 24.33 classification of property in the town or city. No changes in valuation or classification



25.1 which are intended to correct errors in judgment by the county assessor may be made by  
25.2 the county assessor after the board has adjourned in those cities or towns that hold a  
25.3 local board of review; however, corrections of errors that are merely clerical in nature or  
25.4 changes that extend homestead treatment to property are permitted after adjournment until  
25.5 the tax extension date for that assessment year. The changes must be fully documented and  
25.6 maintained in the assessor's office and must be available for review by any person. A copy  
25.7 of the changes made during this period in those cities or towns that hold a local board of  
25.8 review must be sent to the county board no later than December 31 of the assessment year.

25.9 (b) The board shall determine whether the taxable property in the town or city has  
25.10 been properly placed on the list and properly valued by the assessor. If real or personal  
25.11 property has been omitted, the board shall place it on the list with its market value, and  
25.12 correct the assessment so that each tract or lot of real property, and each article, parcel,  
25.13 or class of personal property, is entered on the assessment list at its market value. No  
25.14 assessment of the property of any person may be raised unless the person has been  
25.15 duly notified of the intent of the board to do so. On application of any person feeling  
25.16 aggrieved, the board shall review the assessment or classification, or both, and correct  
25.17 it as appears just. The board may not make an individual market value adjustment or  
25.18 classification change that would benefit the property if the owner or other person having  
25.19 control over the property has refused the assessor access to inspect the property and the  
25.20 interior of any buildings or structures as provided in section 273.20. A board member  
25.21 shall not participate in any actions of the board which result in market value adjustments  
25.22 or classification changes to property owned by the board member, the spouse, parent,  
25.23 stepparent, child, stepchild, grandparent, grandchild, brother, sister, uncle, aunt, nephew,  
25.24 or niece of a board member, or property in which a board member has a financial interest.  
25.25 The relationship may be by blood or marriage.

25.26 (c) A local board may reduce assessments upon petition of the taxpayer but the total  
25.27 reductions must not reduce the aggregate assessment made by the county assessor by more  
25.28 than one percent. If the total reductions would lower the aggregate assessments made by  
25.29 the county assessor by more than one percent, none of the adjustments may be made. The  
25.30 assessor shall correct any clerical errors or double assessments discovered by the board  
25.31 without regard to the one percent limitation.

25.32 (d) A local board does not have authority to grant an exemption or to order property  
25.33 removed from the tax rolls.

25.34 (e) A majority of the members may act at the meeting, and adjourn from day to day  
25.35 until they finish hearing the cases presented. The assessor shall attend, ~~with the assessment~~  
25.36 ~~books and papers,~~ and take part in the proceedings, but must not vote. The county assessor,

26.1 or an assistant delegated by the county assessor shall attend the meetings. The board shall  
 26.2 list separately, ~~on a form appended to the assessment book,~~ all omitted property added  
 26.3 to the list by the board and all items of property increased or decreased, with the market  
 26.4 value of each item of property, added or changed by the board, ~~placed opposite the item.~~  
 26.5 The county assessor shall enter all changes made by the board ~~in the assessment book.~~

26.6 (f) Except as provided in subdivision 3, if a person fails to appear in person, by  
 26.7 counsel, or by written communication before the board after being duly notified of the  
 26.8 board's intent to raise the assessment of the property, or if a person feeling aggrieved by an  
 26.9 assessment or classification fails to apply for a review of the assessment or classification,  
 26.10 the person may not appear before the county board of appeal and equalization for a review  
 26.11 ~~of the assessment or classification.~~ This paragraph does not apply if an assessment was  
 26.12 made after the local board meeting, as provided in section 273.01, or if the person can  
 26.13 establish not having received notice of market value at least five days before the local  
 26.14 board meeting.

26.15 (g) The local board must complete its work and adjourn within 20 days from the  
 26.16 time of convening stated in the notice of the clerk, unless a longer period is approved by  
 26.17 the commissioner of revenue. No action taken after that date is valid. All complaints  
 26.18 about an assessment or classification made after the meeting of the board must be heard  
 26.19 and determined by the county board of equalization. A nonresident may, at any time,  
 26.20 before the meeting of the board file written objections to an assessment or classification  
 26.21 with the county assessor. The objections must be presented to the board at its meeting by  
 26.22 the county assessor for its consideration.

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

26.24 Sec. 34. Minnesota Statutes 2012, section 274.01, subdivision 2, is amended to read:

26.25 Subd. 2. **Special board; duties delegated.** The governing body of a city, ~~including~~  
 26.26 ~~a city whose charter provides for a board of equalization,~~ may appoint a special board of  
 26.27 review. The city may delegate to the special board of review all of the powers and duties  
 26.28 in subdivision 1. The special board of review shall serve at the direction and discretion  
 26.29 of the appointing body, subject to the restrictions imposed by law. The appointing body  
 26.30 shall determine the number of members of the board, the compensation and expenses to be  
 26.31 paid, and the term of office of each member. At least one member of the special board  
 26.32 of review must be an appraiser, realtor, or other person familiar with property valuations  
 26.33 in the assessment district.

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

27.1 Sec. 35. Minnesota Statutes 2012, section 275.08, subdivision 1a, is amended to read:

27.2 Subd. 1a. **Computation of tax capacity.** ~~For taxes payable in 1989, the county~~  
 27.3 ~~auditor shall compute the gross tax capacity for each parcel according to the class rates~~  
 27.4 ~~specified in section 273.13. The gross tax capacity will be the appropriate class rate~~  
 27.5 ~~multiplied by the parcel's market value. For taxes payable in 1990 and subsequent years,~~  
 27.6 The county auditor shall compute the net tax capacity for each parcel according to the  
 27.7 class rates specified in section 273.13. The net tax capacity will be the appropriate class  
 27.8 rate multiplied by the parcel's market value.

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

27.10 Sec. 36. Minnesota Statutes 2012, section 275.08, subdivision 1d, is amended to read:

27.11 Subd. 1d. **Additional adjustment.** If, after computing each local government's  
 27.12 adjusted local tax rate within a unique taxing jurisdiction pursuant to subdivision 1c, the  
 27.13 auditor finds that the total adjusted local tax rate of all local governments combined is  
 27.14 ~~less than 90 percent of gross tax capacity for taxes payable in 1989 and 90 percent of net~~  
 27.15 ~~tax capacity for taxes payable in 1990 and thereafter,~~ the auditor shall increase each local  
 27.16 government's adjusted local tax rate proportionately so the total adjusted local tax rate of  
 27.17 all local governments combined equals 90 percent. The total amount of the increase in  
 27.18 tax resulting from the increased local tax rates must not exceed the amount of disparity  
 27.19 aid allocated to the unique taxing district under section 273.1398. The auditor shall  
 27.20 certify to the Department of Revenue the difference between the disparity aid originally  
 27.21 allocated under section 273.1398, subdivision 3, and the amount necessary to reduce  
 27.22 the total adjusted local tax rate of all local governments combined to 90 percent. Each  
 27.23 local government's disparity reduction aid payment under section 273.1398, subdivision  
 27.24 6, must be reduced accordingly.

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

27.26 Sec. 37. Minnesota Statutes 2013 Supplement, section 275.70, subdivision 5, is  
 27.27 amended to read:

27.28 Subd. 5. **Special levies.** "Special levies" means those portions of ad valorem taxes  
 27.29 levied by a local governmental unit for the following purposes or in the following manner:

27.30 (1) to pay the costs of the principal and interest on bonded indebtedness or to  
 27.31 reimburse for the amount of liquor store revenues used to pay the principal and interest  
 27.32 due on municipal liquor store bonds in the year preceding the year for which the levy  
 27.33 limit is calculated;

28.1 (2) to pay the costs of principal and interest on certificates of indebtedness issued for  
28.2 any corporate purpose except for the following:

28.3 (i) tax anticipation or aid anticipation certificates of indebtedness;

28.4 (ii) certificates of indebtedness issued under sections 298.28 and 298.282;

28.5 (iii) certificates of indebtedness used to fund current expenses or to pay the costs of  
28.6 extraordinary expenditures that result from a public emergency; or

28.7 (iv) certificates of indebtedness used to fund an insufficiency in tax receipts or an  
28.8 insufficiency in other revenue sources, provided that nothing in this subdivision limits the  
28.9 special levy authorized under section 475.755;

28.10 (3) to provide for the bonded indebtedness portion of payments made to another  
28.11 political subdivision of the state of Minnesota;

28.12 (4) to fund payments made to the Minnesota State Armory Building Commission  
28.13 under section 193.145, subdivision 2, to retire the principal and interest on armory  
28.14 construction bonds;

28.15 (5) property taxes approved by voters which are levied against the referendum  
28.16 market value as provided under section 275.61;

28.17 (6) to fund matching requirements needed to qualify for federal or state grants or  
28.18 programs to the extent that either (i) the matching requirement exceeds the matching  
28.19 requirement in calendar year 2001, or (ii) it is a new matching requirement that did not  
28.20 exist prior to 2002;

28.21 (7) to pay the expenses reasonably and necessarily incurred in preparing for or  
28.22 repairing the effects of natural disaster including the occurrence or threat of widespread  
28.23 or severe damage, injury, or loss of life or property resulting from natural causes, in  
28.24 accordance with standards formulated by the Emergency Services Division of the state  
28.25 Department of Public Safety, as allowed by the commissioner of revenue under section  
28.26 275.74, subdivision 2;

28.27 (8) pay amounts required to correct an error in the levy certified to the county  
28.28 auditor by a city or county in a levy year, but only to the extent that when added to the  
28.29 preceding year's levy it is not in excess of an applicable statutory, special law or charter  
28.30 limitation, or the limitation imposed on the governmental subdivision by sections 275.70  
28.31 to 275.74 in the preceding levy year;

28.32 (9) to pay an abatement under section 469.1815;

28.33 (10) to pay any costs attributable to increases in the employer contribution rates under  
28.34 chapter 353, or locally administered pension plans, that are effective after June 30, 2001;

28.35 (11) to pay the operating or maintenance costs of a county jail as authorized in section  
28.36 641.01 or 641.262, or of a correctional facility as defined in section 241.021, subdivision 1,

29.1 paragraph (f), to the extent that the county can demonstrate to the commissioner of revenue  
 29.2 that the amount has been included in the county budget as a direct result of a rule, minimum  
 29.3 requirement, minimum standard, or directive of the Department of Corrections, or to pay  
 29.4 the operating or maintenance costs of a regional jail as authorized in section 641.262. For  
 29.5 purposes of this clause, a district court order is not a rule, minimum requirement, minimum  
 29.6 standard, or directive of the Department of Corrections. If the county utilizes this special  
 29.7 levy, except to pay operating or maintenance costs of a new regional jail facility under  
 29.8 sections 641.262 to 641.264 which will not replace an existing jail facility, any amount  
 29.9 levied by the county in the previous levy year for the purposes specified under this clause  
 29.10 and included in the county's previous year's levy limitation computed under section  
 29.11 275.71, shall be deducted from the levy limit base under section 275.71, subdivision 2,  
 29.12 when determining the county's current year levy limitation. The county shall provide the  
 29.13 necessary information to the commissioner of revenue for making this determination;

29.14 (12) to pay for operation of a lake improvement district, as authorized under section  
 29.15 103B.555. If the county utilizes this special levy, any amount levied by the county in the  
 29.16 previous levy year for the purposes specified under this clause and included in the county's  
 29.17 previous year's levy limitation computed under section 275.71 shall be deducted from  
 29.18 the levy limit base under section 275.71, subdivision 2, when determining the county's  
 29.19 current year levy limitation. The county shall provide the necessary information to the  
 29.20 commissioner of revenue for making this determination;

29.21 (13) to repay a state or federal loan used to fund the direct or indirect required  
 29.22 spending by the local government due to a state or federal transportation project or other  
 29.23 state or federal capital project. This authority may only be used if the project is not a  
 29.24 local government initiative;

29.25 ~~(14) to pay for court administration costs as required under section 273.1398,~~  
 29.26 ~~subdivision 4b, less the (i) county's share of transferred fines and fees collected by the~~  
 29.27 ~~district courts in the county for calendar year 2001 and (ii) the aid amount certified to be~~  
 29.28 ~~paid to the county in 2004 under section 273.1398, subdivision 4c; however, for taxes~~  
 29.29 ~~levied to pay for these costs in the year in which the court financing is transferred to the~~  
 29.30 ~~state, the amount under this clause is limited to the amount of aid the county is certified to~~  
 29.31 ~~receive under section 273.1398, subdivision 4a;~~

29.32 ~~(15)~~ (14) to fund a firefighters relief association as required under Laws 2013,  
 29.33 chapter 111, article 5, sections 31 to 42, to the extent that the required amount exceeds the  
 29.34 amount levied for this purpose in 2001;

29.35 ~~(16)~~ (15) for purposes of a storm sewer improvement district under section 444.20;

30.1 ~~(17)~~ (16) to pay for the maintenance and support of a city or county society for  
30.2 the prevention of cruelty to animals under section 343.11, but not to exceed in any year  
30.3 \$4,800 or the sum of \$1 per capita based on the county's or city's population as of the most  
30.4 recent federal census, whichever is greater. If the city or county uses this special levy, any  
30.5 amount levied by the city or county in the previous levy year for the purposes specified  
30.6 in this clause and included in the city's or county's previous year's levy limit computed  
30.7 under section 275.71, must be deducted from the levy limit base under section 275.71,  
30.8 subdivision 2, in determining the city's or county's current year levy limit;

30.9 ~~(18)~~ (17) for counties, to pay for the increase in their share of health and human  
30.10 service costs caused by reductions in federal health and human services grants effective  
30.11 after September 30, 2007;

30.12 ~~(19)~~ (18) for a city, for the costs reasonably and necessarily incurred for securing,  
30.13 maintaining, or demolishing foreclosed or abandoned residential properties, as allowed by  
30.14 the commissioner of revenue under section 275.74, subdivision 2. A city must have either  
30.15 (i) a foreclosure rate of at least 1.4 percent in 2007, or (ii) a foreclosure rate in 2007 in  
30.16 the city or in a zip code area of the city that is at least 50 percent higher than the average  
30.17 foreclosure rate in the metropolitan area, as defined in section 473.121, subdivision 2,  
30.18 to use this special levy. For purposes of this paragraph, "foreclosure rate" means the  
30.19 number of foreclosures, as indicated by sheriff sales records, divided by the number of  
30.20 households in the city in 2007;

30.21 ~~(20) for a city, for the unreimbursed costs of redeployed traffic-control agents and~~  
30.22 ~~lost traffic citation revenue due to the collapse of the Interstate 35W bridge, as certified~~  
30.23 ~~to the Federal Highway Administration;~~

30.24 ~~(21)~~ (19) to pay costs attributable to wages and benefits for sheriff, police, and fire  
30.25 personnel. If a local governmental unit did not use this special levy in the previous year its  
30.26 levy limit base under section 275.71 shall be reduced by the amount equal to the amount it  
30.27 levied for the purposes specified in this clause in the previous year;

30.28 ~~(22)~~ (20) an amount equal to any reductions in the certified aids or credit  
30.29 reimbursements payable under sections 477A.011 to 477A.014, and section 273.1384,  
30.30 due to unallotment under section 16A.152 or reductions under another provision of law.  
30.31 The amount of the levy allowed under this clause for each year is limited to the amount  
30.32 unallotted or reduced from the aids and credit reimbursements certified for payment in the  
30.33 year following the calendar year in which the tax levy is certified unless the unallotment  
30.34 or reduction amount is not known by September 1 of the levy certification year, and  
30.35 the local government has not adjusted its levy under section 275.065, subdivision 6, or

31.1 275.07, subdivision 6, in which case that unallotment or reduction amount may be levied  
31.2 in the following year;

31.3 ~~(23)~~ (21) to pay for the difference between one-half of the costs of confining sex  
31.4 offenders undergoing the civil commitment process and any state payments for this  
31.5 purpose pursuant to section 253D.12;

31.6 ~~(24)~~ (22) for a county to pay the costs of the first year of maintaining and operating  
31.7 a new facility or new expansion, either of which contains courts, corrections, dispatch,  
31.8 criminal investigation labs, or other public safety facilities and for which all or a portion  
31.9 of the funding for the site acquisition, building design, site preparation, construction, and  
31.10 related equipment was issued or authorized prior to the imposition of levy limits ~~in 2008~~.  
31.11 The levy limit base shall then be increased by an amount equal to the new facility's first  
31.12 full year's operating costs as described in this clause; and

31.13 ~~(25)~~ (23) for the estimated amount of reduction to market value credit reimbursements  
31.14 under section 273.1384 for credits payable in the year in which the levy is payable.

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

31.16 Sec. 38. Minnesota Statutes 2012, section 275.74, subdivision 2, is amended to read:

31.17 Subd. 2. **Authorization for special levies.** (a) A local governmental unit may  
31.18 request authorization to levy for unreimbursed costs for natural disasters under section  
31.19 275.70, subdivision 5, clause (7). The local governmental unit shall submit a request to  
31.20 levy under section 275.70, subdivision 5, clause (7), to the commissioner of revenue by  
31.21 September 30 of the levy year and the request must include information documenting the  
31.22 estimated unreimbursed costs. The commissioner of revenue may grant levy authority,  
31.23 up to the amount requested based on the documentation submitted. All decisions of the  
31.24 commissioner are final.

31.25 (b) A city may request authorization to levy for reasonable and necessary costs for  
31.26 securing, maintaining, or demolishing foreclosed or abandoned residential properties under  
31.27 section 275.70, subdivision 5, clause ~~(19)~~ (18). The local governmental unit shall submit a  
31.28 request to levy under section 275.70, subdivision 5, clause ~~(19)~~ (18), to the commissioner  
31.29 of revenue by September 30 of the levy year and the request must include information  
31.30 documenting the estimated costs. For taxes payable in 2009, the amount may include  
31.31 unanticipated costs incurred above the amount budgeted for these purposes in 2008. Costs  
31.32 of securing foreclosed or abandoned residential properties include payment for police and  
31.33 fire department services. The commissioner of revenue may grant levy authority, up to the  
31.34 lesser of (1) the amount requested based on the documentation submitted, or (2) \$3,000

32.1 multiplied by the number of foreclosed residential properties, as defined by sheriff sales  
 32.2 records, in calendar year 2007. All decisions of the commissioner are final.

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

32.4 Sec. 39. Minnesota Statutes 2012, section 275.75, is amended to read:

32.5 **275.75 CHARTER EXEMPTION FOR AID LOSS.**

32.6 Notwithstanding any other provision of a municipal charter that limits ad valorem  
 32.7 taxes to a lesser amount, or that would require voter approval for any increase, the  
 32.8 governing body of a municipality may by resolution increase its levy in any year by an  
 32.9 amount equal to its special levies under section 275.70, subdivision 5, clauses ~~(22)~~ and  
 32.10 ~~(25)~~ (20) and (23).

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

32.12 Sec. 40. Minnesota Statutes 2012, section 279.03, is amended to read:

32.13 **279.03 INTEREST ON DELINQUENT PROPERTY TAXES.**

32.14 Subdivision 1. **Rate Interest calculation.** ~~The rate of interest on delinquent~~  
 32.15 ~~property taxes levied in 1979 and prior years is fixed at six percent per year until January~~  
 32.16 ~~1, 1983. Thereafter interest is payable at the rate determined pursuant to section 549.09.~~  
 32.17 ~~The rate of interest on delinquent property taxes levied in 1980 and subsequent years is~~  
 32.18 ~~the rate determined pursuant to section 549.09. All provisions of law except section~~  
 32.19 ~~549.09 providing for the calculation of interest at any different rate on delinquent taxes in~~  
 32.20 ~~any notice or proceeding in connection with the payment, collection, sale, or assignment~~  
 32.21 ~~of delinquent taxes, or redemption from such sale or assignment are hereby amended~~  
 32.22 ~~to correspond herewith. Section 549.09 shall continue in force applies with respect to~~  
 32.23 ~~judgments arising out of petitions for review filed pursuant to chapter 278 ir~~respective of  
 32.24 ~~the levy year.~~

32.25 For property taxes levied in 1980 and prior years, interest is to be calculated at  
 32.26 simple interest from the second Monday in May following the year in which the taxes  
 32.27 become due until the time that the taxes and penalties are paid, computed on the amount  
 32.28 of unpaid taxes, penalties and costs. For property taxes levied in 1981 and subsequent  
 32.29 years, Interest shall commence on the first day of January following the year in which the  
 32.30 taxes become due, but the county treasurer need not calculate interest on unpaid taxes and  
 32.31 penalties on the tax list returned to the county auditor pursuant to section 279.01.



33.1 If interest is payable for a portion of a year, the interest is calculated only for the  
 33.2 months that the taxes or penalties remain unpaid, and for this purpose a portion of a month  
 33.3 is deemed to be a whole month.

33.4 Subd. 1a. ~~Rate after December 31, 1990.~~ (a) Except as provided in paragraph (b),  
 33.5 interest on delinquent property taxes, penalties, and costs unpaid on or after January 1;  
 33.6 ~~1991, shall be~~ is payable at the per annum rate determined in section 270C.40, subdivision  
 33.7 5. If the rate so determined is less than ten percent, the rate of interest ~~shall be~~ is ten  
 33.8 percent. The maximum per annum rate ~~shall be~~ is 14 percent if the rate specified under  
 33.9 section 270C.40, subdivision 5, exceeds 14 percent. The rate ~~shall be~~ is subject to change  
 33.10 on January 1 of each year.

33.11 (b) If a person is the owner of one or more parcels of property on which taxes are  
 33.12 delinquent, and the delinquent taxes are more than 25 percent of the prior year's school  
 33.13 district levy, interest on the delinquent property taxes, penalties, and costs unpaid ~~after~~  
 33.14 ~~January 1, 1992, shall be~~ is payable at twice the rate determined under paragraph (a) for  
 33.15 the year.

33.16 Subd. 2. **Composite judgment.** Amounts included in composite judgments  
 33.17 authorized by section 279.37, subdivision 1, and confessed ~~on or after July 1, 1982, are~~  
 33.18 ~~subject to interest at the rate determined pursuant to section 549.09. Amounts confessed~~  
 33.19 ~~under this authority after December 31, 1990, are subject to interest at the rate calculated~~  
 33.20 ~~under subdivision 1a. During each calendar year, interest shall accerue~~ accrues on the  
 33.21 unpaid balance of the composite judgment from the time it is confessed until it is paid.  
 33.22 The rate of interest is subject to change each year in the same manner ~~that section 549.09~~  
 33.23 ~~or as provided in~~ subdivision 1a, whichever is applicable, for rate changes. ~~Interest on the~~  
 33.24 ~~unpaid contract balance on judgments confessed before July 1, 1982, is payable at the rate~~  
 33.25 ~~applicable to the judgment at the time that it was confessed.~~

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

33.27 Sec. 41. Minnesota Statutes 2012, section 279.16, is amended to read:

33.28 **279.16 JUDGMENT WHEN NO ANSWER; FORM; ENTRY.**

33.29 Upon the expiration of 20 days from the later of the filing of the affidavit of  
 33.30 publication or the filing of the affidavit of mailing pursuant to section 279.131, the  
 33.31 court administrator shall enter judgment against each and every such parcel as to which  
 33.32 no answer has been filed, which judgment shall include all such parcels, and shall be  
 33.33 substantially in the following form:

34.1 State of Minnesota ) District Court,  
 34.2 ) ss.  
 34.3 County of ..... ) ..... Judicial District.

34.4 In the matter of the proceedings to enforce payment of the taxes on real estate  
 34.5 remaining delinquent on the first Monday in January, ....., for the county of .....,  
 34.6 state of Minnesota.

34.7 A list of taxes on real property, delinquent on the first Monday in January, ....., for  
 34.8 said county of ....., having been duly filed in the office of the court administrator of  
 34.9 this court, and the notice and list required by law having been duly published and mailed  
 34.10 as required by law, and more than 20 days having elapsed since the last publication of the  
 34.11 notice and list, and no answer having been filed by any person, company, or corporation  
 34.12 to the taxes upon any of the parcels of land hereinafter described, it is hereby adjudged  
 34.13 that each parcel of land hereinafter described is liable for taxes, penalties, and costs to the  
 34.14 amount set opposite the same, as follows:

34.15	Description.	Parcel Number.	Amount.
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34.16 The amount of taxes, penalties, and cost to which, as hereinbefore stated, each of  
 34.17 such parcels of land is liable, is hereby declared a lien upon such parcel of land as against  
 34.18 the estate, right, title, interest, claim, or lien, of whatever nature, in law or equity, of every  
 34.19 person, company, or corporation; and it is adjudged that, unless the amount to which  
 34.20 each of such parcels is liable be paid, each of such parcels be sold, as provided by law,  
 34.21 to satisfy the amount to which it is liable.

34.22 Dated this ..... day of ....., .....  
 34.23 .....  
 34.24 Court Administrator of the District Court,  
 34.25 County of .....

34.26 The judgment shall be entered by the court administrator in a book to be kept by  
 34.27 the court administrator, to be called the real estate tax judgment book, and signed by the  
 34.28 court administrator. ~~The judgment shall be written out on the left-hand pages of the book,~~  
 34.29 ~~leaving the right-hand pages blank for the entries in this chapter hereinafter provided; and~~

34.30 The same presumption in favor of the regularity and validity of the judgment shall be  
 34.31 deemed to exist as in respect to judgments in civil actions in such court, except where taxes  
 34.32 have been paid before the entry of judgment, or where the land is exempt from taxation, in  
 34.33 which cases the judgment shall be prima facie evidence only of its regularity and validity.

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

35.1 Sec. 42. Minnesota Statutes 2012, section 279.23, is amended to read:

35.2 **279.23 COPY OF JUDGMENT TO COUNTY AUDITOR.**

35.3 When any real estate tax judgment is entered, the court administrator shall ~~forthwith~~  
35.4 deliver to the county auditor, ~~in a book to be provided by the auditor,~~ a certified copy of  
35.5 such judgment, ~~which shall be written on the left-hand pages of the book, leaving the~~  
35.6 ~~right-hand pages blank.~~

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

35.8 Sec. 43. Minnesota Statutes 2012, section 279.25, is amended to read:

35.9 **279.25 PAYMENT BEFORE JUDGMENT.**

35.10 Before sale any person may pay the amount adjudged against any parcel of land.  
35.11 If payment is made before entry of judgment, and the delinquent list has been filed with  
35.12 the court administrator, the county auditor shall immediately certify such payment to the  
35.13 court administrator, who shall note the same on such delinquent list; and all proceedings  
35.14 pending against such parcel shall thereupon be discontinued. If payment is made after  
35.15 judgment is entered and before sale, the auditor shall certify such payment to the clerk,  
35.16 who, upon production of such certificate and the payment of a fee of ten cents, shall enter  
35.17 ~~on the right-hand page of the real estate tax judgment book, and opposite the description~~  
35.18 ~~of such parcel,~~ satisfaction of the judgment against the same. The auditor shall make  
35.19 proper records of all payments made under this section.

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

35.21 Sec. 44. Minnesota Statutes 2013 Supplement, section 279.37, subdivision 2, is  
35.22 amended to read:

35.23 Subd. 2. **Installment payments.** The owner of any such parcel, or any person to  
35.24 whom the right to pay taxes has been given by statute, mortgage, or other agreement, may  
35.25 make and file with the county auditor of the county in which the parcel is located a written  
35.26 offer to pay the current taxes each year before they become delinquent, or to contest the  
35.27 taxes under ~~Minnesota Statutes 1941, sections 278.01 to 278.13~~ chapter 278, and agree  
35.28 to confess judgment for the amount provided, as determined by the county auditor. By  
35.29 filing the offer, the owner waives all irregularities in connection with the tax proceedings  
35.30 affecting the parcel and any defense or objection which the owner may have to the  
35.31 proceedings, and also waives the requirements of any notice of default in the payment of  
35.32 any installment or interest to become due pursuant to the composite judgment to be so  
35.33 entered. Unless the property is subject to subdivision 1a, with the offer, the owner shall (i)

36.1 tender one-tenth of the amount of the delinquent taxes, costs, penalty, and interest, and  
 36.2 (ii) tender all current year taxes and penalty due at the time the confession of judgment is  
 36.3 entered. In the offer, the owner shall agree to pay the balance in nine equal installments,  
 36.4 with interest as provided in section 279.03, payable annually on installments remaining  
 36.5 unpaid from time to time, on or before December 31 of each year following the year in  
 36.6 which judgment was confessed. The offer must be substantially as follows:

36.7 "To the court administrator of the district court of ..... county, I, .....,  
 36.8 am the owner of the following described parcel of real estate located in .....  
 36.9 county, Minnesota:

36.10 ..... Upon that real estate there are delinquent taxes for the year ....., and  
 36.11 prior years, as follows: (here insert year of delinquency and the total amount of delinquent  
 36.12 taxes, costs, interest, and penalty). By signing this document I offer to confess judgment in  
 36.13 the sum of \$..... and waive all irregularities in the tax proceedings affecting these taxes and  
 36.14 any defense or objection which I may have to them, and direct judgment to be entered for  
 36.15 the amount stated above, minus the sum of \$....., to be paid with this document, which  
 36.16 is one-tenth or one-fifth of the amount of the taxes, costs, penalty, and interest stated above.  
 36.17 I agree to pay the balance of the judgment in nine or four equal, annual installments, with  
 36.18 interest as provided in section 279.03, payable annually, on the installments remaining  
 36.19 unpaid. I agree to pay the installments and interest on or before December 31 of each year  
 36.20 following the year in which this judgment is confessed and current taxes each year before  
 36.21 they become delinquent, or within 30 days after the entry of final judgment in proceedings  
 36.22 to contest the taxes under ~~Minnesota Statutes, sections 278.01 to 278.13~~ chapter 278.

36.23 Dated ....., ....."

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

36.25 Sec. 45. Minnesota Statutes 2012, section 280.001, is amended to read:

36.26 **280.001 PUBLIC SALES, AUDITOR'S CERTIFICATES ABOLISHED.**

36.27 ~~Effective the second Monday in May 1974, and each year thereafter,~~ No parcel of  
 36.28 land against which judgment has been entered and remains unsatisfied for the taxes of  
 36.29 the preceding year or years may be sold at public vendue as provided in sections 280.01  
 36.30 and 280.02 by the county auditor but shall be treated in the same manner and regarded in  
 36.31 all respects as land bid in for the state by the auditor in the manner provided in section  
 36.32 280.02. No notice of sale required by section 280.01 shall be published or posted ~~in 1974~~  
 36.33 ~~and in years thereafter,~~ and no auditor's certificate authorized by section 280.03 shall be  
 36.34 issued ~~on the second Monday in May 1974, or thereafter.~~

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

37.2 Sec. 46. Minnesota Statutes 2012, section 280.03, is amended to read:

37.3 **280.03 CERTIFICATE OF SALE.**

37.4 The county auditor shall execute to the purchaser of each parcel a certificate which  
37.5 may be substantially in the following form:

37.6 "I, ....., auditor of the county of ....., state of Minnesota, do hereby certify that  
37.7 at the sale of lands pursuant to the real estate tax judgment entered in the district court  
37.8 in the county of ....., on the ..... day of ....., ....., in proceedings to enforce the  
37.9 payment of taxes delinquent on real estate for the years ....., for the county of .....,  
37.10 which sale was held at ....., in said county of ....., on the ..... day of ....., .....,  
37.11 the following described parcel of land, situate in said county of ....., state of Minnesota:  
37.12 (insert description), was offered for sale to the bidder who should offer to pay the amount  
37.13 for which the same was to be sold, at the lowest annual rate of interest on such amount;  
37.14 and at said sale I did sell the said parcel of land to ..... for the sum of ..... dollars,  
37.15 with interest at ..... percent per annum on such amount, that being the sum for which the  
37.16 same was to be sold, and such rate of interest being the lowest rate percent per annum bid  
37.17 on such sum; and, the sum having been paid, I do therefore, in consideration thereof, and  
37.18 pursuant to the statute in such case made and provided, convey the said parcel of land, in  
37.19 fee simple, subject to easements and restrictions of record at the date of the tax judgment  
37.20 sale, including, but without limitation, permits for telephone, ~~telegraph~~ and electric  
37.21 power lines either by underground cable or conduit or otherwise, sewer and water lines,  
37.22 highways, railroads, and pipe lines for gas, liquids, or solids in suspension, to said .....,  
37.23 and the heirs and assigns of ....., forever, subject to redemption as provided by law.

37.24 Witness my hand and official seal this ..... day of ....., ..... .

37.25 .....  
37.26 County Auditor."

37.27 If the land shall not be redeemed as provided in chapter 281, such certificate shall  
37.28 pass to the purchaser an estate therein, in fee simple, without any other act or deed  
37.29 whatever subject to easements and restrictions of record at the date of the tax judgment  
37.30 sale, including, but without limitation, permits for telephone, ~~telegraph~~, and electric  
37.31 power lines either by underground cable or conduit or otherwise, sewer and water lines,  
37.32 highways, railroads, and pipe lines for gas, liquids, or solids in suspension. Such certificate  
37.33 may be recorded, after the time for redemption shall have expired, as other deeds of real  
37.34 estate, and with like effect. If any purchaser at such sale shall purchase more than one  
37.35 parcel, the auditor shall issue to the purchaser a certificate for each parcel so purchased.

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

38.2 Sec. 47. Minnesota Statutes 2012, section 280.07, is amended to read:

38.3 **280.07 ENTRIES IN JUDGMENT BOOKS AFTER SALE.**

38.4 Immediately after such sale the county auditor shall ~~set out in the copy judgment~~  
38.5 ~~book~~ record that all parcels were bid in for the state. The county auditor shall thereupon  
38.6 ~~deliver such book to~~ notify the court administrator, ~~who shall forthwith enter on the~~  
38.7 ~~right-hand page of the real estate tax judgment book, opposite the description of each~~  
38.8 ~~parcel sold, the words "bid in for the state," and thereupon redeliver the copy judgment~~  
38.9 ~~book to the auditor.~~ Upon redemption the auditor shall ~~make a note thereon in the copy~~  
38.10 ~~judgment book, opposite the parcel redeemed.~~

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

38.12 Sec. 48. Minnesota Statutes 2012, section 280.11, is amended to read:

38.13 **280.11 LANDS BID IN FOR STATE.**

38.14 At any time after any parcel of land has been bid in for the state, the same not having  
38.15 been redeemed, the county auditor shall assign and convey the same, and all the right of  
38.16 the state therein acquired at such sale, to any person who shall pay the amount for which  
38.17 the same was bid in, with interest at the rate of 12 percent per annum, and the amount of  
38.18 all subsequent delinquent taxes, penalties, costs, and interest at such rate upon the same  
38.19 from the time when such taxes became delinquent. The county auditor shall execute to  
38.20 such person a certificate for such parcel, which may be substantially in the following form:

38.21 "I, ....., auditor of the county of ....., state of Minnesota, do hereby certify that  
38.22 at the sale of lands pursuant to the real estate tax judgment entered in the district court  
38.23 in the county of ....., on the ..... day of ....., ....., in proceedings to enforce the  
38.24 payment of taxes delinquent upon real estate for the years ..... for the county of .....,  
38.25 which sale was held at ....., in said county of ....., on the ..... day of ....., .....,  
38.26 the following described parcel of land, situate in said county of ....., state of Minnesota:  
38.27 (insert description), was duly offered for sale; and, no one bidding upon such offer an  
38.28 amount equal to that for which the parcel was subject to be sold, the same was then bid in  
38.29 for the state at such amount, being the sum of ..... dollars; and the same still remaining  
38.30 unredeemed, and on this day ..... having paid into the treasury of the county the amount  
38.31 for which the same was so bid in, and all subsequent delinquent taxes, penalties, costs,  
38.32 and interest, amounting in all to ..... dollars, therefore, in consideration thereof, and  
38.33 pursuant to the statute in such case made and provided, I do hereby assign and convey this

39.1 parcel of land, in fee simple, subject to easements and restrictions of record at the date of  
 39.2 the tax judgment sale, including but without limitation, permits for telephone, ~~telegraph,~~  
 39.3 and electric power lines either by underground cable or conduit or otherwise, sewer and  
 39.4 water lines, highways, railroads, and pipe lines for gas, liquids, or solids in suspension,  
 39.5 with all the right, title and interest of the state acquired therein at such sale to ....., and  
 39.6 the heirs and assigns of ....., forever, subject to redemption as provided by law.

39.7 Witness my hand and official seal this ..... day of ....., .....

39.8 .....

39.9 County Auditor."

39.10 If the land shall not be redeemed, as provided in chapter 281, such certificate shall  
 39.11 pass to the purchaser or assignee an estate therein, in fee simple, without any other act  
 39.12 or deed whatever subject to easements and restrictions of record at the date of the tax  
 39.13 judgment sale, including, but without limitation, permits for telephone, ~~telegraph~~ and  
 39.14 electric power lines either by underground cable or conduit or otherwise, sewer and water  
 39.15 lines, highways, railroads, and pipe lines for gas, liquids, or solids in suspension. Such  
 39.16 certificate or conveyance may be recorded, after the time for redemption shall have  
 39.17 expired, as other deeds of real estate, and with like effect. No assignment of the right of  
 39.18 the state shall be given pursuant to this section after January 1, 1972.

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

39.20 Sec. 49. Minnesota Statutes 2012, section 281.03, is amended to read:

39.21 **281.03 AUDITOR'S CERTIFICATE.**

39.22 The county auditor shall certify to the amount due on such redemption, and, on  
 39.23 payment of the same to the county treasurer, shall make duplicate receipts for the certified  
 39.24 amount, describing the property redeemed, one of which shall be filed with the auditor.  
 39.25 Such receipts shall be governed by the provisions of this chapter regulating the payment  
 39.26 of current taxes and such payment shall have the effect to annul the sale. If the amount  
 39.27 certified by the auditor and received in payment for redemption be less than that required  
 39.28 by law, it shall not invalidate the redemption. On redemption being made, the auditor shall  
 39.29 enter upon the copy of the tax judgment book, ~~opposite the description of record~~ the  
 39.30 parcel as redeemed, ~~the word, "redeemed."~~

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

39.32 Sec. 50. Minnesota Statutes 2013 Supplement, section 281.17, is amended to read:

39.33 **281.17 PERIOD FOR REDEMPTION.**

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

40.3 The period of redemption for all lands sold to the state at a tax judgment sale shall  
40.4 be three years from the date of sale to the state of Minnesota.

40.5 The period of redemption for homesteaded lands as defined in section 273.13,  
40.6 subdivision 22, located in a targeted neighborhood as defined in Laws 1987, chapter 386,  
40.7 article 6, section 4, and sold to the state at a tax judgment sale is three years from the date  
40.8 of sale. The period of redemption for all lands located in a targeted neighborhood as  
40.9 defined in Laws 1987, chapter 386, article 6, section 4, except ~~(1)~~ homesteaded lands as  
40.10 defined in section 273.13, subdivision 22, ~~and (2) for periods of redemption beginning~~  
40.11 ~~after June 30, 1991, but before July 1, 1996, lands located in the Loring Park targeted~~  
40.12 ~~neighborhood on which a notice of lis pendens has been served, and sold to the state at a~~  
40.13 ~~tax judgment sale~~ is one year from the date of sale.

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

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

40.18 Sec. 51. Minnesota Statutes 2012, section 281.327, is amended to read:

40.19 **281.327 CANCELLATION OF CERTIFICATE UPON JUDICIAL ORDER.**

40.20 Upon the petition of any person interested in the land covered by a real estate tax  
40.21 sale certificate, state assignment certificate, or forfeited tax sale certificate and, upon the  
40.22 giving of such notice to the holder of such certificate as may be ordered, the district court,  
40.23 in the proceedings resulting in the judgment upon which a real estate tax judgment sale  
40.24 certificate, state assignment certificate, or forfeited tax sale certificate is based, may order  
40.25 the cancellation of a real estate tax judgment sale certificate, state assignment certificate,  
40.26 or forfeited tax sale certificate upon which notice of expiration of time of redemption  
40.27 has been issued when the certificate or a deed issued thereon has not been recorded in  
40.28 the office of the county recorder or filed in that of the registrar of titles, if the land is  
40.29 registered, within seven years after the date of the issuance of such certificate; the county  
40.30 auditor, on the filing of the order, shall ~~make an entry in the proper copy real estate tax~~  
40.31 ~~judgment book, opposite the description of the land, "canceled by order of court" record~~  
40.32 the land as canceled by order of court; and the rights of the holder under the certificate  
40.33 shall thereupon be terminated of record in the office of the county auditor.

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



41.1 Sec. 52. Minnesota Statutes 2012, section 282.01, subdivision 6, is amended to read:

41.2 Subd. 6. **Duties of commissioner after sale.** When any sale has been made by the  
 41.3 county auditor under sections 282.01 to 282.13, the auditor shall immediately certify to  
 41.4 the commissioner of revenue such information relating to such sale, on such forms as the  
 41.5 commissioner of revenue may prescribe as will enable the commissioner of revenue to  
 41.6 prepare an appropriate deed if the sale is for cash, or keep necessary records if the sale  
 41.7 is on terms; and not later than October 31 of each year the county auditor shall submit  
 41.8 to the commissioner of revenue a statement of all instances wherein any payment of  
 41.9 principal, interest, or current taxes on lands held under certificate, due or to be paid during  
 41.10 the preceding calendar years, are still outstanding at the time such certificate is made.  
 41.11 When such statement shows that a purchaser or the purchaser's assignee is in default, the  
 41.12 commissioner of revenue may instruct the county board of the county in which the land is  
 41.13 located to cancel said certificate of sale in the manner provided by subdivision 5, provided  
 41.14 that upon recommendation of the county board, and where the circumstances are such  
 41.15 that the commissioner of revenue after investigation is satisfied that the purchaser has  
 41.16 made every effort reasonable to make payment of both the annual installment and said  
 41.17 taxes, and that there has been no willful neglect on the part of the purchaser in meeting  
 41.18 these obligations, then the commissioner of revenue may extend the time for the payment  
 41.19 for such period as the commissioner may deem warranted, not to exceed one year. On  
 41.20 payment in full of the purchase price, appropriate conveyance in fee, in such form as may  
 41.21 be prescribed by the attorney general, shall be issued by the commissioner of revenue,  
 41.22 which conveyance must be recorded by the county and shall have the force and effect of  
 41.23 a patent from the state subject to easements and restrictions of record at the date of the  
 41.24 tax judgment sale, including, but without limitation, permits for telephone, ~~telegraph~~, and  
 41.25 electric power lines either by underground cable or conduit or otherwise, sewer and water  
 41.26 lines, highways, railroads, and pipe lines for gas, liquids, or solids in suspension.

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

41.28 Sec. 53. Minnesota Statutes 2012, section 282.04, subdivision 4, is amended to read:

41.29 Subd. 4. **Easements.** The county auditor, when and for such price and on such  
 41.30 terms and for such period as the county board prescribes, may grant easements or permits  
 41.31 on unsold tax-forfeited land for telephone, ~~telegraph~~, and electric power lines either by  
 41.32 underground cable or conduit or otherwise, sewer and water lines, highways, recreational  
 41.33 trails, railroads, and pipe lines for gas, liquids, or solids in suspension. Any such easement  
 41.34 or permit may be canceled by resolution of the county board after reasonable notice for  
 41.35 any substantial breach of its terms or if at any time its continuance will conflict with

42.1 public use of the land, or any part thereof, on which it is granted. Land affected by any  
 42.2 such easement or permit may be sold or leased for mineral or other legal purpose, but sale  
 42.3 or lease shall be subject to the easement or permit, and all rights granted by the easement  
 42.4 or permit shall be excepted from the conveyance or lease of the land and be reserved,  
 42.5 and may be canceled by the county board in the same manner and for the same reasons  
 42.6 as it could have been canceled before sale and in that case the rights granted thereby  
 42.7 shall vest in the state in trust as the land on which it was granted was held before sale or  
 42.8 lease. Any easement or permit granted before passage of Laws 1951, Chapter 203, may  
 42.9 be governed thereby if the holder thereof and county board so agree. Reasonable notice  
 42.10 as used in this subdivision, means a 90-day written notice addressed to the record owner  
 42.11 of the easement at the last known address, and upon cancellation the county board may  
 42.12 grant extensions of time to vacate the premises affected.

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

42.14 Sec. 54. Minnesota Statutes 2012, section 282.261, subdivision 2, is amended to read:

42.15 Subd. 2. **Interest rate.** The unpaid balance on any repurchase contract approved  
 42.16 by the county board ~~on or after July 1, 1982,~~ is subject to interest at the rate determined  
 42.17 ~~pursuant to section 549.09. Repurchase contracts approved after December 31, 1990, are~~  
 42.18 ~~subject to interest at the rate determined~~ in section 279.03, subdivision 1a. The interest  
 42.19 rate is subject to change each year on the unpaid balance in the manner provided for rate  
 42.20 changes in section ~~549.09 or 279.03, subdivision 1a, whichever is applicable. Interest on~~  
 42.21 ~~the unpaid contract balance on repurchases approved before July 1, 1982, is payable at the~~  
 42.22 ~~rate applicable to the repurchase contract at the time that it was approved.~~

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

42.24 Sec. 55. Minnesota Statutes 2012, section 282.261, subdivision 4, is amended to read:

42.25 Subd. 4. **Service fee.** The county auditor may collect a service fee to cover  
 42.26 administrative costs as set by the county board for each repurchase application received  
 42.27 ~~after July 1, 1985.~~ The fee must be paid at the time of application and must be credited to  
 42.28 the county general revenue fund.

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

42.30 Sec. 56. Minnesota Statutes 2012, section 282.261, subdivision 5, is amended to read:

42.31 Subd. 5. **County may impose conditions of repurchase.** The county auditor, after  
 42.32 receiving county board approval, may impose conditions on repurchase of tax-forfeited

43.1 lands limiting the use of the parcel subject to the repurchase, including, but not limited to,  
 43.2 environmental remediation action plan restrictions or covenants, or easements for lines or  
 43.3 equipment for telephone, telegraph, electric power, or telecommunications.

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

43.5 Sec. 57. Minnesota Statutes 2012, section 282.322, is amended to read:

43.6 **282.322 FORFEITED LANDS LIST.**

43.7 The county board of any county may ~~at any time after the passage of Laws 1945,~~  
 43.8 ~~chapter 296,~~ file a list of forfeited lands with the county auditor, if the board is of the  
 43.9 opinion that such lands may be acquired by the state or any municipal subdivision thereof  
 43.10 for public purposes. Upon the filing of such list the county auditor shall withhold said  
 43.11 lands from repurchase. If no proceeding shall be started to acquire such lands by the  
 43.12 state or some municipal subdivision thereof within one year after the filing of such list  
 43.13 the county board shall withdraw said list and thereafter the owner shall have one year in  
 43.14 which to repurchase as ~~otherwise provided in Laws 1945, chapter 296.~~

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

43.16 Sec. 58. Minnesota Statutes 2012, section 287.30, is amended to read:

43.17 **287.30 COUNTY TREASURER; DUTIES.**

43.18 ~~The care of documentary stamps entrusted to county treasurers and the duties imposed~~  
 43.19 upon county treasurers by this chapter are within the duties of such office and are within  
 43.20 the coverage of any official bond delivered to the state, conditioned that any such officer  
 43.21 shall faithfully execute the duties of office. The county board may by resolution require  
 43.22 the county auditor to perform any duty imposed on the county treasurer under this chapter.

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

43.24 Sec. 59. Minnesota Statutes 2012, section 289A.25, subdivision 1, is amended to read:

43.25 Subdivision 1. **Requirements to pay.** An individual, trust, S corporation, or  
 43.26 partnership must, when prescribed in subdivision 3, paragraph (b), make payments of  
 43.27 estimated tax. For individuals, the term "estimated tax" means the amount the taxpayer  
 43.28 estimates is the sum of the taxes imposed by chapter 290 for the taxable year. For trusts,  
 43.29 S corporations, and partnerships, the term estimated tax means the amount the taxpayer  
 43.30 estimates is the sum of the taxes for the taxable year imposed by chapter 290 and the  
 43.31 composite income tax imposed by section 289A.08, subdivision 7. If the individual is an

44.1 infant or incompetent person, the payments must be made by the individual's guardian. If  
 44.2 joint payments on estimated tax are made but a joint return is not made for the taxable  
 44.3 year, the estimated tax for that year may be treated as the estimated tax of either the  
 44.4 husband or the wife or may be divided between them.

44.5 ~~Notwithstanding the provisions of this section, no payments of estimated tax are~~  
 44.6 ~~required if the estimated tax, as defined in this subdivision, less the credits allowed against~~  
 44.7 ~~the tax, is less than \$500.~~

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

44.9 Sec. 60. Minnesota Statutes 2012, section 290.01, subdivision 5, is amended to read:

44.10 Subd. 5. **Domestic corporation.** The term "domestic" when applied to a corporation  
 44.11 means a corporation:

44.12 (1) created or organized in the United States, or under the laws of the United  
 44.13 States or of any state, the District of Columbia, or any political subdivision of any of  
 44.14 the foregoing but not including the Commonwealth of Puerto Rico, or any possession  
 44.15 of the United States; or

44.16 (2) which qualifies as a DISC, as defined in section 992(a) of the Internal Revenue  
 44.17 Code; ~~or~~

44.18 ~~(3) which qualifies as a FSC, as defined in section 922 of the Internal Revenue Code.~~

44.19 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
 44.20 December 31, 2013.

44.21 Sec. 61. Minnesota Statutes 2013 Supplement, section 290.01, subdivision 19d,  
 44.22 is amended to read:

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

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

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

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

45.1 ~~(4) amounts disallowed for intangible drilling costs due to differences between~~  
 45.2 ~~this chapter and the Internal Revenue Code in taxable years beginning before January~~  
 45.3 ~~1, 1987, as follows:~~

45.4 ~~(i) to the extent the disallowed costs are represented by physical property, an amount~~  
 45.5 ~~equal to the allowance for depreciation under Minnesota Statutes 1986, section 290.09,~~  
 45.6 ~~subdivision 7, subject to the modifications contained in subdivision 19c; and~~

45.7 ~~(ii) to the extent the disallowed costs are not represented by physical property, an~~  
 45.8 ~~amount equal to the allowance for cost depletion under Minnesota Statutes 1986, section~~  
 45.9 ~~290.09, subdivision 8;~~

45.10 ~~(5) (4) the deduction for capital losses pursuant to sections 1211 and 1212 of the~~  
 45.11 ~~Internal Revenue Code, except that:~~

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

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

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

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

45.24 ~~(6) (5) an amount for interest and expenses relating to income not taxable for federal~~  
 45.25 ~~income tax purposes, if (i) the income is taxable under this chapter and (ii) the interest and~~  
 45.26 ~~expenses were disallowed as deductions under the provisions of section 171(a)(2), 265 or~~  
 45.27 ~~291 of the Internal Revenue Code in computing federal taxable income;~~

45.28 ~~(7) (6) in the case of mines, oil and gas wells, other natural deposits, and timber for~~  
 45.29 ~~which percentage depletion was disallowed pursuant to subdivision 19c, clause (8), a~~  
 45.30 ~~reasonable allowance for depletion based on actual cost. In the case of leases the deduction~~  
 45.31 ~~must be apportioned between the lessor and lessee in accordance with rules prescribed~~  
 45.32 ~~by the commissioner. In the case of property held in trust, the allowable deduction must~~  
 45.33 ~~be apportioned between the income beneficiaries and the trustee in accordance with the~~  
 45.34 ~~pertinent provisions of the trust, or if there is no provision in the instrument, on the basis~~  
 45.35 ~~of the trust's income allocable to each;~~

46.1 ~~(8)~~ (7) for certified pollution control facilities placed in service in a taxable year  
46.2 beginning before December 31, 1986, and for which amortization deductions were elected  
46.3 under section 169 of the Internal Revenue Code of 1954, as amended through December  
46.4 31, 1985, an amount equal to the allowance for depreciation under Minnesota Statutes  
46.5 1986, section 290.09, subdivision 7;

46.6 ~~(9)~~ (8) amounts included in federal taxable income that are due to refunds of  
46.7 income, excise, or franchise taxes based on net income or related minimum taxes paid  
46.8 by the corporation to Minnesota, another state, a political subdivision of another state,  
46.9 the District of Columbia, or a foreign country or possession of the United States to the  
46.10 extent that the taxes were added to federal taxable income under subdivision 19c, clause  
46.11 (1), in a prior taxable year;

46.12 ~~(10)~~ (9) income or gains from the business of mining as defined in section 290.05,  
46.13 subdivision 1, clause (a), that are not subject to Minnesota franchise tax;

46.14 ~~(11)~~ (10) the amount of disability access expenditures in the taxable year which are not  
46.15 allowed to be deducted or capitalized under section 44(d)(7) of the Internal Revenue Code;

46.16 ~~(12)~~ (11) the amount of qualified research expenses not allowed for federal income  
46.17 tax purposes under section 280C(c) of the Internal Revenue Code, but only to the extent  
46.18 that the amount exceeds the amount of the credit allowed under section 290.068;

46.19 ~~(13)~~ (12) the amount of salary expenses not allowed for federal income tax purposes  
46.20 due to claiming the Indian employment credit under section 45A(a) of the Internal  
46.21 Revenue Code;

46.22 ~~(14)~~ (13) any decrease in subpart F income, as defined in section 952(a) of the  
46.23 Internal Revenue Code, for the taxable year when subpart F income is calculated without  
46.24 regard to the provisions of Division C, title III, section 303(b) of Public Law 110-343;

46.25 ~~(15)~~ (14) in each of the five tax years immediately following the tax year in which  
46.26 an addition is required under subdivision 19c, clause (12), an amount equal to one-fifth  
46.27 of the delayed depreciation. For purposes of this clause, "delayed depreciation" means  
46.28 the amount of the addition made by the taxpayer under subdivision 19c, clause (12). The  
46.29 resulting delayed depreciation cannot be less than zero;

46.30 ~~(16)~~ (15) in each of the five tax years immediately following the tax year in which an  
46.31 addition is required under subdivision 19c, clause (13), an amount equal to one-fifth of the  
46.32 amount of the addition;

46.33 ~~(17)~~ (16) to the extent included in federal taxable income, discharge of indebtedness  
46.34 income resulting from reacquisition of business indebtedness included in federal taxable  
46.35 income under section 108(i) of the Internal Revenue Code. This subtraction applies only

47.1 to the extent that the income was included in net income in a prior year as a result of the  
 47.2 addition under subdivision 19c, clause (16); and

47.3 ~~(18)~~ (17) the amount of expenses not allowed for federal income tax purposes due  
 47.4 to claiming the railroad track maintenance credit under section 45G(a) of the Internal  
 47.5 Revenue Code.

47.6 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
 47.7 December 31, 2013.

47.8 Sec. 62. Minnesota Statutes 2012, section 290.01, subdivision 19f, is amended to read:

47.9 Subd. 19f. **Basis modifications affecting gain or loss on disposition of property.**

47.10 (a) For individuals, estates, and trusts, the basis of property is its adjusted basis for federal  
 47.11 income tax purposes except as set forth in paragraphs (e) and (f), ~~(g)~~, and ~~(m)~~. For  
 47.12 corporations, the basis of property is its adjusted basis for federal income tax purposes,  
 47.13 without regard to the time when the property became subject to tax under this chapter or to  
 47.14 whether out-of-state losses or items of tax preference with respect to the property were not  
 47.15 deductible under this chapter, except that the modifications to the basis for federal income  
 47.16 tax purposes set forth in paragraphs (b) to ~~(j)~~ (i) are allowed to corporations, and the  
 47.17 resulting modifications to federal taxable income must be made in the year in which gain  
 47.18 or loss on the sale or other disposition of property is recognized.

47.19 (b) The basis of property shall not be reduced to reflect federal investment tax credit.

47.20 ~~(c) The basis of property subject to the accelerated cost recovery system under~~  
 47.21 ~~section 168 of the Internal Revenue Code shall be modified to reflect the modifications in~~  
 47.22 ~~depreciation with respect to the property provided for in subdivision 19c. For certified~~  
 47.23 ~~pollution control facilities for which amortization deductions were elected under section~~  
 47.24 ~~169 of the Internal Revenue Code of 1954, the basis of the property must be increased by~~  
 47.25 ~~the amount of the amortization deduction not previously allowed under this chapter.~~

47.26 ~~(d)~~ For property acquired before January 1, 1933, the basis for computing a gain is  
 47.27 the fair market value of the property as of that date. The basis for determining a loss is  
 47.28 the cost of the property to the taxpayer less any depreciation, amortization, or depletion,  
 47.29 actually sustained before that date. If the adjusted cost exceeds the fair market value of the  
 47.30 property, then the basis is the adjusted cost regardless of whether there is a gain or loss.

47.31 ~~(e)~~ (d) The basis is reduced by the allowance for amortization of bond premium if  
 47.32 an election to amortize was made pursuant to Minnesota Statutes 1986, section 290.09,  
 47.33 subdivision 13, and the allowance could have been deducted by the taxpayer under this  
 47.34 chapter during the period of the taxpayer's ownership of the property.

48.1 ~~(f)~~ (e) For assets placed in service before January 1, 1987, corporations, partnerships,  
 48.2 or individuals engaged in the business of mining ores other than iron ore or taconite  
 48.3 concentrates subject to the occupation tax under chapter 298 must use the occupation  
 48.4 tax basis of property used in that business.

48.5 ~~(g)~~ (f) For assets placed in service before January 1, 1990, corporations, partnerships,  
 48.6 or individuals engaged in the business of mining iron ore or taconite concentrates subject  
 48.7 to the occupation tax under chapter 298 must use the occupation tax basis of property  
 48.8 used in that business.

48.9 ~~(h)~~ (g) In applying the provisions of sections 301(c)(3)(B), 312(f) and (g), and  
 48.10 316(a)(1) of the Internal Revenue Code, the dates December 31, 1932, and January 1,  
 48.11 1933, shall be substituted for February 28, 1913, and March 1, 1913, respectively.

48.12 ~~(i)~~ (h) In applying the provisions of section 362(a) and (c) of the Internal Revenue  
 48.13 Code, the date December 31, 1956, shall be substituted for June 22, 1954.

48.14 ~~(j)~~ (i) The basis of property shall be increased by the amount of intangible drilling  
 48.15 costs not previously allowed due to differences between this chapter and the Internal  
 48.16 Revenue Code.

48.17 ~~(k)~~ (j) The adjusted basis of any corporate partner's interest in a partnership is  
 48.18 the same as the adjusted basis for federal income tax purposes modified as required to  
 48.19 reflect the basis modifications set forth in paragraphs (b) to ~~(j)~~ (i). The adjusted basis  
 48.20 of a partnership in which the partner is an individual, estate, or trust is the same as the  
 48.21 adjusted basis for federal income tax purposes modified as required to reflect the basis  
 48.22 modifications set forth in paragraphs (e) and (f) and (g).

48.23 ~~(l)~~ (k) The modifications contained in paragraphs (b) to ~~(j)~~ (i) also apply to the basis  
 48.24 of property that is determined by reference to the basis of the same property in the hands  
 48.25 of a different taxpayer or by reference to the basis of different property.

48.26 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
 48.27 December 31, 2013.

48.28 Sec. 63. Minnesota Statutes 2012, section 290.01, subdivision 29, is amended to read:

48.29 Subd. 29. **Taxable income.** The term "taxable income" means:

48.30 (1) for individuals, estates, and trusts, the same as taxable net income;

48.31 (2) for corporations, the taxable net income less

48.32 (i) the net operating loss deduction under section 290.095;

48.33 (ii) the dividends received deduction under section 290.21, subdivision 4; and

48.34 (iii) the exemption for operating in a job opportunity building zone under section  
 48.35 469.317; and.



49.1 ~~(iv) the exemption for operating in a biotechnology and health sciences industry~~  
 49.2 ~~zone under section 469.337.~~

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

49.5 Sec. 64. Minnesota Statutes 2012, section 290.015, subdivision 1, is amended to read:

49.6 Subdivision 1. **General rule.** (a) Except as provided in subdivision 3, a person  
 49.7 that conducts a trade or business that has a place of business in this state, regularly has  
 49.8 employees or independent contractors conducting business activities on its behalf in this  
 49.9 state, or owns or leases real property that is located in this state or tangible personal  
 49.10 property, including but not limited to mobile property, that is present in this state is subject  
 49.11 to the taxes imposed by this chapter.

49.12 (b) Except as provided in subdivision 3, a person that conducts a trade or business  
 49.13 not described in paragraph (a) is subject to the taxes imposed by this chapter if the trade  
 49.14 or business obtains or regularly solicits business from within this state, without regard  
 49.15 to physical presence in this state.

49.16 (c) For purposes of paragraph (b), business from within this state includes, but is  
 49.17 not limited to:

49.18 (1) sales of products or services of any kind or nature to customers in this state who  
 49.19 receive the product or service in this state;

49.20 (2) sales of services which are performed from outside this state but the services  
 49.21 are received in this state;

49.22 (3) transactions with customers in this state that involve intangible property and  
 49.23 result in receipts attributed to this state as provided in section 290.191, subdivision 5 or 6;

49.24 (4) leases of tangible personal property that is located in this state as defined in  
 49.25 section 290.191, subdivision 5, paragraph (g), or 6, paragraph (e); and

49.26 (5) sales and leases of real property located in this state.

49.27 (d) For purposes of paragraph (b), solicitation includes, but is not limited to:

49.28 (1) the distribution, by mail or otherwise, without regard to the state from which such  
 49.29 distribution originated or in which the materials were prepared, of catalogs, periodicals,  
 49.30 advertising flyers, or other written solicitations of business to customers in this state;

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

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

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

50.1 (5) advertisements in a Minnesota edition of a national or regional publication or a  
 50.2 limited regional edition of which this state is included of a broader regional or national  
 50.3 publication which are not placed in other geographically defined editions of the same issue  
 50.4 of the same publication;

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

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

50.9 (8) any other solicitation by telegraph, telephone, computer database, cable, optic,  
 50.10 microwave, or other communication system.

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

50.12 Sec. 65. Minnesota Statutes 2012, section 290.07, subdivision 1, is amended to read:

50.13 Subdivision 1. **Annual accounting period.** Net income and taxable net income  
 50.14 shall be computed upon the basis of the taxpayer's annual accounting period. If a taxpayer  
 50.15 has no annual accounting period, or has one other than a fiscal year, ~~as heretofore defined,~~  
 50.16 the net income and taxable net income shall be computed on the basis of the calendar year.  
 50.17 Taxpayers shall employ the same accounting period on which they report, or would be  
 50.18 required to report, their net income under the Internal Revenue Code. The commissioner  
 50.19 shall provide by rule for the determination of the accounting period for taxpayers who file  
 50.20 a combined report under section 290.17, subdivision 4, when members of the group use  
 50.21 different accounting periods for federal income tax purposes. ~~Unless the taxpayer changes~~  
 50.22 ~~its accounting period for federal purposes, the due date of the return is not changed.~~

50.23 ~~A taxpayer may change accounting periods only with the consent of the~~  
 50.24 ~~commissioner. In case of any such change, the taxpayer shall pay a tax for the period~~  
 50.25 ~~not included in either the taxpayer's former or newly adopted taxable year, computed as~~  
 50.26 ~~provided in section 290.32.~~

50.27 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
 50.28 December 31, 2013.

50.29 Sec. 66. Minnesota Statutes 2012, section 290.07, subdivision 2, is amended to read:

50.30 Subd. 2. **Accounting methods.** Except as specifically provided to the contrary by  
 50.31 this chapter, net income and taxable net income shall be computed in accordance with  
 50.32 the method of accounting regularly employed in keeping the taxpayer's books. If no such  
 50.33 accounting system has been regularly employed, or if that employed does not clearly or

51.1 fairly reflect income or the income taxable under this chapter, the computation shall be  
 51.2 made in accordance with such method as in the opinion of the commissioner does clearly  
 51.3 and fairly reflect income and the income taxable under this chapter.

51.4 ~~Except as otherwise expressly provided in this chapter, a taxpayer who changes the~~  
 51.5 ~~method of accounting for regularly computing the taxpayer's income in keeping books~~  
 51.6 ~~shall, before computing net income and taxable net income under the new method, secure~~  
 51.7 ~~the consent of the commissioner.~~

51.8 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
 51.9 December 31, 2013.

51.10 Sec. 67. Minnesota Statutes 2013 Supplement, section 290.0921, subdivision 3,  
 51.11 is amended to read:

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

51.19 ~~(1) For purposes of the depreciation adjustments under section 56(a)(1) and~~  
 51.20 ~~56(g)(4)(A) of the Internal Revenue Code, the basis for depreciable property placed in~~  
 51.21 ~~service in a taxable year beginning before January 1, 1990, is the adjusted basis for federal~~  
 51.22 ~~income tax purposes, including any modification made in a taxable year under section~~  
 51.23 ~~290.01, subdivision 19c, or Minnesota Statutes 1986, section 290.09, subdivision 7,~~  
 51.24 ~~paragraph (c).~~

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

51.29 ~~(2)~~ (1) The portion of the depreciation deduction allowed for federal income tax  
 51.30 purposes under section 168(k) of the Internal Revenue Code that is required as an  
 51.31 addition under section 290.01, subdivision 19c, clause (12), is disallowed in determining  
 51.32 alternative minimum taxable income.

51.33 ~~(3)~~ (2) The subtraction for depreciation allowed under section 290.01, subdivision  
 51.34 19d, clause ~~(15)~~ (14), is allowed as a depreciation deduction in determining alternative  
 51.35 minimum taxable income.

52.1 ~~(4)~~ (3) The alternative tax net operating loss deduction under sections 56(a)(4) and  
 52.2 56(d) of the Internal Revenue Code does not apply.

52.3 ~~(5)~~ (4) The special rule for certain dividends under section 56(g)(4)(C)(ii) of the  
 52.4 Internal Revenue Code does not apply.

52.5 ~~(6)~~ (5) The tax preference for depletion under section 57(a)(1) of the Internal  
 52.6 Revenue Code does not apply.

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

52.10 ~~(8)~~ (6) The tax preference for tax exempt interest under section 57(a)(5) of the  
 52.11 Internal Revenue Code does not apply.

52.12 ~~(9)~~ (7) The tax preference for charitable contributions of appreciated property under  
 52.13 section 57(a)(6) of the Internal Revenue Code does not apply.

52.14 ~~(10)~~ For purposes of calculating the tax preference for accelerated depreciation or  
 52.15 amortization on certain property placed in service before January 1, 1987, under section  
 52.16 57(a)(7) of the Internal Revenue Code, the deduction allowable for the taxable year is the  
 52.17 deduction allowed under section 290.01, subdivision 19e.

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

52.21 ~~(11)~~ (8) For purposes of calculating the adjustment for adjusted current earnings  
 52.22 in section 56(g) of the Internal Revenue Code, the term "alternative minimum taxable  
 52.23 income" as it is used in section 56(g) of the Internal Revenue Code, means alternative  
 52.24 minimum taxable income as defined in this subdivision, determined without regard to the  
 52.25 adjustment for adjusted current earnings in section 56(g) of the Internal Revenue Code.

52.26 ~~(12)~~ (9) For purposes of determining the amount of adjusted current earnings under  
 52.27 section 56(g)(3) of the Internal Revenue Code, no adjustment shall be made under section  
 52.28 56(g)(4) of the Internal Revenue Code with respect to (i) the amount of foreign dividend  
 52.29 gross-up subtracted as provided in section 290.01, subdivision 19d, clause (1), or (ii) the  
 52.30 amount of refunds of income, excise, or franchise taxes subtracted as provided in section  
 52.31 290.01, subdivision 19d, clause (9).

52.32 ~~(13)~~ (10) Alternative minimum taxable income excludes the income from operating  
 52.33 in a job opportunity building zone as provided under section 469.317.

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

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

53.3 **EFFECTIVE DATE.** The amendments striking clauses (1), (7), and (10), and  
53.4 the renumbering of clauses are effective for taxable years beginning after December  
53.5 31, 2013. The amendment striking clause (14) is effective for taxable years beginning  
53.6 after December 31, 2015.

53.7 Sec. 68. Minnesota Statutes 2012, section 290.0922, subdivision 3, is amended to read:

53.8 Subd. 3. **Definitions.** (a) "Minnesota sales or receipts" means the total sales  
53.9 apportioned to Minnesota pursuant to section 290.191, subdivision 5, the total receipts  
53.10 attributed to Minnesota pursuant to section 290.191, subdivisions 6 to 8, and/or the  
53.11 total sales or receipts apportioned or attributed to Minnesota pursuant to any other  
53.12 apportionment formula applicable to the taxpayer.

53.13 (b) "Minnesota property" means total Minnesota tangible property as provided in  
53.14 section 290.191, subdivisions 9 to 11, any other tangible property located in Minnesota,  
53.15 but does not include: ~~(1) the property of a qualified business as defined under section~~  
53.16 ~~469.310, subdivision 11, that is located in a job opportunity building zone designated~~  
53.17 ~~under section 469.314 and (2) property of a qualified business located in a biotechnology~~  
53.18 ~~and health sciences industry zone designated under section 469.334.~~ Intangible property  
53.19 shall not be included in Minnesota property for purposes of this section. Taxpayers who  
53.20 do not utilize tangible property to apportion income shall nevertheless include Minnesota  
53.21 property for purposes of this section. On a return for a short taxable year, the amount of  
53.22 Minnesota property owned, as determined under section 290.191, shall be included in  
53.23 Minnesota property based on a fraction in which the numerator is the number of days in  
53.24 the short taxable year and the denominator is 365.

53.25 (c) "Minnesota payrolls" means total Minnesota payrolls as provided in section  
53.26 290.191, subdivision 12, but does not include: ~~(1) the job opportunity building zone payroll~~  
53.27 ~~under section 469.310, subdivision 8, of a qualified business as defined under section~~  
53.28 ~~469.310, subdivision 11, and (2) biotechnology and health sciences industry zone payrolls~~  
53.29 ~~under section 469.330, subdivision 8.~~ Taxpayers who do not utilize payrolls to apportion  
53.30 income shall nevertheless include Minnesota payrolls for purposes of this section.

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

53.33 Sec. 69. Minnesota Statutes 2012, section 290.095, subdivision 3, is amended to read:

54.1 Subd. 3. **Carryover.** (a) A net operating loss incurred ~~in a~~ during the taxable year:  
 54.2 ~~(i) beginning after December 31, 1986,~~ shall be a net operating loss carryover to each of  
 54.3 the 15 taxable years following the taxable year of such loss; ~~(ii) beginning before January~~  
 54.4 ~~1, 1987,~~ shall be a net operating loss carryover to each of the five taxable years following  
 54.5 the taxable year of such loss subject to the provisions of Minnesota Statutes 1986, section  
 54.6 290.095; and ~~(iii) beginning before January 1, 1987,~~ shall be a net operating loss carryback  
 54.7 to each of the three taxable years preceding the loss year subject to the provisions of  
 54.8 Minnesota Statutes 1986, section 290.095.

54.9 (b) The entire amount of the net operating loss for any taxable year shall be carried to  
 54.10 the earliest of the taxable years to which such loss may be carried. The portion of such loss  
 54.11 which shall be carried to each of the other taxable years shall be the excess, if any, of the  
 54.12 amount of such loss over the sum of the taxable net income, adjusted by the modifications  
 54.13 specified in subdivision 4, for each of the taxable years to which such loss may be carried.

54.14 (c) Where a corporation apportions its income under the provisions of section  
 54.15 290.191, the net operating loss deduction incurred in any taxable year shall be allowed  
 54.16 to the extent of the apportionment ratio of the loss year.

54.17 (d) The provisions of sections 381, 382, and 384 of the Internal Revenue Code apply  
 54.18 to carryovers in certain corporate acquisitions and special limitations on net operating loss  
 54.19 carryovers. The limitation amount determined under section 382 shall be applied to net  
 54.20 income, before apportionment, in each post change year to which a loss is carried.

54.21 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
 54.22 December 31, 2013.

54.23 Sec. 70. Minnesota Statutes 2013 Supplement, section 290.191, subdivision 5, is  
 54.24 amended to read:

54.25 Subd. 5. **Determination of sales factor.** For purposes of this section, the following  
 54.26 rules apply in determining the sales factor.

54.27 (a) The sales factor includes all sales, gross earnings, or receipts received in the  
 54.28 ordinary course of the business, except that the following types of income are not included  
 54.29 in the sales factor:

54.30 (1) interest;

54.31 (2) dividends;

54.32 (3) sales of capital assets as defined in section 1221 of the Internal Revenue Code;

54.33 (4) sales of property used in the trade or business, except sales of leased property of  
 54.34 a type which is regularly sold as well as leased; and

55.1 (5) sales of debt instruments as defined in section 1275(a)(1) of the Internal Revenue  
55.2 Code or sales of stock.

55.3 (b) Sales of tangible personal property are made within this state if the property is  
55.4 received by a purchaser at a point within this state, ~~and the taxpayer is taxable in this state,~~  
55.5 regardless of the f.o.b. point, other conditions of the sale, or the ultimate destination  
55.6 of the property.

55.7 (c) Tangible personal property delivered to a common or contract carrier or foreign  
55.8 vessel for delivery to a purchaser in another state or nation is a sale in that state or nation,  
55.9 regardless of f.o.b. point or other conditions of the sale.

55.10 (d) Notwithstanding paragraphs (b) and (c), when intoxicating liquor, wine,  
55.11 fermented malt beverages, cigarettes, or tobacco products are sold to a purchaser who is  
55.12 licensed by a state or political subdivision to resell this property only within the state of  
55.13 ultimate destination, the sale is made in that state.

55.14 (e) Sales made by or through a corporation that is qualified as a domestic  
55.15 international sales corporation under section 992 of the Internal Revenue Code are not  
55.16 considered to have been made within this state.

55.17 (f) Sales, rents, royalties, and other income in connection with real property is  
55.18 attributed to the state in which the property is located.

55.19 (g) Receipts from the lease or rental of tangible personal property, including finance  
55.20 leases and true leases, must be attributed to this state if the property is located in this  
55.21 state and to other states if the property is not located in this state. Receipts from the  
55.22 lease or rental of moving property including, but not limited to, motor vehicles, rolling  
55.23 stock, aircraft, vessels, or mobile equipment are included in the numerator of the receipts  
55.24 factor to the extent that the property is used in this state. The extent of the use of moving  
55.25 property is determined as follows:

55.26 (1) A motor vehicle is used wholly in the state in which it is registered.

55.27 (2) The extent that rolling stock is used in this state is determined by multiplying  
55.28 the receipts from the lease or rental of the rolling stock by a fraction, the numerator of  
55.29 which is the miles traveled within this state by the leased or rented rolling stock and the  
55.30 denominator of which is the total miles traveled by the leased or rented rolling stock.

55.31 (3) The extent that an aircraft is used in this state is determined by multiplying the  
55.32 receipts from the lease or rental of the aircraft by a fraction, the numerator of which is  
55.33 the number of landings of the aircraft in this state and the denominator of which is the  
55.34 total number of landings of the aircraft.

55.35 (4) The extent that a vessel, mobile equipment, or other mobile property is used in  
55.36 the state is determined by multiplying the receipts from the lease or rental of the property

56.1 by a fraction, the numerator of which is the number of days during the taxable year the  
56.2 property was in this state and the denominator of which is the total days in the taxable year.

56.3 (h) Royalties and other income received for the use of or for the privilege of using  
56.4 intangible property, including patents, know-how, formulas, designs, processes, patterns,  
56.5 copyrights, trade names, service names, franchises, licenses, contracts, customer lists, or  
56.6 similar items, must be attributed to the state in which the property is used by the purchaser.  
56.7 If the property is used in more than one state, the royalties or other income must be  
56.8 apportioned to this state pro rata according to the portion of use in this state. If the portion  
56.9 of use in this state cannot be determined, the royalties or other income must be excluded  
56.10 from both the numerator and the denominator. Intangible property is used in this state if  
56.11 the purchaser uses the intangible property or the rights therein in the regular course of its  
56.12 business operations in this state, regardless of the location of the purchaser's customers.

56.13 (i) Sales of intangible property are made within the state in which the property is  
56.14 used by the purchaser. If the property is used in more than one state, the sales must be  
56.15 apportioned to this state pro rata according to the portion of use in this state. If the  
56.16 portion of use in this state cannot be determined, the sale must be excluded from both the  
56.17 numerator and the denominator of the sales factor. Intangible property is used in this  
56.18 state if the purchaser used the intangible property in the regular course of its business  
56.19 operations in this state.

56.20 (j) Receipts from the performance of services must be attributed to the state where  
56.21 the services are received. For the purposes of this section, receipts from the performance  
56.22 of services provided to a corporation, partnership, or trust may only be attributed to a state  
56.23 where it has a fixed place of doing business. If the state where the services are received is  
56.24 not readily determinable or is a state where the corporation, partnership, or trust receiving  
56.25 the service does not have a fixed place of doing business, the services shall be deemed  
56.26 to be received at the location of the office of the customer from which the services were  
56.27 ordered in the regular course of the customer's trade or business. If the ordering office  
56.28 cannot be determined, the services shall be deemed to be received at the office of the  
56.29 customer to which the services are billed.

56.30 (k) For the purposes of this subdivision and subdivision 6, paragraph (l), receipts  
56.31 from management, distribution, or administrative services performed by a corporation  
56.32 or trust for a fund of a corporation or trust regulated under United States Code, title 15,  
56.33 sections 80a-1 through 80a-64, must be attributed to the state where the shareholder of  
56.34 the fund resides. Under this paragraph, receipts for services attributed to shareholders are  
56.35 determined on the basis of the ratio of: (1) the average of the outstanding shares in the  
56.36 fund owned by shareholders residing within Minnesota at the beginning and end of each



57.1 year; and (2) the average of the total number of outstanding shares in the fund at the  
 57.2 beginning and end of each year. Residence of the shareholder, in the case of an individual,  
 57.3 is determined by the mailing address furnished by the shareholder to the fund. Residence  
 57.4 of the shareholder, when the shares are held by an insurance company as a depositor for  
 57.5 the insurance company policyholders, is the mailing address of the policyholders. In  
 57.6 the case of an insurance company holding the shares as a depositor for the insurance  
 57.7 company policyholders, if the mailing address of the policyholders cannot be determined  
 57.8 by the taxpayer, the receipts must be excluded from both the numerator and denominator.  
 57.9 Residence of other shareholders is the mailing address of the shareholder.

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

57.11 Sec. 71. Minnesota Statutes 2012, section 290.9728, subdivision 2, is amended to read:

57.12 Subd. 2. **Taxable income.** For purposes of this section, taxable income means  
 57.13 the lesser of:

57.14 (1) the amount of the net capital gain of the S corporation for the taxable year, as  
 57.15 determined under sections 1222 and 1374 of the Internal Revenue Code, and subject to the  
 57.16 modifications provided in section 290.01, ~~subdivisions 19e and~~ subdivision 19f, in excess  
 57.17 of \$25,000 that is allocable to this state under section 290.17, 290.191, or 290.20; or

57.18 (2) the amount of the S corporation's federal taxable income, subject to the  
 57.19 provisions of section 290.01, subdivisions 19c to 19f, that is allocable to this state under  
 57.20 section 290.17, 290.191, or 290.20.

57.21 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
 57.22 December 31, 2013.

57.23 Sec. 72. Minnesota Statutes 2013 Supplement, section 297A.61, subdivision 3, is  
 57.24 amended to read:

57.25 Subd. 3. **Sale and purchase.** (a) "Sale" and "purchase" include, but are not limited  
 57.26 to, each of the transactions listed in this subdivision. In applying the provisions of this  
 57.27 chapter, the terms "tangible personal property" and "retail sale" include the taxable  
 57.28 services listed in paragraph (g), clause (6), items (i) to (vi) and (viii), and the provision  
 57.29 of these taxable services, unless specifically provided otherwise. Services performed by  
 57.30 an employee for an employer are not taxable. Services performed by a partnership or  
 57.31 association for another partnership or association are not taxable if one of the entities owns  
 57.32 or controls more than 80 percent of the voting power of the equity interest in the other  
 57.33 entity. Services performed between members of an affiliated group of corporations are not

58.1 taxable. For purposes of the preceding sentence, "affiliated group of corporations" means  
58.2 those entities that would be classified as members of an affiliated group as defined under  
58.3 United States Code, title 26, section 1504, disregarding the exclusions in section 1504(b).

58.4 (b) Sale and purchase include:

58.5 (1) any transfer of title or possession, or both, of tangible personal property, whether  
58.6 absolutely or conditionally, for a consideration in money or by exchange or barter; and

58.7 (2) the leasing of or the granting of a license to use or consume, for a consideration  
58.8 in money or by exchange or barter, tangible personal property, other than a manufactured  
58.9 home used for residential purposes for a continuous period of 30 days or more.

58.10 (c) Sale and purchase include the production, fabrication, printing, or processing of  
58.11 tangible personal property for a consideration for consumers who furnish either directly or  
58.12 indirectly the materials used in the production, fabrication, printing, or processing.

58.13 (d) Sale and purchase include the preparing for a consideration of food.

58.14 Notwithstanding section 297A.67, subdivision 2, taxable food includes, but is not limited  
58.15 to, the following:

58.16 (1) prepared food sold by the retailer;

58.17 (2) soft drinks;

58.18 (3) candy;

58.19 (4) dietary supplements; and

58.20 (5) all food sold through vending machines.

58.21 (e) A sale and a purchase includes the furnishing for a consideration of electricity,  
58.22 gas, water, or steam for use or consumption within this state.

58.23 (f) A sale and a purchase includes the transfer for a consideration of prewritten  
58.24 computer software whether delivered electronically, by load and leave, or otherwise.

58.25 (g) A sale and a purchase includes the furnishing for a consideration of the following  
58.26 services:

58.27 (1) the privilege of admission to places of amusement, recreational areas, or athletic  
58.28 events, and the making available of amusement devices, tanning facilities, reducing  
58.29 salons, steam baths, ~~Turkish baths~~, health clubs, and spas or athletic facilities;

58.30 (2) lodging and related services by a hotel, rooming house, resort, campground,  
58.31 motel, or trailer camp, including furnishing the guest of the facility with access to  
58.32 telecommunication services, and the granting of any similar license to use real property in  
58.33 a specific facility, other than the renting or leasing of it for a continuous period of 30 days  
58.34 or more under an enforceable written agreement that may not be terminated without prior  
58.35 notice and including accommodations intermediary services provided in connection with  
58.36 other services provided under this clause;

59.1 (3) nonresidential parking services, whether on a contractual, hourly, or other  
59.2 periodic basis, except for parking at a meter;

59.3 (4) the granting of membership in a club, association, or other organization if:

59.4 (i) the club, association, or other organization makes available for the use of its  
59.5 members sports and athletic facilities, without regard to whether a separate charge is  
59.6 assessed for use of the facilities; and

59.7 (ii) use of the sports and athletic facility is not made available to the general public  
59.8 on the same basis as it is made available to members.

59.9 Granting of membership means both onetime initiation fees and periodic membership  
59.10 dues. Sports and athletic facilities include golf courses; tennis, racquetball, handball, and  
59.11 squash courts; basketball and volleyball facilities; running tracks; exercise equipment;  
59.12 swimming pools; and other similar athletic or sports facilities;

59.13 (5) delivery of aggregate materials by a third party, excluding delivery of aggregate  
59.14 material used in road construction; and delivery of concrete block by a third party if the  
59.15 delivery would be subject to the sales tax if provided by the seller of the concrete block.

59.16 For purposes of this clause, "road construction" means construction of:

59.17 (i) public roads;

59.18 (ii) cartways; and

59.19 (iii) private roads in townships located outside of the seven-county metropolitan area  
59.20 up to the point of the emergency response location sign; and

59.21 (6) services as provided in this clause:

59.22 (i) laundry and dry cleaning services including cleaning, pressing, repairing, altering,  
59.23 and storing clothes, linen services and supply, cleaning and blocking hats, and carpet,  
59.24 drapery, upholstery, and industrial cleaning. Laundry and dry cleaning services do not  
59.25 include services provided by coin operated facilities operated by the customer;

59.26 (ii) motor vehicle washing, waxing, and cleaning services, including services  
59.27 provided by coin operated facilities operated by the customer, and rustproofing,  
59.28 undercoating, and towing of motor vehicles;

59.29 (iii) building and residential cleaning, maintenance, and disinfecting services and  
59.30 pest control and exterminating services;

59.31 (iv) detective, security, burglar, fire alarm, and armored car services; but not  
59.32 including services performed within the jurisdiction they serve by off-duty licensed peace  
59.33 officers as defined in section 626.84, subdivision 1, or services provided by a nonprofit  
59.34 organization or any organization at the direction of a county for monitoring and electronic  
59.35 surveillance of persons placed on in-home detention pursuant to court order or under the  
59.36 direction of the Minnesota Department of Corrections;

60.1 (v) pet grooming services;

60.2 (vi) lawn care, fertilizing, mowing, spraying and sprigging services; garden planting  
60.3 and maintenance; tree, bush, and shrub pruning, bracing, spraying, and surgery; indoor  
60.4 plant care; tree, bush, shrub, and stump removal, except when performed as part of a land  
60.5 clearing contract as defined in section 297A.68, subdivision 40; and tree trimming for  
60.6 public utility lines. Services performed under a construction contract for the installation of  
60.7 shrubbery, plants, sod, trees, bushes, and similar items are not taxable;

60.8 (vii) massages, except when provided by a licensed health care facility or  
60.9 professional or upon written referral from a licensed health care facility or professional for  
60.10 treatment of illness, injury, or disease; and

60.11 (viii) the furnishing of lodging, board, and care services for animals in kennels and  
60.12 other similar arrangements, but excluding veterinary and horse boarding services.

60.13 (h) A sale and a purchase includes the furnishing for a consideration of tangible  
60.14 personal property or taxable services by the United States or any of its agencies or  
60.15 instrumentalities, or the state of Minnesota, its agencies, instrumentalities, or political  
60.16 subdivisions.

60.17 (i) A sale and a purchase includes the furnishing for a consideration of  
60.18 telecommunications services, ancillary services associated with telecommunication  
60.19 services, and pay television services. Telecommunication services include, but are  
60.20 not limited to, the following services, as defined in section 297A.669: air-to-ground  
60.21 radiotelephone service, mobile telecommunication service, postpaid calling service,  
60.22 prepaid calling service, prepaid wireless calling service, and private communication  
60.23 services. The services in this paragraph are taxed to the extent allowed under federal law.

60.24 (j) A sale and a purchase includes the furnishing for a consideration of installation if  
60.25 the installation charges would be subject to the sales tax if the installation were provided  
60.26 by the seller of the item being installed.

60.27 (k) A sale and a purchase includes the rental of a vehicle by a motor vehicle dealer  
60.28 to a customer when (1) the vehicle is rented by the customer for a consideration, or (2)  
60.29 the motor vehicle dealer is reimbursed pursuant to a service contract as defined in section  
60.30 59B.02, subdivision 11.

60.31 (l) A sale and a purchase includes furnishing for a consideration of specified digital  
60.32 products or other digital products or granting the right for a consideration to use specified  
60.33 digital products or other digital products on a temporary or permanent basis and regardless  
60.34 of whether the purchaser is required to make continued payments for such right. Wherever  
60.35 the term "tangible personal property" is used in this chapter, other than in subdivisions 10

61.1 and 38, the provisions also apply to specified digital products, or other digital products,  
61.2 unless specifically provided otherwise or the context indicates otherwise.

61.3 (m) A sale and purchase includes the furnishing for consideration of the following  
61.4 services:

61.5 (1) repairing and maintaining electronic and precision equipment, which service can  
61.6 be deducted as a business expense under the Internal Revenue Code. This includes, but  
61.7 is not limited to, repair or maintenance of electronic devices, computers and computer  
61.8 peripherals, monitors, computer terminals, storage devices, and CD-ROM drives; other  
61.9 office equipment such as photocopying machines, printers, and facsimile machines;  
61.10 televisions, stereos, sound systems, video or digital recorders and players; two-way radios  
61.11 and other communications equipment; radar and sonar equipment, scientific instruments,  
61.12 microscopes, and medical equipment;

61.13 (2) repairing and maintaining commercial and industrial machinery and equipment.  
61.14 For purposes of this subdivision, the following items are not commercial or industrial  
61.15 machinery and equipment: (i) motor vehicles; (ii) furniture and fixtures; (iii) ships; (iv)  
61.16 railroad stock; and (v) aircraft; and

61.17 (3) warehousing or storage services for tangible personal property, excluding:

61.18 (i) agricultural products;

61.19 (ii) refrigerated storage;

61.20 (iii) electronic data; and

61.21 (iv) self-storage services and storage of motor vehicles, recreational vehicles, and  
61.22 boats, not eligible to be deducted as a business expense under the Internal Revenue Code.

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

61.24 Sec. 73. Minnesota Statutes 2013 Supplement, section 297A.68, subdivision 5, is  
61.25 amended to read:

61.26 Subd. 5. **Capital equipment.** (a) Capital equipment is exempt.

61.27 "Capital equipment" means machinery and equipment purchased or leased, and used  
61.28 in this state by the purchaser or lessee primarily for manufacturing, fabricating, mining,  
61.29 or refining tangible personal property to be sold ultimately at retail if the machinery and  
61.30 equipment are essential to the integrated production process of manufacturing, fabricating,  
61.31 mining, or refining. Capital equipment also includes machinery and equipment  
61.32 used primarily to electronically transmit results retrieved by a customer of an online  
61.33 computerized data retrieval system.

61.34 (b) Capital equipment includes, but is not limited to:

- 62.1 (1) machinery and equipment used to operate, control, or regulate the production  
62.2 equipment;
- 62.3 (2) machinery and equipment used for research and development, design, quality  
62.4 control, and testing activities;
- 62.5 (3) environmental control devices that are used to maintain conditions such as  
62.6 temperature, humidity, light, or air pressure when those conditions are essential to and are  
62.7 part of the production process;
- 62.8 (4) materials and supplies used to construct and install machinery or equipment;
- 62.9 (5) repair and replacement parts, including accessories, whether purchased as spare  
62.10 parts, repair parts, or as upgrades or modifications to machinery or equipment;
- 62.11 (6) materials used for foundations that support machinery or equipment;
- 62.12 (7) materials used to construct and install special purpose buildings used in the  
62.13 production process;
- 62.14 (8) ready-mixed concrete equipment in which the ready-mixed concrete is mixed  
62.15 as part of the delivery process regardless if mounted on a chassis, repair parts for  
62.16 ready-mixed concrete trucks, and leases of ready-mixed concrete trucks; and
- 62.17 (9) machinery or equipment used for research, development, design, or production  
62.18 of computer software.
- 62.19 (c) Capital equipment does not include the following:
- 62.20 (1) motor vehicles taxed under chapter 297B;
- 62.21 (2) machinery or equipment used to receive or store raw materials;
- 62.22 (3) building materials, except for materials included in paragraph (b), clauses (6)  
62.23 and (7);
- 62.24 (4) machinery or equipment used for nonproduction purposes, including, but not  
62.25 limited to, the following: plant security, fire prevention, first aid, and hospital stations;  
62.26 support operations or administration; pollution control; and plant cleaning, disposal of  
62.27 scrap and waste, plant communications, space heating, cooling, lighting, or safety;
- 62.28 (5) farm machinery and aquaculture production equipment as defined by section  
62.29 297A.61, subdivisions 12 and 13;
- 62.30 (6) machinery or equipment purchased and installed by a contractor as part of an  
62.31 improvement to real property;
- 62.32 (7) machinery and equipment used by restaurants in the furnishing, preparing, or  
62.33 serving of prepared foods as defined in section 297A.61, subdivision 31;
- 62.34 (8) machinery and equipment used to furnish the services listed in section 297A.61,  
62.35 subdivision 3, paragraph (g), clause (6), items (i) to (vi) and (viii);

63.1 (9) machinery or equipment used in the transportation, transmission, or distribution  
63.2 of petroleum, liquefied gas, natural gas, water, or steam, in, by, or through pipes, lines,  
63.3 tanks, mains, or other means of transporting those products. This clause does not apply to  
63.4 machinery or equipment used to blend petroleum or biodiesel fuel as defined in section  
63.5 239.77; or

63.6 (10) any other item that is not essential to the integrated process of manufacturing,  
63.7 fabricating, mining, or refining.

63.8 (d) For purposes of this subdivision:

63.9 (1) "Equipment" means independent devices or tools separate from machinery but  
63.10 essential to an integrated production process, including computers and computer software,  
63.11 used in operating, controlling, or regulating machinery and equipment; and any subunit or  
63.12 assembly comprising a component of any machinery or accessory or attachment parts of  
63.13 machinery, such as tools, dies, jigs, patterns, and molds.

63.14 (2) "Fabricating" means to make, build, create, produce, or assemble components or  
63.15 property to work in a new or different manner.

63.16 (3) "Integrated production process" means a process or series of operations through  
63.17 which tangible personal property is manufactured, fabricated, mined, or refined. For  
63.18 purposes of this clause, (i) manufacturing begins with the removal of raw materials  
63.19 from inventory and ends when the last process prior to loading for shipment has been  
63.20 completed; (ii) fabricating begins with the removal from storage or inventory of the  
63.21 property to be assembled, processed, altered, or modified and ends with the creation  
63.22 or production of the new or changed product; (iii) mining begins with the removal of  
63.23 overburden from the site of the ores, minerals, stone, peat deposit, or surface materials and  
63.24 ends when the last process before stockpiling is completed; and (iv) refining begins with  
63.25 the removal from inventory or storage of a natural resource and ends with the conversion  
63.26 of the item to its completed form.

63.27 (4) "Machinery" means mechanical, electronic, or electrical devices, including  
63.28 computers and computer software, that are purchased or constructed to be used for the  
63.29 activities set forth in paragraph (a), beginning with the removal of raw materials from  
63.30 inventory through completion of the product, including packaging of the product.

63.31 (5) "Machinery and equipment used for pollution control" means machinery and  
63.32 equipment used solely to eliminate, prevent, or reduce pollution resulting from an activity  
63.33 described in paragraph (a).

63.34 (6) "Manufacturing" means an operation or series of operations where raw materials  
63.35 are changed in form, composition, or condition by machinery and equipment and which  
63.36 results in the production of a new article of tangible personal property. For purposes of

64.1 this subdivision, "manufacturing" includes the generation of electricity or steam to be  
64.2 sold at retail.

64.3 (7) "Mining" means the extraction of minerals, ores, stone, or peat.

64.4 (8) "Online data retrieval system" means a system whose cumulation of information  
64.5 is equally available and accessible to all its customers.

64.6 (9) "Primarily" means machinery and equipment used 50 percent or more of the time  
64.7 in an activity described in paragraph (a).

64.8 (10) "Refining" means the process of converting a natural resource to an intermediate  
64.9 or finished product, including the treatment of water to be sold at retail.

64.10 (11) This subdivision does not apply to telecommunications equipment as  
64.11 ~~provided in subdivision 35~~, and does not apply to wire, cable, fiber, poles, or conduit  
64.12 for telecommunications services.

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

64.14 Sec. 74. Minnesota Statutes 2012, section 297A.70, subdivision 10, is amended to read:

64.15 Subd. 10. **Nonprofit tickets or admissions.** (a) Tickets or admissions to an event  
64.16 are exempt if all the gross receipts are recorded as such, in accordance with generally  
64.17 accepted accounting principles, on the books of one or more organizations whose primary  
64.18 mission is to provide an opportunity for citizens of the state to participate in the creation,  
64.19 performance, or appreciation of the arts, and provided that each organization is:

64.20 (1) an organization described in section 501(c)(3) of the Internal Revenue Code  
64.21 in which voluntary contributions make up at least ~~the following~~ five percent of the  
64.22 organization's annual revenue in its most recently completed 12-month fiscal year, or in  
64.23 the current year if the organization has not completed a 12-month fiscal year;

64.24 ~~(i) for sales made after July 31, 2001, and before July 1, 2002, for the organization's~~  
64.25 ~~fiscal year completed in calendar year 2000, three percent;~~

64.26 ~~(ii) for sales made on or after July 1, 2002, and on or before June 30, 2003, for the~~  
64.27 ~~organization's fiscal year completed in calendar year 2001, three percent;~~

64.28 ~~(iii) for sales made on or after July 1, 2003, and on or before June 30, 2004, for the~~  
64.29 ~~organization's fiscal year completed in calendar year 2002, four percent; and~~

64.30 ~~(iv) for sales made in each 12-month period, beginning on July 1, 2004, and each~~  
64.31 ~~subsequent year, for the organization's fiscal year completed in the preceding calendar~~  
64.32 ~~year, five percent;~~

64.33 (2) a municipal board that promotes cultural and arts activities; or



65.1 (3) the University of Minnesota, a state college and university, or a private nonprofit  
 65.2 college or university provided that the event is held at a facility owned by the educational  
 65.3 institution holding the event.

65.4 The exemption only applies if the entire proceeds, after reasonable expenses, are used  
 65.5 solely to provide opportunities for citizens of the state to participate in the creation,  
 65.6 performance, or appreciation of the arts.

65.7 (b) Tickets or admissions to the premises of the Minnesota Zoological Garden are  
 65.8 exempt, provided that the exemption under this paragraph does not apply to tickets or  
 65.9 admissions to performances or events held on the premises unless the performance or  
 65.10 event is sponsored and conducted exclusively by the Minnesota Zoological Board or  
 65.11 employees of the Minnesota Zoological Garden.

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

65.13 Sec. 75. Minnesota Statutes 2013 Supplement, section 297A.75, subdivision 1, is  
 65.14 amended to read:

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

65.18 (1) building materials for an agricultural processing facility exempt under section  
 65.19 297A.71, subdivision 13;

65.20 (2) building materials for mineral production facilities exempt under section  
 65.21 297A.71, subdivision 14;

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

65.23 (4) building materials used in a residence for disabled veterans exempt under section  
 65.24 297A.71, subdivision 11;

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

65.26 ~~(6) building materials for the Long Lake Conservation Center exempt under section~~  
 65.27 ~~297A.71, subdivision 17;~~

65.28 ~~(7) (6)~~ materials and supplies for qualified low-income housing under section  
 65.29 297A.71, subdivision 23;

65.30 ~~(8) (7)~~ materials, supplies, and equipment for municipal electric utility facilities  
 65.31 under section 297A.71, subdivision 35;

65.32 ~~(9) (8)~~ equipment and materials used for the generation, transmission, and  
 65.33 distribution of electrical energy and an aerial camera package exempt under section  
 65.34 297A.68, subdivision 37;

66.1 ~~(10)~~ (9) commuter rail vehicle and repair parts under section 297A.70, subdivision  
66.2 3, paragraph (a), clause (10);

66.3 ~~(11)~~ (10) materials, supplies, and equipment for construction or improvement of  
66.4 projects and facilities under section 297A.71, subdivision 40;

66.5 ~~(12)~~ (11) materials, supplies, and equipment for construction or improvement of a  
66.6 meat processing facility exempt under section 297A.71, subdivision 41;

66.7 ~~(13)~~ (12) materials, supplies, and equipment for construction, improvement, or  
66.8 expansion of:

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

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

66.13 (iii) a research and development facility exempt under section 297A.71, subdivision  
66.14 46; and

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

66.17 ~~(14)~~ (13) enterprise information technology equipment and computer software for  
66.18 use in a qualified data center exempt under section 297A.68, subdivision 42;

66.19 ~~(15)~~ (14) materials, supplies, and equipment for qualifying capital projects under  
66.20 section 297A.71, subdivision 44;

66.21 ~~(16)~~ (15) items purchased for use in providing critical access dental services exempt  
66.22 under section 297A.70, subdivision 7, paragraph (c); and

66.23 ~~(17)~~ (16) items and services purchased under a business subsidy agreement for use or  
66.24 consumption primarily in greater Minnesota exempt under section 297A.68, subdivision 44.

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

66.26 Sec. 76. Minnesota Statutes 2013 Supplement, section 297A.75, subdivision 2, is  
66.27 amended to read:

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

66.31 (1) for subdivision 1, clauses (1), (2), and ~~(16)~~ (15), the applicant must be the  
66.32 purchaser;

66.33 (2) for subdivision 1, ~~clauses~~ clause (3) and ~~(6)~~, the applicant must be the  
66.34 governmental subdivision;

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

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

67.5 (5) for subdivision 1, clause ~~(7)~~ (6), the owner of the qualified low-income housing  
67.6 project;

67.7 (6) for subdivision 1, clause ~~(8)~~ (7), the applicant must be a municipal electric utility  
67.8 or a joint venture of municipal electric utilities;

67.9 (7) for subdivision 1, clauses ~~(9), (12), (13), (14)~~ (8), (11), (12), (13), and ~~(17)~~ (16),  
67.10 the owner of the qualifying business; and

67.11 (8) for subdivision 1, clauses (9), (10), ~~(11)~~, and ~~(15)~~ (14), the applicant must be the  
67.12 governmental entity that owns or contracts for the project or facility.

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

67.14 Sec. 77. Minnesota Statutes 2013 Supplement, section 297A.75, subdivision 3, is  
67.15 amended to read:

67.16 Subd. 3. **Application.** (a) The application must include sufficient information  
67.17 to permit the commissioner to verify the tax paid. If the tax was paid by a contractor,  
67.18 subcontractor, or builder, under subdivision 1, clauses (3) to ~~(15)~~ (13), or ~~(17)~~ (15), the  
67.19 contractor, subcontractor, or builder must furnish to the refund applicant a statement  
67.20 including the cost of the exempt items and the taxes paid on the items unless otherwise  
67.21 specifically provided by this subdivision. The provisions of sections 289A.40 and  
67.22 289A.50 apply to refunds under this section.

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

67.25 ~~(c) Total refunds for purchases of items in section 297A.71, subdivision 40, must not~~  
67.26 ~~exceed \$5,000,000 in fiscal years 2010 and 2011. Applications for refunds for purchases~~  
67.27 ~~of items in sections 297A.70, subdivision 3, paragraph (a), clause (11), and 297A.71,~~  
67.28 ~~subdivision 40, must not be filed until after June 30, 2009.~~

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

67.30 Sec. 78. Minnesota Statutes 2012, section 297A.94, is amended to read:

67.31 **297A.94 DEPOSIT OF REVENUES.**

68.1 (a) Except as provided in this section, the commissioner shall deposit the revenues,  
68.2 including interest and penalties, derived from the taxes imposed by this chapter in the state  
68.3 treasury and credit them to the general fund.

68.4 (b) The commissioner shall deposit taxes in the Minnesota agricultural and economic  
68.5 account in the special revenue fund if:

68.6 (1) the taxes are derived from sales and use of property and services purchased for  
68.7 the construction and operation of an agricultural resource project; and

68.8 (2) the purchase was made on or after the date on which a conditional commitment  
68.9 was made for a loan guaranty for the project under section 41A.04, subdivision 3.

68.10 The commissioner of management and budget shall certify to the commissioner the date  
68.11 on which the project received the conditional commitment. The amount deposited in  
68.12 the loan guaranty account must be reduced by any refunds and by the costs incurred by  
68.13 the Department of Revenue to administer and enforce the assessment and collection of  
68.14 the taxes.

68.15 (c) The commissioner shall deposit the revenues, including interest and penalties,  
68.16 derived from the taxes imposed on sales and purchases included in section 297A.61,  
68.17 subdivision 3, paragraph (g), clauses (1) and (4), in the state treasury, and credit them  
68.18 as follows:

68.19 (1) first to the general obligation special tax bond debt service account in each fiscal  
68.20 year the amount required by section 16A.661, subdivision 3, paragraph (b); and

68.21 (2) after the requirements of clause (1) have been met, the balance to the general fund.

68.22 (d) The commissioner shall deposit the revenues, including interest and penalties,  
68.23 collected under section 297A.64, subdivision 5, in the state treasury and credit them to the  
68.24 general fund. By July 15 of each year the commissioner shall transfer to the highway user  
68.25 tax distribution fund an amount equal to the excess fees collected under section 297A.64,  
68.26 subdivision 5, for the previous calendar year.

68.27 (e) ~~For fiscal year 2001, 97 percent; for fiscal years 2002 and 2003, 87 percent; and~~  
68.28 ~~For fiscal year 2004 and thereafter, 72.43 percent~~ of the revenues, including interest and  
68.29 penalties, transmitted to the commissioner under section 297A.65, must be deposited by  
68.30 the commissioner in the state treasury as follows:

68.31 (1) 50 percent of the receipts must be deposited in the heritage enhancement account  
68.32 in the game and fish fund, and may be spent only on activities that improve, enhance, or  
68.33 protect fish and wildlife resources, including conservation, restoration, and enhancement  
68.34 of land, water, and other natural resources of the state;

68.35 (2) 22.5 percent of the receipts must be deposited in the natural resources fund, and  
68.36 may be spent only for state parks and trails;

69.1 (3) 22.5 percent of the receipts must be deposited in the natural resources fund, and  
 69.2 may be spent only on metropolitan park and trail grants;

69.3 (4) three percent of the receipts must be deposited in the natural resources fund, and  
 69.4 may be spent only on local trail grants; and

69.5 (5) two percent of the receipts must be deposited in the natural resources fund,  
 69.6 and may be spent only for the Minnesota Zoological Garden, the Como Park Zoo and  
 69.7 Conservatory, and the Duluth Zoo.

69.8 (f) The revenue dedicated under paragraph (e) may not be used as a substitute  
 69.9 for traditional sources of funding for the purposes specified, but the dedicated revenue  
 69.10 shall supplement traditional sources of funding for those purposes. Land acquired with  
 69.11 money deposited in the game and fish fund under paragraph (e) must be open to public  
 69.12 hunting and fishing during the open season, except that in aquatic management areas or  
 69.13 on lands where angling easements have been acquired, fishing may be prohibited during  
 69.14 certain times of the year and hunting may be prohibited. At least 87 percent of the money  
 69.15 deposited in the game and fish fund for improvement, enhancement, or protection of fish  
 69.16 and wildlife resources under paragraph (e) must be allocated for field operations.

69.17 (g) The revenues deposited under paragraphs (a) to (f) do not include the revenues,  
 69.18 including interest and penalties, generated by the sales tax imposed under section  
 69.19 297A.62, subdivision 1a, which must be deposited as provided under the Minnesota  
 69.20 Constitution, article XI, section 15.

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

69.22 Sec. 79. Minnesota Statutes 2012, section 297B.09, is amended to read:

69.23 **297B.09 ALLOCATION OF REVENUE.**

69.24 Subdivision 1. **Deposit of revenues.** (a) Money collected and received under this  
 69.25 chapter must be deposited as provided in this subdivision.

69.26 (b) ~~From July 1, 2007, through June 30, 2008, 38.25 percent of the money collected~~  
 69.27 ~~and received must be deposited in the highway user tax distribution fund, 24 percent must~~  
 69.28 ~~be deposited in the metropolitan area transit account under section 16A.88, and 1.5 percent~~  
 69.29 ~~must be deposited in the greater Minnesota transit account under section 16A.88. The~~  
 69.30 ~~remaining money must be deposited in the general fund.~~

69.31 (c) ~~From July 1, 2008, through June 30, 2009, 44.25 percent of the money collected~~  
 69.32 ~~and received must be deposited in the highway user tax distribution fund, 27.75 percent~~  
 69.33 ~~must be deposited in the metropolitan area transit account under section 16A.88, 1.75~~

70.1 percent must be deposited in the ~~greater Minnesota transit account under section 16A.88,~~  
 70.2 ~~and the remaining money must be deposited in the general fund.~~

70.3 ~~(d) From July 1, 2009, through June 30, 2010, 47.5 percent of the money collected~~  
 70.4 ~~and received must be deposited in the highway user tax distribution fund, 30 percent~~  
 70.5 ~~must be deposited in the metropolitan area transit account under section 16A.88, 3.5~~  
 70.6 ~~percent must be deposited in the greater Minnesota transit account under section 16A.88,~~  
 70.7 ~~and 16.25 percent must be deposited in the general fund. The remaining amount must~~  
 70.8 ~~be deposited as follows:~~

70.9 ~~(1) 1.5 percent in the metropolitan area transit account, except that any amount in~~  
 70.10 ~~excess of \$6,000,000 must be deposited in the highway user tax distribution fund; and~~

70.11 ~~(2) 1.25 percent in the greater Minnesota transit account, except that any amount in~~  
 70.12 ~~excess of \$5,000,000 must be deposited in the highway user tax distribution fund.~~

70.13 ~~(e) From July 1, 2010, through June 30, 2011, 54.5 percent of the money collected~~  
 70.14 ~~and received must be deposited in the highway user tax distribution fund, 33.75 percent~~  
 70.15 ~~must be deposited in the metropolitan area transit account under section 16A.88, 3.75~~  
 70.16 ~~percent must be deposited in the greater Minnesota transit account under section 16A.88,~~  
 70.17 ~~and 6.25 percent must be deposited in the general fund. The remaining amount must~~  
 70.18 ~~be deposited as follows:~~

70.19 ~~(1) 1.5 percent in the metropolitan area transit account, except that any amount in~~  
 70.20 ~~excess of \$6,750,000 must be deposited in the highway user tax distribution fund; and~~

70.21 ~~(2) 0.25 percent in the greater Minnesota transit account, except that any amount in~~  
 70.22 ~~excess of \$1,250,000 must be deposited in the highway user tax distribution fund.~~

70.23 ~~(f) On and after July 1, 2011, (b) 60 percent of the money collected and received~~  
 70.24 ~~must be deposited in the highway user tax distribution fund, 36 percent must be deposited~~  
 70.25 ~~in the metropolitan area transit account under section 16A.88, and four percent must be~~  
 70.26 ~~deposited in the greater Minnesota transit account under section 16A.88.~~

70.27 ~~(g) (c) It is the intent of the legislature that the allocations under paragraph (f) (b)~~  
 70.28 ~~remain unchanged for fiscal year 2012 and all subsequent fiscal years.~~

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

70.30 Sec. 80. Minnesota Statutes 2012, section 297F.03, subdivision 2, is amended to read:

70.31 Subd. 2. **Form of application.** Every application for a cigarette or tobacco products  
 70.32 license shall be made on a form prescribed by the commissioner and shall state the name  
 70.33 and address of the applicant; if the applicant is a firm, partnership, or association, the name  
 70.34 and address of each of its members; if the applicant is a corporation, the name and address  
 70.35 of each of its officers; the address of its principal place of business; the place where the

71.1 ~~business to be licensed is to be conducted; and any other information the commissioner~~  
 71.2 ~~may require for the administration of this chapter.~~

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

71.4 Sec. 81. Minnesota Statutes 2012, section 2971.05, subdivision 14, is amended to read:

71.5 Subd. 14. **Life insurance.** A tax is imposed on life insurance. The rate of tax equals  
 71.6 ~~a percentage~~ 1.5 percent of gross premiums less return premiums on all direct business  
 71.7 received by the insurer or agents of the insurer in Minnesota for life insurance, in cash or  
 71.8 otherwise, during the year. ~~For premiums received after December 31, 2005, but before~~  
 71.9 ~~January 1, 2007, the rate of tax is 1.875 percent. For premiums received after December~~  
 71.10 ~~31, 2006, but before January 1, 2008, the rate of tax is 1.75 percent. For premiums~~  
 71.11 ~~received after December 31, 2007, but before January 1, 2009, the rate of tax is 1.625~~  
 71.12 ~~percent. For premiums received after December 31, 2008, the rate of tax is 1.5 percent.~~

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

71.14 Sec. 82. Minnesota Statutes 2012, section 412.131, is amended to read:

71.15 **412.131 ASSESSOR; DUTIES, COMPENSATION.**

71.16 The city assessor, if there is one, shall assess and return as provided by law all  
 71.17 property taxable within the city, if a separate assessment district, and the assessor of the  
 71.18 town within which the city lies shall not include in the return any property taxable in the  
 71.19 city. Any assessor may appoint a deputy assessor as provided in section 273.06. The  
 71.20 assessor may be compensated on a full-time or part-time basis at the option of the council  
 71.21 ~~but the compensation shall be not less than \$100 in any one year, if fixed on an annual~~  
 71.22 ~~basis, or not more than \$20 per day, if fixed on a per diem basis. If the compensation is~~  
 71.23 ~~not fixed by the council the assessor shall be entitled to compensation at the rate of \$20~~  
 71.24 ~~per day for each days service necessarily rendered, and mileage at the rate paid other city~~  
 71.25 ~~officers for each mile necessarily traveled in going to and returning from the county seat of~~  
 71.26 ~~the county to attend any meeting of the assessors of the county legally called by the county~~  
 71.27 ~~auditor, and also for each mile necessarily traveled in making the return of assessment~~  
 71.28 ~~to the proper county officer and in attending sectional meetings called by the county~~  
 71.29 ~~assessor, except when mileage is paid by the county. In addition to other compensation,~~  
 71.30 ~~the council may allow the assessor mileage at the same rate per mile as paid other city~~  
 71.31 ~~officers for each mile necessarily traveled in assessment work.~~

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

72.1 Sec. 83. Minnesota Statutes 2013 Supplement, section 423A.022, subdivision 3,  
72.2 is amended to read:

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

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

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

72.10 ~~(3)~~ (2) the fire departments covered by the voluntary statewide lump-sum volunteer  
72.11 firefighter retirement plan; and

72.12 ~~(4)~~ (3) any other information requested by the commissioner to administer the police  
72.13 and firefighter retirement supplemental state aid program.

72.14 ~~(b) For this subdivision, (i) the number of firefighters employed by a municipality~~  
72.15 ~~who have public employees police and fire retirement plan coverage means the number~~  
72.16 ~~of firefighters with public employees police and fire retirement plan coverage that were~~  
72.17 ~~employed by the municipality for not less than 30 hours per week for a minimum of six~~  
72.18 ~~months prior to December 31 preceding the date of the payment under this section and, if~~  
72.19 ~~the person was employed for less than the full year, prorated to the number of full months~~  
72.20 ~~employed; and (ii) the number of active police officers certified for police state aid receipt~~  
72.21 ~~under section 69.011, subdivisions 2 and 2b, means, for each municipality, the number of~~  
72.22 ~~police officers meeting the definition of peace officer in section 69.011, subdivision 1,~~  
72.23 ~~counted as provided and limited by section 69.011, subdivisions 2 and 2b.~~

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

72.25 Sec. 84. Minnesota Statutes 2012, section 469.176, subdivision 1b, is amended to read:

72.26 Subd. 1b. **Duration limits; terms.** (a) No tax increment shall in any event be  
72.27 paid to the authority:

72.28 (1) after 15 years after receipt by the authority of the first increment for a renewal  
72.29 and renovation district;

72.30 (2) after 20 years after receipt by the authority of the first increment for a soils  
72.31 condition district;

72.32 (3) after eight years after receipt by the authority of the first increment for an  
72.33 economic development district;

72.34 (4) for a housing district, ~~a compact development district,~~ or a redevelopment  
72.35 district, after 25 years from the date of receipt by the authority of the first increment.



73.1 (b) For purposes of determining a duration limit under this subdivision or subdivision  
 73.2 1e that is based on the receipt of an increment, any increments from taxes payable in the year  
 73.3 in which the district terminates shall be paid to the authority. This paragraph does not affect  
 73.4 a duration limit calculated from the date of approval of the tax increment financing plan or  
 73.5 based on the recovery of costs or to a duration limit under subdivision 1c. This paragraph  
 73.6 does not supersede the restrictions on payment of delinquent taxes in subdivision 1f.

73.7 (c) An action by the authority to waive or decline to accept an increment has no  
 73.8 effect for purposes of computing a duration limit based on the receipt of increment under  
 73.9 this subdivision or any other provision of law. The authority is deemed to have received an  
 73.10 increment for any year in which it waived or declined to accept an increment, regardless  
 73.11 of whether the increment was paid to the authority.

73.12 (d) Receipt by a hazardous substance subdistrict of an increment as a result of a  
 73.13 reduction in original net tax capacity under section 469.174, subdivision 7, paragraph  
 73.14 (b), does not constitute receipt of increment by the overlying district for the purpose of  
 73.15 calculating the duration limit under this section.

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

73.17 Sec. 85. Minnesota Statutes 2012, section 469.176, subdivision 3, is amended to read:

73.18 Subd. 3. **Limitation on administrative expenses.** (a) For districts for which  
 73.19 certification was requested before August 1, 1979, or after June 30, 1982 and before  
 73.20 August 1, 2001, no tax increment shall be used to pay any administrative expenses for  
 73.21 a project which exceed ten percent of the total estimated tax increment expenditures  
 73.22 authorized by the tax increment financing plan or the total tax increment expenditures  
 73.23 for the project, whichever is less.

73.24 ~~(b) For districts for which certification was requested after July 31, 1979, and before~~  
 73.25 ~~July 1, 1982, no tax increment shall be used to pay administrative expenses, as defined in~~  
 73.26 ~~Minnesota Statutes 1980, section 273.73, for a district which exceeds five percent of the~~  
 73.27 ~~total tax increment expenditures authorized by the tax increment financing plan or the total~~  
 73.28 ~~estimated tax increment expenditures for the district, whichever is less.~~

73.29 ~~(e)~~ (b) For districts for which certification was requested after July 31, 2001, no tax  
 73.30 increment may be used to pay any administrative expenses for a project which exceed  
 73.31 ten percent of total estimated tax increment expenditures authorized by the tax increment  
 73.32 financing plan or the total tax increments, as defined in section 469.174, subdivision 25,  
 73.33 clause (1), from the district, whichever is less.

73.34 ~~(d)~~ (c) Increments used to pay the county's administrative expenses under  
 73.35 subdivision 4h are not subject to the percentage limits in this subdivision.

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

74.2 Sec. 86. Minnesota Statutes 2013 Supplement, section 469.1763, subdivision 2,  
74.3 is amended to read:

74.4 Subd. 2. **Expenditures outside district.** (a) For each tax increment financing  
74.5 district, an amount equal to at least 75 percent of the total revenue derived from tax  
74.6 increments paid by properties in the district must be expended on activities in the district  
74.7 or to pay bonds, to the extent that the proceeds of the bonds were used to finance activities  
74.8 in the district or to pay, or secure payment of, debt service on credit enhanced bonds.  
74.9 For districts, other than redevelopment districts for which the request for certification  
74.10 was made after June 30, 1995, the in-district percentage for purposes of the preceding  
74.11 sentence is 80 percent. Not more than 25 percent of the total revenue derived from tax  
74.12 increments paid by properties in the district may be expended, through a development fund  
74.13 or otherwise, on activities outside of the district but within the defined geographic area of  
74.14 the project except to pay, or secure payment of, debt service on credit enhanced bonds.  
74.15 For districts, other than redevelopment districts for which the request for certification was  
74.16 made after June 30, 1995, the pooling percentage for purposes of the preceding sentence is  
74.17 20 percent. The revenue derived from tax increments for the district that are expended on  
74.18 costs under section 469.176, subdivision 4h, paragraph (b), may be deducted first before  
74.19 calculating the percentages that must be expended within and without the district.

74.20 (b) In the case of a housing district, a housing project, as defined in section 469.174,  
74.21 subdivision 11, is an activity in the district.

74.22 (c) All administrative expenses are for activities outside of the district, except that  
74.23 if the only expenses for activities outside of the district under this subdivision are for  
74.24 the purposes described in paragraph (d), administrative expenses will be considered as  
74.25 expenditures for activities in the district.

74.26 (d) The authority may elect, in the tax increment financing plan for the district,  
74.27 to increase by up to ten percentage points the permitted amount of expenditures for  
74.28 activities located outside the geographic area of the district under paragraph (a). As  
74.29 permitted by section 469.176, subdivision 4k, the expenditures, including the permitted  
74.30 expenditures under paragraph (a), need not be made within the geographic area of the  
74.31 project. Expenditures that meet the requirements of this paragraph are legally permitted  
74.32 expenditures of the district, notwithstanding section 469.176, subdivisions 4b, 4c, and 4j.  
74.33 To qualify for the increase under this paragraph, the expenditures must:

74.34 (1) be used exclusively to assist housing that meets the requirement for a qualified  
74.35 low-income building, as that term is used in section 42 of the Internal Revenue Code; and

75.1 (2) not exceed the qualified basis of the housing, as defined under section 42(c) of  
 75.2 the Internal Revenue Code, less the amount of any credit allowed under section 42 of  
 75.3 the Internal Revenue Code; and

75.4 (3) be used to:

75.5 (i) acquire and prepare the site of the housing;

75.6 (ii) acquire, construct, or rehabilitate the housing; or

75.7 (iii) make public improvements directly related to the housing; or

75.8 (4) be used to develop housing:

75.9 (i) if the market value of the housing does not exceed the lesser of:

75.10 (A) 150 percent of the average market value of single-family homes in that  
 75.11 municipality; or

75.12 (B) \$200,000 for municipalities located in the metropolitan area, as defined in  
 75.13 section 473.121, or \$125,000 for all other municipalities; and

75.14 (ii) if the expenditures are used to pay the cost of site acquisition, relocation,  
 75.15 demolition of existing structures, site preparation, and pollution abatement on one or  
 75.16 more parcels, if the parcel contains a residence containing one to four family dwelling  
 75.17 units that has been vacant for six or more months and is in foreclosure as defined in  
 75.18 section 325N.10, subdivision 7, but without regard to whether the residence is the owner's  
 75.19 principal residence, and only after the redemption period has expired.

75.20 (e) For a district created within a biotechnology and health sciences industry zone  
 75.21 as defined in Minnesota Statutes 2012, section 469.330, subdivision 6, or for an existing  
 75.22 district located within such a zone, tax increment derived from such a district may be  
 75.23 expended outside of the district but within the zone only for expenditures required for the  
 75.24 construction of public infrastructure necessary to support the activities of the zone, land  
 75.25 acquisition, and other redevelopment costs as defined in section 469.176, subdivision 4j.  
 75.26 These expenditures are considered as expenditures for activities within the district. The  
 75.27 authority provided by this paragraph expires for expenditures made after the later of (1)  
 75.28 December 31, 2015, or (2) the end of the five-year period beginning on the date the district  
 75.29 was certified, provided that date was before January 1, 2016.

75.30 (f) The authority under paragraph (d), clause (4), expires on December 31, 2016.  
 75.31 Increments may continue to be expended under this authority after that date, if they are  
 75.32 used to pay bonds or binding contracts that would qualify under subdivision 3, paragraph  
 75.33 (a), if December 31, 2016, is considered to be the last date of the five-year period after  
 75.34 certification under that provision.

75.35 **EFFECTIVE DATE.** This section is effective the day following final enactment  
 75.36 and applies to all districts, regardless of when the request for certification was made.

76.1 Sec. 87. Minnesota Statutes 2012, section 473.665, subdivision 5, is amended to read:

76.2 Subd. 5. **Tax levy; surplus; reduction.** The corporation, upon issuing any bonds  
 76.3 under the provisions of this section, shall, before the issuance thereof, levy for each year,  
 76.4 until the principal and interest are paid in full, a direct annual tax on all the taxable property  
 76.5 of the cities in and for which the corporation has been created in an amount not less than  
 76.6 five percent in excess of the sum required to pay the principal and interest thereof, when  
 76.7 and as such principal and interest matures. After any of such bonds have been delivered to  
 76.8 purchasers, such tax shall be irrevocable until all such indebtedness is paid, and after the  
 76.9 issuance of such bonds no further action of the corporation shall be necessary to authorize  
 76.10 the extensions, assessments, and collection of such tax. The secretary of the corporation  
 76.11 shall forthwith furnish a certified copy of such levy to the county auditor or county  
 76.12 auditors of the county or counties in which the cities in and for which the corporation has  
 76.13 been created are located, together with full information regarding the bonds for which the  
 76.14 tax is levied, and such county auditor or such county auditors, as the case may be, shall  
 76.15 enter the same in the register provided for in section 475.62, or a similar register, and shall  
 76.16 extend and assess the tax so levied. If both cities are located wholly within one county, the  
 76.17 county auditor thereof shall annually extend and assess the amount of the tax so levied. If  
 76.18 the cities are located in different counties, the county auditor of each such county shall  
 76.19 annually extend and assess such portion of the tax levied as the net tax capacity of the  
 76.20 taxable property, ~~not including moneys and credits,~~ located wholly within the city in such  
 76.21 county bears to the total net tax capacity of the taxable property, ~~not including moneys and~~  
 76.22 ~~credits,~~ within both cities. Any surplus resulting from the excess levy herein provided  
 76.23 for shall be transferred to a sinking fund after the principal and interest for which the tax  
 76.24 was levied and collected has been paid; provided, that the corporation may, on or before  
 76.25 October 15 in any year, by appropriate action, cause its secretary to certify to the county  
 76.26 auditor, or auditors, the amount on hand and available in its treasury from earnings, or  
 76.27 otherwise, including the amount in the sinking fund, which it will use to pay principal or  
 76.28 interest or both on each specified issue of its bonds, and the county auditor or auditors  
 76.29 shall reduce the levy for that year, herein provided for by that amount. The amount of  
 76.30 funds so certified shall be set aside by the corporation, and be used for no other purpose  
 76.31 than for the payment of the principal and interest of the bonds. All taxes hereunder shall  
 76.32 be collected and remitted to the corporation by the county treasurer or county treasurers,  
 76.33 in accordance with the provisions of law governing the collection of other taxes, and shall  
 76.34 be used solely for the payment of the bonds where due.

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

77.1 Sec. 88. Minnesota Statutes 2012, section 477A.0124, subdivision 5, is amended to  
77.2 read:

77.3 Subd. 5. **County transition aid.** ~~(a) For 2009 and each year thereafter,~~ A county is  
77.4 eligible to receive the transition aid it received in 2007.

77.5 ~~(b) In 2009 only, a county with (1) a 2006 population less than 30,000, and (2)~~  
77.6 ~~an average Part I crimes per capita greater than 3.9 percent based on factors used in~~  
77.7 ~~determining county program aid payable in 2008, shall receive \$100,000.~~

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

77.9 Sec. 89. Minnesota Statutes 2012, section 477A.014, subdivision 1, is amended to read:

77.10 Subdivision 1. **Calculations and payments.** (a) The commissioner of revenue shall  
77.11 make all necessary calculations and make payments pursuant to sections 477A.013 and  
77.12 477A.03 directly to the affected taxing authorities annually. In addition, the commissioner  
77.13 shall notify the authorities of their aid amounts, as well as the computational factors used  
77.14 in making the calculations for their authority, and those statewide total figures that are  
77.15 pertinent, before August 1 of the year preceding the aid distribution year.

77.16 (b) For the purposes of this subdivision, aid is determined for a city or town based  
77.17 on its city or town status as of June 30 of the year preceding the aid distribution year. If  
77.18 the effective date for a municipal incorporation, consolidation, annexation, detachment,  
77.19 dissolution, or township organization is on or before June 30 of the year preceding  
77.20 the aid distribution year, such change in boundaries or form of government shall be  
77.21 recognized for aid determinations for the aid distribution year. If the effective date for a  
77.22 municipal incorporation, consolidation, annexation, detachment, dissolution, or township  
77.23 organization is after June 30 of the year preceding the aid distribution year, such change in  
77.24 boundaries or form of government shall not be recognized for aid determinations until  
77.25 the following year.

77.26 (c) Changes in boundaries or form of government will only be recognized for the  
77.27 purposes of this subdivision, to the extent that: (1) changes in market values are included  
77.28 in market values reported by assessors to the commissioner, and changes in population;  
77.29 and household size, ~~and the road accidents factor~~ are included in their respective  
77.30 certifications to the commissioner as referenced in section 477A.011, or (2) an annexation  
77.31 information report as provided in paragraph (d) is received by the commissioner on  
77.32 or before July 15 of the aid calculation year. Revisions to estimates or data for use in  
77.33 recognizing changes in boundaries or form of government are not effective for purposes  
77.34 of this subdivision unless received by the commissioner on or before July 15 of the aid  
77.35 calculation year. Clerical errors in the certification or use of estimates and data established

78.1 as of July 15 in the aid calculation year are subject to correction within the time periods  
78.2 allowed under subdivision 3.

78.3 (d) In the case of an annexation, an annexation information report may be completed  
78.4 by the annexing jurisdiction and submitted to the commissioner for purposes of this  
78.5 subdivision if the net tax capacity of annexed area for the assessment year preceding the  
78.6 effective date of the annexation exceeds five percent of the city's net tax capacity for the  
78.7 same year. The form and contents of the annexation information report shall be prescribed  
78.8 by the commissioner. The commissioner shall change the net tax capacity, the population,  
78.9 the population decline, the commercial industrial percentage, and the transformed  
78.10 population for the annexing jurisdiction only if the annexation information report provides  
78.11 data the commissioner determines to be reliable for all of these factors used to compute city  
78.12 revenue need for the annexing jurisdiction. The commissioner shall adjust the pre-1940  
78.13 housing percentage, ~~the road accidents factor,~~ and household size only if the entire area of  
78.14 an existing city or town is annexed or consolidated and only if reliable data is available for  
78.15 all of these factors used to compute city revenue need for the annexing jurisdiction.

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

78.17 Sec. 90. Minnesota Statutes 2012, section 611.27, subdivision 13, is amended to read:

78.18 Subd. 13. **Public defense services; correctional facility inmates.** All billings  
78.19 for services rendered and ordered under subdivision 7 shall require the approval of the  
78.20 chief district public defender before being forwarded on a monthly basis to the state  
78.21 public defender. In cases where adequate representation cannot be provided by the district  
78.22 public defender and where counsel has been appointed under a court order, the state  
78.23 public defender shall forward to the commissioner of management and budget all billings  
78.24 for services rendered under the court order. The commissioner shall pay for services  
78.25 from county program aid retained by the commissioner of revenue for that purpose under  
78.26 section ~~477A.0124, subdivision 1, clause (4), or 477A.03, subdivision 2b, paragraph (a).~~

78.27 The costs of appointed counsel and associated services in cases arising from new  
78.28 criminal charges brought against indigent inmates who are incarcerated in a Minnesota  
78.29 state correctional facility are the responsibility of the state Board of Public Defense. In  
78.30 such cases the state public defender may follow the procedures outlined in this section for  
78.31 obtaining court-ordered counsel.

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

78.33 Sec. 91. Minnesota Statutes 2012, section 611.27, subdivision 15, is amended to read:

79.1 Subd. 15. **Costs of transcripts.** In appeal cases and postconviction cases where  
 79.2 the appellate public defender's office does not have sufficient funds to pay for transcripts  
 79.3 and other necessary expenses because it has spent or committed all of the transcript  
 79.4 funds in its annual budget, the state public defender may forward to the commissioner  
 79.5 of management and budget all billings for transcripts and other necessary expenses. The  
 79.6 commissioner shall pay for these transcripts and other necessary expenses from county  
 79.7 program aid retained by the commissioner of revenue for that purpose under section  
 79.8 ~~477A.0124, subdivision 1, clause (4), or~~ 477A.03, subdivision 2b, paragraph (a).

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

79.10 Sec. 92. **REVISOR'S INSTRUCTION.**

79.11 The revisor of statutes shall make all necessary cross-reference changes in  
 79.12 Minnesota Statutes and Minnesota Rules consistent with the amendments and repealers in  
 79.13 this act. The revisor can make changes to sentence structure to preserve the meaning of  
 79.14 the text. The revisor shall make other changes in chapter titles; section, subdivision, part,  
 79.15 and subpart headnotes; and in other terminology necessary as a result of the enactment of  
 79.16 this act. The Department of Revenue shall assist in making these corrections.

79.17 Sec. 93. **REPEALER.**

79.18 (a) Minnesota Statutes 2012, sections 290.01, subdivision 19e; 290.0674,  
 79.19 subdivision 3; and 290.33, and Minnesota Rules, part 8007.0200, are repealed.

79.20 (b) Minnesota Statutes 2012, sections 16D.02, subdivisions 5 and 8; 16D.11,  
 79.21 subdivision 2; 270C.131; 270C.53; 270C.991, subdivision 4; 272.02, subdivisions 1, 1a,  
 79.22 48, 51, 53, 67, 72, and 82; 272.027, subdivision 2; 272.031; 273.015, subdivision 1;  
 79.23 273.03, subdivision 3; 273.075; 273.1383; 273.1386; 273.80; 275.77; 279.32; 281.173,  
 79.24 subdivision 8; 281.174, subdivision 8; 281.328; 282.10; 282.23; 287.20, subdivision 4;  
 79.25 287.27, subdivision 2; 290.01, subdivisions 4b and 20e; 290C.02, subdivisions 5 and 9;  
 79.26 290C.06; 291.41; 291.42; 291.43; 291.44; 291.45; 291.46; 291.47; 295.52, subdivision 7;  
 79.27 297A.71, subdivisions 4, 5, 7, 10, 17, 18, 20, and 32; 297F.08, subdivision 11; 297H.10,  
 79.28 subdivision 2; 469.174, subdivision 10c; 469.175, subdivision 2b; 469.176, subdivision 1i;  
 79.29 469.177, subdivision 10; 477A.0124, subdivisions 1 and 6; and 505.173, and Minnesota  
 79.30 Rules, parts 8002.0200, subpart 8; 8100.0800; 8130.7500, subpart 7; 8130.8900, subpart  
 79.31 3; and 8130.9500, subparts 1, 1a, 2, 3, 4, and 5, are repealed.

79.32 (c) Minnesota Statutes 2012, section 469.1764, is repealed.

79.33 (d) Minnesota Statutes 2012, section 273.1115, is repealed.

80.1 (e) Minnesota Statutes 2012, sections 289A.56, subdivision 7; 297A.68, subdivision  
80.2 38; 469.330; 469.331; 469.332; 469.333; 469.334; 469.335; 469.336; 469.337; 469.338;  
80.3 469.339; 469.340, subdivisions 1, 2, 3, and 5; and 469.341, and Minnesota Statutes 2013  
80.4 Supplement, section 469.340, subdivision 4, are repealed.

80.5 (f) Minnesota Statutes 2012, section 290.06, subdivisions 30 and 31, are repealed.

80.6 **EFFECTIVE DATE.** Paragraph (a) is effective for taxable years beginning after  
80.7 December 31, 2013.

80.8 Paragraph (b) is effective the day following final enactment.

80.9 Paragraph (c) is effective the day following final enactment and any remaining  
80.10 unexpended tax increments from a district subject to Minnesota Statutes, section 469.1764,  
80.11 must be distributed as excess increments to the city, county, and school district under  
80.12 Minnesota Statutes, section 469.176, subdivision 2, paragraph (c), clause (4), on or before  
80.13 December 31, 2014.

80.14 Paragraph (d) is effective beginning with property taxes payable in 2015.

80.15 Paragraph (e) is effective January 1, 2016.

80.16 Paragraph (f) is effective for taxable years beginning after December 31, 2015.



**16D.02 DEFINITIONS.**

Subd. 5. **Debt qualification plan.** "Debt qualification plan" means an agreement entered into between a referring agency and the commissioner that defines the terms and conditions by which the commissioner will provide collection services to the referring agency.

Subd. 8. **Enterprise.** "Enterprise" means the Minnesota collection enterprise, a separate unit established by the commissioner to carry out the provisions of this chapter.

**16D.11 COLLECTION COSTS.**

Subd. 2. **Computation.** At the time a debt is referred, the amount of collection costs is equal to 17 percent of the debt. If, after referral of a debt to a private collection agency, the debtor requests cancellation of collection costs under subdivision 3, the debt must be returned to the commissioner for resolution of the request.

**270C.131 EXPLORE MINNESOTA TOURISM TAX REPORT.**

Within 30 days of the end of each quarter, the Department of Revenue shall provide Explore Minnesota Tourism with a quarterly report of comparisons of quarterly sales taxes collected under the Standard Industrial Classification System, or equivalent codes in the North America Industry Classification System, in the following areas:

- (1) SIC 70, lodging;
- (2) SIC 79, amusement and recreation; and
- (3) SIC 58, eating and drinking.

**270C.53 COLLECTION; TAXPAYER INABILITY TO PAY.**

Notwithstanding any other provision of law, the commissioner may, based upon the inability of a taxpayer to pay a delinquent tax liability, abate the liability if the taxpayer agrees to perform uncompensated public service work for a state agency, a political subdivision or public corporation of this state, or a nonprofit educational, medical, or social service agency. The Department of Corrections shall administer the work program. No benefits under chapter 176 or 268 shall be available, but a claim authorized under section 3.739 may be made by the taxpayer. The state may not enter into any agreement that has the purpose of or results in the displacement of public employees by a delinquent taxpayer under this section. The state must certify to the appropriate bargaining agent or employees, as applicable, that the work performed by a delinquent taxpayer will not result in the displacement of currently employed workers or layoff from a substantially equivalent position, including partial displacement such as reduction in hours of nonovertime work, wages, or other employment benefits.

**270C.991 PROPERTY TAX SYSTEM BENCHMARKS AND CRITICAL INDICATORS.**

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

- (1) to investigate ways to simplify the property tax system and make advisory recommendations on ways to make the system more understandable;
- (2) to reexamine the property tax calendar to determine what changes could be made to shorten the two-year cycle from assessment through property tax collection; and
- (3) to determine the cost versus the benefits of the various property tax components, including property classifications, credits, aids, exclusions, exemptions, and abatements, and to suggest ways to achieve some of the goals in simpler and more cost-efficient ways.

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

- (1) two state representatives, both appointed by the chair of the house of representatives Taxes Committee, one from the majority party and one from the largest minority party;
- (2) two senators appointed by the Subcommittee on Committees of the Senate Rules and Administration Committee, one from the majority party and one from the largest minority party;
- (3) one person appointed by the Association of Minnesota Counties;
- (4) one person appointed by the League of Minnesota Cities;
- (5) one person appointed by the Minnesota Association of Townships;
- (6) one person appointed by the Minnesota Chamber of Commerce;
- (7) one person appointed by the Minnesota Association of Assessing Officers;

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

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

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

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

**272.02 EXEMPT PROPERTY.**

Subdivision 1. **Exempt property described.** All property described in this section to the extent limited in this section shall be exempt from taxation.

Subd. 1a. **Limitations on exemptions.** The exemptions granted by subdivision 1 are subject to the limits contained in the other subdivisions of this section, section 272.025, and all other provisions of applicable law.

Subd. 48. **Waste tire cogeneration facility; personal property.** Notwithstanding subdivision 9, clause (a), attached machinery and other personal property which is part of an electric generating facility that meets the requirements of this subdivision is exempt. At the time of construction, the facility must:

- (1) be designed to utilize waste tires as a primary fuel source; and
- (2) be a cogeneration electric generating facility of 15 to 25 megawatts of installed capacity.

Construction of the facility must be commenced after January 1, 2000, and before January 1, 2004. Property eligible for this exemption does not include electric transmission lines and interconnections or gas pipelines and interconnections appurtenant to the property or the facility.

Subd. 51. **Electric generation facility; personal property.** Notwithstanding subdivision 9, clause (a), attached machinery and other personal property which is part of a combined cycle natural gas turbine electric generation facility of between 43 and 46 megawatts of installed capacity and that meets the requirements of this subdivision is exempt. At the time of construction, the facility must:

- (1) utilize a combined cycle gas turbine generator fueled by natural gas;
- (2) be connected to an existing 115-kilovolt high-voltage electric transmission line that is within one mile of the facility;
- (3) be located on an underground natural gas storage aquifer;
- (4) be designed as an intermediate load facility; and
- (5) have received, by resolution, the approval from the governing body of the county for the exemption of personal property under this subdivision.

Construction of the facility must be commenced after January 1, 2002, and before January 1, 2004. Property eligible for this exemption does not include electric transmission lines and interconnections or gas pipelines and interconnections appurtenant to the property or the facility.

Subd. 53. **Electric generation facility; personal property.** Notwithstanding subdivision 9, clause (a), attached machinery and other personal property which is part of a 3.2 megawatt run-of-the-river hydroelectric generation facility and that meets the requirements of this subdivision is exempt. At the time of construction, the facility must:

- (1) utilize two turbine generators at a dam site existing on March 31, 1994;
- (2) be located on land within 1,500 feet of a 13.8 kilovolt distribution substation; and
- (3) be eligible to receive a renewable energy production incentive payment under section 216C.41.

Construction of the facility must be commenced before January 1, 2009. Property eligible for this exemption does not include electric transmission lines and interconnections or gas pipelines and interconnections appurtenant to the property or the facility.

Subd. 67. **Electric generation facility; personal property.** (a) Notwithstanding subdivision 9, clause (a), attached machinery and other personal property which is part of a combined-cycle combustion-turbine electric generation facility that exceeds 150 megawatts of installed capacity

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and that meets the requirements of this subdivision is exempt. At the time of construction, the facility must:

- (1) utilize natural gas as a primary fuel;
- (2) be owned by an electric generation and transmission cooperative;
- (3) be located within ten miles of parallel existing 24-inch and 30-inch natural gas pipelines and a 345-kilovolt high-voltage electric transmission line;
- (4) be designed to provide intermediate energy and ancillary services, and have received a certificate of need under section 216B.243, demonstrating demand for its capacity; and
- (5) have received by resolution, the approval from the governing body of the county and city in which the proposed facility is to be located for the exemption of personal property under this subdivision.

(b) Construction of the facility must be commenced after January 1, 2004, and before January 1, 2009. Property eligible for this exemption does not include electric transmission lines and interconnections or gas pipelines and interconnections appurtenant to the property or the facility.

(c) The exemption under this section will take effect only if the owner of the facility enters into agreements with the governing bodies of the county and the city in which the facility is located. The agreements may include a requirement that the facility must pay a host fee to compensate the county and city for hosting the facility.

**Subd. 72. Electric generation facility personal property.** (a) Notwithstanding subdivision 9, clause (a), attached machinery and other personal property which is part of either a simple-cycle, combustion-turbine electric generation facility, or a combined-cycle, combustion-turbine electric generation facility that does not exceed 325 megawatts of installed capacity and that meets the requirements of this subdivision is exempt. At the time of construction, the facility must:

- (1) utilize either a simple-cycle or a combined-cycle combustion-turbine generator fueled by natural gas;
- (2) be connected to an existing 115-kilovolt high-voltage electric transmission line that is within two miles of the facility;
- (3) be located on an underground natural gas storage aquifer;
- (4) be designed as either a peaking or intermediate load facility; and
- (5) have received, by resolution, the approval from the governing body of the county for the exemption of personal property under this subdivision.

(b) Construction of the facility must be commenced after January 1, 2006, and before January 1, 2008. Property eligible for this exemption does not include electric transmission lines and interconnections or gas pipelines and interconnections appurtenant to the property or the facility.

**Subd. 82. Biomass electric generation facility; personal property.** (a) Notwithstanding subdivision 9, clause (a), attached machinery and other personal property which is a part of an electric generation facility, including remote boilers that comprise part of the district heating system, generating up to 30 megawatts of installed capacity and that meets the requirements of this subdivision is exempt. At the time of construction, the facility must:

- (1) be designed to utilize a minimum 90 percent waste biomass as a fuel;
- (2) not be owned by a public utility as defined in section 216B.02, subdivision 4;
- (3) be located within a city of the first class and have its primary location at a former garbage transfer station; and
- (4) be designed to have capability to provide base-load energy and district heating.

(b) Construction of the facility must be commenced after January 1, 2004, and before January 1, 2008. Property eligible for this exemption does not include electric transmission lines and interconnections or gas pipelines and interconnections appurtenant to the property or the facility.

**272.027 PERSONAL PROPERTY USED TO GENERATE ELECTRICITY FOR PRODUCTION AND RESALE.**

**Subd. 2. Exemption for customer owned property transferred to a utility.** (a) Tools, implements, and machinery of an electric generating facility are exempt if all the following requirements are met:

- (1) the electric generating facilities were operational and met the requirements for exemption of personal property under subdivision 1 on January 2, 1999; and
- (2) the generating facility is sold to a Minnesota electric utility.

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(b) Any tools, implements, and machinery installed to increase generation capacity are also exempt under this section provided that the existing tools, implements, and machinery are exempt under paragraph (a).

**272.031 ABBREVIATIONS.**

In all proceedings under chapters 270 to 284, ranges, townships, sections, or parts of a section, blocks, lots, or parcels of lots, and dollars and cents may be designated by initial letters, abbreviations, and figures; but "ditto marks" or the abbreviation "do" may be used only as to the name of the owner, addition, or subdivision.

**273.015 TAX COMPUTED TO NEAREST EVEN-NUMBERED CENT.**

Subdivision 1. **Tax computed to nearest even-numbered cent.** All tax page items computed by the county auditor for collection by the county treasurer, shall be adjusted individually and in their aggregate to the nearest even-numbered cent. Further, all items which are certified to the county auditor for collection by the county treasurer shall be first adjusted to the nearest even-numbered cent by the governmental subdivision which submits such certifications. For the purposes of this section whole odd-numbered cents shall be adjusted to the next higher even-numbered cent.

**273.03 REAL ESTATE; ASSESSMENT; METHOD.**

Subd. 3. **Applicability of other laws.** All laws or parts of laws, now or hereafter effective, not inconsistent with this section and sections 273.17, 275.28, and 276.01, as amended, shall continue in full force and effect.

**273.075 INSTRUCTIONAL COURSES FOR ASSESSORS AND DEPUTIES.**

Personnel employed as assessors or deputies of said assessor may be enrolled in courses approved by the commissioner of revenue and have the tuition for such course paid for from moneys appropriated by Laws 1971, chapter 931. Such payment shall be made to the University of Minnesota or any other college or institution conducting such an accredited course, provided that such payment may only be made if the application is made by or approved by the taxing district or districts for which the assessor or deputy is employed and the commissioner of revenue.

Two or more taxing districts may join together in enrolling assessors in such approved courses.

**273.1115 AGGREGATE RESOURCE PRESERVATION PROPERTY TAX LAW.**

Subdivision 1. **Definitions.** For purposes of this section, "commercial aggregate deposit" and "actively mined" have the meanings given them in section 273.13, subdivision 23, paragraph (m).

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

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

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

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

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

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

Subd. 3. **Application.** Application for valuation deferment under this section must be filed by May 1 of the assessment year. Any application filed and granted continues in effect for subsequent years until the property no longer qualifies, provided that supplemental affidavits under subdivision 8 are timely filed. The application must be filed with the assessor of the county in which the real property is located on such form as may be prescribed by the commissioner of revenue. The application must be executed and acknowledged in the manner required by law to execute and acknowledge a deed and must contain at least the following information and any other information the commissioner deems necessary:

(1) the legal description of the area;

(2) the name and address of owner;

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(3) a copy of the affidavit filed under section 273.13, subdivision 23, paragraph (m), when property is classified as 2e under section 273.13, subdivision 23, paragraph (m).

In other cases, the application must include a similar document with the same information as contained in the affidavit under section 273.13, subdivision 23, paragraph (m); and

(4) a statement of proof from the owner that the land contains a restrictive covenant limiting its use for the property's surface to that which exists on the date of the application and limiting its future use to the preparation and removal of the commercial aggregate deposit under its surface. To qualify under this clause, the covenant must be binding on the owner or the owner's successor or assignee, and run with the land, except as provided in subdivision 5 allowing for the cancellation of the covenant under certain conditions.

**Subd. 4. Determination of value.** Upon timely application by the owner as provided in subdivision 3, notwithstanding sections 272.03, subdivision 8, and 273.11, the value of any qualifying land described in subdivision 3 must be valued as if it were agricultural property, using a per acre valuation equal to the current assessment year's average per acre valuation of agricultural land in the county. The assessor shall not consider any additional value resulting from potential alternative and future uses of the property. The buildings located on the land shall be valued by the assessor in the normal manner.

**Subd. 5. Cancellation of covenant.** The covenant required under subdivision 3 may be canceled in two ways:

(1) by the owner beginning with the next subsequent assessment year provided that the additional taxes as determined under subdivision 7 are paid by the owner at the time of cancellation; or

(2) by the city or town in which the property is located beginning with the next subsequent assessment year, if the city council or town board:

(i) changes the conditional use of the property;

(ii) revokes the mining permit; or

(iii) changes the zoning to disallow mining.

No additional taxes are imposed on the property under this clause.

**Subd. 6. County termination.** Within two years of May 30, 2008, a county may, following notice and public hearing, terminate application of this section in the county. The termination is effective upon adoption of a resolution of the county board. A county has 60 days from receipt of the first application for enrollment under this section to notify the applicant and any subsequent applicants of the county's intent to begin the process of terminating application of this section in the county. The county must act on the termination within six months. Upon termination by a vote of the county board, all applications received prior to and during notification of intent to terminate shall be deemed void. If the county board does not act on the termination within six months of notification, all applications for valuation for deferment received shall be deemed eligible for consideration to be enrolled under this section. Following this initial 60-day grace period, a termination applies prospectively and does not affect property enrolled under this section prior to the termination date. A county may reauthorize application of this section by a resolution of the county board revoking the termination.

**Subd. 7. Additional taxes.** When real property which has been valued and assessed under this section no longer qualifies, the portion of the land classified under subdivision 2, clause (1), is subject to additional taxes. The additional tax amount is determined by:

(1) computing the difference between (i) the current year's taxes determined in accordance with subdivision 4, and (ii) an amount as determined by the assessor based upon the property's current year's estimated market value of like real estate at its highest and best use and the appropriate local tax rate; and

(2) multiplying the amount determined in clause (1) by the number of years the land was in the program under this section. The current year's estimated market value as determined by the assessor must not exceed the market value that would result if the property was sold in an arms-length transaction and must not be greater than it would have been had the actual bona fide sale price of the property been used in lieu of that market value. The additional taxes must be extended against the property on the tax list for the current year, except that interest or penalties must not be levied on these additional taxes if timely paid. The additional tax under this subdivision must not be imposed on that portion of the property which has actively been mined and has been removed from the program based upon the supplemental affidavits filed under subdivision 8.

**Subd. 8. Supplemental affidavits; mining activity on land.** When any portion of the property begins to be actively mined, the owner must file a supplemental affidavit within 60 days from the day any aggregate is removed stating the number of acres of the property that is actively being mined. The acres actively being mined shall be (1) valued and classified under

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section 273.13, subdivision 24, in the next subsequent assessment year, and (2) removed from the aggregate resource preservation property tax program under this section. The additional taxes under subdivision 7 must not be imposed on the acres that are actively being mined and have been removed from the program under this section. Copies of the original affidavit and all supplemental affidavits must be filed with the county assessor, the local zoning administrator, and the Department of Natural Resources, Division of Land and Minerals. A supplemental affidavit must be filed each time a subsequent portion of the property is actively mined, provided that the minimum acreage change is five acres, even if the actual mining activity constitutes less than five acres. Failure to file the affidavits timely shall result in the property losing its valuation deferment under this section, and additional taxes must be imposed as calculated under subdivision 7.

Subd. 9. **Lien.** The additional tax imposed by this section is a lien upon the property assessed to the same extent and for the same duration as other taxes imposed upon property within this state and, when collected, must be distributed in the manner provided by law for the collection and distribution of other property taxes.

Subd. 10. **Continuation of tax treatment upon sale.** When real property qualifying under subdivision 2 is sold, additional taxes must not be extended against the property if the property continues to qualify under subdivision 2, and the new owner files an application with the assessor for continued deferment within 30 days after the sale.

**273.1383 1997 FLOOD LOSS REPLACEMENT AID.**

Subdivision 1. **Flood net tax capacity loss.** In assessment years 1998, 1999, and 2000, the county assessor of each county listed in section 273.124, subdivision 14, paragraph (d), clause (2), shall compute a hypothetical county net tax capacity based upon market values for the current assessment year and the class rates that were in effect for assessment year 1997. The amount, if any, by which the assessment year 1997 total taxable net tax capacity exceeds the hypothetical taxable net tax capacity shall be known as the county's "flood net tax capacity loss" for the current assessment year. The county assessor of each county whose flood net tax capacity loss for the current year exceeds five percent of its assessment year 1997 total taxable net tax capacity shall certify its flood net tax capacity loss to the commissioner of revenue by August 1 of the assessment year.

Subd. 2. **Flood loss aid.** Each year, each county with a flood net tax capacity loss equal to or greater than five percent of its assessment year 1997 total taxable net tax capacity shall be entitled to flood loss aid equal to the flood net tax capacity loss times the county government's average local tax rate for taxes payable in 1998.

Subd. 3. **Duties of commissioner.** The commissioner of revenue shall determine each qualifying county's aid amount. If the sum of the aid amounts for all qualifying counties exceeds the appropriation limit, the commissioner shall proportionately reduce each county's aid amount so that the sum of county aid amounts is equal to the appropriation limit. The commissioner shall notify each county of its flood loss aid amount by August 15 of the assessment year. The commissioner shall make payments to each county on or before July 20 of the taxes payable year corresponding to the assessment year.

Subd. 4. **Appropriation.** An amount necessary to fund the aid amounts under this section is annually appropriated from the general fund to the commissioner of revenue in fiscal years 2000, 2001, and 2002, for calendar years 1999, 2000, and 2001. The maximum amount of the appropriation is limited to \$1,700,000 for fiscal year 2000 and \$1,500,000 per year for fiscal years 2001 and 2002. In addition, the amount of the appropriation under Laws 1997, Second Special Session chapter 2, section 9, that the commissioner determines will not be spent for the programs under that section is available to pay the aid amounts under this section.

**273.1386 2002 FLOOD LOSS; CITY REPLACEMENT AID.**

Subdivision 1. **Flood net tax capacity loss.** The county assessor of each qualified county shall compute a hypothetical city taxable net tax capacity for each city in the county based upon market values for assessment year 2003 and the class rates that were in effect for assessment year 2002. The amount, if any, by which the assessment year 2002 total taxable net tax capacity of the city exceeds the hypothetical taxable net tax capacity of the city is the city's "flood net tax capacity loss." A county assessor of a qualified county that contains a city that has a flood net tax capacity loss that exceeds five percent of its assessment year 2002 total taxable net tax capacity shall certify the city's flood net tax capacity loss to the commissioner of revenue by August 1, 2003.

As used in this section, a "qualified county" is a county located within the area included in DR-1419.

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Subd. 2. **Flood loss aid.** In 2004, each city with a flood net tax capacity loss equal to or greater than five percent of its assessment year 2002 total taxable net tax capacity shall be entitled to flood loss aid equal to the flood net tax capacity loss times the city's average local tax rate for taxes payable in 2003.

Subd. 3. **Duties of commissioner.** The commissioner of revenue shall determine each city's aid amount under this section. The commissioner shall notify each eligible city of its flood loss aid amount by August 15, 2003. The commissioner shall make payments to each city after July 1, and before July 20, 2004.

Subd. 4. **Optional city expenditure.** A city that receives aid under this section may choose to expend a portion of the aid received for repair of county roads located within the city.

Subd. 5. **Appropriation.** The amount necessary to pay the aid amounts under this section in fiscal year 2005, for calendar year 2004, is appropriated to the commissioner of revenue from the general fund.

Subd. 6. **Local government aid appropriation reduction.** The appropriation under section 477A.03, subdivision 2, paragraph (d), for fiscal year 2005 is reduced by the amount appropriated under subdivision 5. The appropriation under section 477A.03, subdivision 3, paragraph (d), for fiscal year 2006 must be based on the appropriation under that paragraph in the previous year before the reduction under this subdivision.

**273.80 DISTRESSED HOMESTEAD REINVESTMENT EXEMPTION.**

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

(b) "Substantially condition deficient" means that repairs estimated to cost at least \$20,000 are necessary to restore a house to sound operating condition, according to prevailing costs of home improvements for the area.

(c) "Sound operating condition" means that a home meets minimal health and safety standards for residential occupancy under applicable housing or building codes.

(d) "Residential rehabilitation consultant" means a person who is employed by a housing services organization recognized by resolution of the city council of the city in which the property is located, and who has been trained in residential housing rehabilitation.

(e) "Census tract" means a tract defined for the 1990 federal census.

Subd. 2. **Eligibility.** An owner-occupied, detached, single-family dwelling is eligible for treatment under this section if it:

(1) is located in a city of the first class;

(2) is located in a census tract where the median value of owner-occupied homes is less than 80 percent of the median value of owner-occupied homes for the entire city, according to the 1998 assessment;

(3) has an estimated market value less than 60 percent of the median value of owner-occupied homes for the entire city, according to the 1998 assessment; and

(4) has been declared to be substantially condition deficient, by a residential rehabilitation consultant.

Subd. 3. **Qualification.** A home which meets the eligibility requirements of subdivision 2 before May 1, 2003, qualifies for the property tax exemption under subdivision 4 after a residential rehabilitation consultant certifies that the home is in sound operating condition, and that all permits necessary to make the repairs were obtained. An owner need not occupy the dwelling while the necessary repairs are being done, provided that the property is occupied prior to granting the exemption under subdivision 4. All or a part of the repairs necessary to restore the house to sound operating conditions may be done prior to the owner purchasing the property, if those repairs are done by or for a 501(c)(3) nonprofit organization.

Subd. 4. **Property tax exemption.** A home qualifying under subdivision 3 is exempt from all property taxes on the land and buildings for taxes payable for five consecutive years following its certification under subdivision 3, if the property is owned and occupied by the same person who owned it when the home was certified as substantially condition deficient or by the first purchaser from the 501(c)(3) nonprofit organization that repaired the property. To be effective beginning with taxes payable in the following year, the certification must be made by September 1.

Subd. 5. **Assessment; record.** The assessor may require whatever information is necessary to determine eligibility for the tax exemption under this section. During the time that the property

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is exempt, the assessor shall continue to value the property and record its current value on the tax rolls.

**275.77 TEMPORARY SUSPENSION OF NEW OR INCREASED MAINTENANCE OF EFFORT AND MATCHING FUND REQUIREMENTS.**

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

(1) "maintenance of effort" means a requirement imposed on a political subdivision by state law to continue providing funding of a service or program at a given or increasing level based on its funding of the service and program in prior years;

(2) "matching fund requirement" means a requirement imposed on a political subdivision by state law to fund a portion of a program or service but does not mean required nonstate contributions to state capital funded projects or other nonstate contributions required in order to receive a grant or loan the political subdivision has requested or applied for; and

(3) "political subdivision" means a county, town, or statutory or home rule charter city.

Subd. 2. **Temporary suspension.** (a) Notwithstanding any other provision of law to the contrary, any new maintenance of effort or matching fund requirement enacted after January 1, 2009, that will require spending by a political subdivision shall not be effective until July 1, 2011.

(b) Notwithstanding any other provision of law to the contrary, any changes to existing maintenance of effort or matching fund requirement enacted after January 1, 2009, that will require new spending by a political subdivision shall not be effective until July 1, 2011.

(c) The suspension of changes to existing maintenance of effort and matching fund requirements under paragraph (b) does not apply if the spending is required by federal law and there would be a cost to the state budget without the change.

**279.32 DELINQUENT TAXES; ENTRY OF JUDGMENT IN CERTAIN CASES.**

Where lands bid in for the state for delinquent taxes between the passage of Laws 1933, chapter 366, and the passage of Laws 1935, chapter 278, have not been assigned to actual purchasers, the county board of the county in which such lands are located may, at any time prior to February 1, 1945, adopt a resolution instructing the county auditor to list such lands as delinquent for taxes for 1942 and to file and docket such list with the court administrator of the district court as though said taxes for 1942 were the first delinquent taxes against said lands and judgment shall be entered and proceedings taken with reference to such lands as though the delinquent taxes for the year 1942 constituted the first instance of real estate tax delinquency with respect thereto; provided, that nothing herein contained shall impair the right of the state to enforce any lien in its favor which has accrued by reason of the delinquency or nonpayment of taxes for any year prior to the year 1942.

**281.173 FIVE-WEEK REDEMPTION PERIOD FOR CERTAIN ABANDONED PROPERTIES.**

Subd. 8. **Effective date.** This section shall apply only to tax judgment sales occurring on and after April 13, 1996.

**281.174 FIVE-WEEK REDEMPTION PERIOD FOR CERTAIN VACANT PROPERTIES.**

Subd. 8. **Effective date.** This section shall apply only to tax judgment sales occurring on and after April 13, 1996.

**281.328 STATE ASSIGNMENT CERTIFICATES; VALIDATING.**

Subdivision 1. **Validation of certificates.** Any state assignment certificate duly issued prior to January 1, 1972, for which the time for redemption expired as certified by the county auditor of the county issuing the certificate, and the person to whom the certificate was issued, or the person's heirs and assigns, paid the taxes on the real property described in the certificate since the date thereof, is hereby validated and legalized as against the objection that such certificate was not recorded in the office of the county recorder or registrar of titles within seven years from the date of the certificate, as provided by this chapter. Any such state assignment certificate may, after April 6, 1979, be recorded in the office of the proper county recorder or registrar of titles.



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Subd. 2. **Applicability.** Nothing herein contained shall affect any action now pending to determine the validity of any instrument validated by this section.

### **282.10 REIMBURSEMENT OF PURCHASE PRICE IN CERTAIN CASES.**

When, prior to the passage of Laws 1939, chapter 328, the forfeiture to the state for taxes of any parcel of land heretofore sold pursuant to Laws 1935, chapter 386, has been invalidated in a proceeding in court, the purchaser from the state, or the purchaser's assigns, shall be reimbursed out of any money in the forfeited tax sale fund for the amount of the purchase price or the portion thereof actually paid, with interest at four percent. Application for such reimbursement shall be made to the county auditor of the county where such parcel is located and shall be accompanied by a certified copy of the judgment or decree invalidating such forfeiture and a quitclaim deed from the purchaser, or the purchaser's assignee, running to the state in trust for its interested taxing districts as grantee. The county auditor shall present the instruments herein referred to, to the county attorney and, after receiving an opinion, in writing, from the county attorney that the applicant is entitled to reimbursements under this section, shall draw an order upon the county treasurer in favor of the applicant for the sum to which the applicant is entitled, which shall be paid by the treasurer out of the moneys in the forfeited tax sale fund. If there are not sufficient moneys in the fund to pay the order, money to care for the deficiency shall be temporarily transferred from the general revenue fund of the county. After such refundment is made any taxes or assessments heretofore canceled shall be reinstated and the amount of taxes and assessments that would have been levied subsequent to the date of the supposed forfeiture shall be assessed and levied against the land as omitted taxes, and the lien of the state for any such taxes or assessments may be enforced as in other cases where taxes are delinquent.

### **282.23 SALE OF CERTAIN LANDS FORFEITED FOR TAXES IN 1926 AND 1927.**

In every case where the owner of a tract of land forfeited to the state for taxes for 1926 or 1927 has transferred, or shall hereafter transfer, to the state or to any municipal subdivision thereof all right, title, and interest in such tract of land, the same shall be subject to sale in the usual manner provided by law for the sale of land acquired by the state for taxes.

### **287.20 DEFINITIONS; DEED TAX.**

Subd. 4. **Documentary stamps.** "Documentary stamps" means all stamps issued by the county for use in payment of the taxes imposed by sections 287.21 to 287.37.

### **287.27 PRINTING AND SALE-METERS.**

Subd. 2. **Tax meter machines.** The county board may authorize any person to utilize a tax meter machine upon the filing of a corporate surety bond, in a suitable amount to guarantee the payment of the tax, such amount to be determined by the county board.

The county board may provide rules for the use of such a machine, supervise its operation and provide for the payment of the tax on any deed or document so stamped.

### **289A.56 INTEREST ON OVERPAYMENTS.**

Subd. 7. **Biotechnology and health sciences industry zone refunds.** Notwithstanding subdivision 3, for refunds payable under section 297A.68, subdivision 38, interest is computed from 90 days after the refund claim is filed with the commissioner.

### **290.01 DEFINITIONS.**

Subd. 4b. **Mutual property and casualty insurance company.** "Mutual property and casualty insurance company" includes a property and casualty insurance company that was converted to a stock company after December 31, 1987, and before January 1, 1994, if the company was controlled on the date of conversion by a mutual life insurance company and so long as the company continues to be controlled by a mutual life insurance company.

Subd. 19e. **Depreciation modifications for corporations.** In the case of corporations, a modification shall be made for the accelerated cost recovery system. The allowable deduction for the accelerated cost recovery system is the same amount as provided in section 168 of the Internal Revenue Code with the following modifications. The modifications apply to taxable years beginning after December 31, 1986, and to property for which deductions under the Tax Reform

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Act of 1986, Public Law 99-514, are elected or apply. The modifications in paragraphs (a) and (c) do not apply to taxable years beginning after December 31, 2000.

(a) For property placed in service after December 31, 1980, and before January 1, 1987, 40 percent of the allowance pursuant to section 168 of the Internal Revenue Code of 1954, as amended through December 31, 1985, for 15-, 18-, or 19-year real property shall not be allowed and for all other property 20 percent shall not be allowed.

(b) For property placed in service after December 31, 1987, no modification shall be made.

(c) For property placed in service after July 31, 1986, and before January 1, 1987, for which the taxpayer elects the deduction pursuant to section 203 of the Tax Reform Act of 1986, Public Law 99-514, and for property placed in service after December 31, 1986, and before January 1, 1988, 15 percent of the allowance pursuant to section 168 of the Internal Revenue Code shall not be allowed.

(d) For property placed in service after December 31, 1980, and before January 1, 1987, for which the taxpayer elects to use the straight line method provided in section 168(b)(3), (f)(12), or (j)(1) or a method provided in section 168(e)(2) of the Internal Revenue Code, as amended through December 31, 1986, but excluding property for which the taxpayer elects the deduction pursuant to section 203 of the Tax Reform Act of 1986, Public Law 99-514, the modifications provided in paragraph (a) do not apply.

(e) For taxable years beginning before January 1, 2001, for property subject to the modifications contained in paragraphs (a) and (c) and Minnesota Statutes 1986, section 290.09, subdivision 7, clause (c), the following modification shall be made after the entire amount of the allowable deduction has been allowed for federal tax purposes for that property under the provisions of section 168 of the Internal Revenue Code. The remaining depreciable basis in those assets for Minnesota purposes, including the amount of any basis reduction to reflect the investment tax credit for federal purposes under sections 48(q) and 49(d) of the Internal Revenue Code, shall be a depreciation allowance computed using the straight line method over the following number of years:

- (1) three-year property, one year;
- (2) five-year and seven-year property, two years;
- (3) ten-year property, five years; and
- (4) all other property, seven years.

(f) For taxable years beginning after December 31, 2000, the amount of any remaining modification made under paragraph (a) or (c) or Minnesota Statutes 1986, section 290.09, subdivision 7, clause (c), not previously deducted under paragraph (e), including the amount of any basis reduction to reflect the federal investment tax credit for federal purposes under sections 48(q) and 49(d) of the Internal Revenue Code, is a depreciation allowance in the first taxable year after December 31, 2000.

(g) For taxable years beginning before January 1, 2001, and for property placed in service after December 31, 1987, the remaining depreciable basis for Minnesota purposes that is attributable to the basis reduction for federal purposes to reflect the investment tax credit under sections 48(q) and 49(d) of the Internal Revenue Code, shall be allowed as a deduction in the first taxable year after the entire amount of the allowable deduction for that property under the provisions of section 168 of the Internal Revenue Code, has been allowed, except that where the straight line method provided in section 168(b)(3) is used, the deduction provided in this clause shall be allowed in the last taxable year in which an allowance for depreciation is allowed for that property.

(h) For qualified timber property for which the taxpayer made an election under section 194 of the Internal Revenue Code, the remaining depreciable basis for Minnesota purposes is allowed as a deduction in the first taxable year after the entire allowable deduction has been allowed for federal tax purposes.

(i) The basis of property to which section 168 of the Internal Revenue Code applies is its basis as provided in this chapter including the modifications provided in this subdivision and in Minnesota Statutes 1986, section 290.09, subdivision 7, paragraph (c). The recapture tax provisions provided in sections 1245 and 1250 of the Internal Revenue Code apply but must be calculated using the basis provided in the preceding sentence.

(j) The basis of an asset acquired in an exchange of assets, including an involuntary conversion, is the same as its federal basis under the provisions of the Internal Revenue Code, except that the difference in basis due to the modifications in this subdivision and in Minnesota Statutes 1986, section 290.09, subdivision 7, paragraph (c), is a deduction as provided in paragraph (e).

Subd. 20e. **Modification in computing taxable income of the estate of a decedent.** Amounts allowable under section 2053 or 2054 of the Internal Revenue Code of 1954 in

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computing federal estate tax liability shall not be allowed as a deduction (or as an offset against the sales price of property in determining gain or loss) in computing the taxable income of the estate or any person unless an election is made for federal income tax purposes under section 642(g) of the Internal Revenue Code of 1954. The election made for federal tax purposes under section 642(g) of the Internal Revenue Code of 1954 is binding for Minnesota tax purposes.

### **290.06 RATES OF TAX; CREDITS.**

Subd. 30. **Biotechnology and health science industry zone job credit.** A taxpayer that is a qualified business, as defined in section 469.330, subdivision 11, is allowed a credit as determined under section 469.338 against the franchise tax imposed under section 290.06, subdivision 1, or the alternative minimum tax imposed under section 290.0921.

Subd. 31. **Biotechnology and health science industry zone research and development credit.** A taxpayer that is a qualified business, as defined in section 469.330, subdivision 11, is allowed a credit as determined under section 469.339 against the franchise tax imposed under section 290.06, subdivision 1, or the alternative minimum tax imposed under section 290.0921.

### **290.0674 MINNESOTA EDUCATION CREDIT.**

Subd. 3. **Reduction by alternative minimum tax liability.** The amount of the credit allowed must be reduced by the amount of the taxpayer's liability under section 290.091, determined before the credit allowed by this section is subtracted from regular tax liability.

### **290.33 TAXABLE YEAR EXTENDING INTO CALENDAR YEARS AFFECTED BY DIFFERENT LAWS.**

The tax imposed on a taxpayer for a period beginning in one calendar year, hereinafter called "first calendar year," and ending in the following calendar year, hereinafter called "second calendar year," when the law applicable to the first calendar year is different from the law applicable to the second calendar year, shall be the sum of (1) that proportion of a tax for the entire period, computed under the law applicable to the first calendar year, which the portion of such period falling within the first calendar year is of the entire period, and (2) that proportion of a tax for the entire period, computed under the law applicable to the second calendar year, which the portion of such period falling within the second calendar year is of the entire period.

### **290C.02 DEFINITIONS.**

Subd. 5. **Current use value.** "Current use value" means the statewide average annual income per acre, multiplied by 90 percent and divided by the capitalization rate determined under subdivision 9. The statewide net annual income shall be a weighted average based on the most recent data as of July 1 of the computation year on stumpage prices and annual tree growth rates and acreage by cover type provided by the Department of Natural Resources and the United States Department of Agriculture Forest Service North Central Research Station.

Subd. 9. **Capitalization rate.** By July 1 of each year, the commissioner shall determine a statewide capitalization rate for use under this chapter. The rate shall be the average annual effective interest rate for St. Paul on new loans under the Farm Credit Bank system calculated under section 2032A(e)(7)(A) of the Internal Revenue Code.

### **290C.06 CALCULATION OF AVERAGE ESTIMATED MARKET VALUE; MANAGED FOREST LAND.**

The commissioner shall annually calculate a statewide average estimated market value per acre for class 2c managed forest land under section 273.13, subdivision 23.

### **291.41 DEFINITIONS.**

Subdivision 1. **Scope.** For the purposes of sections 291.41 to 291.47 the terms defined in this section shall have the meanings ascribed to them.

Subd. 2. **Executor.** "Executor" means an executor of the will or administrator of the estate of the decedent, but does not include an ancillary administrator.

Subd. 3. **Taxing official.** "Taxing official" means the commissioner of revenue of this state and the officer or body designated as such in the statute of a reciprocal state substantially similar to sections 291.41 to 291.47.

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Subd. 4. **Death tax.** "Death tax" means any tax levied by a state on account of the transfer or shifting of economic benefits in property at death, or in contemplation thereof, or intended to take effect in possession or enjoyment at or after death, whether denominated an "inheritance tax," "transfer tax," "succession tax," "estate tax," "death duty," "death dues," or otherwise.

Subd. 5. **Interested person.** "Interested person" means any person who may be entitled to receive, or who has received any property or interest which may be required to be considered in computing the death tax of any state involved.

#### **291.42 ELECTION TO INVOKE.**

In any case in which this state and one or more other states each claims that it was the domicile of a decedent at the time of death, at any time prior to the commencement of legal action for determination of domicile within this state or within 60 days thereafter, any executor, or the taxing official of any such state, may elect to invoke the provisions of sections 291.41 to 291.47. Such executor or taxing official shall send a notice of such election by certified mail, receipt requested, to the taxing official of each such state and to each executor, ancillary administrator, and interested person. Within 40 days after the receipt of such notice of election any executor may reject such election by sending a notice, by certified mail, receipt requested, to the taxing officials involved and to all other executors and to all interested parties. When an election has been rejected no further proceedings shall be had under sections 291.41 to 291.47. If such election is not rejected within the 40-day period, the dispute as to death taxes shall be determined solely in accordance with the provisions of sections 291.41 to 291.47. No other proceedings to determine or assess such death taxes shall thereafter be instituted in any court of this state or otherwise.

#### **291.43 AGREEMENTS AS TO DEATH TAX.**

In any case in which an election is made and not rejected the commissioner of revenue of this state may enter into a written agreement with the other taxing officials involved and with the executors to accept a certain sum in full payment of any death taxes, together with interest and penalties, that may be due this state, provided this agreement fixes the amount to be paid the other states involved in the dispute.

#### **291.44 DETERMINATION OF DOMICILE.**

If in any such case it appears that an agreement cannot be reached, as provided in section 291.43, or if one year shall have elapsed from the date of the election without such an agreement having been reached, the domicile of the decedent at the time of death shall be determined solely for death tax purposes as follows:

(1) Where only this state and one other state are involved, the commissioner of revenue and the taxing official of the other state shall each appoint a member of a board of arbitration, and these members shall appoint the third member of the board. If this state and more than one other state are involved, the taxing officials thereof shall agree upon the authorities charged with the duty of administering death tax laws in three states not involved in the dispute and each of these authorities shall appoint a member of the board of arbitration. The board shall select one of its members as chair.

(2) Such board shall hold hearing at such places as are deemed necessary, upon reasonable notice to the executors, ancillary administrators, all other interested persons, and to the taxing officials of the states involved, all of whom are entitled to be heard.

(3) Such board may administer oaths, take testimony, subpoena witnesses and require their attendance, require the production of books, papers, and documents, issue commissions to take testimony. Subpoenas may be issued by any member of the board. Failure to obey a subpoena may be punished by any court of record in the same manner as if the subpoena had been issued by such court.

(4) Whenever practicable such board shall apply the Rules of Evidence then prevailing in the federal courts under the federal Rules of Civil Procedure.

(5) Such board shall determine the domicile of the decedent at the time of death. This determination is final and conclusive and binds this state, and all of its judicial and administrative officials on all questions concerning the domicile of the decedent for death tax purpose.

(6) The reasonable compensation and expenses of the members of the board and its employees shall be agreed upon among such members, the taxing officials involved, and the executors. If an agreement cannot be reached, such compensation and expenses shall be determined by such taxing officials; and, if they cannot agree, by the appropriate court having

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probate jurisdiction of the state determined to be the domicile. Such amount shall be borne by the estate and shall be deemed an administration expense.

(7) The determination of such board and the record of its proceeding shall be filed with the authority having jurisdiction to assess the death tax in the state determined to be the domicile of the decedent and with the authorities which would have had jurisdiction to assess the death tax in each of the other states involved if the decedent had been found to be domiciled therein.

#### **291.45 ACCEPTANCE OF AGREED SUM IN FULL PAYMENT.**

Notwithstanding the commencement of a legal action for determination of domicile within this state or the commencement of an arbitration proceeding, as provided in section 291.44, the commissioner of revenue of this state may in any case enter into a written agreement with the other taxing officials involved and with the executors to accept a certain sum in full payment of any death tax, together with interest and penalties, that may be due this state, provided this agreement fixes the amount to be paid the other states involved in the dispute, at any time before such proceeding is concluded. Upon the filing of this agreement with the authority which would have jurisdiction to assess the death tax of this state, if the decedent died domiciled in this state, an assessment shall be made as provided in such agreement, and this assessment finally and conclusively fixes the amount of death tax due this state. If the aggregate amount payable under such agreement or under an agreement made in accordance with the provisions of section 291.43 to the states involved is less than the minimum credit allowable to the estate against the United States estate tax imposed with respect thereto, the executor forthwith shall also pay to the commissioner of revenue of this state the same percentage of the difference between such aggregate amount of such credit as the amount payable to such commissioner under such agreement bears to such aggregate amount.

#### **291.46 PENALTIES, INTEREST; LIMITATION.**

When in any case the board of arbitration determines that a decedent died domiciled in this state, the total amount of interest and penalties for nonpayment of the tax, between the date of the election and the final determination of the board, shall not exceed ten percent of the amount of the taxes per annum.

#### **291.47 APPLICATION.**

Sections 291.41 to 291.47 apply only to cases in which each of the states involved in the dispute has in effect therein a law substantially similar to sections 291.41 to 291.47.

#### **295.52 TAXES IMPOSED.**

Subd. 7. **Tax reduction.** Notwithstanding subdivisions 1, 1a, 2, 3, and 4, the tax imposed under this section equals for calendar years 1998 to 2003, 1.5 percent of the gross revenues received on or after January 1, 1998, and before January 1, 2004.

#### **297A.68 BUSINESS EXEMPTIONS.**

Subd. 38. **Biotechnology and health sciences industry zone.** (a) Purchases of tangible personal property or taxable services by a qualified business, as defined in section 469.330, are exempt if the property or services are primarily used or consumed in a biotechnology and health sciences industry zone designated under section 469.334.

(b) Purchase and use of construction materials and supplies used or consumed in, and equipment incorporated into, the construction of improvements to real property in a biotechnology and health sciences industry zone are exempt if the improvements after completion of construction are to be used in the conduct of a qualified business, as defined in section 469.330. This exemption applies regardless of whether the purchases are made by the business or a contractor.

(c) The exemptions under this subdivision apply to a local sales and use tax regardless of whether the local sales tax is imposed on the sales taxable as defined under this chapter.

(d)(1) The tax on sales of goods or services exempted under this subdivision are imposed and collected as if the applicable rate under section 297A.62 applied. Upon application by the purchaser, on forms prescribed by the commissioner, a refund equal to the tax paid must be paid to the purchaser. The application must include sufficient information to permit the commissioner to verify the sales tax paid and the eligibility of the claimant to receive the credit. No more than

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two applications for refunds may be filed under this subdivision in a calendar year. The provisions of section 289A.40 apply to the refunds payable under this subdivision.

(2) The amount required to make the refunds is annually appropriated to the commissioner of revenue.

(3) The aggregate amount refunded to a qualified business must not exceed the amount allocated to the qualified business under section 469.335.

(e) This subdivision applies only to sales made during the duration of the designation of the zone.

**297A.71 CONSTRUCTION EXEMPTIONS.**

Subd. 4. **Lake Superior Center.** Building materials and supplies for construction of the Lake Superior Center are exempt.

Subd. 5. **Science Museum.** Building materials and supplies for construction of the Science Museum of Minnesota are exempt.

Subd. 7. **Alfalfa processing facility.** Building materials and supplies for constructing a facility that either develops market-value agricultural products made from alfalfa leaf material, or produces biomass energy fuel or electricity from alfalfa stems in accordance with the biomass mandate imposed under section 216B.2424 are exempt if the total capital investment made in the value-added agricultural products and biomass electric generation facilities is at least \$50,000,000.

Subd. 10. **Aircraft heavy maintenance facility.** Materials, equipment, and supplies used or consumed in constructing a heavy maintenance facility for aircraft that is to be owned by the state of Minnesota or one of its political subdivisions and leased by an airline company is exempt. Except for equipment owned or leased by a contractor, all machinery, equipment, and tools necessary to the construction and equipping of that facility in order to provide those services are also exempt.

Subd. 17. **Environmental learning center.** Construction materials and supplies are exempt if they are used or consumed in constructing or improving the Long Lake Conservation Center pursuant to the funding provided under Laws 1994, chapter 643, section 23, subdivision 28, as amended by Laws 1995, First Special Session chapter 2, article 1, section 48; Laws 1996, chapter 463, section 7, subdivision 26; and Laws 1997, chapter 246, section 24. The tax must be calculated and paid as if the rate in section 297A.62, subdivision 1, was in effect and a refund applied for in the manner prescribed in section 297A.75.

Subd. 18. **Soybean oilseed processing and refining facility.** Construction materials and supplies are exempt if:

(1) the materials and supplies are used or consumed in constructing a facility for soybean oilseed processing and refining;

(2) the total capital investment made in the facility is at least \$60,000,000; and

(3) the facility is constructed by a Minnesota-based cooperative organized under chapter 308A.

Subd. 20. **Construction materials and supplies; beef processing facility.** Materials and supplies used or consumed in, and equipment incorporated into, the expansion, remodeling, or improvement of a facility used for cattle slaughtering are exempt if:

(1) the cost of the project is expected to exceed \$15,000,000;

(2) the expansion, remodeling, or improvement of the facility will be used to fabricate beef;

(3) the number of jobs at the facility is expected to increase by at least 150 when the project is completed; and

(4) the project is expected to be completed by December 31, 2001.

Subd. 32. **Walker Art Center.** Materials, equipment, and supplies used or consumed in construction of the Walker Art Center are exempt if more than \$70,000,000 is raised from private sources to pay for a portion of the costs of the project.

**297F.08 CIGARETTE STAMPS.**

Subd. 11. **Railroad or sleeping car company as a distributor.** The commissioner may authorize a railroad or sleeping car company licensed as a distributor to sell cigarettes on its cars without affixing stamps to the packages, provided that monthly reports and payments of the tax due subject to the discount in subdivision 7 must be made directly to the commissioner in the manner and under the terms provided for by the commissioner. Only one distributor's license need

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be obtained by each railroad or sleeping car company to permit it to sell cigarettes on any or all of its cars within the state.

### **297H.10 ADMINISTRATION; ENFORCEMENT; PENALTY.**

Subd. 2. **Penalty.** If the form prescribed by the commissioner of revenue for remitting the tax is the sales tax return, a penalty is imposed on a person or political subdivision who fails to separately report the amount of tax due under this chapter. The specified penalties are ten percent for the first violation and 20 percent for the second and subsequent violations. The penalty applies only to that portion of the tax that should have been reported on the separate lines for the tax due under this chapter and that was included on other lines of the sales tax return.

### **469.174 DEFINITIONS.**

Subd. 10c. **Compact development district.** "Compact development district" means a type of tax increment financing district consisting of a project, or portions of a project, within which the authority finds by resolution that the following conditions are satisfied:

- (1) parcels consisting of 70 percent of the area of the district are occupied by buildings or similar structures that are classified as class 3a property under section 273.13, subdivision 24; and
- (2) the planned redevelopment or development of the district, when completed, will increase the total square footage of buildings, classified as class 3a under section 273.13, subdivision 24, occupying the district by three times or more relative to the square footage of similar buildings occupying the district when the resolution was approved.

### **469.175 ESTABLISHING, CHANGING PLAN, ANNUAL ACCOUNTS.**

Subd. 2b. **Compact development districts; sunset.** The authority to establish or approve the tax increment financing plan for a new compact development district expires on June 30, 2012.

### **469.176 LIMITATIONS.**

Subd. 1i. **Compact development districts.** Tax increments derived from a compact development district may be used only to pay:

- (1) administrative expenses up to the amount permitted under subdivision 3;
- (2) the cost of acquiring land located in the district or abutting the boundary of the district;
- (3) demolition and removal of buildings or other improvements and other site preparation costs for lands located in the district or abutting the boundary of the district; and
- (4) installation of public infrastructure or public improvements serving the district, but excluding the costs of streets, roads, highways, parking, or other public improvements primarily designed to serve private passenger motor vehicles.

### **469.1764 PRE-1982 DISTRICTS; POOLING RULES.**

Subdivision 1. **Scope; application.** (a) This section applies to a tax increment financing district or area added to a district, if the request for certification of the district or the area added to the district was made after July 31, 1979, and before July 1, 1982.

(b) This section, section 469.1763, subdivision 6, and any special law applying to the district are the exclusive authority to spend tax increments on activities located outside of the geographic area of a tax increment financing district that is subject to this section.

(c) This section does not apply to increments from a district that is subject to the provisions of this section, if:

- (1) the district was decertified before the enactment of this section and all increments spent on activities located outside of the geographic area of the district were repaid and distributed as excess increments under section 469.176, subdivision 2; or
- (2) the use of increments on activities located outside of the geographic area of the district consists solely of payment of debt service on bonds under section 469.129, subdivision 2, before its repeal, and any bonds issued to refund bonds issued under that subdivision.

Subd. 2. **State auditor notification.** By August 1, 1999, the state auditor shall notify in writing each authority for which the auditor has records that the authority has a district subject to this section.

Subd. 3. **Ratification of past spending.** The following expenditures of increments on activities located outside of the geographic area of a district subject to this section are permitted:

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(1) expenditures made before the earlier of (i) notification by the state auditor or (ii) December 31, 1999; and

(2) expenditures to pay preexisting outside district obligations.

Subd. 4. **Decertification required.** (a) The provisions of this subdivision apply to any tax increment financing district subject to this section, if increments from the district were used on activities located outside of the geographic area of the district.

(b) After December 31, 1999, any tax increments received by the authority from a district subject to this subdivision may be expended only to pay:

(1) preexisting in-district obligations;

(2) preexisting outside district obligations; and

(3) administrative expenses.

After all preexisting obligations have been paid or defeased, the district must be decertified and any remaining increments distributed as excess increments under section 469.176, subdivision 2.

Subd. 5. **Definitions.** (a) "Notification by the state auditor" means the receipt by the authority or the municipality of the final written notification from the state auditor that its expenditures of increments from the district on activities located outside of the geographic area of the district were not in compliance with state law.

(b) "Preexisting outside district obligations" means:

(1) bonds secured by increments from a district subject to this section and used to finance activities outside the geographic area of the district, if the bonds were issued and the pledge of increment was made before the earlier of (i) notification by the state auditor, or (ii) April 1, 1999;

(2) bonds issued to refund bonds qualifying under clause (1), if the refunding bonds do not increase the total amount of tax increments required to pay the refunded bonds; and

(3) binding written agreements secured by the increments from the district subject to this section and used to finance activities outside the geographic area of the district, if the agreement was entered before the earlier of (i) notification by the state auditor or (ii) May 1, 1999.

(c) "Preexisting in-district obligations" means:

(1) bonds secured by increments from a district subject to this section and not used to finance activities outside of the geographic area of the district, if the bonds were issued and the pledge of increments was made before April 1, 1999;

(2) bonds issued to refund bonds qualifying under clause (1), if the refunding bonds do not increase the total amount of tax increments required to pay the refunded bonds; and

(3) binding written agreements secured by increments from a district subject to this section and not used to finance activities outside of the geographic area of the district, if the agreements were entered into and the pledge of increments was made before June 30, 1999.

**469.177 COMPUTATION OF TAX INCREMENT.**

Subd. 10. **Payment to school for referendum levy.** (a) The provisions of this subdivision apply to tax increment financing districts and projects for which certification was requested before May 1, 1988, that are located in a school district in which the voters have approved new local tax rates or an increase in local tax rates after the tax increment financing district was certified.

(b)(1) If there are no outstanding bonds on May 1, 1988, to which increment from the district is pledged, or if the referendum is approved after May 1, 1988, and there are no bonds outstanding at the time the referendum is approved, that were issued before May 1, 1988, the authority must annually pay to the school district an amount of increment equal to the increment that is attributable to the increase in the local tax rate under the referendum.

(2) If clause (1) does not apply, upon approval by a majority vote of the governing body of the municipality and the school board, the authority must pay to the school district an amount of increment equal to the increment that is attributable to the increase in the local tax rate under the referendum.

(c) The amounts of these increments may be expended and must be treated by the school district in the same manner as provided for the revenues derived from the referendum levy approved by the voters. The provisions of this subdivision apply to projects for which certification was requested before, on, and after August 1, 1979.

**469.330 DEFINITIONS.**

Subdivision 1. **Scope.** For purposes of sections 469.330 to 469.341, the following terms have the meanings given.



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Subd. 2. **Applicant.** "Applicant" means a local government unit or units applying for designation of an area as a biotechnology and health sciences industry zone or a joint powers board, established under section 471.59, acting on behalf of two or more local government units.

Subd. 3. **Biotechnology and health sciences industry facility.** "Biotechnology and health sciences industry facility" means one or more facilities or operations involved in:

- (1) researching, developing, and/or manufacturing a biotechnology product or service or a biotechnology-related health sciences product or service;
- (2) researching, developing, and/or manufacturing a biotechnology medical device product or service or a biotechnology-related medical device product or service; or
- (3) promoting, supplying, or servicing a facility or operation involved in clause (1) or (2), if the business derives more than 50 percent of its gross receipts from those activities.

Subd. 4. **Commissioner.** "Commissioner" means the commissioner of employment and economic development.

Subd. 5. **Development plan.** "Development plan" means a plan meeting the requirements of section 469.331.

Subd. 6. **Biotechnology and health sciences industry zone or zone.** "Biotechnology and health sciences industry zone" or "zone" means a zone designated by the commissioner under section 469.334.

Subd. 7. **Biotechnology and health sciences industry zone percentage or zone percentage.** "Biotechnology and health sciences industry zone percentage" or "zone percentage" means the following fraction reduced to a percentage:

- (1) the numerator of the fraction is:
  - (i) the ratio of the taxpayer's property factor under section 290.191 located in the zone for the taxable year over the property factor numerator determined under section 290.191, plus
  - (ii) the ratio of the taxpayer's biotechnology and health sciences industry zone payroll factor under subdivision 8 over the payroll factor numerator determined under section 290.191; and
- (2) the denominator of the fraction is two.

When calculating the zone percentage for a business that is part of a unitary business as defined under section 290.17, subdivision 4, the denominator of the payroll and property factors is the Minnesota payroll and property of the unitary business as reported on the combined report under section 290.17, subdivision 4, paragraph (j).

Subd. 8. **Biotechnology and health sciences industry zone payroll factor.** "Biotechnology and health sciences industry zone payroll factor" or "biotechnology and health sciences industry zone payroll" is that portion of the payroll factor under section 290.191 that represents:

- (1) wages or salaries paid to an individual for services performed for a qualified business in a biotechnology and health sciences industry zone; or
- (2) wages or salaries paid to individuals working from offices of a qualified business within a biotechnology and health sciences industry zone if their employment requires them to work outside the zone and the work is incidental to the work performed by the individual within the zone.

Subd. 9. **Local government unit.** "Local government unit" means a statutory or home rule charter city, county, town, or school district.

Subd. 10. **Person.** "Person" includes an individual, corporation, partnership, limited liability company, association, or any other entity.

Subd. 11. **Qualified business.** (a) "Qualified business" means a person carrying on a trade or business at a biotechnology and health sciences industry facility located within a biotechnology and health sciences industry zone. A person is a qualified business only on those parcels of land for which it has entered into a business subsidy agreement, as required under section 469.333, with the appropriate local government unit in which the parcels are located.

(b) A person that relocates a biotechnology and health sciences industry facility from outside a biotechnology and health sciences industry zone into a zone is not a qualified business, unless the business:

- (1)(i) increases full-time employment in the first full year of operation within the biotechnology and health sciences industry zone by at least 20 percent measured relative to the operations that were relocated and maintains the required level of employment for each year the zone designation applies; or
- (ii) makes a capital investment in the property located within a zone equivalent to ten percent of the gross revenues of operation that were relocated in the immediately preceding taxable year; and
- (2) enters a binding written agreement with the commissioner that:
  - (i) pledges the business will meet the requirements of clause (1);

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(ii) provides for repayment of all tax benefits enumerated under section 469.336 to the business under the procedures in section 469.340, if the requirements of clause (1) are not met; and  
(iii) contains any other terms the commissioner determines appropriate.

Subd. 12. **Relocates.** (a) "Relocates" means that the trade or business:

(1) ceases one or more operations or functions at another location in Minnesota and begins performing substantially the same operations or functions at a location in a biotechnology and health sciences industry zone; or

(2) reduces employment at another location in Minnesota during a period starting one year before and ending one year after it begins operations in a biotechnology and health sciences industry zone and its employees in the biotechnology and health sciences industry zone are engaged in the same line of business as the employees at the location where it reduced employment.

(b) "Relocate" does not include an expansion by a business that establishes a new facility that does not replace or supplant an existing operation or employment, in whole or in part.

### **469.331 DEVELOPMENT PLAN.**

(a) An applicant for designation of a biotechnology and health sciences industry zone must adopt a written development plan for the zone before submitting the application to the commissioner.

(b) The development plan must contain, at least, the following:

(1) a map of the proposed zone that indicates the geographic boundaries of the zone, the total area, and present use and conditions generally of the land and structures within those boundaries;

(2) evidence of community support and commitment from local government, local workforce investment boards, school districts, and other education institutions, business groups, and the public;

(3) a description of the methods proposed to increase economic opportunity and expansion, facilitate infrastructure improvement, reduce the local regulatory burden, and identify job-training opportunities;

(4) current social, economic, and demographic characteristics of the proposed zone and anticipated improvements in education, health, human services, and employment if the zone is created;

(5) a description of anticipated activity in the zone and each subzone, including, but not limited to, industrial use and industrial site reuse;

(6) a description of the tax exemptions under section 469.336 to be provided to each qualifying business based on a development agreement between the applicant and each qualified business. The development agreement must also state any obligations the qualified business must fulfill in order to be eligible for tax benefits; and

(7) any other information required by the commissioner.

### **469.332 ZONE LIMITS.**

Subdivision 1. **Maximum size.** A biotechnology and health sciences industry zone may not exceed 5,000 acres.

Subd. 2. **Subzones.** The area of a biotechnology and health sciences industry zone may consist of one or more noncontiguous areas or subzones.

Subd. 3. **Duration limit.** The maximum duration of a zone is 12 years. The applicant may request a shorter duration. The commissioner may specify a shorter duration, regardless of the requested duration.

### **469.333 APPLICATION FOR DESIGNATION.**

Subdivision 1. **Who may apply.** One or more local government units, or a joint powers board under section 471.59, acting on behalf of two or more units, may apply for designation of an area as a biotechnology and health sciences industry zone. All or part of the area proposed for designation as a zone must be located within the boundaries of each of the governmental units. A local government unit may not submit or have submitted on its behalf more than one application for designation of a biotechnology and health sciences industry zone.

Subd. 2. **Application content.** The application must include:

(1) a development plan meeting the requirements of section 469.331;

(2) the proposed duration of the zone, not to exceed 12 years;

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(3) a resolution or ordinance adopted by each of the cities or towns and the counties in which the zone is located, agreeing to provide all of the local sales and use tax exemptions provided under section 469.336;

(4) an agreement by the applicant to treat incentives provided under the zone designation as business subsidies under sections 116J.993 to 116J.995 and to comply with the requirements of that law; and

(5) supporting evidence to allow the commissioner to evaluate the application under the criteria in section 469.334.

**469.334 DESIGNATION OF ZONE.**

Subdivision 1. **Commissioner to designate.** (a) The commissioner, in consultation with the commissioner of revenue and the director of the Office of Strategic and Long-Range Planning, may designate biotechnology and health sciences industry zones. Priority must be given to applicants with a development plan that links a higher education/research institution with a biotechnology and health sciences industry facility.

(b) The commissioner may consult with the applicant prior to the designation of the zone. The commissioner may modify the development plan, including the boundaries of the zone or subzones, if in the commissioner's opinion a modified plan would better meet the objectives of the biotechnology and health sciences industry zone program. The commissioner shall notify the applicant of the modifications and provide a statement of the reasons for the modifications.

Subd. 2. **Need indicators.** (a) In evaluating applications to determine the need for designation of a biotechnology and health sciences industry zone, the commissioner shall consider the following factors as indicators of need:

(1) the extent to which land in proximity to a significant scientific research institution could be developed as a higher and better use for biotechnology and health sciences industry facilities;

(2) the amount of property in or near the zone that is deteriorated or underutilized; and

(3) the extent to which property in the area would remain underdeveloped or nonperforming due to physical characteristics.

(b) The commissioner may require applicants to provide data to demonstrate how the area meets one or more of the indicators of need.

Subd. 3. **Success indicators.** In determining the likelihood of success of a proposed zone, the commissioner shall consider:

(1) applicants that show a viable link between a higher education/research institution, the biotechnology and/or medical devices business sectors, and one or more units of local government with a development plan;

(2) the extent to which the area has substantial real property with adequate infrastructure and energy to support new or expanded development;

(3) the strength and viability of the proposed development goals, objectives, and strategies in the development plan;

(4) whether the development plan is creative and innovative in comparison to other applications;

(5) local public and private commitment to development of a biotechnology and health sciences industry facility or facilities in the proposed zone and the potential cooperation of surrounding communities;

(6) existing resources available to the proposed zone;

(7) how the designation of the zone would relate to other economic and community development projects and to regional initiatives or programs;

(8) how the regulatory burden will be eased for biotechnology and health sciences industry facilities located in the proposed zone;

(9) proposals to establish and link job creation and job training in the biotechnology and health sciences industry with research/educational institutions; and

(10) the extent to which the development is directed at encouraging, and that designation of the zone is likely to result in, the creation of high-paying jobs.

Subd. 4. **Designation schedule.** (a) The schedule in paragraphs (b) to (e) applies to the designation of the first biotechnology and health sciences industry zone.

(b) The commissioner shall publish the form for applications and any procedural, form, or content requirements for applications by no later than August 1, 2003. The commissioner may publish these requirements on the Internet, in the State Register, or by any other means the commissioner determines appropriate to disseminate the information to potential applicants for designation.

(c) Applications must be submitted by October 15, 2003.

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(d) The commissioner shall designate the zones by no later than December 31, 2003.

(e) The designation of the zones takes effect January 1, 2004.

(f) Additional zones may be designated in later years, only after the commissioner of employment and economic development has established criteria for expanding the number of zones. The criteria must limit designating a new zone to a community that has adequate resources and infrastructure to support bioindustry, including postsecondary institutions, strong health care systems, and existing bioscience companies. It must also require that a new zone be located on a transportation corridor.

### **469.335 APPLICATION FOR TAX BENEFITS.**

(a) To claim a tax credit or exemption against a state tax under section 469.336, a business must apply to the commissioner for a tax credit certificate. As a condition of its application, the business must agree to furnish information to the commissioner that is sufficient to verify the eligibility for any credits or exemptions claimed. The total amount of the state tax credits and exemptions allowed for the specified period may not exceed the amount of the tax credit certificates provided by the commissioner to the business. The commissioner must verify to the commissioner of revenue the amount of tax exemptions or credits for which each business is eligible.

(b) A tax credit certificate issued under this section may specify the particular tax exemptions or credits against a state tax that the qualified business is eligible to claim under section 469.336, and the amount of each exemption or credit allowed.

(c) The commissioner may issue \$1,000,000 of tax credits or exemptions in fiscal year 2004. Any tax credits or exemptions not awarded in fiscal year 2004 may be awarded in fiscal year 2005.

(d) A qualified business must use the tax credits or tax exemptions granted under this section by the later of the end of the state fiscal year or the taxpayer's tax year in which the credits or exemptions are granted.

### **469.336 TAX INCENTIVES AVAILABLE IN ZONES.**

Qualified businesses that operate in a biotechnology and health sciences industry zone, individuals who invest in a qualified business that operates in a biotechnology and health sciences industry zone, and property of a qualified business located in a biotechnology and health sciences industry zone qualify for:

- (1) exemption from corporate franchise taxes as provided under section 469.337;
- (2) exemption from the state sales and use tax and any local sales and use taxes on qualifying purchases as provided in section 297A.68, subdivision 38;
- (3) research and development credits as provided under section 469.339;
- (4) jobs credits as provided under section 469.338.

### **469.337 CORPORATE FRANCHISE TAX EXEMPTION.**

(a) A qualified business is exempt from taxation under section 290.02, the alternative minimum tax under section 290.0921, and the minimum fee under section 290.0922, on the portion of its income attributable to operations of a qualified business within the biotechnology and health sciences industry zone. This exemption is determined as follows:

(1) for purposes of the tax imposed under section 290.02, by multiplying its taxable net income by its zone percentage and subtracting the result in determining taxable income;

(2) for purposes of the alternative minimum tax under section 290.0921, by multiplying its alternative minimum taxable income by its zone percentage and reducing alternative minimum taxable income by this amount; and

(3) for purposes of the minimum fee under section 290.0922, by excluding zone property and payroll from the computations of the fee. The qualified business is exempt from the minimum fee if all of its property is located in the zone and all of its payroll is zone payroll.

(b) No subtraction is allowed under this section in excess of 20 percent of the sum of the corporation's biotechnology and health sciences industry zone payroll and the adjusted basis of the property at the time that the property is first used in the biotechnology and health sciences industry zone by the corporation.

(c) No reduction in tax is allowed in excess of the amount allocated under section 469.335.

### **469.338 JOBS CREDIT.**

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Subdivision 1. **Credit allowed.** A qualified business is allowed a credit against the taxes imposed under chapter 290.

The credit equals seven percent of the:

(1) lesser of:

(i) zone payroll for the taxable year, less the zone payroll for the base year; or

(ii) total Minnesota payroll for the taxable year, less total Minnesota payroll for the base year; minus

(2) \$30,000 multiplied by the number of full-time equivalent employee positions that the qualified business employs in the biotechnology and health sciences industry zone for the taxable year, minus the number of full-time equivalent employees the business employed in the zone in the base year, but not less than zero.

Subd. 2. **Definitions.** (a) For purposes of this section, the following terms have the meaning given.

(b) "Base year" means the taxable year beginning during the calendar year in which the commissioner designated the zone.

(c) "Full-time equivalent employee position" means the equivalent of annualized expected hours of work equal to 2,080 hours.

(d) "Minnesota payroll" means the wages or salaries attributed to Minnesota under section 290.191, subdivision 12, for the qualified business or the unitary business of which the qualified business is a part, whichever is greater.

(e) "Zone payroll" means wages or salaries used to determine the zone payroll factor for the qualified business.

Subd. 3. **Inflation adjustment.** For taxable years beginning after December 31, 2004, the dollar amount in subdivision 1, clause (2), is annually adjusted for inflation. The commissioner of revenue shall adjust the amount by the percentage determined under section 290.06, subdivision 2d, for the taxable year.

Subd. 4. **Refundable.** If the amount of the credit calculated under this section and allocated to the qualified business under section 469.335 exceeds the liability for tax under chapter 290, the commissioner of revenue shall refund the excess to the qualified business.

**469.339 CREDIT FOR MORE RESEARCH IN ZONE.**

Subdivision 1. **Credit allowed.** A corporation, other than a corporation treated as an "S" corporation under section 290.9725, is allowed a credit against the portion of the franchise tax computed under section 290.06, subdivision 1, for the taxable year equal to:

(1) five percent of the first \$2,000,000 of the excess (if any) of (i) the qualified research expenses for the taxable year, over (ii) the base amount; and

(2) 2.5 percent of all such excess expenses over \$2,000,000.

Subd. 2. **Definitions.** (a) For purposes of this section, the following terms have the meanings given.

(b) "Qualified research expenses" means qualified research expenses and basic research payments as defined in section 41(b) and (e) of the Internal Revenue Code.

(c) "Qualified research" means activities in the fields of biotechnology or health sciences that are "qualified research" as defined in section 41(d) of the Internal Revenue Code, except that the term does not include qualified research conducted outside the biotechnology and health sciences industry zone.

(d) "Base amount" means base amount as defined in section 41(c) of the Internal Revenue Code, except that the average annual gross receipts must be calculated using Minnesota sales or receipts under section 290.191 and the definitions contained in paragraphs (b) and (c) apply.

(e) "Liability for tax" for purposes of this section means the tax imposed under this chapter for the taxable year reduced by the sum of the nonrefundable credits allowed under this chapter.

Subd. 3. **Refundable credit.** If the credit determined under this section and allocated to the taxpayer under section 469.335 for the taxable year exceeds the taxpayer's liability for tax for the year, the commissioner shall refund the difference to the taxpayer.

Subd. 4. **Partnerships.** For partnerships, the credit is allocated in the same manner provided by section 41(f)(2) of the Internal Revenue Code.

Subd. 5. **Adjustments; acquisitions and dispositions.** If a taxpayer acquires or disposes of the major portion of a trade or business or the major portion of a separate unit of a trade or business in a transaction with another taxpayer, the taxpayer's qualified research expenses and base amount are adjusted in the same manner provided by section 41(f)(3) of the Internal Revenue Code.

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Subd. 6. **Interaction; regular research credit.** Any amount used to calculate a credit under this section may not be used to generate a credit under section 290.068.

**469.340 REPAYMENT OF TAX BENEFITS.**

Subdivision 1. **Repayment obligation.** A business must repay the amount of the tax reduction listed in section 469.336 and any refunds under sections 469.338 and 469.339 in excess of tax liability, received during the two years immediately before it ceased to operate in the zone, if the business:

(1) received tax reductions authorized by section 469.336; and

(2)(i) did not meet the goals specified in an agreement entered into with the applicant that states any obligation the qualified business must fulfill in order to be eligible for tax benefits. The commissioner of employment and economic development may extend for up to one year the period for meeting any goals provided in an agreement. The applicant may extend the period for meeting other goals by documenting in writing the reason for the extension and attaching a copy of the document to its next annual report to the commissioner of employment and economic development; or

(ii) ceased to operate its facility located within the biotechnology and health sciences industry zone or otherwise ceases to be or is not a qualified business.

Subd. 2. **Definitions.** (a) For purposes of this section, the following terms have the meanings given.

(b) "Business" means any person who received tax benefits enumerated in section 469.336.

(c) "Commissioner" means the commissioner of revenue.

Subd. 3. **Disposition or repayment.** The repayment must be paid to the state to the extent it represents a state tax reduction and to the county to the extent it represents a property tax reduction. Any amount repaid to the state must be deposited in the general fund. Any amount repaid to the county for the property tax exemption must be distributed to the local governments with authority to levy taxes in the zone in the same manner provided for distribution of payment of delinquent property taxes. Any repayment of local sales taxes must be repaid to the city or county imposing the local sales tax.

Subd. 4. **Repayment procedures.** (a) For the repayment of taxes imposed under chapter 290 or 297A or local taxes collected pursuant to section 297A.99, a business must file an amended return with the commissioner of revenue and pay any taxes required to be repaid within 30 days after ceasing to do business in the zone. The amount required to be repaid is determined by calculating the tax for the period or periods for which repayment is required without regard to the exemptions and credits allowed under section 469.336.

(b) For the repayment of property taxes, the county auditor shall prepare a tax statement for the business, applying the applicable tax extension rates for each payable year and provide a copy to the business. The business must pay the taxes to the county treasurer within 30 days after receipt of the tax statement. The taxpayer may appeal the valuation and determination of the property tax to the Tax Court within 30 days after receipt of the tax statement.

(c) The provisions of chapters 270C and 289A relating to the commissioner's authority to audit, assess, and collect the tax and to hear appeals are applicable to the repayment required under paragraph (a). The commissioner may impose civil penalties as provided in chapter 289A, and the additional tax and penalties are subject to interest at the rate provided in section 270C.40. The additional tax shall bear interest from 30 days after ceasing to do business in the biotechnology and health sciences industry zone until the date the tax is paid. Any penalty imposed pursuant to this section shall bear interest from the date provided in section 270C.40, subdivision 3, to the date of payment of the penalty.

(d) If a property tax is not repaid under paragraph (b), the county treasurer shall add the amount required to be repaid to the property taxes assessed against the property for payment in the year following the year in which the treasurer discovers that the business ceased to operate in the biotechnology and health sciences industry zone.

(e) For determining the tax required to be repaid, a tax reduction is deemed to have been received on the date that the tax would have been due if the taxpayer had not been entitled to the exemption, or on the date a refund was issued for a refundable credit.

(f) The commissioner may assess the repayment of taxes under paragraph (c) any time within two years after the business ceases to operate in the biotechnology and health sciences industry zone, or within any period of limitations for the assessment of tax under section 289A.38, whichever period is later.

Subd. 5. **Waiver authority.** The commissioner may waive all or part of a repayment, if the commissioner, in consultation with the commissioner of employment and economic development

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and appropriate officials from the local government units in which the business is located, determines that requiring repayment of the tax is not in the best interest of the state or the local government units and the business ceased operating as a result of circumstances beyond its control including, but not limited to:

- (1) a natural disaster;
- (2) unforeseen industry trends; or
- (3) loss of a major supplier or customer.

**469.341 ZONE PERFORMANCE; REMEDIES.**

Subdivision 1. **Reporting requirement.** An applicant receiving designation of a biotechnology and health sciences industry zone under section 469.334 must annually report to the commissioner on its progress in meeting the zone performance goals under the development plan for the zone and the applicant's compliance with the business subsidy law under sections 116J.993 to 116J.995.

Subd. 2. **Procedures.** For reports required by subdivision 1, the commissioner may prescribe:

- (1) the required time or times by which the reports must be filed;
- (2) the form of the report; and
- (3) the information required to be included in the report.

Subd. 3. **Remedies.** If the commissioner determines, based on a report filed under subdivision 1 or other available information, that a zone or subzone is failing to meet its performance goals, the commissioner may take any actions the commissioner determines appropriate, including modification of the boundaries of the zone or a subzone or termination of the zone or a subzone. Before taking any action, the commissioner shall consult with the applicant and the affected local government units, including notifying them of the proposed actions to be taken. The commissioner shall publish any order modifying a zone in the State Register and on the Internet. The applicant may appeal the commissioner's order under the contested case procedures of chapter 14.

Subd. 4. **Existing businesses.** (a) An action to remove area from a zone or to terminate a zone under this section does not apply to:

- (1) the property tax on improvements constructed before the first January 2 following publication of the commissioner's order;
- (2) sales tax on purchases made before the first day of the next calendar month beginning at least 30 days after publication of the commissioner's order; and
- (3) individual income tax or corporate franchise tax attributable to a facility that was in operation before the publication of the commissioner's order.

(b) The tax exemptions specified in paragraph (a) terminate on the date on which the zone expires under the original designation.

**477A.0124 COUNTY PROGRAM AID.**

Subdivision 1. **Calendar year 2004.** In 2004, each county shall receive program aid in an amount equal to the sum of:

- (1) the amount of county attached machinery aid computed for the county for payment in 2003 under section 273.138 prior to any reduction under laws enacted in 2003;
- (2) the amount of county homestead and agricultural credit aid computed for the county for payment in 2003 under section 273.1398, subdivision 2, prior to any reduction under laws enacted in 2003, minus the amount certified under section 273.1398, subdivision 4a, paragraph (b), for counties in Judicial Districts One, Three, Six, and Ten, and by 25 percent of the amount certified under section 273.1398, subdivision 4a, paragraph (b), for counties located in Judicial Districts Two and Four;
- (3) the amount of county manufactured home homestead and agricultural credit aid computed for the county for payment in 2003 under section 273.166 prior to any reduction under laws enacted in 2003;
- (4) the amount of county criminal justice aid computed for the county for payment in 2003 under section 477A.0121 prior to any reduction under laws enacted in 2003; and
- (5) the amount of county family preservation aid computed for the county for payment in 2003 under section 477A.0122 prior to any reduction under laws enacted in 2003.

Subd. 6. **Aid payments in 2011 and 2012.** Notwithstanding total aids calculated or certified for 2011 under subdivisions 3, 4, and 5, for 2011 and 2012, each county shall receive an aid distribution under this section equal to the lesser of (1) the total amount of aid it received under

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this section in 2010 after the reductions under sections 477A.0133 and 477A.0134, or (2) the total amount the county is certified to receive in 2011 under subdivisions 3 to 5.

**505.173 CORRECTION OF PLATS.**

Subdivision 1. **Certain defects.** In all cases where the plats, or what purports to be plats, of any portion of the lands contained within any additions to or subdivisions of any town or city, situated in any county having less than 15 full and fractional congressional townships, having less than 15,000 inhabitants according to the 1940 federal census, and having an assessed value of more than \$7,500,000 and less than \$8,500,000, exclusive of money and credits which have been executed and filed in an office of any county recorder previous to January 1, 1915, (1) fail to identify or correctly describe the land to be so platted or to show correctly upon their face the tract of land intended or purported to be platted thereby, or (2) are defective by reason of the plat and the description of the land purported to be so platted thereby being inconsistent or incorrect, or (3) there exists a defect in the execution of said plats on the part of the grantors thereof, the governing board or council of the municipality containing land so platted or purported to be so platted may authorize, within two years from April 21, 1951, referring by the record book and page of such plat or plats in the office of the county recorder to the plat or plats to be corrected, the making of one or more plats which shall correctly show on the face thereof and by description of the land intended to be platted, which plat or plats may vary from the original plats in description as to lots and blocks to suit the best purpose and secure the best results. Such plat or plats, in a declaration thereon, shall recite such resolution and shall identify each separate tract of land described therein with such tract of land in the purported plat or plats intended to be corrected thereby, and shall be certified by the proper officers of the municipality as to authorization and by an engineer or surveyor as to correctness, and the signatures of such persons shall be acknowledged in like manner as a deed.

Subd. 2. **Corrected plat to be prima facie evidence.** Such plat or plats when so certified and acknowledged may be filed in the office of the county recorder and the declaration therein may be recorded at length in a "Book of Plat Certificates"; and when so filed and recorded such plat or plats and declaration together with the record thereof shall be prima facie evidence in all matters shown or stated therein as to the lands covered thereby.

Subd. 3. **Application to certain cities.** This section shall not apply to a city whose charter provides for official supervision of plats by municipal officers, commission or board.



**8002.0200 MINNESOTA GROSS INCOME FOR INDIVIDUALS WHO ARE PART-YEAR RESIDENTS OR NONRESIDENTS OF MINNESOTA (FEDERAL ADJUSTED GROSS INCOME).**

Subp. 8. **Net operating loss carried back or forward.** The amount of a net operating loss that may be carried back or carried forward shall be the same dollar amount allowed in the determination of federal adjusted gross income. Adjustments must be made in the net operating loss for income and losses which are not assignable to Minnesota and for any changes in the computation of federal adjusted gross income which have not been adopted by the Minnesota Legislature in a law updating the reference to the Internal Revenue Code. A taxpayer may make an adjustment to federal adjusted gross income for the modifications that affect shareholders of a small business corporation which has made an election for federal purposes but not for Minnesota purposes as provided in Minnesota Statutes, section 290.01, subdivision 20c.

The net operating loss carryback or carryover applied as a deduction in the taxable year to which the net operating loss is carried back or carried over shall be equal to the net operating loss carryback or carryover applied in the taxable year in arriving at federal adjusted gross income subject to the following modifications:

A. Increase the amount of carryback or carryover applied in the taxable year by the amount of losses and expenses not assignable to Minnesota incurred in the taxable year.

B. Decrease the amount of carryback or carryover applied in the taxable year by the amount of income not assignable to Minnesota earned in the taxable year and the amount of federal jobs credit or WIN credit earned in the taxable year.

C. A taxpayer who is not a resident of Minnesota during any part of the taxable year and who has no income assignable to Minnesota during the taxable year shall apply no net operating loss carryback or carryover in the taxable year.

The net operating loss carryback or carryover to the next consecutive taxable year shall be the net operating loss carryback or carryover as calculated in this subpart less the amount applied in the taxable year(s) as above. No additional net operating loss carryback or carryover shall be allowed if the entire amount has been used to offset Minnesota income in a year earlier than was possible on the federal return. A net operating loss carryback or carryover that was allowed to offset federal income in a year earlier than was possible on the Minnesota return shall still be allowed to offset Minnesota income.

**8007.0200 CHANGE IN ACCOUNTING METHODS.**

The taxpayer must secure permission from the commissioner to change the taxpayer's method of accounting or in reporting income and deductions. Such application must be filed within 90 days after the beginning of the taxable year to be covered by the return. A statement must be attached to the application setting forth in detail the variation in treatment of classes of items on the old and new basis. A change in the method of accounting or basis of reporting income and deductions means any change in the treatment of items of income and deductions such as change from cash receipts and disbursements basis to the accrual basis or vice versa; a change in the method of inventory valuations; or a change permitted by the commissioner involving any other specialized method of accounting for income and deductions.

**8100.0800 PHASE-IN.**

Subpart 1. **Phase-in of valuation changes.** Any change in valuation is phased in over three years. For assessment years 2007, 2008, and 2009, each utility property must be valued both under the valuation process of current Minnesota Rules, chapter 8100, ("current rules") and under the valuation process of Minnesota Rules 2005, chapter 8100, as amended through March 2, 2000, ("old rules"). The difference, either positive or negative, between the value derived under the current rules and the value derived under old rules is incrementally added to the value derived under the old rules as follows:

For assessment year 2007, 20 percent of the difference is added to the value derived under the old rules; this amount is the assessed value for 2007.

For assessment year 2008, 50 percent of the difference is added to the value derived under the old rules; this amount is the assessed value for 2008.

For assessment year 2009, and all subsequent assessment years, the full value derived under the current rules is the assessed value.

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Subp. 2. **Examples of phase-in valuations.** The following example illustrates a valuation when the value derived using the old rules exceeds the value derived using the current rules:

1.	Value for Assessment Year 2007	
	Value under current rules	\$ 10,750,000
	Value under old rules	\$ 12,000,000
	Difference between old and current value	\$ 1,250,000
	20% of difference	\$ 250,000
	Assessed Value	\$ 11,750,000
2.	Value for Assessment year 2008	
	Value under current rules	\$ 10,900,000
	Value under old rules	\$ 12,750,000
	Difference between old and current values	\$ 1,850,000
	50% of difference	\$ 925,000
	Assessed Value	\$ 11,825,000
3.	Value for Assessment Year 2009	
	Value under current rules	\$ 11,750,000
	Assessed Value	\$ 11,750,000

The following example illustrates a valuation when the value derived using the old rules is less than the value derived using the current rules:

1.	Value for Assessment Year 2007	
	Value under current rules	\$ 15,000,000
	Value under old rules	\$ 13,500,000
	Difference between old and current values	\$ 1,500,000
	20% of difference	\$ 300,000
	Assessed Value	\$ 13,800,000
2.	Value for Assessment Year 2008	
	Value under current rules	\$ 15,250,000
	Value under old rules	\$ 14,250,000
	Difference between old and current values	\$ 1,000,000
	50% of difference	\$ 500,000
	Assessed Value	\$ 14,750,000
3.	Value for Assessment Year 2009	
	Value under current rules	\$ 16,600,000
	Assessed Value	\$ 16,600,000

**8130.7500 RETURNS AND RECORDS.**

Subp. 7. **Records; microfilm.** Microfilm reproductions of general books of account, such as cash books, journals, voucher registers, ledgers, etc., are not acceptable in lieu of original records. However, microfilm reproductions of supporting records of details, such as sales invoices, purchase invoices, credit memoranda, etc., may be maintained providing the following conditions are met:

- A. appropriate facilities are provided for preservation of the films for periods required;
- B. microfilm rolls are indexed, cross-referenced, labeled to show beginning and ending numbers or beginning and ending alphabetical listing of documents included, and are systematically filed;
- C. the taxpayer agrees to provide transcriptions of any information contained on microfilm which may be required for purposes of verification of tax liability; and

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D. proper facilities are provided for the ready inspection and location of the particular records including modern projectors for viewing and copying the records.

A posting reference must be on each invoice. Credit memoranda must carry a reference to the documents evidencing the original transaction. Documents necessary to support claimed exemptions from tax liability, such as bills of lading and purchase orders, must be maintained in an order by which they readily can be related to the transactions for which exemption is sought.

**8130.8900 FLORISTS AND NURSERIES.**

Subp. 3. **Telegraphic orders.** When florists or nurseries conduct transactions through a florist telegraphic delivery association, or otherwise by telephone, telegraph, or other means of communication with other florists or nurseries, the following rules apply in the application of the tax:

A. Where an order for flowers, wreaths, or other tangible personal property is taken from a customer by a Minnesota florist or nursery and transmitted to another florist or nursery located within or outside of Minnesota for delivery, the florist or nursery which initially takes the order from the customer is required to collect the tax.

B. Minnesota florists or nurseries who receive orders from other florists or nurseries, whether located within or outside this state, for delivery of flowers, wreaths, or other tangible personal property to locations either within or outside of Minnesota, are not required to collect the tax.

C. The sales tax does not apply to telegraph or telephone charges if such charges are separately stated from the price of the flowers or other tangible personal property ordered by the customer.

However, the tax does apply to relay or handling charges paid to the florist or nursery which sends an order whether these charges are separately stated or not.

The sales tax does not apply to transportation charges to the extent they are separately stated and the transportation occurs after the retail sale.

**8130.9500 AIRCRAFT REGISTRATION.**

Subpart 1. **In general.** Minnesota Statutes, section 297A.255, requires persons who wish to license or register an aircraft in Minnesota to furnish proof to the Minnesota Department of Transportation, Office of Aeronautics, that the Minnesota sales or use tax has been paid, or that the purchase or acquisition of the aircraft was not subject to the Minnesota sales or use tax. The seller of the aircraft may furnish proof that the Minnesota sales or use tax has been paid as the agent of the purchaser of the aircraft. This law imposes a use tax on an occasional or isolated sale of an aircraft or an interest in an aircraft by persons not in the business of selling aircraft.

The necessary forms (form UT-1 and form ST-24) for reporting and paying the use tax or for claiming exemption are available upon request from the Minnesota Department of Revenue or the Minnesota Department of Transportation, Office of Aeronautics.

This statute does not affect the exemption provided by Minnesota Statutes, section 297A.25, subdivision 14, for purchases of airflight equipment by airline companies taxed under Minnesota Statutes, sections 270.071 to 270.079.

When the sales tax has not been paid to the dealer as set forth in subpart 2, item A, the Department of Revenue will forward a completed certificate of tax payment or exemption, form ST-24, to the Department of Transportation, Office of Aeronautics.

**8130.9500 AIRCRAFT REGISTRATION.**

Subp. 1a. **Commercial use, defined.** "Commercial use" means any operation of an aircraft for consideration or hire, any services performed incidental to the operation of any aircraft for which a fee is charged or consideration received, the servicing, maintaining, and repairing of aircraft, or the charter of aircraft, the operation of flight or ground schools, the operation of aircraft for the application or distribution of chemicals or other substances, aerial photography and surveys, air shows or expositions, and the operation of aircraft for fishing. Commercial use is any use by a dealer other than the sale or lease of an aircraft or personal use of an aircraft.

**8130.9500 AIRCRAFT REGISTRATION.**

Subp. 2. **Registration of aircraft by purchasers.** When the sales tax is paid or not paid:

A. Minnesota sales tax paid to dealer. When a purchaser pays the Minnesota sales tax for the purchase of an aircraft or an interest in an aircraft to a Minnesota aircraft dealer who holds

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a Minnesota sales and use tax permit, the dealer shall furnish the purchaser with a statement showing that the sales tax has been paid. The aircraft dealer must report and pay the sales tax to the Minnesota Department of Revenue. If a dealer licensed by the Office of Aeronautics states to the Office of Aeronautics that sales tax was collected, it is not necessary for the purchaser of the aircraft to obtain a certificate of tax payment or exemption, form ST-24, from the Minnesota Department of Revenue. The purchaser or the purchaser's agent, for example the licensed dealer, should present the statement, which the purchaser or purchaser's agent received from the aircraft dealer, directly to the Department of Transportation, Office of Aeronautics, in order to license or register the aircraft.

B. No Minnesota sales tax paid to seller. When the purchaser does not pay a Minnesota sales tax to the seller on the purchase of an aircraft or an interest in an aircraft, the purchaser must obtain a certificate of tax payment or exemption, form ST-24, from the Minnesota Department of Revenue. If a use tax is due, the purchaser must complete a consumer's use tax return, form UT-1, and file it along with the purchaser's tax payment when applying for the certificate form ST-24. If the purchaser claims exemption from the tax, the purchaser must furnish proof showing that the purchaser is entitled to the exemption when applying for the certificate. Illustrative exemptions include purchases by organizations that are organized and operated exclusively for charitable, religious, or educational purposes; purchases of aircraft outside Minnesota by a nonresident and later brought into Minnesota for use; and aircraft purchased for resale or lease.

#### **8130.9500 AIRCRAFT REGISTRATION.**

Subp. 3. **Registration of aircraft by dealers who are licensed in accordance with Minnesota Statutes, section 360.63.** When a licensed dealer purchases an aircraft for resale, no certificate of tax payment or exemption is required. When a licensed dealer puts an aircraft to commercial use, the dealer is required to pay a use tax on the dealer's purchase price of the aircraft unless the dealer makes application to the commissioner of revenue for an aircraft commercial use permit, on form ST-22, and pays a \$20 fee (see Minnesota Statutes, section 360.654). By obtaining an aircraft commercial use permit from the commissioner, a licensed dealer may purchase an aircraft for resale and put it to commercial use for up to one year without paying a sales or use tax on the dealer's purchase. While the aircraft commercial use permit is in effect, use tax is imposed on the fair market value of the commercial use. When the dealer sells the aircraft, the dealer is required to collect a sales tax. If the dealer keeps the aircraft for more than one year after purchase or makes personal use of the aircraft, a use tax is also due on the purchase price. If the sole use by the dealer of the aircraft that is exempt from use tax is leasing the aircraft while holding it for sale, sales tax is due on the taxable rent and lease payments.

#### **8130.9500 AIRCRAFT REGISTRATION.**

Subp. 4. **Registration by dealers who are not licensed in accordance with Minnesota Statutes, section 360.63.** A dealer who is not licensed in accordance with Minnesota Statutes, section 360.63, is required to file form ST-24, which indicates the aircraft was purchased for resale or lease by the holder of a Minnesota sales and use tax permit. The dealer is further required to provide evidence that the dealer conducts business regularly selling or leasing aircraft. However, if the dealer purchases an aircraft or puts the aircraft to personal or commercial use, the dealer is required to file form ST-24 and form UT-1 and to pay the use tax on the purchase price.

#### **8130.9500 AIRCRAFT REGISTRATION.**

Subp. 5. **Registration of aircraft by lessor or lessee.** When a lessor registers an aircraft in the lessor's name, the lessor must furnish his or her sales and use tax account number when applying for the certificate of tax payment or exemption, form ST-24, and claim exemption for resale. Leases are defined as resales. The lessor must collect and remit sales tax on lease payments the lessor receives. The lessor must report all lease payments received as gross sales and collect and remit tax on all sales, net of exempt sales. An example of an exempt sale is the lease of an aircraft to a fixed base operator who rents the aircraft to others at retail.

When a lessee registers an aircraft in the lessee's name, and the lessor does not hold a Minnesota sales and use tax permit, the lessor is required to obtain a permit. If the lessee is leasing the same aircraft to others, the lessee must also obtain a permit, file returns, and pay the sales and use tax in the same manner as all other Minnesota permit holders.