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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. 3389

02/17/2020 Authored by Marquart
The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to taxation; making various policy and technical changes to individual
1.3 income and corporate franchise taxes, partnership taxes, property taxes, fire and
1.4 police state aids, and other miscellaneous taxes and tax provisions; amending
1.5 Minnesota Statutes 2018, sections 270.41, subdivision 3a; 270C.445, subdivisions
1.6 3, 6; 272.029, subdivision 2; 272.0295, subdivisions 2, 5; 273.063; 287.04;
1.7 289A.31, subdivision 1; 289A.37, subdivision 2; 289A.38, subdivisions 8, 9, 10;
1.8 289A.42; 289A.60, subdivision 24; 290.31, subdivision 1; 295.75, subdivision 2;
1.9 297F.04, subdivision 2; 297F.17, subdivisions 1, 6; 297G.16, subdivision 7;
1.10 469.319, subdivision 4; 477A.10; 609B.153; Minnesota Statutes 2019 Supplement,
1.11 sections 6.495, subdivision 3; 270C.22, subdivision 1; 273.0755; 273.124,
1.12 subdivision 14; 273.18; 289A.08, subdivision 7; 289A.20, subdivision 4; 289A.38,
1.13 subdivision 7; 290.0121, subdivision 3; 290.0122, subdivision 8; 290.191,
1.14 subdivision 5; 290.92, subdivision 5; 290.993; 290A.19; 296A.06, subdivision 2;
1.15 297A.66, subdivision 3; 297F.09, subdivision 10; 297G.09, subdivision 9; 297I.26,
1.16 subdivision 2; 477B.01, subdivisions 5, 10, 11, by adding subdivisions; 477B.02,
1.17 subdivisions 2, 3, 5, 8, 9, 10, by adding a subdivision; 477B.03, subdivisions 3,
1.18 4, 7; 477B.04, subdivision 1, by adding a subdivision; 477C.02, subdivision 4;
1.19 477C.03, subdivisions 2, 5; 477C.04, by adding a subdivision; proposing coding
1.20 for new law in Minnesota Statutes, chapter 289A; repealing Minnesota Statutes
1.21 2018, section 270C.17, subdivision 2; Minnesota Statutes 2019 Supplement,
1.22 sections 477B.02, subdivision 4; 477B.03, subdivision 6.

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

1.24 ARTICLE 1
1.25 INCOME AND CORPORATE FRANCHISE TAXES

1.26 Section 1. Minnesota Statutes 2019 Supplement, section 289A.08, subdivision 7, is
1.27 amended to read:

1.28 Subd. 7. Composite income tax returns for nonresident partners, shareholders, and
1.29 beneficiaries. (a) The commissioner may allow a partnership with nonresident partners to
1.30 file a composite return and to pay the tax on behalf of nonresident partners who have no

2.1 other Minnesota source income. This composite return must include the names, addresses,
2.2 Social Security numbers, income allocation, and tax liability for the nonresident partners
2.3 electing to be covered by the composite return.

2.4 (b) The computation of a partner's tax liability must be determined by multiplying the
2.5 income allocated to that partner by the highest rate used to determine the tax liability for
2.6 individuals under section 290.06, subdivision 2c. Nonbusiness deductions, standard
2.7 deductions, or personal exemptions are not allowed.

2.8 (c) The partnership must submit a request to use this composite return filing method for
2.9 nonresident partners. The requesting partnership must file a composite return in the form
2.10 prescribed by the commissioner of revenue. The filing of a composite return is considered
2.11 a request to use the composite return filing method.

2.12 (d) The electing partner must not have any Minnesota source income other than the
2.13 income from the partnership and other electing partnerships. If it is determined that the
2.14 electing partner has other Minnesota source income, the inclusion of the income and tax
2.15 liability for that partner under this provision will not constitute a return to satisfy the
2.16 requirements of subdivision 1. The tax paid for the individual as part of the composite return
2.17 is allowed as a payment of the tax by the individual on the date on which the composite
2.18 return payment was made. If the electing nonresident partner has no other Minnesota source
2.19 income, filing of the composite return is a return for purposes of subdivision 1.

2.20 (e) This subdivision does not negate the requirement that an individual pay estimated
2.21 tax if the individual's liability would exceed the requirements set forth in section 289A.25.
2.22 The individual's liability to pay estimated tax is, however, satisfied when the partnership
2.23 pays composite estimated tax in the manner prescribed in section 289A.25.

2.24 (f) If an electing partner's share of the partnership's gross income from Minnesota sources
2.25 is less than the filing requirements for a nonresident under this subdivision, the tax liability
2.26 is zero. However, a statement showing the partner's share of gross income must be included
2.27 as part of the composite return.

2.28 (g) The election provided in this subdivision is only available to a partner who has no
2.29 other Minnesota source income and who is either (1) a full-year nonresident individual or
2.30 (2) a trust or estate that does not claim a deduction under either section 651 or 661 of the
2.31 Internal Revenue Code.

2.32 (h) A corporation defined in section 290.9725 and its nonresident shareholders may
2.33 make an election under this paragraph. The provisions covering the partnership apply to
2.34 the corporation and the provisions applying to the partner apply to the shareholder.

3.1 (i) Estates and trusts distributing current income only and the nonresident individual
 3.2 beneficiaries of the estates or trusts may make an election under this paragraph. The
 3.3 provisions covering the partnership apply to the estate or trust. The provisions applying to
 3.4 the partner apply to the beneficiary.

3.5 (j) For the purposes of this subdivision, "income" means the partner's share of federal
 3.6 adjusted gross income from the partnership modified by the additions provided in section
 3.7 290.0131, subdivisions 8 to 10 ~~and~~, 16, and 17, and the subtractions provided in: (1) section
 3.8 290.0132, ~~subdivision~~ subdivisions 9, 27, and 28, to the extent the amount is assignable or
 3.9 allocable to Minnesota under section 290.17; and (2) section 290.0132, subdivision 14. The
 3.10 subtraction allowed under section 290.0132, subdivision 9, is only allowed on the composite
 3.11 tax computation to the extent the electing partner would have been allowed the subtraction.

3.12 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
 3.13 after December 31, 2015.

3.14 Sec. 2. Minnesota Statutes 2019 Supplement, section 290.0121, subdivision 3, is amended
 3.15 to read:

3.16 Subd. 3. **Inflation adjustment.** For taxable years beginning after December 31, 2019,
 3.17 the commissioner must adjust for inflation the exemption amount in subdivision 1, paragraph
 3.18 (a), clause (1), and the threshold amounts in subdivision 2, as provided in section 270C.22.
 3.19 The statutory year is taxable year 2019. The amounts as adjusted must be rounded down to
 3.20 the nearest \$50 amount. ~~If the amount ends in \$25, the amount is rounded down to the~~
 3.21 ~~nearest \$50 amount.~~ The threshold amount for married individuals filing separate returns
 3.22 must be one-half of the adjusted amount for married individuals filing joint returns.

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

3.24 Sec. 3. Minnesota Statutes 2019 Supplement, section 290.0122, subdivision 8, is amended
 3.25 to read:

3.26 Subd. 8. **Losses.** A taxpayer is allowed a deduction for losses. ~~The deduction equals the~~
 3.27 ~~amount~~ allowed under sections 165(d) and section 165(a) of the Internal Revenue Code,
 3.28 including the limitation provided by section 67(b)(3) of the Internal Revenue Code, for the
 3.29 following:

3.30 (1) losses described in paragraph (2) or (3) of section 165(c) of the Internal Revenue
 3.31 Code, including the provisions of section 165(h) of the Internal Revenue Code, but
 3.32 disregarding the limitation on personal casualty losses in paragraph (h)(5); and

4.1 (2) losses described in section 165(d) of the Internal Revenue Code.

4.2 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
 4.3 after December 31, 2018.

4.4 Sec. 4. Minnesota Statutes 2019 Supplement, section 290.191, subdivision 5, is amended
 4.5 to read:

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

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

4.11 (1) interest;

4.12 (2) dividends;

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

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

4.16 (5) sales of debt instruments as defined in section 1275(a)(1) of the Internal Revenue
 4.17 Code or sales of stock; and

4.18 (6) receipts from trading options, futures contracts, forward contracts, foreign currency
 4.19 transactions, and notional principal contracts such as currency and equity swaps.

4.20 (b) Sales of tangible personal property are made within this state if the property is
 4.21 received by a purchaser at a point within this state, regardless of the f.o.b. point, other
 4.22 conditions of the sale, or the ultimate destination of the property.

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

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

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

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

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

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

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

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

5.22 (4) The extent that a vessel, mobile equipment, or other mobile property is used in the
5.23 state is determined by multiplying the receipts from the lease or rental of the property by a
5.24 fraction, the numerator of which is the number of days during the taxable year the property
5.25 was in this state and the denominator of which is the total days in the taxable year.

5.26 (h) Royalties and other income received for the use of or for the privilege of using
5.27 intangible property, including patents, know-how, formulas, designs, processes, patterns,
5.28 copyrights, trade names, service names, franchises, licenses, contracts, customer lists, or
5.29 similar items, must be attributed to the state in which the property is used by the purchaser.
5.30 If the property is used in more than one state, the royalties or other income must be
5.31 apportioned to this state pro rata according to the portion of use in this state. If the portion
5.32 of use in this state cannot be determined, the royalties or other income must be excluded
5.33 from both the numerator and the denominator. Intangible property is used in this state if the

6.1 purchaser uses the intangible property or the rights therein in the regular course of its business
6.2 operations in this state, regardless of the location of the purchaser's customers.

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

6.9 (j) Receipts from the performance of services must be attributed to the state where the
6.10 services are received. For the purposes of this section, receipts from the performance of
6.11 services provided to a corporation, partnership, or trust may only be attributed to a state
6.12 where it has a fixed place of doing business. If the state where the services are received is
6.13 not readily determinable or is a state where the corporation, partnership, or trust receiving
6.14 the service does not have a fixed place of doing business, the services shall be deemed to
6.15 be received at the location of the office of the customer from which the services were ordered
6.16 in the regular course of the customer's trade or business. If the ordering office cannot be
6.17 determined, the services shall be deemed to be received at the office of the customer to
6.18 which the services are billed.

6.19 (k) For the purposes of this subdivision and subdivision 6, paragraph (l), receipts from
6.20 management, distribution, or administrative services performed by a person or corporation
6.21 for a fund of a person or corporation regulated under United States Code, title 15, chapter
6.22 2D, subchapter I, must be attributed to the state where the shareholder of the fund resides.
6.23 Under this paragraph, receipts for services attributed to shareholders are determined on the
6.24 basis of the ratio of: (1) the average of the outstanding shares in the fund owned by
6.25 shareholders residing within Minnesota at the beginning and end of each year; and (2) the
6.26 average of the total number of outstanding shares in the fund at the beginning and end of
6.27 each year. Residence of the shareholder, in the case of an individual, is determined by the
6.28 mailing address furnished by the shareholder to the fund. Residence of the shareholder,
6.29 when the shares are held by an insurance company as a depositor for the insurance company
6.30 policyholders, is the mailing address of the policyholders. In the case of an insurance
6.31 company holding the shares as a depositor for the insurance company policyholders, if the
6.32 mailing address of the policyholders cannot be determined by the taxpayer, the receipts
6.33 must be excluded from both the numerator and denominator. Residence of other shareholders
6.34 is the mailing address of the shareholder.

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

7.1 Sec. 5. Minnesota Statutes 2019 Supplement, section 290.92, subdivision 5, is amended
7.2 to read:

7.3 Subd. 5. ~~Exemptions Allowances. (1) Entitlement.~~ (a) An employee receiving wages
7.4 shall on any day be entitled to claim withholding exemptions allowances in a number not
7.5 to exceed the number of withholding exemptions allowances that the employee claims and
7.6 that are allowable pursuant to section 3402(f)(1), (m), and (n) of the Internal Revenue Code
7.7 for federal withholding purposes, except under paragraph (b), clause (1). Allowances must
7.8 be computed in the form and manner prescribed by the commissioner.

7.9 (b) Allowances allowed equal:

7.10 (1) the allowances allowed under section 3402(f)(1) of the Internal Revenue Code,
7.11 except:

7.12 (i) withholding allowances under section 3402(f)(1)(C) and (D) of the Internal Revenue
7.13 Code are not allowed; and

7.14 (ii) the amount allowed for the standard deduction under section 3402(f)(1)(E) of the
7.15 Internal Revenue Code is the amount allowed under section 290.0123;

7.16 (2) the amount allowed under section 290.0121;

7.17 (3) estimated itemized deductions allowable under section 290.0122, but only if the
7.18 employee's spouse does not have in effect a withholding certificate electing this allowance;
7.19 and

7.20 (4) any additional allowances, at the discretion of the commissioner, that are in the best
7.21 interests of determining the proper amount to withhold for the payment of taxes under this
7.22 chapter.

7.23 ~~(i) the standard deduction amount for the purposes of section 3402(f)(1)(E) of the Internal~~
7.24 ~~Revenue Code shall be the amount calculated under section 290.0123, subdivision 1; and~~

7.25 ~~(ii) the exemption amount for the purposes of section 3402(f)(1)(A) of the Internal~~
7.26 ~~Revenue Code shall be the amount calculated under section 290.0121, subdivision 1.~~

7.27 ~~(2) Withholding exemption certificate.~~ (c) The provisions concerning exemption
7.28 certificates contained in section 3402(f)(2) and (3) of the Internal Revenue Code shall apply.

7.29 ~~(3) Form of certificate.~~ (d) Withholding exemption certificates shall be in such form
7.30 and contain such information as the commissioner may by rule prescribe.

8.1 (e) An employer is not required to deduct and withhold tax under this chapter if an
 8.2 employee certifies that the employee will incur no tax liability under section 3402(n) of the
 8.3 Internal Revenue Code.

8.4 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
 8.5 31, 2019.

8.6 Sec. 6. Minnesota Statutes 2019 Supplement, section 290.993, is amended to read:

8.7 **290.993 SPECIAL LIMITED ADJUSTMENT.**

8.8 (a) For an individual ~~income taxpayer subject to tax under section 290.06, subdivision~~
 8.9 ~~2e, estate, or trust~~, or a partnership that elects to file a composite return under section
 8.10 289A.08, subdivision 7, for taxable years beginning after December 31, 2017, and before
 8.11 January 1, 2019, the following special rules apply:

8.12 (1) an individual income taxpayer may: (i) take the standard deduction; or (ii) make an
 8.13 election under section 63(e) of the Internal Revenue Code to itemize, for Minnesota individual
 8.14 income tax purposes, regardless of the choice made on their federal return; and

8.15 (2) there is an adjustment to tax equal to the difference between the tax calculated under
 8.16 this chapter using the Internal Revenue Code as amended through December 16, 2016, and
 8.17 the tax calculated under this chapter using the Internal Revenue Code amended through
 8.18 December 31, 2018, before the application of credits. The end result must be zero additional
 8.19 tax due or refund.

8.20 (b) The adjustment in paragraph (a), clause (2), does not apply to any changes due to
 8.21 sections 11012, 13101, 13201, 13202, 13203, 13204, 13205, 13207, 13301, 13302, 13303,
 8.22 13313, 13502, 13503, 13801, 14101, 14102, 14211 through 14215, and 14501 of Public
 8.23 Law 115-97; and section 40411 of Public Law 115-123.

8.24 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
 8.25 after December 31, 2017, and before January 1, 2019.

8.26 **ARTICLE 2**

8.27 **PARTNERSHIP TAX**

8.28 Section 1. Minnesota Statutes 2018, section 270C.445, subdivision 6, is amended to read:

8.29 Subd. 6. **Enforcement; administrative order; penalties; cease and desist.** (a) The
 8.30 commissioner may impose an administrative penalty of not more than \$1,000 per violation
 8.31 of subdivision 3 or 5, or section 270C.4451, provided that a penalty may not be imposed

9.1 for any conduct for which a tax preparer penalty is imposed under section 289A.60,
9.2 subdivision 13. The commissioner may terminate a tax preparer's authority to transmit
9.3 returns electronically to the state, if the commissioner determines the tax preparer engaged
9.4 in a pattern and practice of violating this section. Imposition of a penalty under this paragraph
9.5 is subject to the contested case procedure under chapter 14. The commissioner shall collect
9.6 the penalty in the same manner as the income tax. There is no right to make a claim for
9.7 refund under section 289A.50 of the penalty imposed under this paragraph. Penalties imposed
9.8 under this paragraph are public data.

9.9 (b) In addition to the penalty under paragraph (a), if the commissioner determines that
9.10 a tax preparer has violated subdivision 3 or 5, or section 270C.4451, the commissioner may
9.11 issue an administrative order to the tax preparer requiring the tax preparer to cease and
9.12 desist from committing the violation. The administrative order may include an administrative
9.13 penalty provided in paragraph (a).

9.14 (c) If the commissioner issues an administrative order under paragraph (b), the
9.15 commissioner must send the order to the tax preparer addressed to the last known address
9.16 of the tax preparer.

9.17 (d) A cease and desist order under paragraph (b) must:

9.18 (1) describe the act, conduct, or practice committed and include a reference to the law
9.19 that the act, conduct, or practice violates; and

9.20 (2) provide notice that the tax preparer may request a hearing as provided in this
9.21 subdivision.

9.22 (e) Within 30 days after the commissioner issues an administrative order under paragraph
9.23 (b), the tax preparer may request a hearing to review the commissioner's action. The request
9.24 for hearing must be made in writing and must be served on the commissioner at the address
9.25 specified in the order. The hearing request must specifically state the reasons for seeking
9.26 review of the order. The date on which a request for hearing is served by mail is the postmark
9.27 date on the envelope in which the request for hearing is mailed.

9.28 (f) If a tax preparer does not timely request a hearing regarding an administrative order
9.29 issued under paragraph (b), the order becomes a final order of the commissioner and is not
9.30 subject to review by any court or agency.

9.31 (g) If a tax preparer timely requests a hearing regarding an administrative order issued
9.32 under paragraph (b), the hearing must be commenced within ten days after the commissioner
9.33 receives the request for a hearing.

10.1 (h) A hearing timely requested under paragraph (e) is subject to the contested case
10.2 procedure under chapter 14, as modified by this subdivision. The administrative law judge
10.3 must issue a report containing findings of fact, conclusions of law, and a recommended
10.4 order within ten days after the completion of the hearing, the receipt of late-filed exhibits,
10.5 or the submission of written arguments, whichever is later.

10.6 (i) Within five days of the date of the administrative law judge's report issued under
10.7 paragraph (h), any party aggrieved by the administrative law judge's report may submit
10.8 written exceptions and arguments to the commissioner. Within 15 days after receiving the
10.9 administrative law judge's report, the commissioner must issue an order vacating, modifying,
10.10 or making final the administrative order.

10.11 (j) The commissioner and the tax preparer requesting a hearing may by agreement
10.12 lengthen any time periods prescribed in paragraphs (g) to (i).

10.13 (k) An administrative order issued under paragraph (b) is in effect until it is modified
10.14 or vacated by the commissioner or an appellate court. The administrative hearing provided
10.15 by paragraphs (e) to (i) and any appellate judicial review as provided in chapter 14 constitute
10.16 the exclusive remedy for a tax preparer aggrieved by the order.

10.17 (l) The commissioner may impose an administrative penalty, in addition to the penalty
10.18 under paragraph (a), up to \$5,000 per violation of a cease and desist order issued under
10.19 paragraph (b). Imposition of a penalty under this paragraph is subject to the contested case
10.20 procedure under chapter 14. Within 30 days after the commissioner imposes a penalty under
10.21 this paragraph, the tax preparer assessed the penalty may request a hearing to review the
10.22 penalty order. The request for hearing must be made in writing and must be served on the
10.23 commissioner at the address specified in the order. The hearing request must specifically
10.24 state the reasons for seeking review of the order. The cease and desist order issued under
10.25 paragraph (b) is not subject to review in a proceeding to challenge the penalty order under
10.26 this paragraph. The date on which a request for hearing is served by mail is the postmark
10.27 date on the envelope in which the request for hearing is mailed. If the tax preparer does not
10.28 timely request a hearing, the penalty order becomes a final order of the commissioner and
10.29 is not subject to review by any court or agency. A penalty imposed by the commissioner
10.30 under this paragraph may be collected and enforced by the commissioner as an income tax
10.31 liability. There is no right to make a claim for refund under section 289A.50 of the penalty
10.32 imposed under this paragraph. A penalty imposed under this paragraph is public data.

11.1 (m) If a tax preparer violates a cease and desist order issued under paragraph (b), the
 11.2 commissioner may terminate the tax preparer's authority to transmit returns electronically
 11.3 to the state. Termination under this paragraph is public data.

11.4 (n) A cease and desist order issued under paragraph (b) is public data when it is a final
 11.5 order.

11.6 (o) Notwithstanding any other law, the commissioner may impose a penalty or take other
 11.7 action under this subdivision against a tax preparer, with respect to a return, within the
 11.8 period to assess tax on that return as provided by ~~section~~ sections 289A.38 and 289A.382.

11.9 (p) Notwithstanding any other law, the imposition of a penalty or any other action against
 11.10 a tax preparer under this subdivision, other than with respect to a return, must be taken by
 11.11 the commissioner within five years of the violation of statute.

11.12 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
 11.13 after December 31, 2017, except that for partnerships that make an election under Code of
 11.14 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
 11.15 and applies to the same tax periods to which the election relates.

11.16 Sec. 2. Minnesota Statutes 2018, section 289A.31, subdivision 1, is amended to read:

11.17 Subdivision 1. **Individual income, fiduciary income, mining company, corporate**
 11.18 **franchise, and entertainment taxes.** (a) Individual income, fiduciary income, mining
 11.19 company, and corporate franchise taxes, and interest and penalties, must be paid by the
 11.20 taxpayer upon whom the tax is imposed, except in the following cases:

11.21 (1) the tax due from a decedent for that part of the taxable year in which the decedent
 11.22 died during which the decedent was alive and the taxes, interest, and penalty due for the
 11.23 prior years must be paid by the decedent's personal representative, if any. If there is no
 11.24 personal representative, the taxes, interest, and penalty must be paid by the transferees, as
 11.25 defined in section 270C.58, subdivision 3, to the extent they receive property from the
 11.26 decedent;

11.27 (2) the tax due from an infant or other incompetent person must be paid by the person's
 11.28 guardian or other person authorized or permitted by law to act for the person;

11.29 (3) the tax due from the estate of a decedent must be paid by the estate's personal
 11.30 representative;

11.31 (4) the tax due from a trust, including those within the definition of a corporation, as
 11.32 defined in section 290.01, subdivision 4, must be paid by a trustee; and

12.1 (5) the tax due from a taxpayer whose business or property is in charge of a receiver,
 12.2 trustee in bankruptcy, assignee, or other conservator, must be paid by the person in charge
 12.3 of the business or property so far as the tax is due to the income from the business or property.

12.4 (b) Entertainment taxes are the joint and several liability of the entertainer and the
 12.5 entertainment entity. The payor is liable to the state for the payment of the tax required to
 12.6 be deducted and withheld under section 290.9201, subdivision 7, and is not liable to the
 12.7 entertainer for the amount of the payment.

12.8 (c) The taxes imposed under sections 289A.35, paragraph (b); 289A.382, subdivision
 12.9 3; and 290.0922 on partnerships are the joint and several liability of the partnership and the
 12.10 general partners.

12.11 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
 12.12 after December 31, 2017, except that for partnerships that make an election under Code of
 12.13 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
 12.14 and applies to the same tax periods to which the election relates.

12.15 Sec. 3. Minnesota Statutes 2018, section 289A.37, subdivision 2, is amended to read:

12.16 Subd. 2. **Erroneous refunds.** (a) Except as provided in paragraph (b), an erroneous
 12.17 refund occurs when the commissioner issues a payment to a person that exceeds the amount
 12.18 the person is entitled to receive under law. An erroneous refund is considered an
 12.19 underpayment of tax on the date issued.

12.20 (b) To the extent that the amount paid does not exceed the amount claimed by the
 12.21 taxpayer, an erroneous refund does not include the following:

12.22 (1) any amount of a refund or credit paid pursuant to a claim for refund filed by a
 12.23 taxpayer, including but not limited to refunds of claims made under section 290.06,
 12.24 subdivision 23; 290.067; 290.0671; 290.0672; 290.0674; 290.0675; 290.0677; 290.068;
 12.25 290.0681; or 290.0692; or chapter 290A; or

12.26 (2) any amount paid pursuant to a claim for refund of an overpayment of tax filed by a
 12.27 taxpayer.

12.28 (c) The commissioner may make an assessment to recover an erroneous refund at any
 12.29 time within two years from the issuance of the erroneous refund. If all or part of the erroneous
 12.30 refund was induced by fraud or misrepresentation of a material fact, the assessment may
 12.31 be made at any time.

13.1 (d) Assessments of amounts that are not erroneous refunds under paragraph (b) must be
 13.2 conducted under ~~section~~ sections 289A.38 and 289A.382.

13.3 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
 13.4 after December 31, 2017, except that for partnerships that make an election under Code of
 13.5 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
 13.6 and applies to the same tax periods to which the election relates.

13.7 Sec. 4. Minnesota Statutes 2019 Supplement, section 289A.38, subdivision 7, is amended
 13.8 to read:

13.9 Subd. 7. **Federal tax changes.** (a) If the amount of income, items of tax preference,
 13.10 deductions, or credits for any year of a taxpayer, or the wages paid by a taxpayer for any
 13.11 period, as reported to the Internal Revenue Service is changed or corrected by the
 13.12 commissioner of Internal Revenue or other officer of the United States or other competent
 13.13 authority, or where a renegotiation of a contract or subcontract with the United States results
 13.14 in a change in income, items of tax preference, deductions, credits, or withholding tax, or,
 13.15 in the case of estate tax, where there are adjustments to the taxable estate, the taxpayer shall
 13.16 report the ~~change or correction or renegotiation results~~ federal adjustments in writing to the
 13.17 commissioner. The federal adjustment report must be submitted within 180 days after the
 13.18 final determination date and must be in the form of either an amended Minnesota estate,
 13.19 withholding tax, corporate franchise tax, or income tax return conceding the accuracy of
 13.20 the federal ~~determination~~ adjustment or a letter detailing how the federal ~~determination~~
 13.21 adjustment is incorrect or does not change the Minnesota tax. An amended Minnesota
 13.22 income tax return must be accompanied by an amended property tax refund return, if
 13.23 necessary. A taxpayer filing an amended federal tax return must also file a copy of the
 13.24 amended return with the commissioner of revenue within 180 days after filing the amended
 13.25 return.

13.26 (b) ~~For the purposes of paragraph (a), a change or correction includes any case where a~~
 13.27 ~~taxpayer reaches a closing agreement or compromise with the Internal Revenue Service~~
 13.28 ~~under section 7121 or 7122 of the Internal Revenue Code.~~ In the case of a final federal
 13.29 adjustment arising from a partnership-level audit or an administrative adjustment request
 13.30 filed by a partnership under section 6227 of the Internal Revenue Code, a taxpayer must
 13.31 report adjustments as provided for under section 289A.382, and not this section.

13.32 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
 13.33 after December 31, 2017, except that for partnerships that make an election under Code of

14.1 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
14.2 and applies to the same tax periods to which the election relates.

14.3 Sec. 5. Minnesota Statutes 2018, section 289A.38, subdivision 8, is amended to read:

14.4 Subd. 8. **Failure to report change or correction of federal return.** If a taxpayer fails
14.5 to make a federal adjustments report as required by subdivision 7 or section 289A.382, the
14.6 commissioner may recompute the tax, including a refund, based on information available
14.7 to the commissioner. The tax may be recomputed within six years after the federal
14.8 adjustments report should have been filed, notwithstanding any period of limitations to the
14.9 contrary.

14.10 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
14.11 after December 31, 2017, except that for partnerships that make an election under Code of
14.12 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
14.13 and applies to the same tax periods to which the election relates.

14.14 Sec. 6. Minnesota Statutes 2018, section 289A.38, subdivision 9, is amended to read:

14.15 Subd. 9. **Report made of change or correction of federal return.** If a taxpayer is
14.16 required to make a federal adjustments report under subdivision 7 or section 289A.382, and
14.17 does report the change or files a copy of the amended return, the commissioner may
14.18 recompute and reassess the tax due, including a refund (1) within one year after the federal
14.19 adjustments report or amended return is filed with the commissioner, notwithstanding any
14.20 period of limitations to the contrary, or (2) within any other applicable period stated in this
14.21 section, whichever period is longer. The period provided for the carryback of any amount
14.22 of loss or credit is also extended as provided in this subdivision, notwithstanding any law
14.23 to the contrary. If the commissioner has completed a field audit of the taxpayer, and, but
14.24 for this subdivision, the commissioner's time period to adjust the tax has expired, the
14.25 additional tax due or refund is limited to only those changes that are required to be made
14.26 to the return which relate to the changes made on the federal return. This subdivision does
14.27 not apply to sales and use tax.

14.28 For purposes of this subdivision and section 289A.42, subdivision 2, a "field audit" is
14.29 the physical presence of examiners in the taxpayer's or taxpayer's representative's office
14.30 conducting an examination of the taxpayer with the intention of issuing an assessment or
14.31 notice of change in tax or which results in the issuing of an assessment or notice of change
14.32 in tax. The examination may include inspecting a taxpayer's place of business, tangible

15.1 personal property, equipment, computer systems and facilities, pertinent books, records,
15.2 papers, vouchers, computer printouts, accounts, and documents.

15.3 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
15.4 after December 31, 2017, except that for partnerships that make an election under Code of
15.5 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
15.6 and applies to the same tax periods to which the election relates.

15.7 Sec. 7. Minnesota Statutes 2018, section 289A.38, subdivision 10, is amended to read:

15.8 Subd. 10. **Incorrect determination of federal adjusted gross income.** Notwithstanding
15.9 any other provision of this chapter, if a taxpayer whose net income is determined under
15.10 section 290.01, subdivision 19, omits from income an amount that will under the Internal
15.11 Revenue Code extend the statute of limitations for the assessment of federal income taxes,
15.12 or otherwise incorrectly determines the taxpayer's federal adjusted gross income resulting
15.13 in adjustments by the Internal Revenue Service, then the period of assessment and
15.14 determination of tax will be that under the Internal Revenue Code. When a change is made
15.15 to federal income during the extended time provided under this subdivision, the provisions
15.16 under subdivisions 7 to 9 and section 289A.382 regarding additional extensions apply.

15.17 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
15.18 after December 31, 2017, except that for partnerships that make an election under Code of
15.19 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
15.20 and applies to the same tax periods to which the election relates.

15.21 Sec. 8. **[289A.381] DEFINITIONS; PARTNERSHIPS; FEDERAL ADJUSTMENTS.**

15.22 Subdivision 1. **Definitions relating to federal adjustments.** Unless otherwise specified,
15.23 the definitions in this section apply for the purposes of sections 289A.38, subdivisions 7 to
15.24 9; 289A.381; and 289A.382.

15.25 Subd. 2. **Administrative adjustment request.** "Administrative adjustment request"
15.26 means an administrative adjustment request filed by a partnership under section 6227 of
15.27 the Internal Revenue Code.

15.28 Subd. 3. **Audited partnership.** "Audited partnership" means a partnership subject to a
15.29 federal adjustment resulting from a partnership-level audit.

15.30 Subd. 4. **Corporate partner.** "Corporate partner" means a partner that is subject to tax
15.31 under section 290.02.

16.1 Subd. 5. **Direct partner.** "Direct partner" means a partner that holds an immediate legal
16.2 ownership interest in a partnership or pass-through entity.

16.3 Subd. 6. **Exempt partner.** "Exempt partner" means a partner that is exempt from taxes
16.4 on its net income under section 290.05, subdivision 1.

16.5 Subd. 7. **Federal adjustment.** "Federal adjustment" means any change in an amount
16.6 calculated under the Internal Revenue Code, whether to income, gross estate, a credit, an
16.7 item of preference, or any other item that is used by a taxpayer to compute a tax administered
16.8 under this chapter for the reviewed year whether that change results from action by the
16.9 Internal Revenue Service or other competent authority, including a partnership-level audit,
16.10 or the filing of an amended federal return, federal refund claim, or an administrative
16.11 adjustment request by the taxpayer.

16.12 Subd. 8. **Federal adjustments report.** "Federal adjustments report" includes a method
16.13 or form prescribed by the commissioner for use by a taxpayer to report federal adjustments,
16.14 including an amended Minnesota tax return or a uniform multistate report.

16.15 Subd. 9. **Federal partnership representative.** "Federal partnership representative"
16.16 means the person the partnership designates for the taxable year as the partnership's
16.17 representative, or the person the Internal Revenue Service has appointed to act as the
16.18 partnership representative, pursuant to section 6223(a) of the Internal Revenue Code.

16.19 Subd. 10. **Final determination date.** "Final determination date" means:

16.20 (1) for a federal adjustment arising from an audit by the Internal Revenue Service or
16.21 other competent authority, the first day on which no federal adjustment arising from that
16.22 audit remains to be finally determined, whether by agreement, or, if appealed or contested,
16.23 by a final decision with respect to which all rights of appeal have been waived or exhausted;

16.24 (2) for a federal adjustment arising from an audit or other action by the Internal Revenue
16.25 Service or other competent authority, if the taxpayer filed as a member of a combined report
16.26 under section 290.17, subdivision 4, the first day on which no federal adjustments arising
16.27 from that audit remain to be finally determined, as described in clause (1), for the entire
16.28 group;

16.29 (3) for a federal adjustment arising from the filing of an amended federal return, a federal
16.30 refund claim, or the filing by a partnership of an administrative adjustment request, the day
16.31 which the amended return, refund claim, or administrative adjustment request was filed; or

16.32 (4) for agreements required to be signed by the Internal Revenue Service and the taxpayer,
16.33 the date on which the last party signed the agreement.

17.1 Subd. 11. **Final federal adjustment.** "Final federal adjustment" means a federal
 17.2 adjustment for which the final determination date for that federal adjustment has passed.

17.3 Subd. 12. **Indirect partner.** "Indirect partner" means either:

17.4 (1) a partner in a partnership or pass-through entity that itself holds an immediate legal
 17.5 ownership interest in another partnership or pass-through entity; or

17.6 (2) a partner in a partnership or pass-through entity that holds an indirect interest in
 17.7 another partnership or pass-through entity through another indirect partner.

17.8 Subd. 13. **Partner.** "Partner" means a person that holds an interest directly or indirectly
 17.9 in a partnership or other pass-through entity.

17.10 Subd. 14. **Partnership.** The term "partnership" has the meaning provided under section
 17.11 7701(a)(2) of the Internal Revenue Code.

17.12 Subd. 15. **Partnership-level audit.** "Partnership-level audit" means an examination by
 17.13 the Internal Revenue Service at the partnership level pursuant to subtitle F, chapter 63,
 17.14 subchapter C, of the Internal Revenue Code, which results in federal adjustments and
 17.15 adjustments to partnership-related items.

17.16 Subd. 16. **Pass-through entity.** "Pass-through entity" means an entity, other than a
 17.17 partnership, that is not subject to the tax imposed under section 290.02. The term pass-through
 17.18 entity includes but is not limited to S corporations, estates, and trusts other than grantor
 17.19 trusts.

17.20 Subd. 17. **Resident partner.** "Resident partner" means an individual, trust, or estate
 17.21 partner who is a resident of Minnesota under section 290.01, subdivision 7, 7a, or 7b, for
 17.22 the relevant tax period.

17.23 Subd. 18. **Reviewed year.** "Reviewed year" means the taxable year of a partnership that
 17.24 is subject to a partnership-level audit from which federal adjustments arise.

17.25 Subd. 19. **Tiered partner.** "Tiered partner" means any partner that is a partnership or
 17.26 pass-through entity.

17.27 Subd. 20. **Unrelated business taxable income.** "Unrelated business taxable income"
 17.28 has the same meaning as defined in section 512 of the Internal Revenue Code.

17.29 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
 17.30 after December 31, 2017, except that for partnerships that make an election under Code of
 17.31 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
 17.32 and applies to the same tax periods to which the election relates.

18.1 **Sec. 9. [289A.382] REPORTING AND PAYMENT REQUIREMENTS.**

18.2 **Subdivision 1. State partnership representative.** (a) With respect to an action required
18.3 or permitted to be taken by a partnership under this section, or in a proceeding under section
18.4 270C.35 or 271.06, the state partnership representative for the reviewed year shall have the
18.5 sole authority to act on behalf of the partnership, and its direct partners and indirect partners
18.6 shall be bound by those actions.

18.7 (b) The state partnership representative for the reviewed year is the partnership's federal
18.8 partnership representative unless the partnership, in a form and manner prescribed by the
18.9 commissioner, designates another person as its state partnership representative.

18.10 **Subd. 2. Reporting and payment requirements for partnerships and tiered**
18.11 **partners.** (a) Unless an audited partnership makes the election in subdivision 3, or for
18.12 adjustments required to be reported for federal purposes under section 6225(a)(2) of the
18.13 Internal Revenue Code, then, for all final federal adjustments the audited partnership must
18.14 comply with paragraph (b) and each direct partner of the audited partnership, other than a
18.15 tiered partner, must comply with paragraph (c).

18.16 (b) No later than 90 days after the final determination date, the audited partnership must:

18.17 (1) file a completed federal adjustments report, including all partner-level information
18.18 required under section 289A.12, subdivision 3, with the commissioner;

18.19 (2) notify each of its direct partners of their distributive share of the final federal
18.20 adjustments;

18.21 (3) file an amended composite report for all direct partners who were included in a
18.22 composite return under section 289A.08, subdivision 7, in the reviewed year, and pay the
18.23 additional amount that would have been due had the federal adjustments been reported
18.24 properly as required; and

18.25 (4) file amended withholding reports for all direct partners who were or should have
18.26 been subject to nonresident withholding under section 290.92, subdivision 4b, in the reviewed
18.27 year, and pay the additional amount that would have been due had the federal adjustments
18.28 been reported properly as required.

18.29 (c) No later than 180 days after the final determination date, each direct partner, other
18.30 than a tiered partner, that is subject to a tax administered under this chapter, other than the
18.31 sales tax, must:

18.32 (1) file a federal adjustments report reporting their distributive share of the adjustments
18.33 reported to them under paragraph (b), clause (2); and

19.1 (2) pay any additional amount of tax due as if the final federal adjustment had been
19.2 properly reported, plus any penalty and interest due under this chapter, and less any credit
19.3 for related amounts paid or withheld and remitted on behalf of the direct partner under
19.4 paragraph (b), clauses (3) and (4).

19.5 Subd. 3. Election; partnership or tiered partners pay. (a) An audited partnership may
19.6 make an election under this subdivision to pay its assessment at the entity level. If an audited
19.7 partnership makes an election to pay its assessment at the entity level it must:

19.8 (1) no later than 90 days after the final determination date, file a completed federal
19.9 adjustments report, including the residency information for all individual partners, both
19.10 direct and indirect, and information pertaining to all other partners as prescribed by the
19.11 commissioner, and notify the commissioner that it is making the election under this
19.12 subdivision; and

19.13 (2) no later than 180 days after the final determination date, pay an amount, determined
19.14 as follows, in lieu of taxes on partners:

19.15 (i) exclude from final federal adjustments the distributive share of these adjustments
19.16 made to an exempt partner that is not unrelated business taxable income;

19.17 (ii) exclude from final federal adjustments the distributive share of these adjustments
19.18 made to a partner that has filed a federal adjustments report and paid the applicable tax, as
19.19 required under subdivision 2, for the distributive share of adjustments reported on a federal
19.20 return under section 6225(c) of the Internal Revenue Code;

19.21 (iii) allocate at the partner level using section 290.17, subdivision 1, all final federal
19.22 adjustments attributable to resident partners, both direct and indirect, for the reviewed year;

19.23 (iv) assign and apportion at the partnership level using sections 290.17 to 290.20 all
19.24 remaining final federal adjustments for the reviewed year;

19.25 (v) determine the total distributive share of the final federal adjustments allocated in
19.26 item (iii) and assigned and apportioned in item (iv) that are attributable to:

19.27 (A) resident individual partners;

19.28 (B) corporate partners and exempt partners; and

19.29 (C) the total distributive share amount assigned and apportioned to all other partners;

19.30 (vi) for the total distributive share of net final federal adjustments attributed to corporate
19.31 partners and exempt partners under item (v), subitem (B), multiply the total by the highest

20.1 tax rate in section 290.06, subdivision 1, for the reviewed year, and calculate interest and
 20.2 penalties as applicable under this chapter;

20.3 (vii) for the total distributive share of net final federal adjustments attributable to resident
 20.4 partners, and all other partners under item (v), subitems (A) and (C), multiply the total by
 20.5 the highest tax rate in section 290.06, subdivision 2c, for the reviewed year, and calculate
 20.6 interest and penalties as applicable under this chapter; and

20.7 (viii) add the amount determined in item (vi) to the amount determined in item (vii),
 20.8 and pay all applicable taxes, penalties, and interest to the commissioner.

20.9 (b) An audited partnership may not make an election under this subdivision to report:

20.10 (1) a federal adjustment that results in unitary business income to a corporate partner
 20.11 required to file as a member of a combined report under section 290.17, subdivision 4; or

20.12 (2) any final federal adjustments resulting from an administrative adjustment request.

20.13 Subd. 4. Tiered partners and indirect partners. (a) Each tiered partner and each
 20.14 indirect partner of an audited partnership that reported final federal adjustments pursuant
 20.15 to subdivision 2, paragraph (b), clause (1), or this subdivision, must:

20.16 (1) within 90 days of the report comply with the filing, reporting, and payment
 20.17 requirements of subdivision 2, paragraph (b); or

20.18 (2) make the election under subdivision 3 as though it were the audited partnership.

20.19 (b) Each direct partner in a partnership making a report under paragraph (a) must, within
 20.20 180 days of the report, comply with the filing, reporting, and payment requirements of
 20.21 subdivision 2, paragraph (c).

20.22 (c) Notwithstanding the interim time requirements in this subdivision and subdivisions
 20.23 2 and 3, all reports and payments required to be made by the tiered and indirect partners
 20.24 under this section are required to be made within 90 days after the time for the filing and
 20.25 furnishing of statements to tiered partners and their partners as established by the Internal
 20.26 Revenue Service under section 6226 of the Internal Revenue Code.

20.27 Subd. 5. Effects of election by partnership or tiered partner and payment of amount
 20.28 due. (a) Unless the commissioner determines otherwise, the election under subdivision 3
 20.29 is irrevocable.

20.30 (b) If an audited partnership or tiered partner properly reports and pays an amount
 20.31 determined in subdivision 3, the amount must be treated as paid in lieu of taxes owed by
 20.32 the partnership's direct partners on the same final federal adjustments. The direct partners

21.1 and indirect partners of the partnership who are not resident partners may not take any
 21.2 deduction or credit for this amount or claim a refund of the amount in this state.

21.3 (c) Nothing in this subdivision precludes resident partners from claiming a credit against
 21.4 taxes paid under section 290.06, on any amounts paid by the audited partnership or tiered
 21.5 partners on the resident partner's behalf to another state or local tax jurisdiction.

21.6 Subd. 6. **Failure of partnership or tiered partner to report or pay.** Nothing in this
 21.7 section prevents the commissioner from assessing direct partners or indirect partners for
 21.8 taxes they owe in the event that, for any reason, a partnership or tiered partner fails to timely
 21.9 make any report or payment required by this section.

21.10 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
 21.11 after December 31, 2017, except that for partnerships that make an election under Code of
 21.12 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
 21.13 and applies to the same tax periods to which the election relates.

21.14 Sec. 10. Minnesota Statutes 2018, section 289A.42, is amended to read:

21.15 **289A.42 CONSENT TO EXTEND STATUTE.**

21.16 Subdivision 1. **Extension agreement.** If before the expiration of time prescribed in
 21.17 sections 289A.38 to 289A.382 and 289A.40 for the assessment of tax or the filing of a claim
 21.18 for refund, both the commissioner and the taxpayer have consented in writing to the
 21.19 assessment or filing of a claim for refund after that time, the tax may be assessed or the
 21.20 claim for refund filed at any time before the expiration of the agreed-upon period. The
 21.21 period may be extended by later agreements in writing before the expiration of the period
 21.22 previously agreed upon. The taxpayer and the commissioner may also agree to extend the
 21.23 period for collection of the tax.

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

21.28 (1) for the periods provided in ~~section~~ sections 289A.38, subdivisions 8 and 9, and
 21.29 289A.382, subdivisions 2 and 3;

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

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

22.3 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
 22.4 after December 31, 2017, except that for partnerships that make an election under Code of
 22.5 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
 22.6 and applies to the same tax periods to which the election relates.

22.7 Sec. 11. Minnesota Statutes 2018, section 289A.60, subdivision 24, is amended to read:

22.8 Subd. 24. **Penalty for failure to notify of federal change.** If a person fails to report to
 22.9 the commissioner a change or correction of the person's federal return in the manner and
 22.10 time prescribed in ~~section~~ sections 289A.38, subdivision 7, and 289A.382, there must be
 22.11 added to the tax an amount equal to ten percent of the amount of any underpayment of
 22.12 Minnesota tax attributable to the federal change.

22.13 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
 22.14 after December 31, 2017, except that for partnerships that make an election under Code of
 22.15 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
 22.16 and applies to the same tax periods to which the election relates.

22.17 Sec. 12. Minnesota Statutes 2018, section 290.31, subdivision 1, is amended to read:

22.18 Subdivision 1. **Partners, not partnership, subject to tax.** Except as provided under
 22.19 ~~section~~ sections 289A.35, paragraph (b), and 289A.382, subdivision 3, a partnership as such
 22.20 shall not be subject to the income tax imposed by this chapter, but is subject to the tax
 22.21 imposed under section 290.0922. Persons carrying on business as partners shall be liable
 22.22 for income tax only in their separate or individual capacities.

22.23 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
 22.24 after December 31, 2017, except that for partnerships that make an election under Code of
 22.25 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
 22.26 and applies to the same tax periods to which the election relates.

22.27 Sec. 13. Minnesota Statutes 2018, section 297F.17, subdivision 6, is amended to read:

22.28 Subd. 6. **Time limit for bad debt refund.** Claims for refund must be filed with the
 22.29 commissioner during the one-year period beginning with the timely filing of the taxpayer's
 22.30 federal income tax return containing the bad debt deduction that is being claimed. Claimants
 22.31 under this subdivision are subject to the notice requirements of ~~section~~ sections 289A.38,
 22.32 subdivision 7, and 289A.382.

23.1 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
 23.2 after December 31, 2017, except that for partnerships that make an election under Code of
 23.3 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
 23.4 and applies to the same tax periods to which the election relates.

23.5 Sec. 14. Minnesota Statutes 2018, section 297G.16, subdivision 7, is amended to read:

23.6 Subd. 7. **Time limit for a bad debt deduction.** Claims for refund must be filed with
 23.7 the commissioner within one year of the filing of the taxpayer's income tax return containing
 23.8 the bad debt deduction that is being claimed. Claimants under this subdivision are subject
 23.9 to the notice requirements of ~~section 289A.38, subdivision 7~~ sections 289A.38 to 289A.382.

23.10 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
 23.11 after December 31, 2017, except that for partnerships that make an election under Code of
 23.12 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
 23.13 and applies to the same tax periods to which the election relates.

23.14 Sec. 15. Minnesota Statutes 2018, section 469.319, subdivision 4, is amended to read:

23.15 Subd. 4. **Repayment procedures.** (a) For the repayment of taxes imposed under chapter
 23.16 290 or 297A or local taxes collected pursuant to section 297A.99, a business must file an
 23.17 amended return with the commissioner of revenue and pay any taxes required to be repaid
 23.18 within 30 days after becoming subject to repayment under this section. The amount required
 23.19 to be repaid is determined by calculating the tax for the period or periods for which repayment
 23.20 is required without regard to the exemptions and credits allowed under section 469.315.

23.21 (b) For the repayment of taxes imposed under chapter 297B, a business must pay any
 23.22 taxes required to be repaid to the motor vehicle registrar, as agent for the commissioner of
 23.23 revenue, within 30 days after becoming subject to repayment under this section.

23.24 (c) For the repayment of property taxes, the county auditor shall prepare a tax statement
 23.25 for the business, applying the applicable tax extension rates for each payable year and
 23.26 provide a copy to the business and to the taxpayer of record. The business must pay the
 23.27 taxes to the county treasurer within 30 days after receipt of the tax statement. The business
 23.28 or the taxpayer of record may appeal the valuation and determination of the property tax to
 23.29 the Tax Court within 30 days after receipt of the tax statement.

23.30 (d) The provisions of chapters 270C and 289A relating to the commissioner's authority
 23.31 to audit, assess, and collect the tax and to hear appeals are applicable to the repayment
 23.32 required under paragraphs (a) and (b). The commissioner may impose civil penalties as

24.1 provided in chapter 289A, and the additional tax and penalties are subject to interest at the
 24.2 rate provided in section 270C.40. The additional tax shall bear interest from 30 days after
 24.3 becoming subject to repayment under this section until the date the tax is paid. Any penalty
 24.4 imposed pursuant to this section shall bear interest from the date provided in section 270C.40,
 24.5 subdivision 3, to the date of payment of the penalty.

24.6 (e) If a property tax is not repaid under paragraph (c), the county treasurer shall add the
 24.7 amount required to be repaid to the property taxes assessed against the property for payment
 24.8 in the year following the year in which the auditor provided the statement under paragraph
 24.9 (c).

24.10 (f) For determining the tax required to be repaid, a reduction of a state or local sales or
 24.11 use tax is deemed to have been received on the date that the good or service was purchased
 24.12 or first put to a taxable use. In the case of an income tax or franchise tax, including the credit
 24.13 payable under section 469.318, a reduction of tax is deemed to have been received for the
 24.14 two most recent tax years that have ended prior to the date that the business became subject
 24.15 to repayment under this section. In the case of a property tax, a reduction of tax is deemed
 24.16 to have been received for the taxes payable in the year that the business became subject to
 24.17 repayment under this section and for the taxes payable in the prior year.

24.18 (g) The commissioner may assess the repayment of taxes under paragraph (d) any time
 24.19 within two years after the business becomes subject to repayment under subdivision 1, or
 24.20 within any period of limitations for the assessment of tax under ~~section 289A.38~~ sections
 24.21 289A.38 to 289A.382, whichever period is later. The county auditor may send the statement
 24.22 under paragraph (c) any time within three years after the business becomes subject to
 24.23 repayment under subdivision 1.

24.24 (h) A business is not entitled to any income tax or franchise tax benefits, including
 24.25 refundable credits, for any part of the year in which the business becomes subject to
 24.26 repayment under this section nor for any year thereafter. Property is not exempt from tax
 24.27 under section 272.02, subdivision 64, for any taxes payable in the year following the year
 24.28 in which the property became subject to repayment under this section nor for any year
 24.29 thereafter. A business is not eligible for any sales tax benefits beginning with goods or
 24.30 services purchased or first put to a taxable use on the day that the business becomes subject
 24.31 to repayment under this section.

24.32 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
 24.33 after December 31, 2017, except that for partnerships that make an election under Code of

25.1 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
 25.2 and applies to the same tax periods to which the election relates.

25.3 **ARTICLE 3**

25.4 **PROPERTY TAXES**

25.5 Section 1. Minnesota Statutes 2018, section 270.41, subdivision 3a, is amended to read:

25.6 Subd. 3a. **Report on disciplinary actions.** ~~Each odd-numbered year, When issuing the~~
 25.7 report required under section 214.07, the board must publish a report detailing include the
 25.8 number and types of disciplinary actions recommended by the commissioner of revenue
 25.9 under section 273.0645, subdivision 2, and the disposition of those recommendations by
 25.10 the board. The report must be presented to the house of representatives and senate committees
 25.11 with jurisdiction over property taxes ~~by February 1 of each odd-numbered year~~ in addition
 25.12 to the recipients required under section 214.07.

25.13 **EFFECTIVE DATE.** This section is effective for reports issued in 2020 and thereafter.

25.14 Sec. 2. Minnesota Statutes 2018, section 272.029, subdivision 2, is amended to read:

25.15 Subd. 2. **Definitions.** (a) For the purposes of this section:

25.16 (1) "wind energy conversion system" has the meaning given in section 216C.06,
 25.17 subdivision 19, and also includes a substation that is used and owned by one or more wind
 25.18 energy conversion facilities;

25.19 (2) "large scale wind energy conversion system" means a wind energy conversion system
 25.20 of more than 12 megawatts, as measured by the nameplate capacity of the system or as
 25.21 combined with other systems as provided in paragraph (b);

25.22 (3) "medium scale wind energy conversion system" means a wind energy conversion
 25.23 system of over two and not more than 12 megawatts, as measured by the nameplate capacity
 25.24 of the system or as combined with other systems as provided in paragraph (b); and

25.25 (4) "small scale wind energy conversion system" means a wind energy conversion system
 25.26 of two megawatts and under, as measured by the nameplate capacity of the system or as
 25.27 combined with other systems as provided in paragraph (b).

25.28 (b) For systems installed and contracted for after January 1, 2002, the total size of a
 25.29 wind energy conversion system under this subdivision shall be determined according to this
 25.30 paragraph. Unless the systems are interconnected with different distribution systems, the

26.1 nameplate capacity of one wind energy conversion system shall be combined with the
 26.2 nameplate capacity of any other wind energy conversion system that is:

26.3 (1) located within five miles of the wind energy conversion system;

26.4 (2) constructed within the same 12-month period as the wind energy conversion system;

26.5 and

26.6 (3) under common ownership.

26.7 In the case of a dispute, the commissioner of commerce shall determine the total size of the
 26.8 system, and shall draw all reasonable inferences in favor of combining the systems.

26.9 For the purposes of making a determination under this paragraph, the original construction
 26.10 date of an existing wind energy conversion system is not changed if the system is replaced,
 26.11 repaired, or otherwise maintained or altered.

26.12 (c) In making a determination under paragraph (b), the commissioner of commerce may
 26.13 determine that two wind energy conversion systems are under common ownership when
 26.14 the underlying ownership structure contains similar persons or entities, even if the ownership
 26.15 shares differ between the two systems. Wind energy conversion systems are not under
 26.16 common ownership solely because the same person or entity provided equity financing for
 26.17 the systems.

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

26.19 Sec. 3. Minnesota Statutes 2018, section 272.0295, subdivision 2, is amended to read:

26.20 Subd. 2. **Definitions.** (a) For the purposes of this section, the term "solar energy
 26.21 generating system" means a set of devices whose primary purpose is to produce electricity
 26.22 by means of any combination of collecting, transferring, or converting solar generated
 26.23 energy.

26.24 (b) The total size of a solar energy generating system under this subdivision shall be
 26.25 determined according to this paragraph. Unless the systems are interconnected with different
 26.26 distribution systems, the nameplate capacity of a solar energy generating system shall be
 26.27 combined with the nameplate capacity of any other solar energy generating system that:

26.28 (1) is constructed within the same 12-month period as the solar energy generating system;

26.29 and

26.30 (2) exhibits characteristics of being a single development, including but not limited to
 26.31 ownership structure, an umbrella sales arrangement, shared interconnection, revenue-sharing
 26.32 arrangements, and common debt or equity financing.

27.1 In the case of a dispute, the commissioner of commerce shall determine the total size of the
27.2 system and shall draw all reasonable inferences in favor of combining the systems.

27.3 For the purposes of making a determination under this paragraph, the original construction
27.4 date of an existing solar energy conversion system is not changed if the system is replaced,
27.5 repaired, or otherwise maintained or altered.

27.6 (c) In making a determination under paragraph (b), the commissioner of commerce may
27.7 determine that two solar energy generating systems are under common ownership when the
27.8 underlying ownership structure contains similar persons or entities, even if the ownership
27.9 shares differ between the two systems. Solar energy generating systems are not under
27.10 common ownership solely because the same person or entity provided equity financing for
27.11 the systems.

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

27.13 Sec. 4. Minnesota Statutes 2018, section 272.0295, subdivision 5, is amended to read:

27.14 Subd. 5. **Notification of tax.** (a) On or before February 28, the commissioner of revenue
27.15 shall notify the owner of each solar energy generating system of the tax due to each county
27.16 for the current year and shall certify to the county auditor of each county in which the system
27.17 is located the tax due from each owner for the current year.

27.18 (b) If the commissioner of revenue determines that the amount of production tax has
27.19 been erroneously calculated, the commissioner may correct the error. The commissioner
27.20 must notify the owner of the solar energy generating system of the correction and the amount
27.21 of tax due to each county and must certify the correction to the county auditor of each county
27.22 in which the system is located on or before April 1 of the current year. The commissioner
27.23 may correct errors that are clerical in nature until December 31.

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

27.25 Sec. 5. Minnesota Statutes 2018, section 273.063, is amended to read:

27.26 **273.063 APPLICATION; LIMITATIONS.**

27.27 The provisions of sections 272.161, 273.061, 273.062, 273.063, 273.072, 273.08, 273.10,
27.28 274.01, and 375.192 shall apply to all counties except Ramsey County. The following
27.29 limitations shall apply as to the extent of the county assessors jurisdiction:

27.30 In counties having a city of the first class, the powers and duties of the county assessor
27.31 within such city shall be performed by the duly appointed city assessor. In all other cities

28.1 having a population of 30,000 persons or more, according to the last preceding federal
 28.2 census, except in counties having a county assessor on January 1, 1967, the powers and
 28.3 duties of the county assessor within such cities shall be performed by the duly appointed
 28.4 city assessor, provided that the county assessor shall retain the supervisory duties contained
 28.5 in section 273.061, subdivision 8. For purposes of this section, "powers and duties" means
 28.6 the powers and duties identified in section 273.061, subdivision 8, clauses (5) to (16).

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

28.8 Sec. 6. Minnesota Statutes 2019 Supplement, section 273.0755, is amended to read:

28.9 **273.0755 TRAINING AND EDUCATION OF PROPERTY TAX PERSONNEL.**

28.10 (a) Beginning with the four-year period starting on July 1, ~~2000~~ 2020, every person
 28.11 licensed by the state Board of Assessors at the Accredited Minnesota Assessor level or
 28.12 higher, shall successfully complete ~~a weeklong Minnesota laws course~~ 30 hours of
 28.13 educational coursework on Minnesota laws, assessment administration, and administrative
 28.14 procedures sponsored by the Department of Revenue ~~at least once~~ in every four-year period.
 28.15 ~~An assessor need not attend the course if they successfully pass the test for the course.~~

28.16 (b) The commissioner of revenue may require that each county, and each city for which
 28.17 the city assessor performs the duties of county assessor, have (1) a person on the assessor's
 28.18 staff who is certified by the Department of Revenue in sales ratio calculations, (2) an officer
 28.19 or employee who is certified by the Department of Revenue in tax calculations, and (3) an
 28.20 officer or employee who is certified by the Department of Revenue in the proper preparation
 28.21 of information reported to the commissioner under section 270C.85, subdivision 2, clause
 28.22 (4). Certifications under this paragraph expire after four years.

28.23 (c) Beginning with the four-year educational licensing period starting on July 1, 2004,
 28.24 every Minnesota assessor licensed by the State Board of Assessors must attend and participate
 28.25 in a seminar that focuses on ethics, professional conduct and the need for standardized
 28.26 assessment practices developed and presented by the commissioner of revenue. This
 28.27 requirement must be met at least once in every subsequent four-year period. This requirement
 28.28 applies to all assessors licensed for one year or more in the four-year period.

28.29 (d) When the commissioner of revenue determines that an individual or board that
 28.30 performs functions related to property tax administration has performed those functions in
 28.31 a manner that is not uniform or equitable, the commissioner may require that the individual
 28.32 or members of the board complete supplemental training. The commissioner may not require
 28.33 that an individual complete more than 32 hours of supplemental training pursuant to this

29.1 paragraph. If the individual is required to complete supplemental training due to that
 29.2 individual's membership on a local or county board of appeal and equalization, the
 29.3 commissioner may not require that the individual complete more than two hours of
 29.4 supplemental training.

29.5 **EFFECTIVE DATE.** This section is effective for the four-year licensing period starting
 29.6 on July 1, 2020, and thereafter.

29.7 Sec. 7. Minnesota Statutes 2019 Supplement, section 273.124, subdivision 14, is amended
 29.8 to read:

29.9 Subd. 14. **Agricultural homesteads; special provisions.** (a) Real estate of less than ten
 29.10 acres that is the homestead of its owner must be classified as class 2a under section 273.13,
 29.11 subdivision 23, paragraph (a), if:

29.12 (1) the parcel on which the house is located is contiguous on at least two sides to (i)
 29.13 agricultural land, (ii) land owned or administered by the United States Fish and Wildlife
 29.14 Service, or (iii) land administered by the Department of Natural Resources on which in lieu
 29.15 taxes are paid under sections 477A.11 to 477A.14 or section 477A.17;

29.16 (2) its owner also owns a noncontiguous parcel of agricultural land that is at least 20
 29.17 acres;

29.18 (3) the noncontiguous land is located not farther than four townships or cities, or a
 29.19 combination of townships or cities from the homestead; and

29.20 (4) the agricultural use value of the noncontiguous land and farm buildings is equal to
 29.21 at least 50 percent of the market value of the house, garage, and one acre of land.

29.22 Homesteads initially classified as class 2a under the provisions of this paragraph shall
 29.23 remain classified as class 2a, irrespective of subsequent changes in the use of adjoining
 29.24 properties, as long as the homestead remains under the same ownership, the owner owns a
 29.25 noncontiguous parcel of agricultural land that is at least 20 acres, and the agricultural use
 29.26 value qualifies under clause (4). Homestead classification under this paragraph is limited
 29.27 to property that qualified under this paragraph for the 1998 assessment.

29.28 (b)(i) Agricultural property shall be classified as the owner's homestead, to the same
 29.29 extent as other agricultural homestead property, if all of the following criteria are met:

29.30 (1) the agricultural property consists of at least 40 acres including undivided government
 29.31 lots and correctional 40's;

30.1 (2) the owner, the owner's spouse, or a grandchild, child, sibling, or parent of the owner
30.2 or of the owner's spouse, is actively farming the agricultural property, either on the person's
30.3 own behalf as an individual or on behalf of a partnership operating a family farm, family
30.4 farm corporation, joint family farm venture, or limited liability company of which the person
30.5 is a partner, shareholder, or member;

30.6 (3) both the owner of the agricultural property and the person who is actively farming
30.7 the agricultural property under clause (2), are Minnesota residents;

30.8 (4) neither the owner nor the spouse of the owner claims another agricultural homestead
30.9 in Minnesota; and

30.10 (5) neither the owner nor the person actively farming the agricultural property lives
30.11 farther than four townships or cities, or a combination of four townships or cities, from the
30.12 agricultural property, except that if the owner or the owner's spouse is required to live in
30.13 employer-provided housing, the owner or owner's spouse, whichever is actively farming
30.14 the agricultural property, may live more than four townships or cities, or combination of
30.15 four townships or cities from the agricultural property.

30.16 The relationship under this paragraph may be either by blood or marriage.

30.17 (ii) Property containing the residence of an owner who owns qualified property under
30.18 clause (i) shall be classified as part of the owner's agricultural homestead, if that property
30.19 is also used for noncommercial storage or drying of agricultural crops.

30.20 (iii) As used in this paragraph, "agricultural property" means class 2a property and any
30.21 class 2b property that is contiguous to and under the same ownership as the class 2a property.

30.22 (c) Noncontiguous land shall be included as part of a homestead under section 273.13,
30.23 subdivision 23, paragraph (a), only if the homestead is classified as class 2a and the detached
30.24 land is located in the same township or city, or not farther than four townships or cities or
30.25 combination thereof from the homestead. Any taxpayer of these noncontiguous lands must
30.26 notify the county assessor that the noncontiguous land is part of the taxpayer's homestead,
30.27 and, if the homestead is located in another county, the taxpayer must also notify the assessor
30.28 of the other county.

30.29 (d) Agricultural land used for purposes of a homestead and actively farmed by a person
30.30 holding a vested remainder interest in it must be classified as a homestead under section
30.31 273.13, subdivision 23, paragraph (a). If agricultural land is classified class 2a, any other
30.32 dwellings on the land used for purposes of a homestead by persons holding vested remainder
30.33 interests who are actively engaged in farming the property, and up to one acre of the land

31.1 surrounding each homestead and reasonably necessary for the use of the dwelling as a home,
31.2 must also be assessed class 2a.

31.3 (e) Agricultural land and buildings that were class 2a homestead property under section
31.4 273.13, subdivision 23, paragraph (a), for the 1997 assessment shall remain classified as
31.5 agricultural homesteads for subsequent assessments if:

31.6 (1) the property owner abandoned the homestead dwelling located on the agricultural
31.7 homestead as a result of the April 1997 floods;

31.8 (2) the property is located in the county of Polk, Clay, Kittson, Marshall, Norman, or
31.9 Wilkin;

31.10 (3) the agricultural land and buildings remain under the same ownership for the current
31.11 assessment year as existed for the 1997 assessment year and continue to be used for
31.12 agricultural purposes;

31.13 (4) the dwelling occupied by the owner is located in Minnesota and is within 30 miles
31.14 of one of the parcels of agricultural land that is owned by the taxpayer; and

31.15 (5) the owner notifies the county assessor that the relocation was due to the 1997 floods,
31.16 and the owner furnishes the assessor any information deemed necessary by the assessor in
31.17 verifying the change in dwelling. Further notifications to the assessor are not required if the
31.18 property continues to meet all the requirements in this paragraph and any dwellings on the
31.19 agricultural land remain uninhabited.

31.20 (f) Agricultural land and buildings that were class 2a homestead property under section
31.21 273.13, subdivision 23, paragraph (a), for the 1998 assessment shall remain classified
31.22 agricultural homesteads for subsequent assessments if:

31.23 (1) the property owner abandoned the homestead dwelling located on the agricultural
31.24 homestead as a result of damage caused by a March 29, 1998, tornado;

31.25 (2) the property is located in the county of Blue Earth, Brown, Cottonwood, LeSueur,
31.26 Nicollet, Nobles, or Rice;

31.27 (3) the agricultural land and buildings remain under the same ownership for the current
31.28 assessment year as existed for the 1998 assessment year;

31.29 (4) the dwelling occupied by the owner is located in this state and is within 50 miles of
31.30 one of the parcels of agricultural land that is owned by the taxpayer; and

31.31 (5) the owner notifies the county assessor that the relocation was due to a March 29,
31.32 1998, tornado, and the owner furnishes the assessor any information deemed necessary by

32.1 the assessor in verifying the change in homestead dwelling. For taxes payable in 1999, the
32.2 owner must notify the assessor by December 1, 1998. Further notifications to the assessor
32.3 are not required if the property continues to meet all the requirements in this paragraph and
32.4 any dwellings on the agricultural land remain uninhabited.

32.5 (g) Agricultural property of a family farm corporation, joint family farm venture, family
32.6 farm limited liability company, or partnership operating a family farm as described under
32.7 subdivision 8 shall be classified homestead, to the same extent as other agricultural homestead
32.8 property, if all of the following criteria are met:

32.9 (1) the property consists of at least 40 acres including undivided government lots and
32.10 correctional 40's;

32.11 (2) a shareholder, member, or partner of that entity is actively farming the agricultural
32.12 property;

32.13 (3) that shareholder, member, or partner who is actively farming the agricultural property
32.14 is a Minnesota resident;

32.15 (4) neither that shareholder, member, or partner, nor the spouse of that shareholder,
32.16 member, or partner claims another agricultural homestead in Minnesota; and

32.17 (5) that shareholder, member, or partner does not live farther than four townships or
32.18 cities, or a combination of four townships or cities, from the agricultural property.

32.19 Homestead treatment applies under this paragraph even if:

32.20 (i) the shareholder, member, or partner of that entity is actively farming the agricultural
32.21 property on the shareholder's, member's, or partner's own behalf; or

32.22 (ii) the family farm is operated by a family farm corporation, joint family farm venture,
32.23 partnership, or limited liability company other than the family farm corporation, joint family
32.24 farm venture, partnership, or limited liability company that owns the land, provided that:

32.25 (A) the shareholder, member, or partner of the family farm corporation, joint family
32.26 farm venture, partnership, or limited liability company that owns the land who is actively
32.27 farming the land is a shareholder, member, or partner of the family farm corporation, joint
32.28 family farm venture, partnership, or limited liability company that is operating the farm;
32.29 and

32.30 (B) more than half of the shareholders, members, or partners of each family farm
32.31 corporation, joint family farm venture, partnership, or limited liability company are persons

33.1 or spouses of persons who are a qualifying relative under section 273.124, subdivision 1,
33.2 paragraphs (c) and (d).

33.3 Homestead treatment applies under this paragraph for property leased to a family farm
33.4 corporation, joint farm venture, limited liability company, or partnership operating a family
33.5 farm if legal title to the property is in the name of an individual who is a member, shareholder,
33.6 or partner in the entity.

33.7 (h) To be eligible for the special agricultural homestead under this subdivision, an initial
33.8 full application must be submitted to the county assessor where the property is located.
33.9 Owners and the persons who are actively farming the property shall be required to complete
33.10 only a one-page abbreviated version of the application in each subsequent year provided
33.11 that none of the following items have changed since the initial application:

33.12 (1) the day-to-day operation, administration, and financial risks remain the same;

33.13 (2) the owners and the persons actively farming the property continue to live within the
33.14 four townships or city criteria and are Minnesota residents;

33.15 (3) the same operator of the agricultural property is listed with the Farm Service Agency;

33.16 (4) a Schedule F or equivalent income tax form was filed for the most recent year;

33.17 (5) the property's acreage is unchanged; and

33.18 (6) none of the property's acres have been enrolled in a federal or state farm program
33.19 since the initial application.

33.20 The owners and any persons who are actively farming the property must include the
33.21 appropriate Social Security numbers, and sign and date the application. If any of the specified
33.22 information has changed since the full application was filed, the owner must notify the
33.23 assessor, and must complete a new application to determine if the property continues to
33.24 qualify for the special agricultural homestead. The commissioner of revenue shall prepare
33.25 a standard reapplication form for use by the assessors.

33.26 (i) Agricultural land and buildings that were class 2a homestead property under section
33.27 273.13, subdivision 23, paragraph (a), for the 2007 assessment shall remain classified
33.28 agricultural homesteads for subsequent assessments if:

33.29 (1) the property owner abandoned the homestead dwelling located on the agricultural
33.30 homestead as a result of damage caused by the August 2007 floods;

33.31 (2) the property is located in the county of Dodge, Fillmore, Houston, Olmsted, Steele,
33.32 Wabasha, or Winona;

34.1 (3) the agricultural land and buildings remain under the same ownership for the current
34.2 assessment year as existed for the 2007 assessment year;

34.3 (4) the dwelling occupied by the owner is located in this state and is within 50 miles of
34.4 one of the parcels of agricultural land that is owned by the taxpayer; and

34.5 (5) the owner notifies the county assessor that the relocation was due to the August 2007
34.6 floods, and the owner furnishes the assessor any information deemed necessary by the
34.7 assessor in verifying the change in homestead dwelling. For taxes payable in 2009, the
34.8 owner must notify the assessor by December 1, 2008. Further notifications to the assessor
34.9 are not required if the property continues to meet all the requirements in this paragraph and
34.10 any dwellings on the agricultural land remain uninhabited.

34.11 (j) Agricultural land and buildings that were class 2a homestead property under section
34.12 273.13, subdivision 23, paragraph (a), for the 2008 assessment shall remain classified as
34.13 agricultural homesteads for subsequent assessments if:

34.14 (1) the property owner abandoned the homestead dwelling located on the agricultural
34.15 homestead as a result of the March 2009 floods;

34.16 (2) the property is located in the county of Marshall;

34.17 (3) the agricultural land and buildings remain under the same ownership for the current
34.18 assessment year as existed for the 2008 assessment year and continue to be used for
34.19 agricultural purposes;

34.20 (4) the dwelling occupied by the owner is located in Minnesota and is within 50 miles
34.21 of one of the parcels of agricultural land that is owned by the taxpayer; and

34.22 (5) the owner notifies the county assessor that the relocation was due to the 2009 floods,
34.23 and the owner furnishes the assessor any information deemed necessary by the assessor in
34.24 verifying the change in dwelling. Further notifications to the assessor are not required if the
34.25 property continues to meet all the requirements in this paragraph and any dwellings on the
34.26 agricultural land remain uninhabited.

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

34.28 Sec. 8. Minnesota Statutes 2019 Supplement, section 273.18, is amended to read:

34.29 **273.18 LISTING, VALUATION, AND ASSESSMENT OF EXEMPT PROPERTY**
34.30 **BY COUNTY AUDITORS.**

34.31 (a) In every sixth year after the year 2010, the county auditor shall enter the description
34.32 of each tract of real property exempt by law from taxation, with the name of the owner, and

35.1 the assessor shall value and assess the same in the same manner that other real property is
 35.2 valued and assessed, and shall designate in each case the purpose for which the property is
 35.3 used.

35.4 (b) The county auditor shall include in the exempt property information that the
 35.5 commissioner may require under section 270C.85, subdivision 2, clause (4), the total number
 35.6 of acres of all natural resources lands for which in lieu payments are made under sections
 35.7 477A.11 to 477A.14 and 477A.17. The assessor shall estimate its market value, provided
 35.8 that if the assessor is not able to estimate the market value of the land on a per parcel basis,
 35.9 the assessor shall furnish the commissioner of revenue with an estimate of the average value
 35.10 per acre of this land within the county.

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

35.12 Sec. 9. Minnesota Statutes 2018, section 287.04, is amended to read:

35.13 **287.04 EXEMPTIONS.**

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

35.15 ~~(a)~~ (1) a decree of marriage dissolution or an instrument made pursuant to it;

35.16 ~~(b)~~ (2) a mortgage given to correct a misdescription of the mortgaged property;

35.17 ~~(c)~~ (3) a mortgage or other instrument that adds additional security for the same debt
 35.18 for which mortgage registry tax has been paid;

35.19 ~~(d)~~ (4) a contract for the conveyance of any interest in real property, including a contract
 35.20 for deed;

35.21 ~~(e)~~ (5) a mortgage secured by real property subject to the minerals production tax of
 35.22 sections 298.24 to 298.28;

35.23 ~~(f) The principal amount of~~ (6) a mortgage loan made under a low and moderate income
 35.24 housing program, or other affordable housing program, if: (i) the mortgagee is a federal,
 35.25 state, or local government agency; or (ii) the assignee is a federal, state, or local government
 35.26 agency;

35.27 ~~(g)~~ (7) mortgages granted by fraternal benefit societies subject to section 64B.24;

35.28 ~~(h)~~ (8) a mortgage amendment or extension, as defined in section 287.01;

35.29 ~~(i)~~ (9) an agricultural mortgage if the proceeds of the loan secured by the mortgage are
 35.30 used to acquire or improve real property classified under section 273.13, subdivision 23,
 35.31 paragraph (a) or (b); and

36.1 ~~(10)~~ a mortgage on an armory building as set forth in section 193.147.

36.2 **EFFECTIVE DATE.** This section is effective for mortgages recorded after July 31,
36.3 2020.

36.4 Sec. 10. Minnesota Statutes 2018, section 477A.10, is amended to read:

36.5 **477A.10 NATURAL RESOURCES LAND PAYMENTS IN LIEU; PURPOSE.**

36.6 The purposes of sections 477A.11 to 477A.14 and 477A.17 are:

36.7 (1) to compensate local units of government for the loss of tax base from state ownership
36.8 of land and the need to provide services for state land;

36.9 (2) to address the disproportionate impact of state land ownership on local units of
36.10 government with a large proportion of state land; and

36.11 (3) to address the need to manage state lands held in trust for the local taxing districts.

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

36.13 **ARTICLE 4**

36.14 **FIRE AND POLICE STATE AIDS**

36.15 Section 1. Minnesota Statutes 2019 Supplement, section 6.495, subdivision 3, is amended
36.16 to read:

36.17 Subd. 3. **Report to commissioner of revenue.** (a) On or before September 15, the state
36.18 auditor ~~shall~~ must file with the commissioner of revenue a financial compliance report
36.19 certifying for each relief association:

36.20 (1) the completion of the annual financial report required under section 424A.014 and
36.21 the auditing or certification of those financial reports under subdivision 1; and

36.22 (2) the receipt of any actuarial valuations required under section 424A.093 or Laws
36.23 2013, chapter 111, article 5, sections 31 to 42.

36.24 (b) The state auditor must file with the commissioner of revenue reports as described in
36.25 paragraph (a) on or before November 1, March 1, and June 1 certifying relief associations
36.26 that have satisfied the criteria of paragraph (a) since the previously filed financial compliance
36.27 report.

36.28 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021
36.29 and thereafter.

37.1 Sec. 2. Minnesota Statutes 2019 Supplement, section 297I.26, subdivision 2, is amended
37.2 to read:

37.3 Subd. 2. **Penalties.** (a) A company that fails to file the report on or before the due date
37.4 in subdivision 1 is liable for a penalty equal to \$25 for each seven days, or fraction thereof,
37.5 that the report is delinquent, but not to exceed \$200.

37.6 ~~(b) Any person whose duty it is to file the report and who fails or refuses to file within~~
37.7 ~~30 days after the postmark of the notice in subdivision 1 must be fined an amount of no~~
37.8 ~~more than \$1,000.~~

37.9 ~~(e) Any (b)~~ A company that knowingly makes and files an inaccurate or false report is
37.10 liable for a fine in an amount not less than \$25 nor more than \$1,000, as determined by the
37.11 commissioner may be prosecuted under section 609.41, and the commissioner of commerce
37.12 may revoke the company's certificate of authority.

37.13 **EFFECTIVE DATE.** This section is effective for reports required to be filed after
37.14 December 31, 2020.

37.15 Sec. 3. Minnesota Statutes 2019 Supplement, section 477B.01, is amended by adding a
37.16 subdivision to read:

37.17 Subd. 1a. **Apportionment agreement.** "Apportionment agreement" means an agreement
37.18 between two or more fire departments that provide contracted fire protection service to the
37.19 same municipality and establishes the percentage of the population and the percentage of
37.20 the estimated market value within the municipality serviced by each fire department.

37.21 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021
37.22 and thereafter.

37.23 Sec. 4. Minnesota Statutes 2019 Supplement, section 477B.01, subdivision 5, is amended
37.24 to read:

37.25 Subd. 5. **Fire department.** (a) "Fire department" ~~includes~~ means:

37.26 (1) a municipal fire department and;

37.27 (2) an independent nonprofit firefighting corporation;

37.28 (3) a fire department established as or operated by a joint powers entity; or

37.29 (4) a fire protection special taxing district.

37.30 (b) This subdivision only applies to this chapter.

38.1 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021
 38.2 and thereafter.

38.3 Sec. 5. Minnesota Statutes 2019 Supplement, section 477B.01, is amended by adding a
 38.4 subdivision to read:

38.5 Subd. 6a. **Fire protection special taxing district.** "Fire protection special taxing district"
 38.6 means a special taxing district authorized by law or statute that provides fire protection
 38.7 services within the district and may exercise all the powers of the local governments that
 38.8 relate to fire protection within the district.

38.9 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021
 38.10 and thereafter.

38.11 Sec. 6. Minnesota Statutes 2019 Supplement, section 477B.01, is amended by adding a
 38.12 subdivision to read:

38.13 Subd. 7a. **Joint powers entity.** "Joint powers entity" means a joint powers entity under
 38.14 section 471.59.

38.15 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021
 38.16 and thereafter.

38.17 Sec. 7. Minnesota Statutes 2019 Supplement, section 477B.01, subdivision 10, is amended
 38.18 to read:

38.19 Subd. 10. **Municipality.** (a) "Municipality" means:

38.20 (1) a home rule charter or statutory city;

38.21 (2) an organized town;

38.22 (3) ~~a park district subject to chapter 398~~ a joint powers entity;

38.23 (4) ~~the University of Minnesota~~ a fire protection special taxing district; and or

38.24 (5) an American Indian tribal government entity located within a federally recognized
 38.25 American Indian reservation.

38.26 (b) This subdivision only applies to this chapter ~~477B~~.

38.27 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021
 38.28 and thereafter.

39.1 Sec. 8. Minnesota Statutes 2019 Supplement, section 477B.01, subdivision 11, is amended
39.2 to read:

39.3 Subd. 11. **Secretary.** (a) "Secretary" means:

39.4 (1) the secretary of an independent nonprofit firefighting corporation that has a subsidiary
39.5 incorporated firefighters' relief association or whose firefighters participate in the voluntary
39.6 statewide volunteer firefighter retirement plan; or

39.7 (2) the secretary of a joint powers entity or fire protection special taxing district or, if
39.8 there is no such person, the person primarily responsible for managing the finances of a
39.9 joint powers entity or fire protection special taxing district.

39.10 (b) This subdivision only applies to this chapter.

39.11 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021
39.12 and thereafter.

39.13 Sec. 9. Minnesota Statutes 2019 Supplement, section 477B.02, subdivision 2, is amended
39.14 to read:

39.15 Subd. 2. **Establishment of fire department.** (a) An independent nonprofit firefighting
39.16 corporation must be created under the nonprofit corporation act of this state operating for
39.17 the exclusive purpose of firefighting, or the governing body of a municipality must officially
39.18 establish a fire department.

39.19 (b) The fire department must have provided firefighting services for at least one calendar
39.20 year, and must have a current fire department identification number issued by the state fire
39.21 marshal.

39.22 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021
39.23 and thereafter.

39.24 Sec. 10. Minnesota Statutes 2019 Supplement, section 477B.02, subdivision 3, is amended
39.25 to read:

39.26 Subd. 3. ~~**Personnel and Benefits requirements.** (a) A fire department must have a~~
39.27 ~~minimum of ten paid or volunteer firefighters, including a fire chief and assistant fire chief.~~

39.28 ~~(b) The fire department must have regular scheduled meetings and frequent drills that~~
39.29 ~~include instructions in firefighting tactics and in the use, care, and operation of all fire~~
39.30 ~~apparatus and equipment.~~

40.1 ~~(e)~~ (a) The fire department must have a separate subsidiary incorporated firefighters'
 40.2 relief association that provides retirement benefits or must participate in the voluntary
 40.3 statewide volunteer firefighter retirement plan; or if the municipality solely employs full-time
 40.4 firefighters as defined in section 299N.03, subdivision 5, retirement coverage must be
 40.5 provided by the public employees police and fire retirement plan. For purposes of retirement
 40.6 benefits, a fire department may be associated with only one volunteer firefighters' relief
 40.7 association or one account in the voluntary statewide volunteer firefighter retirement plan
 40.8 at one time.

40.9 ~~(d)~~ (b) Notwithstanding paragraph ~~(e)~~ (a), a municipality without a relief association as
 40.10 described under section 424A.08, paragraph (a), may still qualify to receive fire state aid if
 40.11 all other requirements of this section are met.

40.12 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021
 40.13 and thereafter.

40.14 Sec. 11. Minnesota Statutes 2019 Supplement, section 477B.02, is amended by adding a
 40.15 subdivision to read:

40.16 **Subd. 4a. Public safety answering point requirement.** The fire department must be
 40.17 dispatched by a public safety answering point as defined in section 403.02, subdivision 19.

40.18 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021
 40.19 and thereafter.

40.20 Sec. 12. Minnesota Statutes 2019 Supplement, section 477B.02, subdivision 5, is amended
 40.21 to read:

40.22 **Subd. 5. Fire service contract or agreement; apportionment agreement filing**
 40.23 **requirement.** (a) Every municipality or independent nonprofit firefighting corporation must
 40.24 file a copy of any duly executed and valid fire service contract ~~or agreement~~ with the
 40.25 commissioner. A written notification of contract termination must be filed with the
 40.26 commissioner when a fire service contract is terminated.

40.27 (b) If more than one fire department provides service to a municipality, the fire
 40.28 departments furnishing service must ~~enter into an agreement apportioning among themselves~~
 40.29 ~~the percentage of the population and the percentage of the estimated market value of each~~
 40.30 ~~shared service fire department service area. The agreement must be in writing and must be~~
 40.31 ~~filed~~ file an apportionment agreement with the commissioner.

41.1 (c) When a municipality is a joint powers entity, it must file its joint powers agreement
41.2 with the commissioner. If the joint powers agreement does not include sufficient information
41.3 defining the fire department service area of the joint powers entity for the purposes of
41.4 calculating fire state aid, the secretary must file a written statement with the commissioner
41.5 defining the fire department service area.

41.6 (d) When a municipality is a fire protection special taxing district, it must file its
41.7 resolution establishing the fire protection special taxing district, and any agreements required
41.8 for the establishment of the fire protection special taxing district, with the commissioner.
41.9 If the resolution or agreement does not include sufficient information defining the fire
41.10 department service area of the fire protection special taxing district, the secretary must file
41.11 a written statement with the commissioner defining the fire department service area.

41.12 (e) The commissioner shall prescribe the format, manner, and time of filing of a written
41.13 notification of contract termination, an apportionment agreement, a joint powers agreement,
41.14 a resolution, or a written statement under paragraphs (a) to (d).

41.15 (f) A document filed with the commissioner under this subdivision must be refiled any
41.16 time it is updated. An apportionment agreement must be refiled only when a change in the
41.17 averaged sum of the percentage of population and percentage of estimated market value
41.18 serviced by a fire department subject to the apportionment agreement is at least one percent.
41.19 The percentage amount must be rounded to the nearest whole percentage.

41.20 (g) Upon the request of the commissioner, the county auditor must provide information
41.21 that the commissioner requires to accurately apportion the estimated market value of a fire
41.22 department service area for a fire department providing service to an unorganized territory
41.23 located in the county.

41.24 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021
41.25 and thereafter.

41.26 Sec. 13. Minnesota Statutes 2019 Supplement, section 477B.02, subdivision 8, is amended
41.27 to read:

41.28 Subd. 8. **PERA certification to commissioner.** On or before February 1 each year, if
41.29 ~~retirement coverage for a fire department is provided by the voluntary statewide volunteer~~
41.30 ~~firefighter retirement plan,~~ the executive director of the Public Employees Retirement
41.31 Association must certify the existence of retirement coverage to the commissioner the fire
41.32 departments that transferred retirement coverage to, or terminated participation in, the

42.1 voluntary statewide volunteer firefighter retirement plan since the previous certification
 42.2 under this paragraph.

42.3 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021
 42.4 and thereafter.

42.5 Sec. 14. Minnesota Statutes 2019 Supplement, section 477B.02, subdivision 9, is amended
 42.6 to read:

42.7 Subd. 9. **Fire department certification to commissioner.** On or before March 15 of
 42.8 each year, the municipal clerk or the secretary, ~~and the fire chief,~~ must jointly certify to the
 42.9 commissioner ~~that the fire department exists and meets the qualification requirements of~~
 42.10 ~~this section~~ the fire department service area as of December 31 of the previous year, and
 42.11 that the fire department meets the qualification requirements of this section. The fire
 42.12 department must provide the commissioner with documentation that the commissioner
 42.13 deems necessary for determining eligibility for fire state aid or for calculating and
 42.14 apportioning fire state aid under section 477B.03. The certification must be on a form
 42.15 prescribed by the commissioner and must include all other information that the commissioner
 42.16 requires. The municipal clerk or the secretary must send a copy of the certification filed
 42.17 under this subdivision to the fire chief within five business days of the date the certification
 42.18 was filed with the commissioner.

42.19 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021
 42.20 and thereafter.

42.21 Sec. 15. Minnesota Statutes 2019 Supplement, section 477B.02, subdivision 10, is amended
 42.22 to read:

42.23 Subd. 10. **Penalty for failure to file or correct certification.** (a) If the certification
 42.24 under subdivision 9 is not filed with the commissioner on or before March ~~15~~ 1, the
 42.25 commissioner must notify the municipal clerk or the secretary that a penalty ~~equal to a~~
 42.26 ~~portion or all of the current year aid will apply if the certification is not received within ten~~
 42.27 ~~days of the postmark date of the notification~~ will be deducted from fire state aid certified
 42.28 for the current year if the certification is not filed on or before March 15.

42.29 (b) If the commissioner rejects the certification by the municipal clerk or secretary under
 42.30 subdivision 9 for inaccurate or incomplete information, the municipal clerk or the secretary
 42.31 must file a corrective certification after taking corrective action as identified by the
 42.32 commissioner in the notice of rejection. The corrective certification must be filed within
 42.33 30 days of the date on the notice of rejection.

43.1 ~~(b)~~ (c) A penalty applies to (1) a certification under subdivision 9 filed after March 15
 43.2 and (2) a corrective certification under paragraph (b) filed after March 15 that is also filed
 43.3 more than 30 days after the date on the notice of rejection. The penalty for failure to file
 43.4 ~~the certification under subdivision 9~~ is equal to the amount of fire state aid determined for
 43.5 the municipality or the independent nonprofit firefighting corporation for the current year,
 43.6 multiplied by ~~five~~ ten percent for each week or fraction of a week that the certification or
 43.7 corrective certification is late filed after March 15. The penalty must be computed beginning
 43.8 ~~ten days after the postmark date of the commissioner's notification.~~ Aid amounts forfeited
 43.9 as a result of the penalty revert to the state general fund. Failure to receive the certification
 43.10 form is not a defense for a failure to file.

43.11 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021
 43.12 and thereafter.

43.13 Sec. 16. Minnesota Statutes 2019 Supplement, section 477B.03, subdivision 3, is amended
 43.14 to read:

43.15 Subd. 3. **Population and estimated market value.** (a) ~~Official statewide federal census~~
 43.16 ~~figures~~ Population estimates made by the state demographer pursuant to section 4A.02,
 43.17 paragraph (d), must be used in calculations requiring the use of population figures under
 43.18 this chapter. Increases or decreases in population disclosed by reason of any special census
 43.19 ~~must not be taken into consideration.~~

43.20 (b) The latest available estimated market value property figures must be used in
 43.21 calculations requiring the use of estimated market value property figures under this chapter.

43.22 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021
 43.23 and thereafter.

43.24 Sec. 17. Minnesota Statutes 2019 Supplement, section 477B.03, subdivision 4, is amended
 43.25 to read:

43.26 Subd. 4. **Initial fire state aid allocation amount.** (a) The initial fire state aid allocation
 43.27 amount is the amount available for apportionment as fire state aid under subdivision 2,
 43.28 without the inclusion of any additional funding amount to support a minimum fire state aid
 43.29 amount under section 423A.02, subdivision 3. The initial fire state aid allocation amount
 43.30 is allocated one-half in proportion to the population for each fire department service area
 43.31 and one-half in proportion to the estimated market value of each fire department service
 43.32 area, including (1) the estimated market value of tax-exempt property, and (2) the estimated

44.1 market value of natural resources lands receiving in lieu payments under sections 477A.11
44.2 to 477A.14 and 477A.17. The estimated market value of minerals is excluded.

44.3 (b) In the case of a municipality or independent nonprofit firefighting corporation
44.4 furnishing fire protection to other municipalities as evidenced by valid fire service contracts,
44.5 joint powers agreements, resolutions, and other supporting documents filed with the
44.6 commissioner under section 477B.02, subdivision 5, the distribution must be adjusted
44.7 proportionately to take into consideration the crossover fire protection service. Necessary
44.8 adjustments must be made to subsequent apportionments.

44.9 (c) In the case of municipalities or independent nonprofit firefighting corporations
44.10 qualifying for aid, the commissioner must calculate the state aid for the municipality or
44.11 independent nonprofit firefighting corporation on the basis of the population and the estimated
44.12 market value of the area furnished fire protection service by the fire department as evidenced
44.13 by valid fire service agreements contracts, joint powers agreements, resolutions, and other
44.14 supporting documents filed with the commissioner under section 477B.02, subdivision 5.

44.15 (d) In the case of more than one fire department furnishing contracted fire service to a
44.16 municipality, the population and estimated market value in the apportionment agreement
44.17 filed with the commissioner under section 477B.02, subdivision 5, must be used in calculating
44.18 the state aid.

44.19 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021
44.20 and thereafter.

44.21 Sec. 18. Minnesota Statutes 2019 Supplement, section 477B.03, subdivision 7, is amended
44.22 to read:

44.23 Subd. 7. **Appeal.** A municipality, an independent nonprofit firefighting corporation, a
44.24 fire relief association, or the voluntary statewide volunteer firefighter retirement plan may
44.25 object to the amount of fire state aid apportioned to it by filing a written request with the
44.26 commissioner to review and adjust the apportionment of funds within the state. The objection
44.27 of a municipality, an independent nonprofit firefighting corporation, a fire relief association,
44.28 or the voluntary statewide volunteer firefighter retirement plan must be filed with the
44.29 commissioner within 60 days of the date the amount of apportioned fire state aid is paid.

44.30 The decision of the commissioner is subject to appeal, review, and adjustment by the district
44.31 court in the county in which the applicable municipality or independent nonprofit firefighting
44.32 corporation is located or by the Ramsey County District Court with respect to the voluntary
44.33 statewide volunteer firefighter retirement plan.

45.1 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021
 45.2 and thereafter.

45.3 Sec. 19. Minnesota Statutes 2019 Supplement, section 477B.04, subdivision 1, is amended
 45.4 to read:

45.5 Subdivision 1. **Payments.** (a) The commissioner must make payments to the Public
 45.6 Employees Retirement Association for deposit in the voluntary statewide volunteer firefighter
 45.7 retirement fund on behalf of a municipality or independent nonprofit firefighting corporation
 45.8 that is a member of the voluntary statewide volunteer firefighter retirement plan under
 45.9 chapter 353G, ~~or directly to a municipality or county designated by an independent nonprofit~~
 45.10 ~~firefighting corporation.~~ The commissioner must directly pay all other municipalities
 45.11 qualifying for fire state aid, except as provided in paragraph (d). The payment is equal to
 45.12 the amount of fire state aid apportioned to the applicable fire state aid recipient under section
 45.13 477B.03.

45.14 (b) Fire state aid is payable on October 1 annually. The amount of state aid due and not
 45.15 paid by October 1 accrues interest payable to the recipient at the rate of one percent for each
 45.16 month or part of a month that the amount remains unpaid after October 1.

45.17 (c) In the event of noncompliance with sections 424A.014 and 477B.02, subdivision 7,
 45.18 the amount of fire state aid apportioned to a municipality or independent nonprofit firefighting
 45.19 corporation under section 477B.03 must be withheld from payment to the Public Employees
 45.20 Retirement Association or the municipality. The commissioner of revenue must issue a
 45.21 withheld payment within ten business days of receipt of a financial compliance report under
 45.22 section 6.495, subdivision 3, certifying that the municipality or independent nonprofit
 45.23 firefighting corporation has fulfilled the requirements of sections 424A.014 and 477B.02,
 45.24 subdivision 7. The interest under paragraph (b) does not apply ~~when to a payment has not~~
 45.25 ~~been made by October 1 due to noncompliance with sections 424A.014 and 477B.02,~~
 45.26 ~~subdivision 7~~ withheld under this paragraph.

45.27 (d) A joint powers entity must designate the city or town to be paid fire state aid on its
 45.28 behalf in the first year the joint powers entity qualifies for fire state aid. An independent
 45.29 nonprofit firefighting corporation must designate the city or town within its fire department
 45.30 service area to be paid fire state aid on its behalf in the first year the independent nonprofit
 45.31 firefighting corporation qualifies for fire state aid. If there is no city or town within the fire
 45.32 department service area of an independent nonprofit firefighting corporation, fire state aid
 45.33 must be paid to the county where the independent nonprofit firefighting corporation is

46.1 located. A local government payment designation under this paragraph must be in writing
 46.2 in the form and manner and at the time prescribed by the commissioner.

46.3 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021
 46.4 and thereafter.

46.5 Sec. 20. Minnesota Statutes 2019 Supplement, section 477B.04, is amended by adding a
 46.6 subdivision to read:

46.7 Subd. 4. **Aid amount corrections.** (a) An adjustment needed to correct a fire state aid
 46.8 overpayment or underpayment due to a clerical error must be made to subsequent fire state
 46.9 aid payments as provided in paragraphs (b) and (c). The authority to correct an aid payment
 46.10 under this subdivision is limited to three years after the payment was issued.

46.11 (b) If the adjustment equals more than ten percent of the most recently paid aid amount,
 46.12 the commissioner must reduce the aid a municipality or independent nonprofit firefighting
 46.13 corporation is to receive by the amount overpaid over a period of no more than three years.
 46.14 If the adjustment equals or is less than ten percent of the most recently paid aid amount, the
 46.15 commissioner must reduce the next aid payment occurring in 30 days or more by the amount
 46.16 overpaid.

46.17 (c) In the event of an underpayment, the commissioner must distribute the amount of
 46.18 underpaid funds to the municipality or independent nonprofit firefighting corporation over
 46.19 a period of no more than three years. An additional distribution to a municipality or
 46.20 independent nonprofit firefighting corporation must be paid from the general fund and must
 46.21 not diminish the payments made to other municipalities or independent nonprofit firefighting
 46.22 corporations under this chapter.

46.23 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021
 46.24 and thereafter.

46.25 Sec. 21. Minnesota Statutes 2019 Supplement, section 477C.02, subdivision 4, is amended
 46.26 to read:

46.27 Subd. 4. **Penalty for failure to file or correct certification.** (a) If a certification under
 46.28 subdivision 1 or 2 is not filed with the commissioner on or before March ~~15~~ 1, the
 46.29 commissioner must notify the municipal clerk, municipal clerk-treasurer, or county auditor
 46.30 that a penalty equal to a portion or all of its current year aid will apply if the certification
 46.31 is not received within ten days will be deducted from police state aid certified for the current
 46.32 year if the certification is not filed on or before March 15.

47.1 (b) If the commissioner rejects the certification under subdivision 1 or 2 for inaccurate
 47.2 or incomplete information, the municipal clerk, municipal clerk-treasurer, or county auditor
 47.3 must file a corrective certification after taking corrective action as identified by the
 47.4 commissioner in the notice of rejection. The corrective certification must be filed within
 47.5 30 days of the date on the notice of rejection.

47.6 ~~(b)~~ (c) A penalty applies to (1) a certification under subdivisions 1 and 2 filed after
 47.7 March 15 and (2) a corrective certification under paragraph (b) filed after March 15 that is
 47.8 also filed more than 30 days after the date on the notice of rejection. The penalty for failure
 47.9 to file the certification under subdivision 1 or 2 is equal to the amount of police state aid
 47.10 determined for the municipality for the current year, multiplied by five ten percent for each
 47.11 week or fraction of a week that the certification or corrective certification is late filed after
 47.12 March 15. The penalty must be computed beginning ten days after the postmark date of the
 47.13 commissioner's notification as required under this subdivision. All aid amounts forfeited
 47.14 as a result of the penalty revert to the state general fund. Failure to receive the certification
 47.15 form may not be used as a defense for a failure to file.

47.16 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021
 47.17 and thereafter.

47.18 Sec. 22. Minnesota Statutes 2019 Supplement, section 477C.03, subdivision 2, is amended
 47.19 to read:

47.20 Subd. 2. **Apportionment of police state aid.** (a) The total amount available for
 47.21 apportionment as police state aid is equal to 104 percent of the amount of premium taxes
 47.22 paid to the state on the premiums reported to the commissioner by companies or insurance
 47.23 companies on the Minnesota Aid to Police Premium Report. The total amount for
 47.24 apportionment for the police state aid program must not be less than two percent of the
 47.25 amount of premiums reported to the commissioner by companies or insurance companies
 47.26 on the Minnesota Aid to Police Premium Report.

47.27 (b) The commissioner must calculate the percentage of increase or decrease reflected in
 47.28 the apportionment over or under the previous year's available state aid using the same
 47.29 premiums as a basis for comparison.

47.30 (c) In addition to the amount for apportionment of police state aid under paragraph (a),
 47.31 each year \$100,000 must be apportioned for police state aid. An amount sufficient to pay
 47.32 this increase is annually appropriated from the general fund.

48.1 (d) The commissioner must apportion police state aid to all municipalities in proportion
 48.2 to the relationship that the total number of peace officers employed by that municipality for
 48.3 the prior calendar year and the proportional or fractional number who were employed less
 48.4 than a calendar year as credited under section 477C.02, subdivision 1, paragraph (c), bears
 48.5 to the total number of peace officers employed by all municipalities subject to any reduction
 48.6 under subdivision 3.

48.7 ~~(e) Any necessary additional adjustments must be made to subsequent police state aid~~
 48.8 ~~apportionments.~~

48.9 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021
 48.10 and thereafter.

48.11 Sec. 23. Minnesota Statutes 2019 Supplement, section 477C.03, subdivision 5, is amended
 48.12 to read:

48.13 Subd. 5. **Appeal.** A municipality may object to the amount of police state aid apportioned
 48.14 to it by filing a written request with the commissioner to review and adjust the apportionment
 48.15 of funds to the municipality. The objection of a municipality must be filed with the
 48.16 commissioner within 60 days of the date the amount of apportioned police state aid is paid.
 48.17 The decision of the commissioner is subject to appeal, review, and adjustment by the district
 48.18 court in the county in which the applicable municipality is located or by the Ramsey County
 48.19 District Court with respect to the Departments of Natural Resources or Public Safety.

48.20 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021
 48.21 and thereafter.

48.22 Sec. 24. Minnesota Statutes 2019 Supplement, section 477C.04, is amended by adding a
 48.23 subdivision to read:

48.24 Subd. 4. **Aid amount corrections.** (a) An adjustment needed to correct a police state
 48.25 aid overpayment or underpayment due to a clerical error must be made to subsequent police
 48.26 state aid payments as provided in paragraphs (b) and (c). The authority to correct an aid
 48.27 payment under this subdivision is limited to three years after the payment was issued.

48.28 (b) If the adjustment equals more than ten percent of the most recently paid aid amount,
 48.29 the commissioner must reduce the aid a municipality is to receive by the amount overpaid
 48.30 over a period of no more than three years. If the adjustment equals or is less than ten percent
 48.31 of the most recently paid aid amount, the commissioner must reduce the next aid payment
 48.32 occurring in 30 days or more by the amount overpaid.

49.1 (c) In the event of an underpayment, the commissioner must distribute the amount of
 49.2 underpaid funds to the municipality over a period of no more than three years. An additional
 49.3 distribution to a municipality must be paid from the general fund and must not diminish the
 49.4 payments made to other municipalities under this chapter.

49.5 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021
 49.6 and thereafter.

49.7 Sec. 25. **REPEALER.**

49.8 Minnesota Statutes 2019 Supplement, sections 477B.02, subdivision 4; and 477B.03,
 49.9 subdivision 6, are repealed.

49.10 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021
 49.11 and thereafter.

49.12 **ARTICLE 5**

49.13 **MISCELLANEOUS**

49.14 Section 1. Minnesota Statutes 2019 Supplement, section 270C.22, subdivision 1, is amended
 49.15 to read:

49.16 Subdivision 1. **Adjustment; definition; period; rounding.** (a) The commissioner shall
 49.17 annually make a cost of living adjustment to the dollar amounts noted in sections that
 49.18 reference this section. The commissioner shall adjust the amounts based on the index as
 49.19 provided in this section. For purposes of this section, "index" means the Chained Consumer
 49.20 Price Index for All Urban Consumers published by the Bureau of Labor Statistics. The
 49.21 values of the index used to determine the adjustments under this section are the latest
 49.22 published values when the Bureau of Labor Statistics publishes the initial value of the index
 49.23 for August of the year preceding the year to which the adjustment applies.

49.24 (b) For the purposes of this section, "statutory year" means the year preceding the first
 49.25 year for which dollar amounts are to be adjusted for inflation under sections that reference
 49.26 this section. For adjustments under chapter 290A, the statutory year refers to the year in
 49.27 which a taxpayer's household income used to calculate refunds under chapter 290A was
 49.28 earned and not the year in which refunds are payable. For all other adjustments, the statutory
 49.29 year refers to the taxable year unless otherwise specified.

49.30 (c) To determine the dollar amounts for taxable year 2020, the commissioner shall
 49.31 determine the percentage change in the index for the 12-month period ending on August
 49.32 31, 2019, and increase each of the unrounded dollar amounts in the sections referencing

50.1 this section by that percentage change. For each subsequent taxable year, the commissioner
50.2 shall increase the dollar amounts by the percentage change in the index from August 31 of
50.3 the year preceding the statutory year to August 31 of the year preceding the taxable year.

50.4 (d) To determine the dollar amounts for refunds payable in 2020 under chapter 290A,
50.5 the commissioner shall determine the percentage change in the index for the 12-month
50.6 period ending on August 31, 2019, and increase each of the unrounded dollar amounts in
50.7 the sections referencing this section by that percentage change. For each subsequent year,
50.8 the commissioner shall increase the dollar amounts by the percentage change in the index
50.9 from August 31 of the ~~year preceding the~~ statutory year to August 31 of the year preceding
50.10 the year in which refunds are payable.

50.11 (e) Unless otherwise provided, the commissioner shall round the amounts as adjusted
50.12 to the nearest \$10 amount. If an amount ends in \$5, the amount is rounded up to the nearest
50.13 \$10 amount.

50.14 **EFFECTIVE DATE.** This section is effective for property tax refunds based on property
50.15 taxes payable in 2020, and rent paid in 2019.

50.16 Sec. 2. Minnesota Statutes 2018, section 270C.445, subdivision 3, is amended to read:

50.17 Subd. 3. **Standards of conduct.** No tax preparer shall:

50.18 (1) without good cause fail to promptly, diligently, and without unreasonable delay
50.19 complete a client's return;

50.20 (2) obtain the signature of a client to a return or authorizing document that contains
50.21 blank spaces to be filled in after it has been signed;

50.22 (3) fail to sign a client's return when compensation for services rendered has been made;

50.23 (4) fail to provide on a client's return the preparer tax identification number when required
50.24 under section 6109(a)(4) of the Internal Revenue Code or section 289A.60, subdivision 28;

50.25 (5) fail or refuse to give a client a copy of any document requiring the client's signature
50.26 within a reasonable time after the client signs the document;

50.27 (6) fail to retain for at least four years a copy of a client's returns;

50.28 (7) fail to maintain a confidential relationship with clients or former clients;

50.29 (8) fail to take commercially reasonable measures to safeguard a client's nonpublic
50.30 personal information;

- 51.1 (9) make, authorize, publish, disseminate, circulate, or cause to make, either directly or
51.2 indirectly, any false, deceptive, or misleading statement or representation relating to or in
51.3 connection with the offering or provision of tax preparation services;
- 51.4 (10) require a client to enter into a loan arrangement in order to complete a client's return;
- 51.5 (11) claim credits or deductions on a client's return for which the tax preparer knows or
51.6 reasonably should know the client does not qualify;
- 51.7 (12) report a household income on a client's claim filed under chapter 290A that the tax
51.8 preparer knows or reasonably should know is not accurate;
- 51.9 (13) engage in any conduct that is subject to a penalty under section 289A.60, subdivision
51.10 13, 20, 20a, 26, or 28;
- 51.11 (14) whether or not acting as a taxpayer representative, fail to conform to the standards
51.12 of conduct required by Minnesota Rules, part 8052.0300, subpart 4;
- 51.13 (15) whether or not acting as a taxpayer representative, engage in any conduct that is
51.14 incompetent conduct under Minnesota Rules, part 8052.0300, subpart 5;
- 51.15 (16) whether or not acting as a taxpayer representative, engage in any conduct that is
51.16 disreputable conduct under Minnesota Rules, part 8052.0300, subpart 6;
- 51.17 (17) charge, offer to accept, or accept a fee based upon a percentage of an anticipated
51.18 refund for tax preparation services;
- 51.19 (18) under any circumstances, withhold or fail to return to a client a document provided
51.20 by the client for use in preparing the client's return;
- 51.21 (19) ~~establish~~ take control or ownership of a client's refund by any means, including:
- 51.22 (i) directly or indirectly endorsing or otherwise negotiating a check or other refund
51.23 instrument, including an electronic version of a check;
- 51.24 (ii) directing an electronic or direct deposit of the refund into an account unless the
51.25 client's name is on the account; and
- 51.26 (iii) establishing or using an account in the preparer's name to receive a client's refund
51.27 through a direct deposit or any other instrument unless the client's name is also on the
51.28 account, except that a taxpayer may assign the portion of a refund representing the Minnesota
51.29 education credit available under section 290.0674 to a bank account without the client's
51.30 name, as provided under section 290.0679;
- 51.31 (20) fail to act in the best interests of the client;

- 52.1 (21) fail to safeguard and account for any money handled for the client;
- 52.2 (22) fail to disclose all material facts of which the preparer has knowledge which might
52.3 reasonably affect the client's rights and interests;
- 52.4 (23) violate any provision of section 332.37;
- 52.5 (24) include any of the following in any document provided or signed in connection
52.6 with the provision of tax preparation services:
- 52.7 (i) a hold harmless clause;
- 52.8 (ii) a confession of judgment or a power of attorney to confess judgment against the
52.9 client or appear as the client in any judicial proceeding;
- 52.10 (iii) a waiver of the right to a jury trial, if applicable, in any action brought by or against
52.11 a debtor;
- 52.12 (iv) an assignment of or an order for payment of wages or other compensation for
52.13 services;
- 52.14 (v) a provision in which the client agrees not to assert any claim or defense otherwise
52.15 available;
- 52.16 (vi) a waiver of any provision of this section or a release of any obligation required to
52.17 be performed on the part of the tax preparer; or
- 52.18 (vii) a waiver of the right to injunctive, declaratory, or other equitable relief or relief on
52.19 a class basis; or
- 52.20 (25) if making, providing, or facilitating a refund anticipation loan, fail to provide all
52.21 disclosures required by the federal Truth in Lending Act, United States Code, title 15, in a
52.22 form that may be retained by the client.

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

52.24 Sec. 3. Minnesota Statutes 2019 Supplement, section 289A.20, subdivision 4, is amended
52.25 to read:

52.26 Subd. 4. **Sales and use tax.** (a) The taxes imposed by chapter 297A are due and payable
52.27 to the commissioner monthly on or before the 20th day of the month following the month
52.28 in which the taxable event occurred, or following another reporting period as the
52.29 commissioner prescribes or as allowed under section 289A.18, subdivision 4, paragraph (f)
52.30 or (g), except that use taxes due on an annual use tax return as provided under section
52.31 289A.11, subdivision 1, are payable by April 15 following the close of the calendar year.

53.1 (b) A vendor having a liability of \$250,000 or more during a fiscal year ending June 30
53.2 must remit the June liability for the next year in the following manner:

53.3 (1) Two business days before June 30 of calendar year 2020 and 2021, the vendor must
53.4 remit 87.5 percent of the estimated June liability to the commissioner. Two business days
53.5 before June 30 of calendar year 2022 and thereafter, the vendor must remit 84.5 percent of
53.6 the estimated June liability to the commissioner.

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

53.9 (c) A vendor having a liability of:

53.10 (1) \$10,000 or more, but less than \$250,000 during a fiscal year ending June 30, 2013,
53.11 and fiscal years thereafter, must remit by electronic means all liabilities on returns due for
53.12 periods beginning in all subsequent calendar years on or before the 20th day of the month
53.13 following the month in which the taxable event occurred, or on or before the 20th day of
53.14 the month following the month in which the sale is reported under section 289A.18,
53.15 subdivision 4; or

53.16 (2) \$250,000 or more, during a fiscal year ending June 30, 2013, and fiscal years
53.17 thereafter, must remit by electronic means all liabilities in the manner provided in paragraph
53.18 (a) on returns due for periods beginning in the subsequent calendar year, except for ~~90~~
53.19 ~~percent~~ the percentage of the estimated June liability, as provided in paragraph (b), clause
53.20 (1), which is due two business days before June 30. The remaining amount of the June
53.21 liability is due on August 20.

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

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

54.1 Sec. 4. Minnesota Statutes 2019 Supplement, section 290A.19, is amended to read:

54.2 **290A.19 OWNER OR MANAGING AGENT TO FURNISH RENT CERTIFICATE.**

54.3 (a) The owner or managing agent of any property for which rent is paid for occupancy
 54.4 as a homestead must furnish a certificate of rent paid to a person who is a renter on December
 54.5 31, in the form prescribed by the commissioner. If the renter moves before December 31,
 54.6 the owner or managing agent may give the certificate to the renter at the time of moving,
 54.7 or mail the certificate to the forwarding address if an address has been provided by the
 54.8 renter. The certificate must be made available to the renter before February 1 of the year
 54.9 following the year in which the rent was paid. The owner or managing agent must retain a
 54.10 duplicate of each certificate or an equivalent record showing the same information for a
 54.11 period of three years. The duplicate or other record must be made available to the
 54.12 commissioner upon request.

54.13 (b) The commissioner may require the owner or managing agent, through a simple
 54.14 process, to furnish to the commissioner on or before March 1 a copy of each certificate of
 54.15 rent paid furnished to a renter for rent paid in the prior year. The commissioner shall prescribe
 54.16 the content, format, and manner of the form pursuant to section 270C.30. The commissioner
 54.17 may require the Social Security number, individual taxpayer identification number, federal
 54.18 employer identification number, or Minnesota taxpayer identification number of the owner
 54.19 or managing agent who is required to furnish a certificate of rent paid under this paragraph.
 54.20 Prior to implementation, the commissioner, after consulting with representatives of owners
 54.21 or managing agents, shall develop an implementation and administration plan for the
 54.22 requirements of this paragraph that attempts to minimize financial burdens, administration
 54.23 and compliance costs, and takes into consideration existing systems of owners and managing
 54.24 agents.

54.25 (c) For the purposes of this section, "owner" includes a park owner as defined under
 54.26 section 327C.01, subdivision 6, and "property" includes a lot as defined under section
 54.27 327C.01, subdivision 3.

54.28 **EFFECTIVE DATE.** This section is effective for certificates of rent paid furnished to
 54.29 a renter for rent paid after December 31, 2019.

54.30 Sec. 5. Minnesota Statutes 2018, section 295.75, subdivision 2, is amended to read:

54.31 Subd. 2. **Gross receipts tax imposed.** A tax is imposed on each liquor retailer equal to
 54.32 2.5 percent of gross receipts from retail sales in Minnesota of liquor. The liquor retailer
 54.33 may, but is not required to, collect the tax from the purchaser. If separately stated on the

55.1 invoice, bill of sale, or similar document given to the purchaser, the tax is excluded from
 55.2 the sales price for purposes of the tax imposed under Minnesota Statutes, chapter 297A.

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

55.4 Sec. 6. Minnesota Statutes 2019 Supplement, section 296A.06, subdivision 2, is amended
 55.5 to read:

55.6 Subd. 2. **Suspension of license.** (a) Notwithstanding subdivision 1, the license of a
 55.7 distributor, special fuel dealer, or bulk purchaser that has not filed a tax return or report or
 55.8 paid a delinquent tax or fee within five days after notice and demand by the commissioner
 55.9 is suspended. The suspension remains in effect until the demanded tax return or report has
 55.10 been filed and the tax and fees shown on that return or report have been paid. If the
 55.11 commissioner determines that the failure to file or failure to pay is due to reasonable cause,
 55.12 then a license must not be suspended, or if suspended, must be reinstated.

55.13 (b) A licensee whose license is suspended under this subdivision may request a contested
 55.14 case hearing under chapter 14. Any such hearing must be held within 20 days of the issuance
 55.15 of the notice and demand issued under paragraph (a), unless the parties agree to a later
 55.16 hearing date. The administrative law judge's report must be issued within 20 days after the
 55.17 close of the hearing record, unless the parties agree to a later report issuance date. The
 55.18 commissioner must issue a final decision within 30 days after receipt of the report of the
 55.19 administrative law judge and subsequent exceptions and argument under section 14.61. The
 55.20 suspension imposed under paragraph (a) remains in effect during any contested case hearing
 55.21 process requested pursuant to this paragraph.

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

55.23 Sec. 7. Minnesota Statutes 2019 Supplement, section 297A.66, subdivision 3, is amended
 55.24 to read:

55.25 Subd. 3. **Marketplace provider liability.** (a) A marketplace provider is deemed the
 55.26 retailer or seller for all retail sales it facilitates, and is subject to audit on the retail sales it
 55.27 facilitates if it is required to collect sales and use taxes and remit them to the commissioner
 55.28 under subdivision 2, paragraphs (b) and (c).

55.29 (b) A marketplace provider is not liable for failing to file, collect, and remit sales and
 55.30 use taxes to the commissioner if the marketplace provider demonstrates that the error was
 55.31 due to incorrect or insufficient information given to the marketplace provider by the retailer.

56.1 This paragraph does not apply if the marketplace provider and the marketplace retailer are
56.2 related as defined in subdivision 4, paragraph (b).

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

56.4 Sec. 8. Minnesota Statutes 2018, section 297F.04, subdivision 2, is amended to read:

56.5 Subd. 2. **Refusal to issue or renew; revocation.** The commissioner must not issue or
56.6 renew a license under this chapter, and may revoke a license under this chapter, if the
56.7 applicant or licensee:

56.8 (1) owes \$500 or more in delinquent taxes as defined in section 270C.72, subdivision
56.9 2;

56.10 (2) after demand, has not filed tax returns required by the commissioner;

56.11 (3) had a cigarette or tobacco license revoked by the commissioner within the past two
56.12 years;

56.13 (4) had a sales and use tax permit revoked by the commissioner within the past two
56.14 years; or

56.15 (5) has been convicted of a crime involving cigarettes or tobacco products, including
56.16 but not limited to: selling stolen cigarettes or tobacco products, receiving stolen cigarettes
56.17 or tobacco products, or involvement in the smuggling of cigarettes or tobacco products.

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

56.19 Sec. 9. Minnesota Statutes 2019 Supplement, section 297F.09, subdivision 10, is amended
56.20 to read:

56.21 Subd. 10. **Accelerated tax payment; cigarette or tobacco products distributor.** A
56.22 cigarette or tobacco products distributor having a liability of \$250,000 or more during a
56.23 fiscal year ending June 30, shall remit the June liability for the next year in the following
56.24 manner:

56.25 (a) Two business days before June 30 of calendar years 2020 and 2021, the distributor
56.26 shall remit the actual May liability and 87.5 percent of the estimated June liability to the
56.27 commissioner and file the return in the form and manner prescribed by the commissioner.
56.28 Two business days before June 30 of calendar year 2022 and each calendar year thereafter,
56.29 the distributor must remit the actual May liability and 84.5 percent of the estimated June
56.30 liability to the commissioner and file the return in the form and manner prescribed by the
56.31 commissioner.

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

57.6 (1) for calendar year 2020, the lesser of 87.5 percent of the actual June liability for the
 57.7 calendar year 2020 and 2021 June liabilities and 84.5 of the actual June liability for June
 57.8 2022 and thereafter or 87.5 percent of the preceding May liability; or

57.9 (2) for calendar year 2021, the lesser of 87.5 percent of the actual June liability or 87.5
 57.10 percent of the preceding May liability for the calendar year 2020 and 2021 June liabilities
 57.11 and 84.5 percent of the preceding May liability for June 2022 and thereafter; or

57.12 ~~(e)~~ (3) for calendar year 2022 and thereafter, the percent of the estimated lesser of 84.5
 57.13 percent of the actual June liability the vendor must remit by two business days before June
 57.14 30 is for that year or 84.5 percent of the preceding May liability.

57.15 **EFFECTIVE DATE.** This section is effective for estimated payments required to be
 57.16 made after the date of final enactment.

57.17 Sec. 10. Minnesota Statutes 2018, section 297F.17, subdivision 1, is amended to read:

57.18 Subdivision 1. **General rule.** Except as otherwise provided in this chapter, the amount
 57.19 of any tax due must be assessed within 3-1/2 years after a return is filed. ~~The taxes are~~
 57.20 ~~considered assessed within the meaning of this section when the commissioner has prepared~~
 57.21 ~~a notice of tax assessment and mailed it to the person required to file a return to the post~~
 57.22 ~~office address given in the return. The notice of tax assessment must be sent by mail to the~~
 57.23 ~~post office address given in the return and the record of the mailing is presumptive evidence~~
 57.24 ~~of the giving of such notice, and such records must be preserved by the commissioner.~~

57.25 **EFFECTIVE DATE.** This section is effective for notices of tax assessment issued after
 57.26 the date of final enactment.

57.27 Sec. 11. Minnesota Statutes 2019 Supplement, section 297G.09, subdivision 9, is amended
 57.28 to read:

57.29 Subd. 9. **Accelerated tax payment; penalty.** A person liable for tax under this chapter
 57.30 having a liability of \$250,000 or more during a fiscal year ending June 30, shall remit the
 57.31 June liability for the next year in the following manner:

58.1 (a) Two business days before June 30 of calendar years 2020 and 2021, the taxpayer
 58.2 shall remit the actual May liability and 87.5 percent of the estimated June liability to the
 58.3 commissioner and file the return in the form and manner prescribed by the commissioner.
 58.4 Two business days before June 30 of calendar year 2022 and each calendar year thereafter,
 58.5 the distributor must remit the actual May liability and 84.5 percent of the estimated June
 58.6 liability to the commissioner and file the return in the form and manner prescribed by the
 58.7 commissioner.

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

58.13 (1) for calendar year 2020, the lesser of 87.5 percent of the actual June liability for the
 58.14 calendar year 2020 and 2021 June liabilities and 84.5 percent of the actual June liability for
 58.15 June 2022 and thereafter or 87.5 percent of the preceding May liability; or

58.16 (2) for calendar year 2021, the lesser of 87.5 percent of the actual June liability or 87.5
 58.17 percent of the preceding May liability for the calendar year 2020 and 2021 June liabilities
 58.18 and 84.5 percent of the preceding May liability for June 2022 and thereafter.

58.19 ~~(e)~~ (3) for calendar year 2022 and thereafter, the percent of the estimated lesser of 84.5
 58.20 percent of the actual June liability the vendor must remit by two business days before June
 58.21 30 is for that year or 84.5 percent of the preceding May liability.

58.22 **EFFECTIVE DATE.** This section is effective for estimated payments required to be
 58.23 made after the date of final enactment.

58.24 Sec. 12. Minnesota Statutes 2018, section 609B.153, is amended to read:

58.25 **609B.153 CIGARETTE AND TOBACCO DISTRIBUTOR OR SUBJOBBER**
 58.26 **LICENSE; SUSPENSION OR REVOCATION.**

58.27 Under section 297F.04, the commissioner of revenue must not issue or renew a license
 58.28 issued under chapter 297F, and may revoke a license issued under chapter 297F, if the
 58.29 applicant has been convicted of a crime involving cigarettes or tobacco products.

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

59.1 Sec. 13. **REPEALER.**

59.2 Minnesota Statutes 2018, section 270C.17, subdivision 2, is repealed.

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

270C.17 COMMISSIONER TO COLLECT CERTAIN LOCAL TAXES.

Subd. 2. **Development costs.** If the commissioner determines that a new computer system will be required to collect the local taxes, the costs of development of the system will be charged to the first local units of government to be included in the system. Any additional local units of government that by agreement are added to the system will be charged for a share of the development costs. The charge will be determined by the commissioner who shall then refund to the original local units of government their portion of the development costs recovered from the additional users.

477B.02 QUALIFYING FOR FIRE STATE AID.

Subd. 4. **Equipment requirements.** The fire department must have all of the following equipment, or the equivalent as determined by the state fire marshal, by December 31 of the year preceding the certification required in subdivision 8:

- (1) a motorized fire truck equipped with:
 - (i) a motorized pump;
 - (ii) a 250-gallon or larger water tank;
 - (iii) 300 feet of one inch or larger fire hose in two lines with combination spray and straight stream nozzles;
 - (iv) five-gallon hand pumps - tank extinguisher or equivalent;
 - (v) a dry chemical extinguisher or equivalent;
 - (vi) ladders;
 - (vii) extension ladders;
 - (viii) pike poles;
 - (ix) crowbars;
 - (x) axes;
 - (xi) lanterns; and
 - (xii) fire coats, helmets, and boots;
- (2) the items in clause (1) suitably housed in a building of good construction with facilities for care of hoses and equipment;
- (3) a reliable and adequate method of receiving fire alarms by telephone or with electric siren and suitable means of sounding an alarm; and
- (4) if response is to be provided outside the corporate limits of the municipality where the fire department is located, another piece of motorized apparatus to make the response.

477B.03 CALCULATION OF FIRE STATE AID; APPEAL.

Subd. 6. **Corrective aid adjustments.** Any adjustments needed to correct prior misallocations must be made to subsequent fire state aid apportionments.