

**SENATE**  
**STATE OF MINNESOTA**  
**NINETY-FIRST SESSION**

**S.F. No. 5**

(SENATE AUTHORS: CHAMBERLAIN)

DATE	D-PG	OFFICIAL STATUS
01/10/2019	46	Introduction and first reading Referred to Taxes
04/25/2019	3335a	Comm report: To pass as amended
04/29/2019	3603	Second reading
04/25/2019	3614	Rule 45-amend, subst. General Orders HF2125 (Non-revisor companion)

1.1 A bill for an act

1.2 relating to financing and operation of state and local government; providing

1.3 conformity and nonconformity to certain federal tax law changes; modifying

1.4 individual income and corporate franchise taxes, estate taxes, sales and use taxes,

1.5 property taxes, provisions related to local taxes, tax increment financing, and public

1.6 finance, and other miscellaneous taxes and tax provisions; modifying indexing

1.7 provisions; changing the starting point for state individual income tax calculation

1.8 from federal taxable income to federal adjusted gross income; providing for various

1.9 individual and corporate additions and subtractions to income; modifying certain

1.10 allowances and adjustments to income; modifying individual income tax rates;

1.11 modifying certain income tax credits; modifying and allowing certain exemptions

1.12 from sales and use taxes; modifying provisions relating to property tax records

1.13 and information; modifying certain property tax timelines; establishing property

1.14 tax exemptions; modifying homestead provisions; modifying state general levy;

1.15 modifying approval requirements for certain local sales taxes; modifying and

1.16 authorizing certain local sales taxes; transferring occupation tax revenue;

1.17 establishing private letter ruling program; modifying referendum equalization;

1.18 requiring reports; appropriating money; amending Minnesota Statutes 2018, sections

1.19 6.495, subdivision 3; 37.31, subdivision 1; 38.27, by adding a subdivision;

1.20 103D.905, subdivisions 5, 9; 103E.611, subdivision 2; 116J.8737, subdivisions 5,

1.21 12; 123B.595, subdivision 5; 126C.17, subdivision 6; 138.053; 144E.42, subdivision

1.22 2; 162.145, subdivision 3; 197.603, subdivision 2; 270A.03, subdivision 5; 270B.08,

1.23 subdivision 2; 270C.31, by adding a subdivision; 270C.33, by adding subdivisions;

1.24 270C.34, subdivision 1; 270C.35, subdivision 4; 270C.445, subdivision 6; 270C.85,

1.25 subdivision 2; 270C.89, subdivisions 1, 2; 270C.91; 272.02, subdivisions 27, 49,

1.26 81, by adding subdivisions; 273.032; 273.061, subdivision 9; 273.0755; 273.113,

1.27 subdivision 3; 273.119, subdivision 2; 273.1231, subdivision 3; 273.124,

1.28 subdivisions 3a, 8, 13, 14, 21, by adding a subdivision; 273.1245, subdivision 2;

1.29 273.13, subdivisions 22, 25, 34, 35; 273.136, subdivision 2; 273.1384, subdivisions

1.30 2, 3; 273.1387, subdivision 3; 273.18; 273.371, subdivision 1; 273.3711; 273.372,

1.31 subdivision 3; 274.14; 274.16; 275.025, subdivision 1, by adding a subdivision;

1.32 275.066; 276.131; 282.01, subdivision 6; 289A.02, subdivision 7; 289A.08,

1.33 subdivisions 1, 6, 7, by adding a subdivision; 289A.12, subdivision 14; 289A.20,

1.34 subdivision 4; 289A.25, subdivision 1; 289A.31, subdivisions 1, 2; 289A.35;

1.35 289A.37, subdivisions 2, 6; 289A.38, subdivisions 7, 10; 289A.40, subdivision 1;

1.36 289A.42; 289A.60, subdivision 1; 290.01, subdivisions 4a, 19, 22, 29a, 31, by

1.37 adding subdivisions; 290.0131, subdivisions 1, 3, 12, 13, by adding subdivisions;

1.38 290.0132, subdivisions 1, 4, 7, 20, 21, 26, by adding subdivisions; 290.0133, by

2.1 adding subdivisions; 290.0134, by adding subdivisions; 290.0137; 290.032,  
 2.2 subdivision 2; 290.05, subdivisions 1, 3; 290.06, subdivisions 2c, 2d, 22; 290.067,  
 2.3 subdivision 2b; 290.0671, subdivision 7; 290.0672, subdivisions 1, 2; 290.0674,  
 2.4 subdivisions 1, 2, by adding a subdivision; 290.0681, subdivisions 1, 2, 3, 4;  
 2.5 290.0802, subdivisions 2, 3; 290.091, subdivision 2; 290.0921, subdivisions 2, 3;  
 2.6 290.17, subdivisions 2, 4; 290.21, subdivision 4; 290.34, by adding a subdivision;  
 2.7 290.92, subdivisions 1, 4b, 4c, 28; 290A.03, subdivisions 3, 4, 8, 12, 13, 15;  
 2.8 290A.04, subdivision 4; 290A.05; 290A.08; 290A.09; 290B.09, subdivision 1;  
 2.9 291.005, subdivision 1; 291.03, subdivisions 9, 10; 295.50, subdivisions 3, 4, 9b,  
 2.10 14, 15, by adding subdivisions; 295.53, subdivision 1; 295.57, subdivision 5;  
 2.11 295.582, subdivision 1; 296A.03, subdivision 3; 296A.13; 297A.61, subdivision  
 2.12 18; 297A.67, subdivisions 6, 12, by adding subdivisions; 297A.68, subdivisions  
 2.13 17, 25, 42, 44; 297A.70, subdivisions 3, 4, 10, 16, 20, by adding a subdivision;  
 2.14 297A.71, subdivisions 22, 45, by adding subdivisions; 297A.75, subdivisions 1,  
 2.15 2, 3; 297A.77, subdivision 3, by adding a subdivision; 297A.84; 297A.85; 297A.99,  
 2.16 subdivisions 1, 2, 3, by adding a subdivision; 297A.993, subdivision 1, by adding  
 2.17 a subdivision; 297B.01, subdivisions 14, 16; 297B.03; 297E.02, subdivision 6;  
 2.18 297E.021, subdivision 2; 297F.01, subdivisions 19, 23, by adding a subdivision;  
 2.19 297F.17, subdivision 6; 297G.16, subdivision 7; 297I.20, subdivision 3; 298.018,  
 2.20 subdivision 1, by adding a subdivision; 298.17; 298.227; 298.282, subdivision 1;  
 2.21 349.15, subdivision 1; 349.151, subdivision 4; 353G.01, subdivision 9; 353G.05,  
 2.22 subdivision 2; 353G.08, subdivisions 1, 1a; 353G.17, subdivision 2; 356.20,  
 2.23 subdivision 4a; 356.219, subdivision 8; 423A.02, subdivisions 1b, 3; 423A.022,  
 2.24 subdivisions 2, 4; 424A.016, subdivisions 2, 4; 424A.02, subdivisions 1, 3a, 10;  
 2.25 424A.03, subdivision 2; 424A.05, subdivisions 2, 3, by adding a subdivision;  
 2.26 424A.07; 424A.091, subdivision 3; 424A.092, subdivisions 3, 4; 424A.093,  
 2.27 subdivision 5; 424B.09; 462A.38; 462D.03, subdivision 2; 462D.06, subdivisions  
 2.28 1, 2; 469.169, by adding a subdivision; 469.177, subdivision 1; 469.316, subdivision  
 2.29 1; 469.319, subdivision 4; 471.831; 473H.08, subdivisions 1, 4, by adding a  
 2.30 subdivision; 473H.09, by adding a subdivision; 474A.02, subdivision 22b; 475.521,  
 2.31 subdivision 1; 477A.0126, subdivisions 6, 7; 477A.016; Minnesota Statutes 2019  
 2.32 Supplement, sections 289A.60, subdivision 24; 290.31, subdivision 1; Laws 1980,  
 2.33 chapter 511, section 1, subdivision 1; Laws 1986, chapter 396, section 5, as  
 2.34 amended; Laws 1986, chapter 462, section 31, as amended; Laws 1994, chapter  
 2.35 587, article 9, section 11; Laws 1998, chapter 389, article 8, section 45, subdivisions  
 2.36 1, 3, as amended, 4, 5; Laws 2008, chapter 366, article 5, sections 26, as amended;  
 2.37 33, as amended; Laws 2009, chapter 88, article 2, section 46, subdivisions 1, as  
 2.38 amended, 2, 3, as amended, 4, 5; Laws 2011, First Special Session chapter 7, article  
 2.39 4, section 10, subdivision 3; Laws 2014, chapter 308, article 6, section 8,  
 2.40 subdivision 1, as amended; Laws 2017, First Special Session chapter 1, article 3,  
 2.41 section 32; article 8, section 3; article 10, section 4; proposing coding for new law  
 2.42 in Minnesota Statutes, chapters 270C; 273; 289A; 290; 297A; 297I; 424A;  
 2.43 proposing coding for new law as Minnesota Statutes, chapters 299O; 477B; 477C;  
 2.44 repealing Minnesota Statutes 2018, sections 37.31, subdivision 8; 69.011,  
 2.45 subdivisions 1, 2, 2b, 2c, 3, 4; 69.021, subdivisions 1, 2, 3, 4, 5, 7, 7a, 8, 9, 10, 11;  
 2.46 69.022; 69.031, subdivisions 1, 3, 5; 69.041; 69.051, subdivisions 1, 1a, 1b, 2, 3,  
 2.47 4; 69.33; 69.80; 270C.131; 275.29; 289A.38, subdivisions 7, 8, 9; 290.0131,  
 2.48 subdivisions 7, 10, 11; 290.0133, subdivisions 12, 13, 14; 290.10, subdivision 2;  
 2.49 296A.03, subdivision 5; 296A.04, subdivision 2; 296A.05, subdivision 2; 297I.25,  
 2.50 subdivision 2; 349.213, subdivision 3; Minnesota Rules, part 8125.0410, subpart  
 2.51 1.

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

3.2 **ARTICLE 1**

3.3 **FEDERAL CONFORMITY**

3.4 Section 1. Minnesota Statutes 2018, section 270A.03, subdivision 5, is amended to read:

3.5 Subd. 5. **Debt; debtor.** (a) "Debt" means a legal obligation of a natural person to pay a  
 3.6 fixed and certain amount of money, which equals or exceeds \$25 and which is due and  
 3.7 payable to a claimant agency. The term includes criminal fines imposed under section 609.10  
 3.8 or 609.125, fines imposed for petty misdemeanors as defined in section 609.02, subdivision  
 3.9 4a, and restitution. A debt may arise under a contractual or statutory obligation, a court  
 3.10 order, or other legal obligation, but need not have been reduced to judgment.

3.11 A debt includes any legal obligation of a current recipient of assistance which is based  
 3.12 on overpayment of an assistance grant where that payment is based on a client waiver or  
 3.13 an administrative or judicial finding of an intentional program violation; or where the debt  
 3.14 is owed to a program wherein the debtor is not a client at the time notification is provided  
 3.15 to initiate recovery under this chapter and the debtor is not a current recipient of food support,  
 3.16 transitional child care, or transitional medical assistance.

3.17 (b) A debt does not include any legal obligation to pay a claimant agency for medical  
 3.18 care, including hospitalization if the income of the debtor at the time when the medical care  
 3.19 was rendered does not exceed the following amount:

3.20 (1) for an unmarried debtor, an income of \$12,560 or less;

3.21 (2) for a debtor with one dependent, an income of \$16,080 or less;

3.22 (3) for a debtor with two dependents, an income of \$19,020 or less;

3.23 (4) for a debtor with three dependents, an income of \$21,580 or less;

3.24 (5) for a debtor with four dependents, an income of \$22,760 or less; and

3.25 (6) for a debtor with five or more dependents, an income of \$23,730 or less.

3.26 For purposes of this paragraph, "debtor" means the individual whose income, together  
 3.27 with the income of the individual's spouse, other than a separated spouse, brings the  
 3.28 individual within the income provisions of this paragraph. For purposes of this paragraph,  
 3.29 a spouse, other than a separated spouse, shall be considered a dependent.

3.30 (c) The commissioner shall annually adjust the ~~income~~ amounts in paragraph (b) ~~by the~~  
 3.31 ~~percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue~~

4.1 Code, ~~except that in section 1(f)(3)(B) the word "2014" shall be substituted for the word~~  
 4.2 ~~"1992." For 2016, the commissioner shall then determine the percent change from the 12~~  
 4.3 ~~months ending on August 31, 2014, to the 12 months ending on August 31, 2015, and in~~  
 4.4 ~~each subsequent year, from the 12 months ending on August 31, 2014, to the 12 months~~  
 4.5 ~~ending on August 31 of the year preceding the taxable year. The determination of the~~  
 4.6 ~~commissioner pursuant to this subdivision shall not be considered a "rule" and shall not be~~  
 4.7 ~~subject to the Administrative Procedure Act contained in chapter 14. The income amount~~  
 4.8 ~~as adjusted must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount~~  
 4.9 ~~is rounded up to the nearest \$10 amount~~ as provided in section 270C.22. The statutory year  
 4.10 is taxable year 2019.

4.11 (d) Debt also includes an agreement to pay a MinnesotaCare premium, regardless of the  
 4.12 dollar amount of the premium authorized under section 256L.15, subdivision 1a.

4.13 **EFFECTIVE DATE.** This section is effective for adjustments beginning with taxable  
 4.14 years beginning after December 31, 2019.

4.15 Sec. 2. **[270C.22] COST OF LIVING ADJUSTMENT.**

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

4.24 (b) For the purposes of this section, "statutory year" means the year preceding the first  
 4.25 year for which dollar amounts are to be adjusted for inflation under sections that reference  
 4.26 this section. For adjustments under chapter 290A, "statutory year" means the year in which  
 4.27 refunds are payable preceding the first year for which amounts in chapter 290A are indexed  
 4.28 under this section.

4.29 (c) To determine the dollar amounts for taxable year 2020, the commissioner shall  
 4.30 determine the percentage change in the index for the 12-month period ending on August  
 4.31 31, 2019, and increase each of the unrounded dollar amounts in the sections referencing  
 4.32 this section by that percentage change. For each subsequent taxable year, the commissioner  
 4.33 shall increase the dollar amounts by the percentage change in the index from August 31 of  
 4.34 the year preceding the statutory year to August 31 of the year preceding the taxable year.

5.1 (d) To determine the dollar amounts for refunds payable in 2021 under chapter 290A,  
5.2 the commissioner shall determine the percentage change in the index for the 12-month  
5.3 period ending on August 31, 2020, and increase each of the unrounded dollar amounts in  
5.4 the sections referencing this section by that percentage change. For each subsequent year,  
5.5 the commissioner shall increase the dollar amounts by the percentage change in the index  
5.6 from August 31 of the year preceding the statutory year to August 31 of the year preceding  
5.7 the year in which refunds are payable.

5.8 (e) Unless otherwise provided, the commissioner shall round the amounts as adjusted  
5.9 to the nearest \$10 amount. If an amount ends in \$5, the amount is rounded up to the nearest  
5.10 \$10 amount.

5.11 Subd. 2. **Publication.** The commissioner shall announce and publish the adjusted dollar  
5.12 amounts required by subdivision 1 on the Department of Revenue's website on or before  
5.13 December 15 of each year.

5.14 Subd. 3. **Special provision.** The determination of the commissioner under this subdivision  
5.15 is not a rule and is not subject to the Administrative Procedure Act under chapter 14,  
5.16 including section 14.386.

5.17 **EFFECTIVE DATE.** This section is effective for adjustments beginning with taxable  
5.18 years beginning after December 31, 2019, calendar years beginning after December 31,  
5.19 2019, and for refunds based on rent paid in 2019 and property taxes payable in 2020.

5.20 Sec. 3. Minnesota Statutes 2018, section 289A.02, subdivision 7, is amended to read:

5.21 Subd. 7. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal  
5.22 Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~December~~  
5.23 ~~16, 2016~~ December 31, 2018.

5.24 **EFFECTIVE DATE.** This section is effective the day following final enactment, except  
5.25 the changes incorporated by federal changes are effective retroactively at the same time the  
5.26 changes become effective for federal purposes.

5.27 Sec. 4. Minnesota Statutes 2018, section 289A.08, subdivision 1, is amended to read:

5.28 Subdivision 1. **Generally; individuals.** (a) A taxpayer must file a return for each taxable  
5.29 year the taxpayer is required to file a return under section 6012 of the Internal Revenue  
5.30 Code or meets the requirements under paragraph (d) to file a return, except that:

5.31 (1) an individual who is not a Minnesota resident for any part of the year is not required  
5.32 to file a Minnesota income tax return if the individual's gross income derived from Minnesota

6.1 sources as determined under sections 290.081, paragraph (a), and 290.17, is less than the  
6.2 filing requirements for a single individual who is a full year resident of Minnesota; ~~and~~

6.3 (2) an individual who is a Minnesota resident is not required to file a Minnesota income  
6.4 tax return if the individual's gross income derived from Minnesota sources as determined  
6.5 under section 290.17, less the subtractions allowed under section 290.0132, subdivisions  
6.6 12 and 15, is less than the filing requirements for a single individual who is a full-year  
6.7 resident of Minnesota.

6.8 (b) The decedent's final income tax return, and other income tax returns for prior years  
6.9 where the decedent had gross income in excess of the minimum amount at which an  
6.10 individual is required to file and did not file, must be filed by the decedent's personal  
6.11 representative, if any. If there is no personal representative, the return or returns must be  
6.12 filed by the transferees, as defined in section 270C.58, subdivision 3, who receive property  
6.13 of the decedent.

6.14 (c) The term "gross income," as it is used in this section, has the same meaning given it  
6.15 in section 290.01, subdivision 20.

6.16 (d) The commissioner of revenue shall annually determine the gross income levels at  
6.17 which individuals are required to file a return for each taxable year based on the amounts  
6.18 that may be deducted under section 290.0803 and the personal and dependent exemptions  
6.19 under section 290.0138.

6.20 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
6.21 31, 2018.

6.22 Sec. 5. Minnesota Statutes 2018, section 289A.08, subdivision 7, is amended to read:

6.23 Subd. 7. **Composite income tax returns for nonresident partners, shareholders, and**  
6.24 **beneficiaries.** (a) The commissioner may allow a partnership with nonresident partners to  
6.25 file a composite return and to pay the tax on behalf of nonresident partners who have no  
6.26 other Minnesota source income. This composite return must include the names, addresses,  
6.27 Social Security numbers, income allocation, and tax liability for the nonresident partners  
6.28 electing to be covered by the composite return.

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

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

7.5 (d) The electing partner must not have any Minnesota source income other than the  
7.6 income from the partnership and other electing partnerships. If it is determined that the  
7.7 electing partner has other Minnesota source income, the inclusion of the income and tax  
7.8 liability for that partner under this provision will not constitute a return to satisfy the  
7.9 requirements of subdivision 1. The tax paid for the individual as part of the composite return  
7.10 is allowed as a payment of the tax by the individual on the date on which the composite  
7.11 return payment was made. If the electing nonresident partner has no other Minnesota source  
7.12 income, filing of the composite return is a return for purposes of subdivision 1.

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

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

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

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

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

7.32 (j) For the purposes of this subdivision, "income" means the partner's share of federal  
7.33 adjusted gross income from the partnership modified by the additions provided in section  
7.34 290.0131, subdivisions 8 to ~~10~~ 10 and 15, and the subtractions provided in: (1) section

8.1 290.0132, subdivision 9, to the extent the amount is assignable or allocable to Minnesota  
8.2 under section 290.17; and (2) section 290.0132, subdivision 14. The subtraction allowed  
8.3 under section 290.0132, subdivision 9, is only allowed on the composite tax computation  
8.4 to the extent the electing partner would have been allowed the subtraction.

8.5 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
8.6 31, 2018.

8.7 Sec. 6. Minnesota Statutes 2018, section 289A.12, subdivision 14, is amended to read:

8.8 Subd. 14. **Reporting exempt interest and exempt-interest dividends.** (a) A regulated  
8.9 investment company paying \$10 or more in exempt-interest dividends to an individual who  
8.10 is a resident of Minnesota, or any person receiving \$10 or more of exempt interest or  
8.11 exempt-interest dividends and paying as nominee to an individual who is a resident of  
8.12 Minnesota, must make a return indicating the amount of the exempt interest or  
8.13 exempt-interest dividends, the name, address, and Social Security number of the recipient,  
8.14 and any other information that the commissioner specifies. The return must be provided to  
8.15 the recipient by February 15 of the year following the year of the payment. The return  
8.16 provided to the recipient must include a clear statement, in the form prescribed by the  
8.17 commissioner, that the exempt interest or exempt-interest dividends must be included in  
8.18 the computation of Minnesota taxable income. By June 1 of each year, the payer must file  
8.19 a copy of the return with the commissioner.

8.20 (b) For purposes of this subdivision, the following definitions apply.

8.21 (1) "Exempt-interest dividends" mean exempt-interest dividends as defined in section  
8.22 852(b)(5) of the Internal Revenue Code, but does not include the portion of exempt-interest  
8.23 dividends that are not required to be added to federal ~~taxable~~ adjusted gross income under  
8.24 section 290.0131, subdivision 2, paragraph (b).

8.25 (2) "Regulated investment company" means regulated investment company as defined  
8.26 in section 851(a) of the Internal Revenue Code or a fund of the regulated investment company  
8.27 as defined in section 851(g) of the Internal Revenue Code.

8.28 (3) "Exempt interest" means income on obligations of any state other than Minnesota,  
8.29 or a political or governmental subdivision, municipality, or governmental agency or  
8.30 instrumentality of any state other than Minnesota, and exempt from federal income taxes  
8.31 under the Internal Revenue Code or any other federal statute.

8.32 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
8.33 31, 2018.



9.1 Sec. 7. Minnesota Statutes 2018, section 289A.35, is amended to read:

9.2 **289A.35 ASSESSMENTS ON RETURNS.**

9.3 (a) The commissioner may audit and adjust the taxpayer's computation of federal adjusted  
9.4 gross income, federal taxable income, items of federal tax preferences, or federal credit  
9.5 amounts to make them conform with the provisions of chapter 290 or section 298.01. If a  
9.6 return has been filed, the commissioner shall enter the liability reported on the return and  
9.7 may make any audit or investigation that is considered necessary.

9.8 (b) Upon petition by a taxpayer, and when the commissioner determines that it is in the  
9.9 best interest of the state, the commissioner may allow S corporations and partnerships to  
9.10 receive orders of assessment issued under section 270C.33, subdivision 4, on behalf of their  
9.11 owners, and to pay liabilities shown on such orders. In such cases, the owners' liability must  
9.12 be calculated using the method provided in section 289A.08, subdivision 7, paragraph (b).

9.13 (c) A taxpayer may petition the commissioner for the use of the method described in  
9.14 paragraph (b) after the taxpayer is notified that an audit has been initiated and before an  
9.15 order of assessment has been issued.

9.16 (d) A determination of the commissioner under paragraph (b) to grant or deny the petition  
9.17 of a taxpayer cannot be appealed to the Tax Court or any other court.

9.18 (e) The commissioner may audit and adjust the taxpayer's computation of tax under  
9.19 chapter 291. In the case of a return filed pursuant to section 289A.10, the commissioner  
9.20 shall notify the estate no later than nine months after the filing date, as provided by section  
9.21 289A.38, subdivision 2, whether the return is under examination or the return has been  
9.22 processed as filed.

9.23 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
9.24 31, 2018.

9.25 Sec. 8. Minnesota Statutes 2018, section 290.01, is amended by adding a subdivision to  
9.26 read:

9.27 **Subd. 14a. Surviving spouse.** The term "surviving spouse" means an individual who is  
9.28 a surviving spouse under section 2(a) of the Internal Revenue Code for the taxable year.

9.29 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
9.30 31, 2018.

10.1 Sec. 9. Minnesota Statutes 2018, section 290.01, subdivision 19, is amended to read:

10.2 Subd. 19. **Net income.** (a) For a corporation taxable under section 290.02, and an estate  
10.3 or a trust taxable under section 290.03, the term "net income" means the federal taxable  
10.4 income, as defined in section 63 of the Internal Revenue Code of 1986, as amended through  
10.5 the date named in this subdivision, incorporating the federal effective dates of changes to  
10.6 the Internal Revenue Code and any elections made by the taxpayer in accordance with the  
10.7 Internal Revenue Code in determining federal taxable income for federal income tax  
10.8 purposes, and with the modifications provided in sections 290.0131 to 290.0136.

10.9 (b) For an individual, the term "net income" means federal adjusted gross income with  
10.10 the modifications provided in sections 290.0131, 290.0132, and 290.0135 to 290.0137.

10.11 (c) In the case of a regulated investment company or a fund thereof, as defined in section  
10.12 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment  
10.13 company taxable income as defined in section 852(b)(2) of the Internal Revenue Code,  
10.14 except that:

10.15 (1) the exclusion of net capital gain provided in section 852(b)(2)(A) of the Internal  
10.16 Revenue Code does not apply;

10.17 (2) the deduction for dividends paid under section 852(b)(2)(D) of the Internal Revenue  
10.18 Code must be applied by allowing a deduction for capital gain dividends and exempt-interest  
10.19 dividends as defined in sections 852(b)(3)(C) and 852(b)(5) of the Internal Revenue Code;  
10.20 and

10.21 (3) the deduction for dividends paid must also be applied in the amount of any  
10.22 undistributed capital gains which the regulated investment company elects to have treated  
10.23 as provided in section 852(b)(3)(D) of the Internal Revenue Code.

10.24 (d) The net income of a real estate investment trust as defined and limited by section  
10.25 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust  
10.26 taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

10.27 (e) The net income of a designated settlement fund as defined in section 468B(d) of the  
10.28 Internal Revenue Code means the gross income as defined in section 468B(b) of the Internal  
10.29 Revenue Code.

10.30 (f) The Internal Revenue Code of 1986, as amended through December 16, 2016 31,  
10.31 2018, shall be in effect for taxable years beginning after December 31, 1996.

11.1 (g) Except as otherwise provided, references to the Internal Revenue Code in this  
 11.2 subdivision and sections 290.0131 to 290.0136 mean the code in effect for purposes of  
 11.3 determining net income for the applicable year.

11.4 **EFFECTIVE DATE.** (a) The amendments to paragraphs (a) and (b) are effective for  
 11.5 taxable years beginning after December 31, 2018.

11.6 (b) This amendment to paragraph (f) is effective the day following final enactment,  
 11.7 except the changes incorporated by federal changes in Public Laws 115-63 and 115-123,  
 11.8 are effective retroactively at the same time as the changes were effective for federal purposes.

11.9 Sec. 10. Minnesota Statutes 2018, section 290.01, is amended by adding a subdivision to  
 11.10 read:

11.11 Subd. 21a. **Adjusted gross income; federal adjusted gross income.** The terms "adjusted  
 11.12 gross income" and "federal adjusted gross income" mean adjusted gross income, as defined  
 11.13 in section 62 of the Internal Revenue Code, as amended through the date named in  
 11.14 subdivision 19, paragraph (f), incorporating the federal effective date of changes to the  
 11.15 Internal Revenue Code and any elections made by the taxpayer under the Internal Revenue  
 11.16 Code in determining federal adjusted gross income for federal income tax purposes.

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

11.18 Sec. 11. Minnesota Statutes 2018, section 290.01, subdivision 22, is amended to read:

11.19 Subd. 22. **Taxable net income.** For tax years beginning after December 31, ~~1986~~ 2018,  
 11.20 the term "taxable net income" means:

11.21 (1) for resident individuals ~~the same as~~ net income less the deductions allowed under  
 11.22 section 290.0803;

11.23 (2) for individuals who were ~~not~~ residents of Minnesota for less than the entire year, ~~the~~  
 11.24 ~~same as~~ net income less the deductions allowed under section 290.0803, except that the tax  
 11.25 is imposed only on the Minnesota apportioned share of that income as determined pursuant  
 11.26 to section 290.06, subdivision 2c, paragraph (e);

11.27 (3) for all other taxpayers, the part of net income that is allocable to Minnesota by  
 11.28 assignment or apportionment under one or more of sections 290.17, 290.191, 290.20, and  
 11.29 290.36, except that for nonresident individuals net income is reduced by the amount of the  
 11.30 standard deduction allowable under section 290.0803, subdivision 2, before allocation of  
 11.31 net income to Minnesota.

12.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 12.2 31, 2018.

12.3 Sec. 12. Minnesota Statutes 2018, section 290.01, subdivision 29a, is amended to read:

12.4 Subd. 29a. **State itemized deduction.** "State itemized deduction" means federal itemized  
 12.5 deductions, as defined in section 63(d) of the Internal Revenue Code, disregarding ~~any~~  
 12.6 ~~limitation under section 68 of the Internal Revenue Code, and reduced by the amount of~~  
 12.7 ~~the addition required under section 290.0131, subdivision 13.~~ changes to itemized deductions  
 12.8 made by Public Law 115-97, except that:

12.9 (1) section 13704 of Public Law 115-97 applies;

12.10 (2) section 11043 of Public Law 115-97 applies;

12.11 (3) for the purposes of calculating miscellaneous itemized deductions, under section  
 12.12 67(a) of the Internal Revenue Code, the number "5" is substituted for the number "2"; and

12.13 (4) the deduction of taxes under section 164 of the Internal Revenue Code is limited to  
 12.14 state and local real property taxes and state and local personal property taxes up to \$15,000,  
 12.15 or \$7,500 for a married couple filing a separate return.

12.16 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 12.17 31, 2018.

12.18 Sec. 13. Minnesota Statutes 2018, section 290.01, is amended by adding a subdivision to  
 12.19 read:

12.20 Subd. 29b. **State standard deduction.** "State standard deduction" means the federal  
 12.21 standard deduction computed under section 63(c), (f), and (g) of the Internal Revenue Code,  
 12.22 as amended through December 16, 2016, except that for purposes of adjusting the amounts  
 12.23 under this subdivision, the provisions of section 270C.22, apply.

12.24 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 12.25 31, 2018.

12.26 Sec. 14. Minnesota Statutes 2018, section 290.01, subdivision 31, is amended to read:

12.27 Subd. 31. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal  
 12.28 Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~December~~  
 12.29 ~~16, 2016~~ December 31, 2018. Internal Revenue Code also includes any uncodified provision  
 12.30 in federal law that relates to provisions of the Internal Revenue Code that are incorporated  
 12.31 into Minnesota law.

13.1 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
 13.2 applies to the same taxable years as the changes incorporated by federal changes are effective  
 13.3 for federal purposes, including any provisions that are retroactive to taxable years beginning  
 13.4 after December 31, 2016, but excluding the change made to the temporary reduction in  
 13.5 medical expense deduction floor in section 11027 of Public Law 115-97.

13.6 Sec. 15. Minnesota Statutes 2018, section 290.0131, subdivision 1, is amended to read:

13.7 Subdivision 1. **Definition; scope.** (a) For the purposes of this section, "addition" means  
 13.8 an amount that must be added to federal ~~taxable~~ adjusted gross income, or for estates and  
 13.9 trusts, federal taxable income, in computing net income for the taxable year to which the  
 13.10 amounts relate.

13.11 (b) The additions in this section apply to individuals, estates, and trusts.

13.12 (c) Unless specifically indicated or unless the context clearly indicates otherwise, only  
 13.13 amounts that were deducted or excluded in computing federal ~~taxable~~ adjusted gross income,  
 13.14 or for estates and trusts, federal taxable income, are an addition under this section.

13.15 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 13.16 31, 2018.

13.17 Sec. 16. Minnesota Statutes 2018, section 290.0131, subdivision 3, is amended to read:

13.18 Subd. 3. **Income, sales and use, motor vehicle sales, or excise taxes paid.** ~~(a)~~ For trusts  
 13.19 and estates, the amount of income, sales and use, motor vehicle sales, or excise taxes paid  
 13.20 or accrued within the taxable year under this chapter and the amount of taxes based on net  
 13.21 income, sales and use, motor vehicle sales, or excise taxes paid to any other state or to any  
 13.22 province or territory of Canada is an addition to the extent deducted under section 63(d) of  
 13.23 the Internal Revenue Code.

13.24 ~~(b) The addition under paragraph (a) may not be more than the amount by which the~~  
 13.25 ~~state itemized deduction exceeds the amount of the standard deduction as defined in section~~  
 13.26 ~~63(c) of the Internal Revenue Code. For the purpose of this subdivision, income, sales and~~  
 13.27 ~~use, motor vehicle sales, or excise taxes are the last itemized deductions disallowed under~~  
 13.28 ~~subdivision 12.~~

13.29 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 13.30 31, 2018.

14.1 Sec. 17. Minnesota Statutes 2018, section 290.0131, subdivision 12, is amended to read:

14.2 Subd. 12. **Disallowed itemized deductions.** (a) The amount of disallowed itemized  
 14.3 deductions is an addition. The amount of disallowed itemized deductions, ~~plus the addition~~  
 14.4 ~~required under subdivision 3~~, may not be more than the amount by which the state itemized  
 14.5 deductions, ~~as allowed under section 63(d) of the Internal Revenue Code~~, exceeds the amount  
 14.6 of the state standard deduction ~~as defined in section 63(c) of the Internal Revenue Code~~.

14.7 (b) The amount of disallowed itemized deductions is equal to the lesser of:

14.8 (1) three percent of the excess of the taxpayer's federal adjusted gross income over the  
 14.9 applicable amount; or

14.10 (2) 80 percent of the amount of the state itemized deductions otherwise allowable to the  
 14.11 taxpayer under the Internal Revenue Code for the taxable year.

14.12 (c) "Applicable amount" means \$100,000, or \$50,000 for a married individual filing a  
 14.13 separate return. Each dollar amount is increased by an amount equal to:

14.14 (1) that dollar amount, multiplied by

14.15 (2) the cost-of-living adjustment determined under section ~~1(f)(3) of the Internal Revenue~~  
 14.16 ~~Code for the calendar year in which the taxable year begins, by substituting "calendar year~~  
 14.17 ~~1990" for "calendar year 1992" in subparagraph (B) of section 1(f)(3) 270C.22.~~

14.18 (d) "Itemized deductions" excludes:

14.19 (1) the deduction for medical expenses under section 213 of the Internal Revenue Code;

14.20 (2) any deduction for investment interest as defined in section 163(d) of the Internal  
 14.21 Revenue Code; and

14.22 (3) the deduction under section 165(a) of the Internal Revenue Code for casualty or theft  
 14.23 losses described in paragraph (2) or (3) of section 165(c) of the Internal Revenue Code or  
 14.24 for losses described in section 165(d) of the Internal Revenue Code.

14.25 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 14.26 31, 2018.

14.27 Sec. 18. Minnesota Statutes 2018, section 290.0131, subdivision 13, is amended to read:

14.28 Subd. 13. **Disallowed personal exemption amount.** (a) The amount of disallowed  
 14.29 personal exemptions for taxpayers with federal adjusted gross income over the threshold  
 14.30 amount is an addition.

15.1 (b) The disallowed personal exemption amount is equal to the ~~number of personal~~  
 15.2 ~~exemptions and dependent exemption subtraction~~ allowed under section 151(b) and (e) of  
 15.3 ~~the Internal Revenue Code 290.0132, subdivision 20,~~ multiplied by the dollar amount for  
 15.4 ~~personal exemptions under section 151(d)(1) and (2) of the Internal Revenue Code, as~~  
 15.5 ~~adjusted for inflation by section 151(d)(4) of the Internal Revenue Code, and by the~~  
 15.6 applicable percentage.

15.7 (c) For a married individual filing a separate return, "applicable percentage" means two  
 15.8 percentage points for each \$1,250, or fraction of that amount, by which the taxpayer's federal  
 15.9 adjusted gross income for the taxable year exceeds the threshold amount. For all other filers,  
 15.10 applicable percentage means two percentage points for each \$2,500, or fraction of that  
 15.11 amount, by which the taxpayer's federal adjusted gross income for the taxable year exceeds  
 15.12 the threshold amount. The applicable percentage must not exceed 100 percent.

15.13 (d) "Threshold amount" means:

15.14 (1) \$150,000 for a joint return or a surviving spouse;

15.15 (2) \$125,000 for a head of a household;

15.16 (3) \$100,000 for an individual who is not married and who is not a surviving spouse or  
 15.17 head of a household; and

15.18 (4) \$75,000 for a married individual filing a separate return.

15.19 (e) The thresholds must be increased by an amount equal to:

15.20 (1) the threshold dollar amount, multiplied by

15.21 (2) the cost-of-living adjustment ~~determined~~ under section 1(f)(3) of the Internal Revenue  
 15.22 Code for the calendar year in which the taxable year begins, by substituting "calendar year  
 15.23 1990" for "calendar year 1992" in subparagraph (B) of section 1(f)(3) 270C.22.

15.24 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 15.25 31, 2018.

15.26 Sec. 19. Minnesota Statutes 2018, section 290.0131, is amended by adding a subdivision  
 15.27 to read:

15.28 **Subd. 15. Qualified business income addition.** For a trust or estate, the amount deducted  
 15.29 under section 199A of the Internal Revenue Code in computing the federal taxable income  
 15.30 of the trust or estate is an addition.

16.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 16.2 31, 2018.

16.3 Sec. 20. Minnesota Statutes 2018, section 290.0131, is amended by adding a subdivision  
 16.4 to read:

16.5 Subd. 16. **Foreign-derived intangible income.** The amount of foreign-derived intangible  
 16.6 income deducted under section 250 of the Internal Revenue Code for the taxable year is an  
 16.7 addition.

16.8 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
 16.9 after December 31, 2017.

16.10 Sec. 21. Minnesota Statutes 2018, section 290.0132, subdivision 1, is amended to read:

16.11 Subdivision 1. **Definition; scope.** (a) For the purposes of this section, "subtraction"  
 16.12 means an amount that ~~shall~~ is allowed to be subtracted from federal taxable adjusted gross  
 16.13 income, or for estates and trusts, federal taxable income, in computing net income for the  
 16.14 taxable year to which the amounts relate.

16.15 (b) The subtractions in this section apply to individuals, estates, and trusts.

16.16 (c) Unless specifically indicated or unless the context clearly indicates otherwise, no  
 16.17 amount deducted, subtracted, or otherwise excluded in computing federal ~~taxable adjusted~~  
 16.18 gross income, or for estates and trusts, federal taxable income, is a subtraction under this  
 16.19 section.

16.20 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 16.21 31, 2018.

16.22 Sec. 22. Minnesota Statutes 2018, section 290.0132, subdivision 7, is amended to read:

16.23 Subd. 7. **Charitable contributions for taxpayers who do not itemize.** ~~To the extent~~  
 16.24 ~~not deducted or not deductible under section 408(d)(8)(E) of the Internal Revenue Code in~~  
 16.25 ~~determining federal taxable income by~~ For an individual who does not itemize deductions  
 16.26 ~~for federal income tax purposes~~ under section 290.0803 for the taxable year, an amount  
 16.27 equal to 50 percent of the excess of charitable contributions over \$500 allowable as a state  
 16.28 itemized deduction for the taxable year ~~under section 170(a) of the Internal Revenue Code~~  
 16.29 is a subtraction. The subtraction under this subdivision must not include a distribution that  
 16.30 is excluded from federal adjusted gross income and that is not deductible under section  
 16.31 408(d)(8)(E) of the Internal Revenue Code.



17.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
17.2 31, 2018.

17.3 Sec. 23. Minnesota Statutes 2018, section 290.0132, subdivision 20, is amended to read:

17.4 Subd. 20. ~~Disallowed Personal and dependent exemption.~~ The amount of the phaseout  
17.5 of personal exemptions under section 151(d) of the Internal Revenue Code is a subtraction.  
17.6 The amount of personal and dependent exemptions calculated under section 290.0138 is a  
17.7 subtraction.

17.8 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
17.9 31, 2018.

17.10 Sec. 24. Minnesota Statutes 2018, section 290.0132, subdivision 21, is amended to read:

17.11 Subd. 21. **Military service pension; retirement pay.** To the extent included in federal  
17.12 ~~taxable~~ adjusted gross income, compensation received from a pension or other retirement  
17.13 pay from the federal government for service in the military, as computed under United  
17.14 States Code, title 10, sections 1401 to 1414, 1447 to 1455, and 12733, is a subtraction. The  
17.15 subtraction is limited to individuals who do not claim the credit under section 290.0677.

17.16 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
17.17 31, 2018.

17.18 Sec. 25. Minnesota Statutes 2018, section 290.0132, is amended by adding a subdivision  
17.19 to read:

17.20 Subd. 27. **Global intangible low-taxed income.** The taxpayer's global intangible  
17.21 low-taxed income included under section 951A of the Internal Revenue Code for the taxable  
17.22 year is a subtraction.

17.23 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
17.24 after December 31, 2017.

17.25 Sec. 26. Minnesota Statutes 2018, section 290.0132, is amended by adding a subdivision  
17.26 to read:

17.27 Subd. 28. **Deferred foreign income.** The amount of deferred foreign income recognized  
17.28 because of section 965 of the Internal Revenue Code, and before any deduction under section  
17.29 965(c) of the Internal Revenue Code, is a subtraction.

18.1 **EFFECTIVE DATE.** This section is effective the day following final enactment, except  
18.2 the changes incorporated by federal changes are effective retroactively at the same time the  
18.3 changes become effective for federal purposes.

18.4 Sec. 27. Minnesota Statutes 2018, section 290.0132, is amended by adding a subdivision  
18.5 to read:

18.6 Subd. 29. **Standard or itemized deduction.** The amount allowed under section 290.0803  
18.7 is a subtraction.

18.8 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
18.9 31, 2018.

18.10 Sec. 28. Minnesota Statutes 2018, section 290.0133, is amended by adding a subdivision  
18.11 to read:

18.12 Subd. 15. **Foreign-derived intangible income.** The amount of foreign-derived intangible  
18.13 income deducted under section 250 of the Internal Revenue Code for the taxable year is an  
18.14 addition.

18.15 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
18.16 after December 31, 2017.

18.17 Sec. 29. Minnesota Statutes 2018, section 290.0134, is amended by adding a subdivision  
18.18 to read:

18.19 Subd. 17. **Global intangible low-taxed income.** The taxpayer's global intangible  
18.20 low-taxed income included under section 951A of the Internal Revenue Code for the taxable  
18.21 year is a subtraction.

18.22 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
18.23 after December 31, 2017.

18.24 Sec. 30. Minnesota Statutes 2018, section 290.0134, is amended by adding a subdivision  
18.25 to read:

18.26 Subd. 18. **Deferred foreign income.** The amount of deferred foreign income recognized  
18.27 because of section 965 of the Internal Revenue Code, and before any deduction under section  
18.28 965(c) of the Internal Revenue Code, is a subtraction.

19.1 **EFFECTIVE DATE.** This section is effective the day following final enactment, except  
19.2 the changes incorporated by federal changes are effective retroactively at the same time the  
19.3 changes become effective for federal purposes.

19.4 Sec. 31. **[290.0138] PERSONAL AND DEPENDENT EXEMPTIONS.**

19.5 (a) A taxpayer is allowed: (1) a personal exemption in the amount of \$4,250, and in the  
19.6 case of a married couple filing a joint return an additional personal exemption of \$4,250;  
19.7 plus (2) a dependent exemption of \$4,250 multiplied by the number of dependents of the  
19.8 taxpayer, as defined under sections 151 and 152 of the Internal Revenue Code.

19.9 (b) The personal and dependent exemptions are not allowed to an individual who is  
19.10 eligible to be claimed as a dependent, as defined in sections 151 or 152 of the Internal  
19.11 Revenue Code, by another taxpayer.

19.12 (c) The commissioner shall annually adjust the amounts in this section under section  
19.13 270C.22. The statutory year is taxable year 2019.

19.14 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
19.15 31, 2019.

19.16 Sec. 32. Minnesota Statutes 2018, section 290.032, subdivision 2, is amended to read:

19.17 Subd. 2. **Computation.** The amount of tax imposed by subdivision 1 shall be computed  
19.18 in the same way as the tax imposed under section 402(d) of the Internal Revenue Code of  
19.19 1986, as amended through December 31, 1995, except that the initial separate tax shall be  
19.20 an amount equal to five times the tax which would be imposed by section 290.06, subdivision  
19.21 2c, if the recipient was an unmarried individual, and the taxable net income was an amount  
19.22 equal to one-fifth of the excess of

19.23 (i) the total taxable amount of the lump-sum distribution for the year, over

19.24 (ii) the minimum distribution allowance, and except that references in section 402(d) of  
19.25 the Internal Revenue Code of 1986, as amended through December 31, 1995, to paragraph  
19.26 (1)(A) thereof shall instead be references to subdivision 1, and the excess, if any, of the  
19.27 subtraction base amount over ~~federal~~ net taxable income for a qualified individual as provided  
19.28 under section 290.0802, subdivision 2.

19.29 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
19.30 31, 2018.

20.1 Sec. 33. Minnesota Statutes 2018, section 290.06, subdivision 2d, is amended to read:

20.2 Subd. 2d. **Inflation adjustment of brackets.** ~~(a) For taxable years beginning after~~  
20.3 ~~December 31, 2013, The commissioner shall annually adjust~~ the minimum and maximum  
20.4 dollar amounts for each rate bracket for which a tax is imposed in subdivision 2c ~~shall be~~  
20.5 ~~adjusted for inflation by the percentage determined under paragraph (b). For the purpose~~  
20.6 ~~of making the adjustment as provided in this subdivision all of the rate brackets provided~~  
20.7 ~~in subdivision 2c shall be the rate brackets as they existed for taxable years beginning after~~  
20.8 ~~December 31, 2012, and before January 1, 2014 as provided in section 270C.22. The statutory~~  
20.9 ~~year is taxable year 2019.~~ The rate applicable to any rate bracket must not be changed. The  
20.10 dollar amounts setting forth the tax shall be adjusted to reflect the changes in the rate brackets.  
20.11 The rate brackets as adjusted must be rounded to the nearest \$10 amount. If the rate bracket  
20.12 ends in \$5, it must be rounded up to the nearest \$10 amount.

20.13 ~~(b) The commissioner shall adjust the rate brackets and by the percentage determined~~  
20.14 ~~pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section~~  
20.15 ~~1(f)(3)(B) the word "2012" shall be substituted for the word "1992." For 2014, the~~  
20.16 ~~commissioner shall then determine the percent change from the 12 months ending on August~~  
20.17 ~~31, 2012, to the 12 months ending on August 31, 2013, and in each subsequent year, from~~  
20.18 ~~the 12 months ending on August 31, 2012, to the 12 months ending on August 31 of the~~  
20.19 ~~year preceding the taxable year. The determination of the commissioner pursuant to this~~  
20.20 ~~subdivision shall not be considered a "rule" and shall not be subject to the Administrative~~  
20.21 ~~Procedure Act contained in chapter 14.~~

20.22 ~~No later than December 15 of each year, the commissioner shall announce the specific~~  
20.23 ~~percentage that will be used to adjust the tax rate brackets.~~

20.24 **EFFECTIVE DATE.** This section is effective for adjustments beginning with taxable  
20.25 years beginning after December 31, 2019.

20.26 Sec. 34. Minnesota Statutes 2018, section 290.067, subdivision 2b, is amended to read:

20.27 Subd. 2b. **Inflation adjustment.** The commissioner shall annually adjust the dollar  
20.28 amount of the income threshold at which the maximum credit begins to be reduced under  
20.29 subdivision 1 ~~by the percentage determined pursuant to the provisions of section 1(f) of the~~  
20.30 ~~Internal Revenue Code, except that in section 1(f)(3)(B) the word "2016" shall be substituted~~  
20.31 ~~for the word "1992." For 2018, the commissioner shall then determine the percent change~~  
20.32 ~~from the 12 months ending on August 31, 2016, to the 12 months ending on August 31,~~  
20.33 ~~2017, and in each subsequent year, from the 12 months ending on August 31, 2016, to the~~  
20.34 ~~12 months ending on August 31 of the year preceding the taxable year. The determination~~

21.1 ~~of the commissioner pursuant to this subdivision must not be considered a "rule" and is not~~  
 21.2 ~~subject to the Administrative Procedure Act contained in chapter 14. The threshold amount~~  
 21.3 ~~as adjusted must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount~~  
 21.4 ~~is rounded up to the nearest \$10 amount~~ as provided in section 270C.22. The statutory year  
 21.5 is taxable year 2019.

21.6 **EFFECTIVE DATE.** This section is effective for adjustments beginning with taxable  
 21.7 years beginning after December 31, 2019.

21.8 Sec. 35. Minnesota Statutes 2018, section 290.0671, subdivision 7, is amended to read:

21.9 Subd. 7. **Inflation adjustment.** The commissioner shall annually adjust the earned  
 21.10 income amounts used to calculate the credit and the income phase-out thresholds at which  
 21.11 the maximum credit begins to be reduced in subdivision 1 must be adjusted for inflation.  
 21.12 The commissioner shall adjust by the percentage determined pursuant to the provisions of  
 21.13 section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) the word "2013"  
 21.14 shall be substituted for the word "1992." For 2015, the commissioner shall then determine  
 21.15 the percent change from the 12 months ending on August 31, 2013, to the 12 months ending  
 21.16 on August 31, 2014, and in each subsequent year, from the 12 months ending on August  
 21.17 31, 2013, to the 12 months ending on August 31 of the year preceding the taxable year. The  
 21.18 earned income thresholds as adjusted for inflation must be rounded to the nearest \$10  
 21.19 amount. If the amount ends in \$5, the amount is rounded up to the nearest \$10 amount. The  
 21.20 determination of the commissioner under this subdivision is not a rule under the  
 21.21 Administrative Procedure Act as provided in section 270C.22. The statutory year is taxable  
 21.22 year 2019.

21.23 **EFFECTIVE DATE.** This section is effective for adjustments for taxable years  
 21.24 beginning after December 31, 2019.

21.25 Sec. 36. Minnesota Statutes 2018, section 290.0672, subdivision 1, is amended to read:

21.26 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have  
 21.27 the meanings given.

21.28 (b) "Long-term care insurance" means a policy that:

21.29 (1) qualifies for a deduction under section 213 of the Internal Revenue Code, disregarding  
 21.30 the adjusted gross income test; or meets the requirements given in section 62A.46; or provides  
 21.31 similar coverage issued under the laws of another jurisdiction; and

21.32 (2) has a lifetime long-term care benefit limit of not less than \$100,000; and

22.1 (3) has been offered in compliance with the inflation protection requirements of section  
22.2 62S.23.

22.3 (c) "Qualified beneficiary" means the taxpayer or the taxpayer's spouse.

22.4 (d) "Premiums deducted in determining ~~federal~~ taxable net income" means the lesser of  
22.5 (1) long-term care insurance premiums that qualify as deductions under section 213 of the  
22.6 Internal Revenue Code; and (2) the total amount deductible for medical ~~care~~ expenses under  
22.7 section 213 of the Internal Revenue Code.

22.8 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
22.9 31, 2018.

22.10 Sec. 37. Minnesota Statutes 2018, section 290.0672, subdivision 2, is amended to read:

22.11 Subd. 2. **Credit.** A taxpayer is allowed a credit against the tax imposed by this chapter  
22.12 for long-term care insurance policy premiums paid during the tax year. The credit for each  
22.13 policy equals 25 percent of premiums paid to the extent not deducted in determining ~~federal~~  
22.14 taxable net income. A taxpayer may claim a credit for only one policy for each qualified  
22.15 beneficiary. A maximum of \$100 applies to each qualified beneficiary. The maximum total  
22.16 credit allowed per year is \$200 for married couples filing joint returns and \$100 for all other  
22.17 filers. For a nonresident or part-year resident, the credit determined under this section must  
22.18 be allocated based on the percentage calculated under section 290.06, subdivision 2c,  
22.19 paragraph (e).

22.20 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
22.21 31, 2018.

22.22 Sec. 38. Minnesota Statutes 2018, section 290.0681, subdivision 1, is amended to read:

22.23 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have  
22.24 the meanings given.

22.25 (b) "Account" means the historic credit administration account in the special revenue  
22.26 fund.

22.27 (c) "Office" means the State Historic Preservation Office of the Department of  
22.28 Administration.

22.29 (d) "Project" means rehabilitation of a certified historic structure, as defined in section  
22.30 47(c)(3)(A) of the Internal Revenue Code, that is located in Minnesota and is allowed a  
22.31 federal credit.

23.1 (e) "Federal credit" means the credit allowed under section ~~47(a)(2)~~ 47(a) of the Internal  
 23.2 Revenue Code, except that the amount allowed is deemed to be allocated in the taxable year  
 23.3 that the project is placed in service.

23.4 (f) "Placed in service" has the meaning used in section 47 of the Internal Revenue Code.

23.5 (g) "Qualified rehabilitation expenditures" has the meaning given in section 47 of the  
 23.6 Internal Revenue Code.

23.7 **EFFECTIVE DATE.** This section is effective retroactively for applications for allocation  
 23.8 certificates submitted after December 31, 2017.

23.9 Sec. 39. Minnesota Statutes 2018, section 290.0681, subdivision 2, is amended to read:

23.10 Subd. 2. **Credit or grant allowed; certified historic structure.** (a) A credit is allowed  
 23.11 against the tax imposed under this chapter equal to not more than 100 percent of the credit  
 23.12 allowed under section ~~47(a)(2)~~ 47(a) of the Internal Revenue Code for a project. The credit  
 23.13 is payable in five equal yearly installments beginning with the year the project is placed in  
 23.14 service. To qualify for the credit:

23.15 (1) the project must receive Part 3 certification and be placed in service during the taxable  
 23.16 year; and

23.17 (2) the taxpayer must be allowed the federal credit and be issued a credit certificate for  
 23.18 the taxable year as provided in subdivision 4.

23.19 (b) The commissioner of administration may pay a grant in lieu of the credit. The grant  
 23.20 equals 90 percent of the credit that would be allowed for the project. The grant is payable  
 23.21 in five equal yearly installments beginning with the year the project is placed in service.

23.22 (c) In lieu of the credit under paragraph (a), an insurance company may claim a credit  
 23.23 against the insurance premiums tax imposed under chapter 297I.

23.24 **EFFECTIVE DATE.** This section is effective retroactively for applications for allocation  
 23.25 certificates submitted after December 31, 2017.

23.26 Sec. 40. Minnesota Statutes 2018, section 290.0681, subdivision 3, is amended to read:

23.27 Subd. 3. **Applications; allocations.** (a) To qualify for a credit or grant under this section,  
 23.28 the developer of a project must apply to the office before the rehabilitation begins. The  
 23.29 application must contain the information and be in the form prescribed by the office. The  
 23.30 office may collect a fee for application of up to 0.5 percent of qualified rehabilitation  
 23.31 expenditures, up to \$40,000, based on estimated qualified rehabilitation expenditures, to

24.1 offset costs associated with personnel and administrative expenses related to administering  
 24.2 the credit and preparing the economic impact report in subdivision 9. Application fees are  
 24.3 deposited in the account. The application must indicate if the application is for a credit or  
 24.4 a grant in lieu of the credit or a combination of the two and designate the taxpayer qualifying  
 24.5 for the credit or the recipient of the grant.

24.6 (b) Upon approving an application for credit, the office shall issue allocation certificates  
 24.7 that:

24.8 (1) verify eligibility for the credit or grant;

24.9 (2) state the amount of credit or grant anticipated with the project, with the credit amount  
 24.10 equal to 100 percent and the grant amount equal to 90 percent of the federal credit anticipated  
 24.11 in the application;

24.12 (3) state that the credit or grant allowed may increase or decrease if the federal credit  
 24.13 the project receives at the time it is placed in service is different than the amount anticipated  
 24.14 at the time the allocation certificate is issued; and

24.15 (4) state the fiscal year in which the credit or grant is allocated, and that the taxpayer or  
 24.16 grant recipient is entitled to receive one-fifth of the total amount of either the credit or the  
 24.17 grant at the time the project is placed in service, provided that date is within three calendar  
 24.18 years following the issuance of the allocation certificate.

24.19 (c) The office, in consultation with the commissioner, shall determine if the project is  
 24.20 eligible for a credit or a grant under this section and must notify the developer in writing  
 24.21 of its determination. Eligibility for the credit is subject to review and audit by the  
 24.22 commissioner.

24.23 (d) The federal credit recapture and repayment requirements under section 50 of the  
 24.24 Internal Revenue Code do not apply to the credit allowed under this section.

24.25 (e) Any decision of the office under paragraph (c) may be challenged as a contested case  
 24.26 under chapter 14. The contested case proceeding must be initiated within 45 days of the  
 24.27 date of written notification by the office.

24.28 **EFFECTIVE DATE.** This section is effective retroactively for applications for allocation  
 24.29 certificates submitted after December 31, 2017.

24.30 Sec. 41. Minnesota Statutes 2018, section 290.0681, subdivision 4, is amended to read:

24.31 Subd. 4. **Credit certificates; grants.** (a)(1) The developer of a project for which the  
 24.32 office has issued an allocation certificate must notify the office when the project is placed



25.1 in service. Upon verifying that the project has been placed in service, and was allowed a  
25.2 federal credit, the office must issue a credit certificate to the taxpayer designated in the  
25.3 application or must issue a grant to the recipient designated in the application. The credit  
25.4 certificate must state the amount of the credit.

25.5 (2) The credit amount equals the federal credit allowed for the project.

25.6 (3) The grant amount equals 90 percent of the federal credit allowed for the project.

25.7 (b) The recipient of a credit certificate may assign the certificate to another taxpayer  
25.8 before the first one-fifth payment is claimed, which is then allowed the credit under this  
25.9 section or section 297I.20, subdivision 3. An assignment is not valid unless the assignee  
25.10 notifies the commissioner within 30 days of the date that the assignment is made. The  
25.11 commissioner shall prescribe the forms necessary for notifying the commissioner of the  
25.12 assignment of a credit certificate and for claiming a credit by assignment.

25.13 (c) Credits passed through to partners, members, shareholders, or owners pursuant to  
25.14 subdivision 5 are not an assignment of a credit certificate under this subdivision.

25.15 (d) A grant agreement between the office and the recipient of a grant may allow the  
25.16 grant to be issued to another individual or entity.

25.17 **EFFECTIVE DATE.** This section is effective retroactively for applications for allocation  
25.18 certificates submitted after December 31, 2017.

25.19 Sec. 42. Minnesota Statutes 2018, section 290.0802, subdivision 2, is amended to read:

25.20 Subd. 2. **Subtraction.** (a) A qualified individual is allowed a subtraction from federal  
25.21 ~~taxable~~ adjusted gross income of the individual's subtraction base amount. The excess of  
25.22 the subtraction base amount over the taxable net income computed without regard to the  
25.23 subtraction for the elderly or disabled under section 290.0132, subdivision 5, may be used  
25.24 to reduce the amount of a lump sum distribution subject to tax under section 290.032.

25.25 (b)(1) The initial subtraction base amount equals

25.26 (i) \$12,000 for a married taxpayer filing a joint return if a spouse is a qualified individual,

25.27 (ii) \$9,600 for a single taxpayer, and

25.28 (iii) \$6,000 for a married taxpayer filing a separate federal return.

25.29 (2) The qualified individual's initial subtraction base amount, then, must be reduced by  
25.30 the sum of nontaxable retirement and disability benefits and one-half of the amount of  
25.31 adjusted gross income in excess of the following thresholds:

26.1 (i) \$18,000 for a married taxpayer filing a joint return if both spouses are qualified  
26.2 individuals,

26.3 (ii) \$14,500 for a single taxpayer or for a married couple filing a joint return if only one  
26.4 spouse is a qualified individual, and

26.5 (iii) \$9,000 for a married taxpayer filing a separate federal return.

26.6 (3) In the case of a qualified individual who is under the age of 65, the maximum amount  
26.7 of the subtraction base may not exceed the taxpayer's disability income.

26.8 (4) The resulting amount is the subtraction base amount.

26.9 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
26.10 31, 2018.

26.11 Sec. 43. **[290.0803] STANDARD OR ITEMIZED DEDUCTION.**

26.12 Subdivision 1. **Election.** An individual may elect to claim a state itemized deduction in  
26.13 lieu of a state standard deduction. However, in the case of a married individual filing a  
26.14 separate return, if one spouse elects to claim state itemized deductions, the other spouse is  
26.15 not allowed a state standard deduction.

26.16 Subd. 2. **Subtraction.** Based on the election under subdivision 1, individuals are allowed  
26.17 to subtract from federal adjusted gross income the state standard deduction or the state  
26.18 itemized deduction.

26.19 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
26.20 31, 2018.

26.21 Sec. 44. Minnesota Statutes 2018, section 290.091, subdivision 2, is amended to read:

26.22 Subd. 2. **Definitions.** For purposes of the tax imposed by this section, the following  
26.23 terms have the meanings given.

26.24 (a) "Alternative minimum taxable income" means the sum of the following for the taxable  
26.25 year:

26.26 (1) the taxpayer's federal alternative minimum taxable income as defined in section  
26.27 55(b)(2) of the Internal Revenue Code;

26.28 (2) the taxpayer's itemized deductions allowed in computing federal alternative minimum  
26.29 taxable income, but excluding:

26.30 (i) the charitable contribution deduction under section 170 of the Internal Revenue Code;

- 27.1 (ii) the medical expense deduction;
- 27.2 (iii) the casualty, theft, and disaster loss deduction; and
- 27.3 (iv) the impairment-related work expenses of a disabled person;
- 27.4 (3) for depletion allowances computed under section 613A(c) of the Internal Revenue  
 27.5 Code, with respect to each property (as defined in section 614 of the Internal Revenue Code),  
 27.6 to the extent not included in federal alternative minimum taxable income, the excess of the  
 27.7 deduction for depletion allowable under section 611 of the Internal Revenue Code for the  
 27.8 taxable year over the adjusted basis of the property at the end of the taxable year (determined  
 27.9 without regard to the depletion deduction for the taxable year);
- 27.10 (4) to the extent not included in federal alternative minimum taxable income, the amount  
 27.11 of the tax preference for intangible drilling cost under section 57(a)(2) of the Internal Revenue  
 27.12 Code determined without regard to subparagraph (E);
- 27.13 (5) to the extent not included in federal alternative minimum taxable income, the amount  
 27.14 of interest income as provided by section 290.0131, subdivision 2; and
- 27.15 (6) the amount of addition required by section 290.0131, subdivisions 9 to 11 and 16;
- 27.16 (7) the deduction allowed under section 199A of the Internal Revenue Code;
- 27.17 less the sum of the amounts determined under the following:
- 27.18 (i) interest income as defined in section 290.0132, subdivision 2;
- 27.19 (ii) an overpayment of state income tax as provided by section 290.0132, subdivision  
 27.20 3, to the extent included in federal alternative minimum taxable income;
- 27.21 (iii) the amount of investment interest paid or accrued within the taxable year on  
 27.22 indebtedness to the extent that the amount does not exceed net investment income, as defined  
 27.23 in section 163(d)(4) of the Internal Revenue Code. Interest does not include amounts deducted  
 27.24 in computing federal adjusted gross income;
- 27.25 (iv) amounts subtracted from federal ~~taxable~~ adjusted gross income as provided by  
 27.26 section 290.0132, subdivisions 7, 9 to 15, 17, 21, 24, and 26 to 30; ~~and~~
- 27.27 (v) the amount of the net operating loss allowed under section 290.095, subdivision 11,  
 27.28 paragraph (c); and
- 27.29 (vi) the amount that would have been an allowable deduction under section 165(h) of  
 27.30 the Internal Revenue Code, as amended through December 16, 2016, and that was taken as  
 27.31 a state itemized deduction under section 290.01, subdivision 29a.

28.1 In the case of an estate or trust, alternative minimum taxable income must be computed  
28.2 as provided in section 59(c) of the Internal Revenue Code, except that alternative minimum  
28.3 taxable income must be increased by the amount of the addition under section 290.0131,  
28.4 subdivision 15.

28.5 (b) "Investment interest" means investment interest as defined in section 163(d)(3) of  
28.6 the Internal Revenue Code.

28.7 (c) "Net minimum tax" means the minimum tax imposed by this section.

28.8 (d) "Regular tax" means the tax that would be imposed under this chapter (without regard  
28.9 to this section and section 290.032), reduced by the sum of the nonrefundable credits allowed  
28.10 under this chapter.

28.11 (e) "Tentative minimum tax" equals 6.75 percent of alternative minimum taxable income  
28.12 after subtracting the exemption amount determined under subdivision 3.

28.13 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
28.14 31, 2018.

28.15 Sec. 45. Minnesota Statutes 2018, section 290.0921, subdivision 2, is amended to read:

28.16 Subd. 2. **Definitions.** (a) For purposes of this section, the following terms have the  
28.17 meanings given them.

28.18 (b) "Alternative minimum taxable net income" is alternative minimum taxable income,

28.19 (1) less the exemption amount, and

28.20 (2) apportioned or allocated to Minnesota under section 290.17, 290.191, or 290.20.

28.21 (c) The "exemption amount" is \$40,000, reduced, but not below zero, by 25 percent of  
28.22 the excess of alternative minimum taxable income over \$150,000.

28.23 (d) "Minnesota alternative minimum taxable income" is alternative minimum taxable  
28.24 net income, less the deductions for alternative tax net operating loss under subdivision 4;  
28.25 and dividends received under subdivision 6. The sum of the deductions under this paragraph  
28.26 may not exceed 90 percent of alternative minimum taxable net income. This limitation does  
28.27 not apply to:

28.28 (1) a deduction for dividends paid to or received from a corporation which is subject to  
28.29 tax under section 290.36 and which is a member of an affiliated group of corporations as  
28.30 defined by the Internal Revenue Code; or

29.1 (2) a deduction for dividends received from a property and casualty insurer as defined  
29.2 under section 60A.60, subdivision 8, which is a member of an affiliated group of corporations  
29.3 as defined by the Internal Revenue Code and either: (i) the dividend is eliminated in  
29.4 consolidation under Treasury Regulation 1.1502-14(a), as amended through December 31,  
29.5 1989; or (ii) the dividend is deducted under an election under section 243(b) of the Internal  
29.6 Revenue Code.

29.7 (e) "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended  
29.8 through December 16, 2016.

29.9 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
29.10 31, 2018.

29.11 Sec. 46. Minnesota Statutes 2018, section 290.0921, subdivision 3, is amended to read:

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

29.19 (1) The portion of the depreciation deduction allowed for federal income tax purposes  
29.20 under section 168(k) of the Internal Revenue Code that is required as an addition under  
29.21 section 290.0133, subdivision 11, is disallowed in determining alternative minimum taxable  
29.22 income.

29.23 (2) The subtraction for depreciation allowed under section 290.0134, subdivision 13, is  
29.24 allowed as a depreciation deduction in determining alternative minimum taxable income.

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

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

29.29 (5) The tax preference for depletion under section 57(a)(1) of the Internal Revenue Code  
29.30 does not apply.

29.31 (6) The tax preference for tax exempt interest under section 57(a)(5) of the Internal  
29.32 Revenue Code does not apply.

30.1 (7) The tax preference for charitable contributions of appreciated property under section  
30.2 57(a)(6) of the Internal Revenue Code does not apply.

30.3 (8) For purposes of calculating the adjustment for adjusted current earnings in section  
30.4 56(g) of the Internal Revenue Code, the term "alternative minimum taxable income" as it  
30.5 is used in section 56(g) of the Internal Revenue Code, means alternative minimum taxable  
30.6 income as defined in this subdivision, determined without regard to the adjustment for  
30.7 adjusted current earnings in section 56(g) of the Internal Revenue Code.

30.8 (9) For purposes of determining the amount of adjusted current earnings under section  
30.9 56(g)(3) of the Internal Revenue Code, no adjustment shall be made under section 56(g)(4)  
30.10 of the Internal Revenue Code with respect to (i) the amount of foreign dividend gross-up  
30.11 subtracted as provided in section 290.0134, subdivision 2, or (ii) the amount of refunds of  
30.12 income, excise, or franchise taxes subtracted as provided in section 290.0134, subdivision  
30.13 8.

30.14 (10) Alternative minimum taxable income excludes the income from operating in a job  
30.15 opportunity building zone as provided under section 469.317.

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

30.18 (11) A subtraction is allowed for deferred foreign income as provided in section 290.0134,  
30.19 subdivision 18.

30.20 (12) A subtraction is allowed for global intangible low-taxed income as provided in  
30.21 section 290.0134, subdivision 17.

30.22 **EFFECTIVE DATE.** The addition of clause (11) is effective retroactively for taxable  
30.23 years beginning after December 31, 2016. The addition of clause (12) is effective  
30.24 retroactively for taxable years beginning after December 31, 2017.

30.25 Sec. 47. Minnesota Statutes 2018, section 290.17, subdivision 2, is amended to read:

30.26 Subd. 2. **Income not derived from conduct of a trade or business.** The income of a  
30.27 taxpayer subject to the allocation rules that is not derived from the conduct of a trade or  
30.28 business must be assigned in accordance with paragraphs (a) to (f):

30.29 (a)(1) Subject to paragraphs (a)(2) and (a)(3), income from wages as defined in section  
30.30 3401(a) ~~and~~ (f), and (i) of the Internal Revenue Code is assigned to this state if, and to the  
30.31 extent that, the work of the employee is performed within it; all other income from such  
30.32 sources is treated as income from sources without this state.

31.1 Severance pay shall be considered income from labor or personal or professional services.

31.2 (2) In the case of an individual who is a nonresident of Minnesota and who is an athlete  
31.3 or entertainer, income from compensation for labor or personal services performed within  
31.4 this state shall be determined in the following manner:

31.5 (i) the amount of income to be assigned to Minnesota for an individual who is a  
31.6 nonresident salaried athletic team employee shall be determined by using a fraction in which  
31.7 the denominator contains the total number of days in which the individual is under a duty  
31.8 to perform for the employer, and the numerator is the total number of those days spent in  
31.9 Minnesota. For purposes of this paragraph, off-season training activities, unless conducted  
31.10 at the team's facilities as part of a team imposed program, are not included in the total number  
31.11 of duty days. Bonuses earned as a result of play during the regular season or for participation  
31.12 in championship, play-off, or all-star games must be allocated under the formula. Signing  
31.13 bonuses are not subject to allocation under the formula if they are not conditional on playing  
31.14 any games for the team, are payable separately from any other compensation, and are  
31.15 nonrefundable; and

31.16 (ii) the amount of income to be assigned to Minnesota for an individual who is a  
31.17 nonresident, and who is an athlete or entertainer not listed in item (i), for that person's athletic  
31.18 or entertainment performance in Minnesota shall be determined by assigning to this state  
31.19 all income from performances or athletic contests in this state.

31.20 (3) For purposes of this section, amounts received by a nonresident as "retirement income"  
31.21 as defined in section (b)(1) of the State Income Taxation of Pension Income Act, Public  
31.22 Law 104-95, are not considered income derived from carrying on a trade or business or  
31.23 from wages or other compensation for work an employee performed in Minnesota, and are  
31.24 not taxable under this chapter.

31.25 (b) Income or gains from tangible property located in this state that is not employed in  
31.26 the business of the recipient of the income or gains must be assigned to this state.

31.27 (c) Income or gains from intangible personal property not employed in the business of  
31.28 the recipient of the income or gains must be assigned to this state if the recipient of the  
31.29 income or gains is a resident of this state or is a resident trust or estate.

31.30 Gain on the sale of a partnership interest is allocable to this state in the ratio of the  
31.31 original cost of partnership tangible property in this state to the original cost of partnership  
31.32 tangible property everywhere, determined at the time of the sale. If more than 50 percent  
31.33 of the value of the partnership's assets consists of intangibles, gain or loss from the sale of  
31.34 the partnership interest is allocated to this state in accordance with the sales factor of the

32.1 partnership for its first full tax period immediately preceding the tax period of the partnership  
32.2 during which the partnership interest was sold.

32.3 Gain on the sale of an interest in a single member limited liability company that is  
32.4 disregarded for federal income tax purposes is allocable to this state as if the single member  
32.5 limited liability company did not exist and the assets of the limited liability company are  
32.6 personally owned by the sole member.

32.7 Gain on the sale of goodwill or income from a covenant not to compete that is connected  
32.8 with a business operating all or partially in Minnesota is allocated to this state to the extent  
32.9 that the income from the business in the year preceding the year of sale was allocable to  
32.10 Minnesota under subdivision 3.

32.11 When an employer pays an employee for a covenant not to compete, the income allocated  
32.12 to this state is in the ratio of the employee's service in Minnesota in the calendar year  
32.13 preceding leaving the employment of the employer over the total services performed by the  
32.14 employee for the employer in that year.

32.15 (d) Income from winnings on a bet made by an individual while in Minnesota is assigned  
32.16 to this state. In this paragraph, "bet" has the meaning given in section 609.75, subdivision  
32.17 2, as limited by section 609.75, subdivision 3, clauses (1), (2), and (3).

32.18 (e) All items of gross income not covered in paragraphs (a) to (d) and not part of the  
32.19 taxpayer's income from a trade or business shall be assigned to the taxpayer's domicile.

32.20 (f) For the purposes of this section, working as an employee shall not be considered to  
32.21 be conducting a trade or business.

32.22 **EFFECTIVE DATE.** This section is effective for wages paid after December 31, 2018.

32.23 Sec. 48. Minnesota Statutes 2018, section 290.21, subdivision 4, is amended to read:

32.24 Subd. 4. **Dividends received from another corporation.** (a)(1) Eighty percent of  
32.25 dividends received by a corporation during the taxable year from another corporation, in  
32.26 which the recipient owns 20 percent or more of the stock, by vote and value, not including  
32.27 stock described in section 1504(a)(4) of the Internal Revenue Code when the corporate  
32.28 stock with respect to which dividends are paid does not constitute the stock in trade of the  
32.29 taxpayer or would not be included in the inventory of the taxpayer, or does not constitute  
32.30 property held by the taxpayer primarily for sale to customers in the ordinary course of the  
32.31 taxpayer's trade or business, or when the trade or business of the taxpayer does not consist  
32.32 principally of the holding of the stocks and the collection of the income and gains therefrom;  
32.33 and



33.1 (2)(i) the remaining 20 percent of dividends if the dividends received are the stock in  
33.2 an affiliated company transferred in an overall plan of reorganization and the dividend is  
33.3 eliminated in consolidation under Treasury Department Regulation 1.1502-14(a), as amended  
33.4 through December 31, 1989;

33.5 (ii) the remaining 20 percent of dividends if the dividends are received from a corporation  
33.6 which is subject to tax under section 290.36 and which is a member of an affiliated group  
33.7 of corporations as defined by the Internal Revenue Code and the dividend is eliminated in  
33.8 consolidation under Treasury Department Regulation 1.1502-14(a), as amended through  
33.9 December 31, 1989, or is deducted under an election under section 243(b) of the Internal  
33.10 Revenue Code; or

33.11 (iii) the remaining 20 percent of the dividends if the dividends are received from a  
33.12 property and casualty insurer as defined under section 60A.60, subdivision 8, which is a  
33.13 member of an affiliated group of corporations as defined by the Internal Revenue Code and  
33.14 either: (A) the dividend is eliminated in consolidation under Treasury Regulation  
33.15 1.1502-14(a), as amended through December 31, 1989; or (B) the dividend is deducted  
33.16 under an election under section 243(b) of the Internal Revenue Code.

33.17 (b) Seventy percent of dividends received by a corporation during the taxable year from  
33.18 another corporation in which the recipient owns less than 20 percent of the stock, by vote  
33.19 or value, not including stock described in section 1504(a)(4) of the Internal Revenue Code  
33.20 when the corporate stock with respect to which dividends are paid does not constitute the  
33.21 stock in trade of the taxpayer, or does not constitute property held by the taxpayer primarily  
33.22 for sale to customers in the ordinary course of the taxpayer's trade or business, or when the  
33.23 trade or business of the taxpayer does not consist principally of the holding of the stocks  
33.24 and the collection of income and gain therefrom.

33.25 (c) The dividend deduction provided in this subdivision shall be allowed only with  
33.26 respect to dividends that are included in a corporation's Minnesota taxable net income for  
33.27 the taxable year.

33.28 The dividend deduction provided in this subdivision does not apply to a dividend from  
33.29 a corporation which, for the taxable year of the corporation in which the distribution is made  
33.30 or for the next preceding taxable year of the corporation, is a corporation exempt from tax  
33.31 under section 501 of the Internal Revenue Code.

33.32 The dividend deduction provided in this subdivision does not apply to a dividend received  
33.33 from a real estate investment trust as defined in section 856 of the Internal Revenue Code.

34.1 The dividend deduction provided in this subdivision applies to the amount of regulated  
34.2 investment company dividends only to the extent determined under section 854(b) of the  
34.3 Internal Revenue Code.

34.4 The dividend deduction provided in this subdivision shall not be allowed with respect  
34.5 to any dividend for which a deduction is not allowed under the provisions of section 246(c)  
34.6 or 246A of the Internal Revenue Code.

34.7 (d) If dividends received by a corporation that does not have nexus with Minnesota under  
34.8 the provisions of Public Law 86-272 are included as income on the return of an affiliated  
34.9 corporation permitted or required to file a combined report under section 290.17, subdivision  
34.10 4, or 290.34, subdivision 2, then for purposes of this subdivision the determination as to  
34.11 whether the trade or business of the corporation consists principally of the holding of stocks  
34.12 and the collection of income and gains therefrom shall be made with reference to the trade  
34.13 or business of the affiliated corporation having a nexus with Minnesota.

34.14 (e) The deduction provided by this subdivision does not apply if the dividends are paid  
34.15 by a FSC as defined in section 922 of the Internal Revenue Code.

34.16 (f) If one or more of the members of the unitary group whose income is included on the  
34.17 combined report received a dividend, the deduction under this subdivision for each member  
34.18 of the unitary business required to file a return under this chapter is the product of: (1) 100  
34.19 percent of the dividends received by members of the group; (2) the percentage allowed  
34.20 pursuant to paragraph (a) or (b); and (3) the percentage of the taxpayer's business income  
34.21 apportionable to this state for the taxable year under section 290.191 or 290.20.

34.22 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
34.23 31, 2018.

34.24 Sec. 49. Minnesota Statutes 2018, section 290.34, is amended by adding a subdivision to  
34.25 read:

34.26 **Subd. 5. Insurance companies; interest expense limitation.** To be consistent with the  
34.27 federal treatment of the interest expense limitation under section 163(j) of the Internal  
34.28 Revenue Code for an affiliated group that includes an insurance company taxable under  
34.29 chapter 297I and exempt from taxation under section 290.05, subdivision 1, clause (c), the  
34.30 rules under this subdivision apply. In that case, the interest expense limitation under section  
34.31 163(j) of the Internal Revenue Code must be computed for the corporation subject to tax  
34.32 under this chapter using the adjusted taxable income of the insurance companies that are  
34.33 part of the affiliated group and taxed under chapter 297I.

35.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
35.2 31, 2018.

35.3 Sec. 50. Minnesota Statutes 2018, section 290.92, subdivision 1, is amended to read:

35.4 Subdivision 1. **Definitions.** (1) **Wages.** For purposes of this section, the term "wages"  
35.5 means the same as that term is defined in section 3401(a) ~~and~~, (f), and (i) of the Internal  
35.6 Revenue Code.

35.7 (2) **Payroll period.** For purposes of this section the term "payroll period" means a period  
35.8 for which a payment of wages is ordinarily made to the employee by the employee's  
35.9 employer, and the term "miscellaneous payroll period" means a payroll period other than a  
35.10 daily, weekly, biweekly, semimonthly, monthly, quarterly, semiannual, or annual payroll  
35.11 period.

35.12 (3) **Employee.** For purposes of this section the term "employee" means any resident  
35.13 individual performing services for an employer, either within or without, or both within and  
35.14 without the state of Minnesota, and every nonresident individual performing services within  
35.15 the state of Minnesota, the performance of which services constitute, establish, and determine  
35.16 the relationship between the parties as that of employer and employee. As used in the  
35.17 preceding sentence, the term "employee" includes an officer of a corporation, and an officer,  
35.18 employee, or elected official of the United States, a state, or any political subdivision thereof,  
35.19 or the District of Columbia, or any agency or instrumentality of any one or more of the  
35.20 foregoing.

35.21 (4) **Employer.** For purposes of this section the term "employer" means any person,  
35.22 including individuals, fiduciaries, estates, trusts, partnerships, limited liability companies,  
35.23 and corporations transacting business in or deriving any income from sources within the  
35.24 state of Minnesota for whom an individual performs or performed any service, of whatever  
35.25 nature, as the employee of such person, except that if the person for whom the individual  
35.26 performs or performed the services does not have control of the payment of the wages for  
35.27 such services, the term "employer," except for purposes of paragraph (1), means the person  
35.28 having control of the payment of such wages. As used in the preceding sentence, the term  
35.29 "employer" includes any corporation, individual, estate, trust, or organization which is  
35.30 exempt from taxation under section 290.05 and further includes, but is not limited to, officers  
35.31 of corporations who have control, either individually or jointly with another or others, of  
35.32 the payment of the wages.

35.33 (5) **Number of withholding exemptions claimed.** For purposes of this section, the term  
35.34 "number of withholding exemptions claimed" means the number of withholding exemptions

36.1 claimed in a withholding exemption certificate in effect under subdivision 5, except that if  
36.2 no such certificate is in effect, the number of withholding exemptions claimed shall be  
36.3 considered to be zero.

36.4 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
36.5 31, 2018.

36.6 Sec. 51. Minnesota Statutes 2018, section 290A.03, subdivision 3, is amended to read:

36.7 Subd. 3. **Income.** (a) "Income" means the sum of the following:

36.8 (1) federal adjusted gross income as defined in the Internal Revenue Code; and

36.9 (2) the sum of the following amounts to the extent not included in clause (1):

36.10 (i) all nontaxable income;

36.11 (ii) the amount of a passive activity loss that is not disallowed as a result of section 469,  
36.12 paragraph (i) or (m) of the Internal Revenue Code and the amount of passive activity loss  
36.13 carryover allowed under section 469(b) of the Internal Revenue Code;

36.14 (iii) an amount equal to the total of any discharge of qualified farm indebtedness of a  
36.15 solvent individual excluded from gross income under section 108(g) of the Internal Revenue  
36.16 Code;

36.17 (iv) cash public assistance and relief;

36.18 (v) any pension or annuity (including railroad retirement benefits, all payments received  
36.19 under the federal Social Security Act, Supplemental Security Income, and veterans benefits),  
36.20 which was not exclusively funded by the claimant or spouse, or which was funded exclusively  
36.21 by the claimant or spouse and which funding payments were excluded from federal adjusted  
36.22 gross income in the years when the payments were made;

36.23 (vi) interest received from the federal or a state government or any instrumentality or  
36.24 political subdivision thereof;

36.25 (vii) workers' compensation;

36.26 (viii) nontaxable strike benefits;

36.27 (ix) the gross amounts of payments received in the nature of disability income or sick  
36.28 pay as a result of accident, sickness, or other disability, whether funded through insurance  
36.29 or otherwise;

36.30 (x) a lump-sum distribution under section 402(e)(3) of the Internal Revenue Code of  
36.31 1986, as amended through December 31, 1995;

37.1 (xi) contributions made by the claimant to an individual retirement account, including  
37.2 a qualified voluntary employee contribution; simplified employee pension plan;  
37.3 self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of  
37.4 the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal  
37.5 Revenue Code, to the extent the sum of amounts exceeds the retirement base amount for  
37.6 the claimant and spouse;

37.7 (xii) to the extent not included in federal adjusted gross income, distributions received  
37.8 by the claimant or spouse from a traditional or Roth style retirement account or plan;

37.9 (xiii) nontaxable scholarship or fellowship grants;

37.10 (xiv) ~~the amount of deduction allowed under section 199 of the Internal Revenue Code~~  
37.11 alimony received to the extent not included in the recipient's income;

37.12 (xv) the amount of deduction allowed under section 220 or 223 of the Internal Revenue  
37.13 Code;

37.14 (xvi) the amount deducted for tuition expenses under section 222 of the Internal Revenue  
37.15 Code; and

37.16 (xvii) the amount deducted for certain expenses of elementary and secondary school  
37.17 teachers under section 62(a)(2)(D) of the Internal Revenue Code.

37.18 In the case of an individual who files an income tax return on a fiscal year basis, the  
37.19 term "federal adjusted gross income" shall mean federal adjusted gross income reflected in  
37.20 the fiscal year ending in the calendar year. Federal adjusted gross income shall not be reduced  
37.21 by the amount of a net operating loss carryback or carryforward or a capital loss carryback  
37.22 or carryforward allowed for the year.

37.23 (b) "Income" does not include:

37.24 (1) amounts excluded pursuant to the Internal Revenue Code, sections 101(a) and 102;

37.25 (2) amounts of any pension or annuity which was exclusively funded by the claimant  
37.26 or spouse and which funding payments were not excluded from federal adjusted gross  
37.27 income in the years when the payments were made;

37.28 (3) to the extent included in federal adjusted gross income, amounts contributed by the  
37.29 claimant or spouse to a traditional or Roth style retirement account or plan, but not to exceed  
37.30 the retirement base amount reduced by the amount of contributions excluded from federal  
37.31 adjusted gross income, but not less than zero;

37.32 (4) surplus food or other relief in kind supplied by a governmental agency;

38.1 (5) relief granted under this chapter;

38.2 (6) child support payments received under a temporary or final decree of dissolution or  
38.3 legal separation; ~~or~~

38.4 (7) restitution payments received by eligible individuals and excludable interest as  
38.5 defined in section 803 of the Economic Growth and Tax Relief Reconciliation Act of 2001,  
38.6 Public Law 107-16; or

38.7 (8) alimony paid.

38.8 (c) The sum of the following amounts may be subtracted from income:

38.9 (1) for the claimant's first dependent, the exemption amount multiplied by 1.4;

38.10 (2) for the claimant's second dependent, the exemption amount multiplied by 1.3;

38.11 (3) for the claimant's third dependent, the exemption amount multiplied by 1.2;

38.12 (4) for the claimant's fourth dependent, the exemption amount multiplied by 1.1;

38.13 (5) for the claimant's fifth dependent, the exemption amount; and

38.14 (6) if the claimant or claimant's spouse was disabled or attained the age of 65 on or  
38.15 before December 31 of the year for which the taxes were levied or rent paid, the exemption  
38.16 amount.

38.17 (d) For purposes of this subdivision, the following terms have the meanings given:

38.18 (1) "exemption amount" means ~~the exemption amount under section 151(d) of the Internal~~  
38.19 Revenue Code the personal exemption amount under section 290.0138, paragraph (a), for  
38.20 the taxable year for which the income is reported;

38.21 (2) "retirement base amount" means the deductible amount for the taxable year for the  
38.22 claimant and spouse under section 219(b)(5)(A) of the Internal Revenue Code, adjusted for  
38.23 inflation as provided in section 219(b)(5)(C) of the Internal Revenue Code, without regard  
38.24 to whether the claimant or spouse claimed a deduction; and

38.25 (3) "traditional or Roth style retirement account or plan" means retirement plans under  
38.26 sections 401, 403, 408, 408A, and 457 of the Internal Revenue Code.

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

39.1 Sec. 52. Minnesota Statutes 2018, section 290A.03, subdivision 12, is amended to read:

39.2 Subd. 12. **Gross rent.** (a) "Gross rent" means rental paid for the right of occupancy, at  
39.3 arm's length, of a homestead, exclusive of charges for any medical services furnished by  
39.4 the landlord as a part of the rental agreement, whether expressly set out in the rental  
39.5 agreement or not.

39.6 (b) The gross rent of a resident of a nursing home or intermediate care facility is ~~\$350~~  
39.7 \$490 per month. The gross rent of a resident of an adult foster care home is ~~\$550~~ \$760 per  
39.8 month. Beginning for rent paid in ~~2002~~ 2019, the commissioner shall annually adjust ~~for~~  
39.9 ~~inflation~~ the gross rent amounts stated in this paragraph as provided under section 270C.22.  
39.10 The statutory year is 2020. ~~The adjustment must be made in accordance with section 1(f)~~  
39.11 ~~of the Internal Revenue Code, except that for purposes of this paragraph the percentage~~  
39.12 ~~increase shall be determined from the year ending on June 30, 2001, to the year ending on~~  
39.13 ~~June 30 of the year in which the rent is paid. The commissioner shall round the gross rents~~  
39.14 ~~to the nearest \$10 amount. If the amount ends in \$5, the commissioner shall round it up to~~  
39.15 ~~the next \$10 amount. The determination of the commissioner under this paragraph is not a~~  
39.16 ~~rule under the Administrative Procedure Act.~~

39.17 (c) If the landlord and tenant have not dealt with each other at arm's length and the  
39.18 commissioner determines that the gross rent charged was excessive, the commissioner may  
39.19 adjust the gross rent to a reasonable amount for purposes of this chapter.

39.20 (d) Any amount paid by a claimant residing in property assessed pursuant to section  
39.21 273.124, subdivision 3, 4, 5, or 6 for occupancy in that property shall be excluded from  
39.22 gross rent for purposes of this chapter. However, property taxes imputed to the homestead  
39.23 of the claimant or the dwelling unit occupied by the claimant that qualifies for homestead  
39.24 treatment pursuant to section 273.124, subdivision 3, 4, 5, or 6 shall be included within the  
39.25 term "property taxes payable" as defined in subdivision 13, notwithstanding the fact that  
39.26 ownership is not in the name of the claimant.

39.27 **EFFECTIVE DATE.** This section is effective for adjustments beginning with refunds  
39.28 based on rent paid in 2019.

39.29 Sec. 53. Minnesota Statutes 2018, section 290A.03, subdivision 15, is amended to read:

39.30 Subd. 15. **Internal Revenue Code.** "Internal Revenue Code" means the Internal Revenue  
39.31 Code of 1986, as amended through December ~~16, 2016~~ 31, 2018.

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

40.1 Sec. 54. Minnesota Statutes 2018, section 290A.04, subdivision 4, is amended to read:

40.2 Subd. 4. **Inflation adjustment.** ~~(a) Beginning for property tax refunds payable in calendar~~  
 40.3 ~~year 2002,~~ The commissioner shall annually adjust the dollar amounts of the income  
 40.4 thresholds and the maximum refunds under subdivisions 2 and 2a ~~for inflation. The~~  
 40.5 ~~commissioner shall make the inflation adjustments in accordance with section 1(f) of the~~  
 40.6 ~~Internal Revenue Code, except that for purposes of this subdivision the percentage increase~~  
 40.7 ~~shall be determined as provided in this subdivision as provided in section 270C.22.~~

40.8 ~~(b) In adjusting the dollar amounts of the income thresholds and the maximum refunds~~  
 40.9 ~~under subdivision 2 for inflation, the percentage increase shall be determined from the year~~  
 40.10 ~~ending on June 30, 2013, to the year ending on June 30 of the year preceding that in which~~  
 40.11 ~~the refund is payable.~~

40.12 ~~(c) In adjusting the dollar amounts of the income thresholds and the maximum refunds~~  
 40.13 ~~under subdivision 2a for inflation, the percentage increase shall be determined from the~~  
 40.14 ~~year ending on June 30, 2013, to the year ending on June 30 of the year preceding that in~~  
 40.15 ~~which the refund is payable.~~

40.16 ~~(d) The commissioner shall use the appropriate percentage increase to annually adjust~~  
 40.17 ~~the income thresholds and maximum refunds under subdivisions 2 and 2a for inflation~~  
 40.18 ~~without regard to whether or not the income tax brackets are adjusted for inflation in that~~  
 40.19 ~~year. The commissioner shall round the thresholds and the maximum amounts, as adjusted~~  
 40.20 ~~to the nearest \$10 amount. If the amount ends in \$5, the commissioner shall round it up to~~  
 40.21 ~~the next \$10 amount.~~

40.22 ~~(e) The commissioner shall annually announce the adjusted refund schedule at the same~~  
 40.23 ~~time provided under section 290.06. The determination of the commissioner under this~~  
 40.24 ~~subdivision is not a rule under the Administrative Procedure Act.~~

40.25 **EFFECTIVE DATE.** This section is effective for refunds based on rent paid in 2020,  
 40.26 and property taxes paid in 2021.

40.27 Sec. 55. Minnesota Statutes 2018, section 291.005, subdivision 1, is amended to read:

40.28 Subdivision 1. **Scope.** Unless the context otherwise clearly requires, the following terms  
 40.29 used in this chapter shall have the following meanings:

40.30 (1) "Commissioner" means the commissioner of revenue or any person to whom the  
 40.31 commissioner has delegated functions under this chapter.



41.1 (2) "Federal gross estate" means the gross estate of a decedent as required to be valued  
41.2 and otherwise determined for federal estate tax purposes under the Internal Revenue Code,  
41.3 increased by the value of any property in which the decedent had a qualifying income interest  
41.4 for life and for which an election was made under section 291.03, subdivision 1d, for  
41.5 Minnesota estate tax purposes, but was not made for federal estate tax purposes.

41.6 (3) "Internal Revenue Code" means the United States Internal Revenue Code of 1986,  
41.7 as amended through December ~~16, 2016~~ 31, 2018.

41.8 (4) "Minnesota gross estate" means the federal gross estate of a decedent after (a)  
41.9 excluding therefrom any property included in the estate which has its situs outside Minnesota,  
41.10 and (b) including any property omitted from the federal gross estate which is includable in  
41.11 the estate, has its situs in Minnesota, and was not disclosed to federal taxing authorities.

41.12 (5) "Nonresident decedent" means an individual whose domicile at the time of death  
41.13 was not in Minnesota.

41.14 (6) "Personal representative" means the executor, administrator or other person appointed  
41.15 by the court to administer and dispose of the property of the decedent. If there is no executor,  
41.16 administrator or other person appointed, qualified, and acting within this state, then any  
41.17 person in actual or constructive possession of any property having a situs in this state which  
41.18 is included in the federal gross estate of the decedent shall be deemed to be a personal  
41.19 representative to the extent of the property and the Minnesota estate tax due with respect  
41.20 to the property.

41.21 (7) "Resident decedent" means an individual whose domicile at the time of death was  
41.22 in Minnesota. The provisions of section 290.01, subdivision 7, paragraphs (c) and (d), apply  
41.23 to determinations of domicile under this chapter.

41.24 (8) "Situs of property" means, with respect to:

41.25 (i) real property, the state or country in which it is located;

41.26 (ii) tangible personal property, the state or country in which it was normally kept or  
41.27 located at the time of the decedent's death or for a gift of tangible personal property within  
41.28 three years of death, the state or country in which it was normally kept or located when the  
41.29 gift was executed;

41.30 (iii) a qualified work of art, as defined in section 2503(g)(2) of the Internal Revenue  
41.31 Code, owned by a nonresident decedent and that is normally kept or located in this state  
41.32 because it is on loan to an organization, qualifying as exempt from taxation under section

42.1 501(c)(3) of the Internal Revenue Code, that is located in Minnesota, the situs of the art is  
 42.2 deemed to be outside of Minnesota, notwithstanding the provisions of item (ii); and

42.3 (iv) intangible personal property, the state or country in which the decedent was domiciled  
 42.4 at death or for a gift of intangible personal property within three years of death, the state or  
 42.5 country in which the decedent was domiciled when the gift was executed.

42.6 For a nonresident decedent with an ownership interest in a pass-through entity with  
 42.7 assets that include real or tangible personal property, situs of the real or tangible personal  
 42.8 property, including qualified works of art, is determined as if the pass-through entity does  
 42.9 not exist and the real or tangible personal property is personally owned by the decedent. If  
 42.10 the pass-through entity is owned by a person or persons in addition to the decedent, ownership  
 42.11 of the property is attributed to the decedent in proportion to the decedent's capital ownership  
 42.12 share of the pass-through entity.

42.13 (9) "Pass-through entity" includes the following:

42.14 (i) an entity electing S corporation status under section 1362 of the Internal Revenue  
 42.15 Code;

42.16 (ii) an entity taxed as a partnership under subchapter K of the Internal Revenue Code;

42.17 (iii) a single-member limited liability company or similar entity, regardless of whether  
 42.18 it is taxed as an association or is disregarded for federal income tax purposes under Code  
 42.19 of Federal Regulations, title 26, section 301.7701-3; or

42.20 (iv) a trust to the extent the property is ~~includible~~ includable in the decedent's federal  
 42.21 gross estate; but excludes

42.22 (v) an entity whose ownership interest securities are traded on an exchange regulated  
 42.23 by the Securities and Exchange Commission as a national securities exchange under section  
 42.24 6 of the Securities Exchange Act, United States Code, title 15, section 78f.

42.25 **EFFECTIVE DATE.** This section is effective the day following final enactment, except  
 42.26 the changes incorporated by federal changes are effective retroactively at the same time the  
 42.27 changes become effective for federal purposes.

42.28 Sec. 56. Minnesota Statutes 2018, section 297A.68, subdivision 25, is amended to read:

42.29 Subd. 25. **Sale of property used in a trade or business.** (a) The sale of tangible personal  
 42.30 property primarily used in a trade or business is exempt if the sale is not made in the normal  
 42.31 course of business of selling that kind of property and if one of the following conditions is  
 42.32 satisfied:

43.1 (1) the sale occurs in a transaction subject to or described in section 118, 331, 332, 336,  
43.2 337, 338, 351, 355, 368, 721, 731, 1031, or 1033 of the Internal Revenue Code, as amended  
43.3 through December 16, 2016;

43.4 (2) the sale is between members of a controlled group as defined in section 1563(a) of  
43.5 the Internal Revenue Code;

43.6 (3) the sale is a sale of farm machinery;

43.7 (4) the sale is a farm auction sale;

43.8 (5) the sale is a sale of substantially all of the assets of a trade or business; or

43.9 (6) the total amount of gross receipts from the sale of trade or business property made  
43.10 during the calendar month of the sale and the preceding 11 calendar months does not exceed  
43.11 \$1,000.

43.12 The use, storage, distribution, or consumption of tangible personal property acquired as  
43.13 a result of a sale exempt under this subdivision is also exempt.

43.14 (b) For purposes of this subdivision, the following terms have the meanings given.

43.15 (1) A "farm auction" is a public auction conducted by a licensed auctioneer if substantially  
43.16 all of the property sold consists of property used in the trade or business of farming and  
43.17 property not used primarily in a trade or business.

43.18 (2) "Trade or business" includes the assets of a separate division, branch, or identifiable  
43.19 segment of a trade or business if, before the sale, the income and expenses attributable to  
43.20 the separate division, branch, or identifiable segment could be separately ascertained from  
43.21 the books of account or record (the lease or rental of an identifiable segment does not qualify  
43.22 for the exemption).

43.23 (3) A "sale of substantially all of the assets of a trade or business" must occur as a single  
43.24 transaction or a series of related transactions within the 12-month period beginning on the  
43.25 date of the first sale of assets intended to qualify for the exemption provided in paragraph  
43.26 (a), clause (5).

43.27 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases  
43.28 made after December 31, 2018.

44.1 Sec. 57. Minnesota Statutes 2018, section 297B.03, is amended to read:

44.2 **297B.03 EXEMPTIONS.**

44.3 There is specifically exempted from the provisions of this chapter and from computation  
44.4 of the amount of tax imposed by it the following:

44.5 (1) purchase or use, including use under a lease purchase agreement or installment sales  
44.6 contract made pursuant to section 465.71, of any motor vehicle by the United States and its  
44.7 agencies and instrumentalities and by any person described in and subject to the conditions  
44.8 provided in section 297A.67, subdivision 11;

44.9 (2) purchase or use of any motor vehicle by any person who was a resident of another  
44.10 state or country at the time of the purchase and who subsequently becomes a resident of  
44.11 Minnesota, provided the purchase occurred more than 60 days prior to the date such person  
44.12 began residing in the state of Minnesota and the motor vehicle was registered in the person's  
44.13 name in the other state or country;

44.14 (3) purchase or use of any motor vehicle by any person making a valid election to be  
44.15 taxed under the provisions of section 297A.90;

44.16 (4) purchase or use of any motor vehicle previously registered in the state of Minnesota  
44.17 when such transfer constitutes a transfer within the meaning of section 118, 331, 332, 336,  
44.18 337, 338, 351, 355, 368, 721, 731, 1031, 1033, or 1563(a) of the Internal Revenue Code,  
44.19 as amended through December 16, 2016;

44.20 (5) purchase or use of any vehicle owned by a resident of another state and leased to a  
44.21 Minnesota-based private or for-hire carrier for regular use in the transportation of persons  
44.22 or property in interstate commerce provided the vehicle is titled in the state of the owner or  
44.23 secured party, and that state does not impose a sales tax or sales tax on motor vehicles used  
44.24 in interstate commerce;

44.25 (6) purchase or use of a motor vehicle by a private nonprofit or public educational  
44.26 institution for use as an instructional aid in automotive training programs operated by the  
44.27 institution. "Automotive training programs" includes motor vehicle body and mechanical  
44.28 repair courses but does not include driver education programs;

44.29 (7) purchase of a motor vehicle by an ambulance service licensed under section 144E.10  
44.30 when that vehicle is equipped and specifically intended for emergency response or for  
44.31 providing ambulance service;

44.32 (8) purchase of a motor vehicle by or for a public library, as defined in section 134.001,  
44.33 subdivision 2, as a bookmobile or library delivery vehicle;

45.1 (9) purchase of a ready-mixed concrete truck;

45.2 (10) purchase or use of a motor vehicle by a town for use exclusively for road  
45.3 maintenance, including snowplows and dump trucks, but not including automobiles, vans,  
45.4 or pickup trucks;

45.5 (11) purchase or use of a motor vehicle by a corporation, society, association, foundation,  
45.6 or institution organized and operated exclusively for charitable, religious, or educational  
45.7 purposes, except a public school, university, or library, but only if the vehicle is:

45.8 (i) a truck, as defined in section 168.002, a bus, as defined in section 168.002, or a  
45.9 passenger automobile, as defined in section 168.002, if the automobile is designed and used  
45.10 for carrying more than nine persons including the driver; and

45.11 (ii) intended to be used primarily to transport tangible personal property or individuals,  
45.12 other than employees, to whom the organization provides service in performing its charitable,  
45.13 religious, or educational purpose;

45.14 (12) purchase of a motor vehicle for use by a transit provider exclusively to provide  
45.15 transit service is exempt if the transit provider is either (i) receiving financial assistance or  
45.16 reimbursement under section 174.24 or 473.384, or (ii) operating under section 174.29,  
45.17 473.388, or 473.405;

45.18 (13) purchase or use of a motor vehicle by a qualified business, as defined in section  
45.19 469.310, located in a job opportunity building zone, if the motor vehicle is principally  
45.20 garaged in the job opportunity building zone and is primarily used as part of or in direct  
45.21 support of the person's operations carried on in the job opportunity building zone. The  
45.22 exemption under this clause applies to sales, if the purchase was made and delivery received  
45.23 during the duration of the job opportunity building zone. The exemption under this clause  
45.24 also applies to any local sales and use tax;

45.25 (14) purchase of a leased vehicle by the lessee who was a participant in a lease-to-own  
45.26 program from a charitable organization that is:

45.27 (i) described in section 501(c)(3) of the Internal Revenue Code; and

45.28 (ii) licensed as a motor vehicle lessor under section 168.27, subdivision 4; and

45.29 (15) purchase of a motor vehicle used exclusively as a mobile medical unit for the  
45.30 provision of medical or dental services by a federally qualified health center, as defined  
45.31 under title 19 of the Social Security Act, as amended by Section 4161 of the Omnibus Budget  
45.32 Reconciliation Act of 1990.

46.1 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases  
46.2 made after December 31, 2018.

46.3 Sec. 58. Minnesota Statutes 2018, section 462D.06, subdivision 1, is amended to read:

46.4 Subdivision 1. **Subtraction.** (a) As provided in section 290.0132, subdivision 25, an  
46.5 account holder is allowed a subtraction from ~~the~~ federal ~~taxable~~ adjusted gross income equal  
46.6 to interest or dividends earned on the first-time home buyer savings account during the  
46.7 taxable year.

46.8 (b) The subtraction under paragraph (a) is allowed each year for the taxable years  
46.9 including and following the taxable year in which the account was established. No person  
46.10 other than the account holder is allowed a subtraction under this section.

46.11 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
46.12 31, 2018.

46.13 Sec. 59. Minnesota Statutes 2018, section 462D.06, subdivision 2, is amended to read:

46.14 Subd. 2. **Addition.** (a) As provided in section 290.0131, subdivision 14, an account  
46.15 holder must add to federal ~~taxable~~ adjusted gross income the following amounts:

46.16 (1) the amount in excess of the total contributions for all taxable years that is withdrawn  
46.17 and used for other than eligible costs, or for a transfer permitted under section 462D.04,  
46.18 subdivision 2; and

46.19 (2) the amount remaining in the first-time home buyer savings account at the close of  
46.20 the tenth taxable year that exceeds the total contributions to the account for all taxable years.

46.21 (b) For an account that received a transfer under section 462D.04, subdivision 2, the  
46.22 ten-year period under paragraph (a), clause (2), ends at the close of the earliest taxable year  
46.23 that applies to either account under that clause.

46.24 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
46.25 31, 2018.

46.26 Sec. 60. Minnesota Statutes 2018, section 469.316, subdivision 1, is amended to read:

46.27 Subdivision 1. **Application.** An individual, estate, or trust operating a trade or business  
46.28 in a job opportunity building zone, and an individual, estate, or trust making a qualifying  
46.29 investment in a qualified business operating in a job opportunity building zone qualifies for  
46.30 the exemptions from taxes imposed under chapter 290, as provided in this section. The  
46.31 exemptions provided under this section apply only to the extent that the income otherwise

47.1 would be taxable under chapter 290. Subtractions under this section from federal adjusted  
 47.2 gross income, federal taxable income, alternative minimum taxable income, or any other  
 47.3 base subject to tax are limited to the amount that otherwise would be included in the tax  
 47.4 base absent the exemption under this section. This section applies only to taxable years  
 47.5 beginning during the duration of the job opportunity building zone.

47.6 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 47.7 31, 2018.

47.8 Sec. 61. **REVISOR INSTRUCTION.**

47.9 The commissioner of revenue must promptly notify the revisor of statutes in writing of  
 47.10 the adjusted statutory year amounts for each of the statutory sections that are indexed for  
 47.11 inflation under Minnesota Statutes, section 270C.22. The revisor shall publish the updated  
 47.12 statutory amounts in the 2019 Supplement of Minnesota Statutes.

47.13 Sec. 62. **REPEALER.**

47.14 Minnesota Statutes 2018, sections 290.0131, subdivisions 7, 10, and 11; 290.0133,  
 47.15 subdivisions 12, 13, and 14; and 290.10, subdivision 2, are repealed.

47.16 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 47.17 31, 2019.

## 47.18 **ARTICLE 2**

### 47.19 **INCOME, CORPORATE FRANCHISE, AND ESTATE TAXES**

47.20 Section 1. Minnesota Statutes 2018, section 116J.8737, subdivision 5, is amended to read:

47.21 Subd. 5. **Credit allowed.** (a)(1) A qualified investor or qualified fund is eligible for a  
 47.22 credit equal to 25 percent of the qualified investment in a qualified small business.

47.23 Investments made by a pass-through entity qualify for a credit only if the entity is a qualified  
 47.24 fund. The commissioner must not allocate more than ~~\$15,000,000~~ \$5,000,000 in credits to  
 47.25 qualified investors or qualified funds for taxable years beginning after December 31, ~~2013~~  
 47.26 2018, and before ~~January 1, 2017~~, and must not allocate more than ~~\$10,000,000~~ in credits  
 47.27 ~~to qualified investors or qualified funds for taxable years beginning after December 31,~~  
 47.28 ~~2016, and before January 1, 2018~~ January 1, 2020; and

47.29 ~~(2) for taxable years beginning after December 31, 2014, and before January 1, 2018,~~  
 47.30 50 percent must be allocated to credits for qualifying investments in qualified greater  
 47.31 Minnesota businesses and minority- or women-owned qualified small businesses in

48.1 Minnesota. Any portion of a taxable year's credits that is reserved for qualifying investments  
48.2 in greater Minnesota businesses and minority- or women-owned qualified small businesses  
48.3 in Minnesota that is not allocated by September 30 of the taxable year is available for  
48.4 allocation to other credit applications beginning on October 1. Any portion of a taxable  
48.5 year's credits that is not allocated by the commissioner does not cancel and may be carried  
48.6 forward to subsequent taxable years until all credits have been allocated.

48.7 (b) The commissioner may not allocate more than a total maximum amount in credits  
48.8 for a taxable year to a qualified investor for the investor's cumulative qualified investments  
48.9 as an individual qualified investor and as an investor in a qualified fund; for married couples  
48.10 filing joint returns the maximum is \$250,000, and for all other filers the maximum is  
48.11 \$125,000. The commissioner may not allocate more than a total of \$1,000,000 in credits  
48.12 over all taxable years for qualified investments in any one qualified small business.

48.13 (c) The commissioner may not allocate a credit to a qualified investor either as an  
48.14 individual qualified investor or as an investor in a qualified fund if, at the time the investment  
48.15 is proposed:

48.16 (1) the investor is an officer or principal of the qualified small business; or

48.17 (2) the investor, either individually or in combination with one or more members of the  
48.18 investor's family, owns, controls, or holds the power to vote 20 percent or more of the  
48.19 outstanding securities of the qualified small business.

48.20 A member of the family of an individual disqualified by this paragraph is not eligible for a  
48.21 credit under this section. For a married couple filing a joint return, the limitations in this  
48.22 paragraph apply collectively to the investor and spouse. For purposes of determining the  
48.23 ownership interest of an investor under this paragraph, the rules under section 267(c) and  
48.24 267(e) of the Internal Revenue Code apply.

48.25 (d) Applications for tax credits for 2010 must be made available on the department's  
48.26 website by September 1, 2010, and the department must begin accepting applications by  
48.27 September 1, 2010. Applications for subsequent years must be made available by November  
48.28 1 of the preceding year.

48.29 (e) Qualified investors and qualified funds must apply to the commissioner for tax credits.  
48.30 Tax credits must be allocated to qualified investors or qualified funds in the order that the  
48.31 tax credit request applications are filed with the department. The commissioner must approve  
48.32 or reject tax credit request applications within 15 days of receiving the application. The  
48.33 investment specified in the application must be made within 60 days of the allocation of  
48.34 the credits. If the investment is not made within 60 days, the credit allocation is canceled



49.1 and available for reallocation. A qualified investor or qualified fund that fails to invest as  
49.2 specified in the application, within 60 days of allocation of the credits, must notify the  
49.3 commissioner of the failure to invest within five business days of the expiration of the  
49.4 60-day investment period.

49.5 (f) All tax credit request applications filed with the department on the same day must  
49.6 be treated as having been filed contemporaneously. If two or more qualified investors or  
49.7 qualified funds file tax credit request applications on the same day, and the aggregate amount  
49.8 of credit allocation claims exceeds the aggregate limit of credits under this section or the  
49.9 lesser amount of credits that remain unallocated on that day, then the credits must be allocated  
49.10 among the qualified investors or qualified funds who filed on that day on a pro rata basis  
49.11 with respect to the amounts claimed. The pro rata allocation for any one qualified investor  
49.12 or qualified fund is the product obtained by multiplying a fraction, the numerator of which  
49.13 is the amount of the credit allocation claim filed on behalf of a qualified investor and the  
49.14 denominator of which is the total of all credit allocation claims filed on behalf of all  
49.15 applicants on that day, by the amount of credits that remain unallocated on that day for the  
49.16 taxable year.

49.17 (g) A qualified investor or qualified fund, or a qualified small business acting on their  
49.18 behalf, must notify the commissioner when an investment for which credits were allocated  
49.19 has been made, and the taxable year in which the investment was made. A qualified fund  
49.20 must also provide the commissioner with a statement indicating the amount invested by  
49.21 each investor in the qualified fund based on each investor's share of the assets of the qualified  
49.22 fund at the time of the qualified investment. After receiving notification that the investment  
49.23 was made, the commissioner must issue credit certificates for the taxable year in which the  
49.24 investment was made to the qualified investor or, for an investment made by a qualified  
49.25 fund, to each qualified investor who is an investor in the fund. The certificate must state  
49.26 that the credit is subject to revocation if the qualified investor or qualified fund does not  
49.27 hold the investment in the qualified small business for at least three years, consisting of the  
49.28 calendar year in which the investment was made and the two following years. The three-year  
49.29 holding period does not apply if:

49.30 (1) the investment by the qualified investor or qualified fund becomes worthless before  
49.31 the end of the three-year period;

49.32 (2) 80 percent or more of the assets of the qualified small business is sold before the end  
49.33 of the three-year period;

49.34 (3) the qualified small business is sold before the end of the three-year period;

50.1 (4) the qualified small business's common stock begins trading on a public exchange  
50.2 before the end of the three-year period; or

50.3 (5) the qualified investor dies before the end of the three-year period.

50.4 (h) The commissioner must notify the commissioner of revenue of credit certificates  
50.5 issued under this section.

50.6 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
50.7 31, 2018.

50.8 Sec. 2. Minnesota Statutes 2018, section 116J.8737, subdivision 12, is amended to read:

50.9 Subd. 12. **Sunset.** This section expires for taxable years beginning after December 31,  
50.10 ~~2017~~ 2019, except that reporting requirements under subdivision 6 and revocation of credits  
50.11 under subdivision 7 remain in effect through ~~2019~~ 2021 for qualified investors and qualified  
50.12 funds, and through ~~2021~~ 2023 for qualified small businesses, reporting requirements under  
50.13 subdivision 9 remain in effect through ~~2022~~ 2024, and the appropriation in subdivision 11  
50.14 remains in effect through ~~2021~~ 2023.

50.15 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
50.16 31, 2018.

50.17 Sec. 3. Minnesota Statutes 2018, section 289A.08, is amended by adding a subdivision to  
50.18 read:

50.19 **Subd. 7a. Election to file as a C corporation.** (a) A qualifying entity may elect to file  
50.20 a return as a C-option corporation and calculate its tax liability as a corporation. The election  
50.21 to file a return as a C-option corporation must be made on or before the due date or extended  
50.22 due date of its return as a C-option corporation. The election is binding for the four taxable  
50.23 years following the taxable year of the election.

50.24 **(b) For purposes of this subdivision:**

50.25 **(1) "qualifying entity" means a:**

50.26 **(i) partnership;**

50.27 **(ii) limited liability company; or**

50.28 **(iii) corporation organized under subchapter S of the Internal Revenue Code for federal**  
50.29 **income tax purposes including a qualified subsidiary also organized under subchapter S of**  
50.30 **the Internal Revenue Code; and**

51.1 (2) "C-option corporation" means a qualifying entity that has made the election under  
 51.2 paragraph (a).

51.3 (c) The election to file as a C-option corporation may only be made by persons who  
 51.4 hold more than 50 percent ownership interest in a qualifying entity. The election to file as  
 51.5 a C-option corporation is binding on all of the persons who have an ownership interest in  
 51.6 the entity.

51.7 (d) Tax liability must be calculated by multiplying the Minnesota taxable income of the  
 51.8 qualifying entity by 9.85 percent.

51.9 (e) A member's, partner's, or shareholder's adjusted basis in the member's, partner's, or  
 51.10 shareholder's interest in the limited liability company, partnership, or S-corporation is  
 51.11 determined as if the election under this subdivision is not made.

51.12 (f) The provisions of subdivision 17 apply to the election under this subdivision.

51.13 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 51.14 31, 2018.

51.15 Sec. 4. Minnesota Statutes 2018, section 289A.31, subdivision 2, is amended to read:

51.16 Subd. 2. **Joint income tax returns.** (a) If a joint income tax return is made by a husband  
 51.17 and wife, the liability for the tax is joint and several. A spouse who qualifies for relief from  
 51.18 a liability attributable to an underpayment under section 6015 subsection (b) or (f) of the  
 51.19 Internal Revenue Code is relieved of the state income tax liability on the underpayment.

51.20 (b) In the case of individuals who were a husband and wife prior to the dissolution of  
 51.21 their marriage or their legal separation, or prior to the death of one of the individuals, for  
 51.22 tax liabilities reported on a joint or combined return, the liability of each person is limited  
 51.23 to the proportion of the tax due on the return that equals that person's proportion of the total  
 51.24 tax due if the husband and wife filed separate returns for the taxable year. This provision  
 51.25 is effective only when the commissioner receives written notice of the marriage dissolution,  
 51.26 legal separation, or death of a spouse from the husband or wife. No refund may be claimed  
 51.27 by an ex-spouse, legally separated or widowed spouse for any taxes paid more than 60 days  
 51.28 before receipt by the commissioner of the written notice.

51.29 ~~(c) A request for calculation of separate liability pursuant to paragraph (b) for taxes~~  
 51.30 ~~reported on a return must be made within six years after the due date of the return. For~~  
 51.31 ~~calculation of separate liability for taxes assessed by the commissioner under section 289A.35~~  
 51.32 ~~or 289A.37, the request must be made within six years after the date of assessment. The~~

52.1 commissioner is not required to calculate separate liability pursuant to paragraph (b) if the  
 52.2 remaining unpaid liability for which recalculation is requested is \$100 or less.

52.3 **EFFECTIVE DATE.** This section is effective for returns first due for taxable years  
 52.4 beginning after December 31, 2018.

52.5 Sec. 5. Minnesota Statutes 2018, section 290.01, subdivision 4a, is amended to read:

52.6 Subd. 4a. **Financial institution.** (a) "Financial institution" means:

52.7 (1) any corporation or other business entity registered (i) under state law as a bank  
 52.8 holding company; (ii) under the federal Bank Holding Company Act of 1956, as amended;  
 52.9 or (iii) as a savings and loan holding company under the federal National Housing Act, as  
 52.10 amended;

52.11 (2) a national bank organized and existing as a national bank association pursuant to the  
 52.12 provisions of United States Code, title 12, chapter 2;

52.13 (3) a savings association or federal savings bank as defined in United States Code, title  
 52.14 12, section 1813(b)(1);

52.15 (4) any bank or thrift institution incorporated or organized under the laws of any state;

52.16 (5) any corporation organized under United States Code, title 12, sections 611 to 631;

52.17 (6) any agency or branch of a foreign depository as defined under United States Code,  
 52.18 title 12, section 3101;

52.19 (7) any corporation or other business entity that is more than 50 percent owned, directly  
 52.20 or indirectly, by any person or business entity described in clauses (1) to (6), other than an  
 52.21 insurance company taxable under chapter 297I;

52.22 (8) a corporation or other business entity that derives more than 50 percent of its total  
 52.23 gross income for financial accounting purposes from finance leases. For the purposes of  
 52.24 this clause, "gross income" means the average from the current tax year and immediately  
 52.25 preceding two years and excludes gross income from incidental or occasional transactions.  
 52.26 For purposes of this clause, "finance lease" means any lease transaction that is the functional  
 52.27 equivalent of an extension of credit and that transfers substantially all the benefits and risks  
 52.28 incident to the ownership of property, including any direct financing lease or leverage lease  
 52.29 that meets the criteria of Financial Accounting Standards Board Statement No. 13, accounting  
 52.30 for leases, or any other lease that is accounted for as financing by a lessor under generally  
 52.31 accepted accounting principles; or

53.1 (9) any other person or business entity, other than an insurance company ~~taxable under~~  
 53.2 ~~chapter 297I~~, that derives more than 50 percent of its gross income from activities that an  
 53.3 entity described in clauses (2) to (6) or (8) is authorized to transact. For the purposes of this  
 53.4 clause, gross income does not include income from nonrecurring, extraordinary items.

53.5 (b) The commissioner is authorized to exclude any person from the application of  
 53.6 paragraph (a), clause (9), if the person proves by clear and convincing evidence that the  
 53.7 person's income-producing activity is not in substantial competition with any person described  
 53.8 in paragraph (a), clauses (2) to (6) or (8).

53.9 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
 53.10 after December 31, 2016.

53.11 Sec. 6. Minnesota Statutes 2018, section 290.01, is amended by adding a subdivision to  
 53.12 read:

53.13 **Subd. 5c. Disqualified captive insurance company.** (a) "Captive insurance company"  
 53.14 means a company that:

53.15 (1) is licensed as a captive insurance company under the laws of any state or foreign  
 53.16 country; or

53.17 (2) derives less than 50 percent of its total premiums for the taxable year from sources  
 53.18 outside of the unitary business, as that term is used in section 290.17.

53.19 (b) A captive insurance company is a "disqualified captive insurance company" if the  
 53.20 company:

53.21 (1) pays less than 0.5 percent of its total premiums for the taxable year in tax under  
 53.22 chapter 297I or a comparable tax of another state; or

53.23 (2) receives less than 50 percent of its gross receipts for the taxable year from premiums.

53.24 (c) For purposes of this subdivision, "premiums" means amounts paid for arrangements  
 53.25 that constitute insurance for federal income tax purposes, but excludes return premiums,  
 53.26 premiums for reinsurance assumed from other insurance companies, and any other premiums  
 53.27 that are or would be exempt from taxation under section 297I.05 as a result of their type or  
 53.28 character, if the insurance was for business in Minnesota.

53.29 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
 53.30 after December 31, 2016.

54.1 Sec. 7. Minnesota Statutes 2018, section 290.0131, is amended by adding a subdivision  
54.2 to read:

54.3 Subd. 17. **Equity and opportunity donations to qualified foundations and qualified**  
54.4 **public school foundations.** The amount of the deduction under section 170 of the Internal  
54.5 Revenue Code that represents contributions to a qualified foundation under section 290.0693  
54.6 is an addition.

54.7 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
54.8 31, 2019.

54.9 Sec. 8. Minnesota Statutes 2018, section 290.0132, subdivision 4, is amended to read:

54.10 Subd. 4. **Education expenses.** (a) Subject to the limits in paragraph (b), the following  
54.11 amounts paid to others for each qualifying child are a subtraction:

54.12 (1) education-related expenses; plus

54.13 (2) tuition and fees paid to attend a school described in section 290.0674, subdivision  
54.14 1, clause (4), that are not included in education-related expenses; less

54.15 (3) any ~~amount~~ amounts used to claim the ~~credit~~ credits under section 290.067 or  
54.16 290.0674.

54.17 (b) The maximum subtraction allowed under this subdivision is:

54.18 (1) \$1,625 for each qualifying child in a prekindergarten educational program or in  
54.19 kindergarten through grade 6; and

54.20 (2) \$2,500 for each qualifying child in grades 7 through 12.

54.21 (c) The definitions in section 290.0674, subdivision 1, apply to this subdivision.

54.22 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
54.23 31, 2019.

54.24 Sec. 9. Minnesota Statutes 2018, section 290.0132, subdivision 26, is amended to read:

54.25 Subd. 26. **Social Security benefits.** (a) A portion of taxable Social Security benefits is  
54.26 allowed as a subtraction. The subtraction equals the lesser of taxable Social Security benefits  
54.27 or a maximum subtraction subject to the limits under paragraphs (b), (c), and (d).

54.28 (b) For married taxpayers filing a joint return and surviving spouses, the maximum  
54.29 subtraction equals ~~\$4,500~~ \$6,150. The maximum subtraction is reduced by 20 percent of  
54.30 provisional income over \$77,000. In no case is the subtraction less than zero.

55.1 (c) For single or head-of-household taxpayers, the maximum subtraction equals ~~\$3,500~~  
 55.2 \$4,800. The maximum subtraction is reduced by 20 percent of provisional income over  
 55.3 \$60,200. In no case is the subtraction less than zero.

55.4 (d) For married taxpayers filing separate returns, the maximum subtraction equals ~~\$2,250~~  
 55.5 \$3,075. The maximum subtraction is reduced by 20 percent of provisional income over  
 55.6 \$38,500. In no case is the subtraction less than zero.

55.7 (e) For purposes of this subdivision, "provisional income" means modified adjusted  
 55.8 gross income as defined in section 86(b)(2) of the Internal Revenue Code, plus one-half of  
 55.9 the Social Security benefits received during the taxable year, and "Social Security benefits"  
 55.10 has the meaning given in section 86(d)(1) of the Internal Revenue Code.

55.11 (f) The commissioner shall adjust the maximum subtraction and threshold amounts in  
 55.12 paragraphs (b) to (d) ~~by the percentage determined pursuant to the provisions of section~~  
 55.13 ~~1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) of the Internal Revenue~~  
 55.14 ~~Code the word "2016" shall be substituted for the word "1992." For 2018, the commissioner~~  
 55.15 ~~shall then determine the percentage change from the 12 months ending on August 31, 2016,~~  
 55.16 ~~to the 12 months ending on August 31, 2017, and in each subsequent year, from the 12~~  
 55.17 ~~months ending on August 31, 2016, to the 12 months ending on August 31 of the year~~  
 55.18 ~~preceding the taxable year. The determination of the commissioner pursuant to this~~  
 55.19 ~~subdivision must not be considered a rule and is not subject to the Administrative Procedure~~  
 55.20 ~~Act contained in chapter 14, including section 14.386 as provided in section 270C.22. The~~  
 55.21 statutory year is taxable year 2019. The maximum subtraction and threshold amounts as  
 55.22 adjusted must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount  
 55.23 is rounded up to the nearest \$10 amount.

55.24 **EFFECTIVE DATE.** (a) The amendments to paragraphs (a) to (e) are effective  
 55.25 retroactively for taxable years beginning after December 31, 2018.

55.26 (b) The amendment to paragraph (f) is effective for adjustments beginning with taxable  
 55.27 years beginning after December 31, 2019.

55.28 Sec. 10. Minnesota Statutes 2018, section 290.0132, is amended by adding a subdivision  
 55.29 to read:

55.30 Subd. 30. **Disallowed section 280E expenses; medical cannabis manufacturers.** The  
 55.31 amount of expenses of a medical cannabis manufacturer, as defined under section 152.22,  
 55.32 subdivision 7, related to the business of medical cannabis under sections 152.21 to 152.37,

56.1 and not allowed for federal income tax purposes under section 280E of the Internal Revenue  
56.2 Code is a subtraction.

56.3 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
56.4 31, 2018.

56.5 Sec. 11. Minnesota Statutes 2018, section 290.0132, is amended by adding a subdivision  
56.6 to read:

56.7 Subd. 31. **Income of partners, members, or shareholders.** The amount of net income  
56.8 determined, after allowable deductions and the additions and subtraction required under  
56.9 this chapter, received from a qualifying entity, as defined under section 289A.08, subdivision  
56.10 7a, for purposes of calculating federal taxable income by a partner, member, or shareholder  
56.11 of a qualifying entity that has elected to file as a C-option corporation under section 289A.08,  
56.12 subdivision 7a, is a subtraction. The amount of net income as adjusted under this subdivision  
56.13 must not be less than zero.

56.14 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
56.15 31, 2018.

56.16 Sec. 12. Minnesota Statutes 2018, section 290.0133, is amended by adding a subdivision  
56.17 to read:

56.18 Subd. 16. **Equity and opportunity donations to qualified foundations and qualified**  
56.19 **public school foundations.** The amount of the deductions under sections 170 and 162 of  
56.20 the Internal Revenue Code that represent contributions to a qualified foundation under  
56.21 section 290.0693 are an addition.

56.22 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
56.23 31, 2019.

56.24 Sec. 13. Minnesota Statutes 2018, section 290.0134, is amended by adding a subdivision  
56.25 to read:

56.26 Subd. 19. **Disallowed section 280E expenses; medical cannabis manufacturers.** The  
56.27 amount of expenses of a medical cannabis manufacturer, as defined under section 152.22,  
56.28 subdivision 7, related to the business of medical cannabis under sections 152.21 to 152.37,  
56.29 and not allowed for federal income tax purposes under section 280E of the Internal Revenue  
56.30 Code is a subtraction.



57.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 57.2 31, 2018.

57.3 Sec. 14. Minnesota Statutes 2018, section 290.05, subdivision 1, is amended to read:

57.4 Subdivision 1. **Exempt entities.** The following corporations, individuals, estates, trusts,  
 57.5 and organizations shall be exempted from taxation under this chapter, provided that every  
 57.6 such person or corporation claiming exemption under this chapter, in whole or in part, must  
 57.7 establish to the satisfaction of the commissioner the taxable status of any income or activity:

57.8 (a) corporations, individuals, estates, and trusts engaged in the business of mining or  
 57.9 producing iron ore and mining, producing, or refining other ores, metals, and minerals, the  
 57.10 mining, production, or refining of which is subject to the occupation tax imposed by section  
 57.11 298.01; but if any such corporation, individual, estate, or trust engages in any other business  
 57.12 or activity or has income from any property not used in such business it shall be subject to  
 57.13 this tax computed on the net income from such property or such other business or activity.  
 57.14 Royalty shall not be considered as income from the business of mining or producing iron  
 57.15 ore within the meaning of this section;

57.16 (b) the United States of America, the state of Minnesota or any political subdivision of  
 57.17 either agencies or instrumentalities, whether engaged in the discharge of governmental or  
 57.18 proprietary functions; and

57.19 (c) any insurance company, ~~as defined in section 290.17, subdivision 4, paragraph (j),~~  
 57.20 ~~but including any insurance company licensed and domiciled in another state that grants,~~  
 57.21 ~~on a reciprocal basis, exemption from retaliatory taxes~~ other than a disqualified captive  
 57.22 insurance company.

57.23 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
 57.24 after December 31, 2016.

57.25 Sec. 15. Minnesota Statutes 2018, section 290.05, subdivision 3, is amended to read:

57.26 Subd. 3. **Taxes imposed on exempt entities.** (a) An organization exempt from taxation  
 57.27 under subdivision 2 shall, nevertheless, be subject to tax under this chapter to the extent  
 57.28 provided in the following provisions of the Internal Revenue Code:

57.29 (1) section 527 (dealing with political organizations);

57.30 (2) section 528 (dealing with certain homeowners associations);

57.31 (3) sections 511 to 515 (dealing with unrelated business income);

58.1 (4) section 521 (dealing with farmers' cooperatives); and

58.2 (5) section 6033(e)(2) (dealing with lobbying expense); but notwithstanding this  
58.3 subdivision, shall be considered an organization exempt from income tax for the purposes  
58.4 of any law which refers to organizations exempt from income taxes.

58.5 (b) The tax shall be imposed on the taxable income of political organizations or  
58.6 homeowner associations or the unrelated business taxable income, as defined in section 512  
58.7 of the Internal Revenue Code, of organizations defined in section 511 of the Internal Revenue  
58.8 Code, provided that the tax is not imposed on:

58.9 (1) advertising revenues from a newspaper published by an organization described in  
58.10 section 501(c)(4) of the Internal Revenue Code; ~~or~~

58.11 (2) revenues from lawful gambling authorized under chapter 349 that are expended for  
58.12 purposes that qualify for the deduction for charitable contributions under section 170 of the  
58.13 Internal Revenue Code, disregarding the limitation under section 170(b)(2), but only to the  
58.14 extent the contributions are not deductible in computing federal taxable income; or

58.15 (3) amounts included in unrelated business taxable income under section 512(a)(7) of  
58.16 the Internal Revenue Code.

58.17 The tax shall be at the corporate rates. The tax shall only be imposed on income and  
58.18 deductions assignable to this state under sections 290.17 to 290.20. To the extent deducted  
58.19 in computing federal taxable income, the deductions contained in section 290.21 shall not  
58.20 be allowed in computing Minnesota taxable net income.

58.21 (c) The tax shall be imposed on organizations subject to federal tax under section  
58.22 6033(e)(2) of the Internal Revenue Code, in an amount equal to the corporate tax rate  
58.23 multiplied by the amount of lobbying expenses taxed under section 6033(e)(2) which are  
58.24 attributable to lobbying the Minnesota state government.

58.25 (d) Section 512(a)(6) of the Internal Revenue Code shall not apply for the purposes of  
58.26 calculating the tax under this subdivision.

58.27 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
58.28 after December 31, 2017.

58.29 Sec. 16. Minnesota Statutes 2018, section 290.06, subdivision 2c, is amended to read:

58.30 Subd. 2c. **Schedules of rates for individuals, estates, and trusts.** (a) The income taxes  
58.31 imposed by this chapter upon married individuals filing joint returns and surviving spouses

59.1 as defined in section 2(a) of the Internal Revenue Code must be computed by applying to  
59.2 their taxable net income the following schedule of rates:

59.3 (1) On the first \$35,480, 5.35 percent;

59.4 (2) On all over \$35,480, but not over \$140,960, ~~7.05~~ 6.8 percent;

59.5 (3) On all over \$140,960, but not over \$250,000, 7.85 percent;

59.6 (4) On all over \$250,000, 9.85 percent.

59.7 Married individuals filing separate returns, estates, and trusts must compute their income  
59.8 tax by applying the above rates to their taxable income, except that the income brackets  
59.9 will be one-half of the above amounts.

59.10 (b) The income taxes imposed by this chapter upon unmarried individuals must be  
59.11 computed by applying to taxable net income the following schedule of rates:

59.12 (1) On the first \$24,270, 5.35 percent;

59.13 (2) On all over \$24,270, but not over \$79,730, ~~7.05~~ 6.8 percent;

59.14 (3) On all over \$79,730, but not over \$150,000, 7.85 percent;

59.15 (4) On all over \$150,000, 9.85 percent.

59.16 (c) The income taxes imposed by this chapter upon unmarried individuals qualifying as  
59.17 a head of household as defined in section 2(b) of the Internal Revenue Code must be  
59.18 computed by applying to taxable net income the following schedule of rates:

59.19 (1) On the first \$29,880, 5.35 percent;

59.20 (2) On all over \$29,880, but not over \$120,070, ~~7.05~~ 6.8 percent;

59.21 (3) On all over \$120,070, but not over \$200,000, 7.85 percent;

59.22 (4) On all over \$200,000, 9.85 percent.

59.23 (d) In lieu of a tax computed according to the rates set forth in this subdivision, the tax  
59.24 of any individual taxpayer whose taxable net income for the taxable year is less than an  
59.25 amount determined by the commissioner must be computed in accordance with tables  
59.26 prepared and issued by the commissioner of revenue based on income brackets of not more  
59.27 than \$100. The amount of tax for each bracket shall be computed at the rates set forth in  
59.28 this subdivision, provided that the commissioner may disregard a fractional part of a dollar  
59.29 unless it amounts to 50 cents or more, in which case it may be increased to \$1.

60.1 (e) An individual who is not a Minnesota resident for the entire year must compute the  
 60.2 individual's Minnesota income tax as provided in this subdivision. After the application of  
 60.3 the nonrefundable credits provided in this chapter, the tax liability must then be multiplied  
 60.4 by a fraction in which:

60.5 (1) the numerator is the individual's Minnesota source federal adjusted gross income as  
 60.6 defined in section 62 of the Internal Revenue Code and increased by the additions required  
 60.7 under section 290.0131, subdivisions 2 ~~and~~ 6, 8 to 11, and 15, and reduced by the Minnesota  
 60.8 assignable portion of the subtraction for United States government interest under section  
 60.9 290.0132, subdivision 2, and the subtractions under section 290.0132, subdivisions 9, 10,  
 60.10 14, 15, 17, ~~and 18, 27, and 28~~, after applying the allocation and assignability provisions of  
 60.11 section 290.081, clause (a), or 290.17; and

60.12 (2) the denominator is the individual's federal adjusted gross income as defined in section  
 60.13 62 of the Internal Revenue Code, increased by the amounts specified in section 290.0131,  
 60.14 subdivisions 2 ~~and~~ 6, 8 to 11, and 15, and reduced by the amounts specified in section  
 60.15 290.0132, subdivisions 2, 9, 10, 14, 15, 17, ~~and 18, 27, and 28~~.

60.16 (f) For taxable years beginning after December 31, 2021, a rate of 6.67 percent applies  
 60.17 instead of the 6.8 percent in paragraphs (a) to (c).

60.18 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 60.19 31, 2018.

60.20 Sec. 17. Minnesota Statutes 2018, section 290.06, subdivision 22, is amended to read:

60.21 Subd. 22. **Credit for taxes paid to another state.** (a) A taxpayer who is liable for taxes  
 60.22 based on net income to another state, as provided in paragraphs (b) through (f), upon income  
 60.23 allocated or apportioned to Minnesota, is entitled to a credit for the tax paid to another state  
 60.24 if the tax is actually paid in the taxable year or a subsequent taxable year. A taxpayer who  
 60.25 is a resident of this state pursuant to section 290.01, subdivision 7, paragraph (b), and who  
 60.26 is subject to income tax as a resident in the state of the individual's domicile is not allowed  
 60.27 this credit unless the state of domicile does not allow a similar credit.

60.28 (b) For an individual, estate, or trust, the credit is determined by multiplying the tax  
 60.29 payable under this chapter by the ratio derived by dividing the income subject to tax in the  
 60.30 other state that is also subject to tax in Minnesota while a resident of Minnesota by the  
 60.31 taxpayer's federal adjusted gross income, as defined in section 62 of the Internal Revenue  
 60.32 Code, modified by the addition required by section 290.0131, subdivision 2, and the

61.1 subtraction allowed by section 290.0132, subdivision 2, to the extent the income is allocated  
61.2 or assigned to Minnesota under sections 290.081 and 290.17.

61.3 (c) If the taxpayer is an athletic team that apportions all of its income under section  
61.4 290.17, subdivision 5, the credit is determined by multiplying the tax payable under this  
61.5 chapter by the ratio derived from dividing the total net income subject to tax in the other  
61.6 state by the taxpayer's Minnesota taxable income.

61.7 (d)(1) The credit determined under paragraph (b) or (c) shall not exceed the amount of  
61.8 tax so paid to the other state on the gross income earned within the other state subject to  
61.9 tax under this chapter; and

61.10 (2) the allowance of the credit does not reduce the taxes paid under this chapter to an  
61.11 amount less than what would be assessed if the gross income earned within the other state  
61.12 were excluded from taxable net income.

61.13 (e) In the case of the tax assessed on a lump-sum distribution under section 290.032, the  
61.14 credit allowed under paragraph (a) is the tax assessed by the other state on the lump-sum  
61.15 distribution that is also subject to tax under section 290.032, and shall not exceed the tax  
61.16 assessed under section 290.032. To the extent the total lump-sum distribution defined in  
61.17 section 290.032, subdivision 1, includes lump-sum distributions received in prior years or  
61.18 is all or in part an annuity contract, the reduction to the tax on the lump-sum distribution  
61.19 allowed under section 290.032, subdivision 2, includes tax paid to another state that is  
61.20 properly apportioned to that distribution.

61.21 (f) If a Minnesota resident reported an item of income to Minnesota and is assessed tax  
61.22 in such other state on that same income after the Minnesota statute of limitations has expired,  
61.23 the taxpayer shall receive a credit for that year under paragraph (a), notwithstanding any  
61.24 statute of limitations to the contrary. The claim for the credit must be submitted within one  
61.25 year from the date the taxes were paid to the other state. The taxpayer must submit sufficient  
61.26 proof to show entitlement to a credit.

61.27 (g) For the purposes of this subdivision, a resident shareholder of a corporation treated  
61.28 as an "S" corporation under section 290.9725, must be considered to have paid a tax imposed  
61.29 on the shareholder in an amount equal to the shareholder's pro rata share of any net income  
61.30 tax paid by the S corporation to another state. For the purposes of the preceding sentence,  
61.31 the term "net income tax" means any tax imposed on or measured by a corporation's net  
61.32 income.

61.33 (h) For the purposes of this subdivision, a resident partner of an entity taxed as a  
61.34 partnership under the Internal Revenue Code must be considered to have paid a tax imposed

62.1 on the partner in an amount equal to the partner's pro rata share of any net income tax paid  
62.2 by the partnership to another state. For purposes of the preceding sentence, the term "net  
62.3 income" tax means any tax imposed on or measured by a partnership's net income.

62.4 (i) For the purposes of this subdivision, "another state":

62.5 (1) includes:

62.6 (i) the District of Columbia; and

62.7 (ii) a province or territory of Canada; but

62.8 (2) excludes Puerto Rico and the several territories organized by Congress.

62.9 (j) The limitations on the credit in paragraphs (b), (c), and (d), are imposed on a state  
62.10 by state basis.

62.11 (k) For a tax imposed by a province or territory of Canada, the tax for purposes of this  
62.12 subdivision is the excess of the tax over the amount of the foreign tax credit allowed under  
62.13 section 27 of the Internal Revenue Code. In determining the amount of the foreign tax credit  
62.14 allowed, the net income taxes imposed by Canada on the income are deducted first. Any  
62.15 remaining amount of the allowable foreign tax credit reduces the provincial or territorial  
62.16 tax that qualifies for the credit under this subdivision.

62.17 (l)(1) The credit allowed to a qualifying individual under this section for tax paid to a  
62.18 qualifying state equals the credit calculated under paragraphs (b) and (d), plus the amount  
62.19 calculated by multiplying:

62.20 (i) the difference between the preliminary credit and the credit calculated under paragraphs  
62.21 (b) and (d), by

62.22 (ii) the ratio derived by dividing the income subject to tax in the qualifying state that  
62.23 consists of compensation for performance of personal or professional services by the total  
62.24 amount of income subject to tax in the qualifying state.

62.25 (2) If the amount of the credit that a qualifying individual is eligible to receive under  
62.26 clause (1) for tax paid to a qualifying state exceeds the tax due under this chapter before  
62.27 the application of the credit calculated under clause (1), the commissioner shall refund the  
62.28 excess to the qualifying individual. An amount sufficient to pay the refunds required by this  
62.29 subdivision is appropriated to the commissioner from the general fund.

62.30 (3) For purposes of this paragraph, "preliminary credit" means the credit that a qualifying  
62.31 individual is eligible to receive under paragraphs (b) and (d) for tax paid to a qualifying  
62.32 state without regard to the limitation in paragraph (d), clause (2); "qualifying individual"

63.1 means a Minnesota resident under section 290.01, subdivision 7, paragraph (a), who received  
 63.2 compensation during the taxable year for the performance of personal or professional services  
 63.3 within a qualifying state; and "qualifying state" means a state with which an agreement  
 63.4 under section 290.081 is not in effect for the taxable year but was in effect for a taxable  
 63.5 year beginning before January 1, 2010.

63.6 (m) An entity making an election to be taxed as a C-option corporation under section  
 63.7 289A.08, subdivision 7a, may claim a credit for the amount of any net income tax paid to  
 63.8 another state on a composite return filed with that state on behalf of its Minnesota resident  
 63.9 shareholders or partners. For purposes of the preceding sentence, "net income tax" means  
 63.10 any tax imposed on or measured by net income.

63.11 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 63.12 31, 2018.

63.13 Sec. 18. Minnesota Statutes 2018, section 290.0674, subdivision 1, is amended to read:

63.14 Subdivision 1. **Credit allowed.** (a) An individual is allowed a credit against the tax  
 63.15 imposed by this chapter in an amount equal to 75 percent of the amount paid for  
 63.16 education-related expenses for a qualifying child in a prekindergarten educational program  
 63.17 or in kindergarten through grade 12.

63.18 (b) For purposes of this section, "education-related expenses" means:

63.19 (1) fees or tuition for instruction by an instructor under section 120A.22, subdivision  
 63.20 10, clause (1), (2), (3), (4), or (5), or a member of the Minnesota Music Teachers Association,  
 63.21 and who is not a lineal ancestor or sibling of the dependent for instruction outside the regular  
 63.22 school day or school year, including tutoring, driver's education offered as part of school  
 63.23 curriculum, regardless of whether it is taken from a public or private entity or summer  
 63.24 camps, in grade or age appropriate curricula that supplement curricula and instruction  
 63.25 available during the regular school year, that assists a dependent to improve knowledge of  
 63.26 core curriculum areas or to expand knowledge and skills under the required academic  
 63.27 standards under section 120B.021, subdivision 1, and the elective standard under section  
 63.28 120B.022, subdivision 1, clause (2), and that do not include the teaching of religious tenets,  
 63.29 doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship;

63.30 (2) expenses for textbooks, including books and other instructional materials and  
 63.31 equipment purchased or leased for use in elementary and secondary schools in teaching  
 63.32 only those subjects legally and commonly taught in public elementary and secondary schools  
 63.33 in this state. "Textbooks" does not include instructional books and materials used in the

64.1 teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such  
64.2 tenets, doctrines, or worship, nor does it include books or materials for extracurricular  
64.3 activities including sporting events, musical or dramatic events, speech activities, driver's  
64.4 education, or similar programs;

64.5 (3) a maximum expense of \$200 per family for personal computer hardware, excluding  
64.6 single purpose processors, and educational software that assists a dependent to improve  
64.7 knowledge of core curriculum areas or to expand knowledge and skills under the required  
64.8 academic standards under section 120B.021, subdivision 1, and the elective standard under  
64.9 section 120B.022, subdivision 1, clause (2), purchased for use in the taxpayer's home and  
64.10 not used in a trade or business regardless of whether the computer is required by the  
64.11 dependent's school; ~~and~~

64.12 (4) the amount paid to others for transportation of a qualifying child attending an  
64.13 elementary or secondary school situated in Minnesota, North Dakota, South Dakota, Iowa,  
64.14 or Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory  
64.15 attendance laws, which is not operated for profit, and which adheres to the provisions of  
64.16 the Civil Rights Act of 1964 and chapter 363A. Amounts under this clause exclude any  
64.17 expense the taxpayer incurred in using the taxpayer's or the qualifying child's vehicle; and

64.18 (5) fees charged for enrollment in a prekindergarten educational program, to the extent  
64.19 not used to claim the credit under section 290.067.

64.20 (c) For purposes of this section, "qualifying child" has the meaning given in section  
64.21 32(c)(3) of the Internal Revenue Code.

64.22 (d) For purposes of this section, "prekindergarten educational program" means:

64.23 (1) prekindergarten programs established by a school district under chapter 124D;

64.24 (2) preschools, nursery schools, and early childhood development programs licensed by  
64.25 the Department of Human Services and accredited by the National Association for the  
64.26 Education of Young Children or National Early Childhood Program Accreditation;

64.27 (3) Montessori programs affiliated with or accredited by the American Montessori  
64.28 Society or American Montessori International; and

64.29 (4) child care programs provided by family day care providers holding a current early  
64.30 childhood development credential approved by the commissioner of human services.

64.31 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
64.32 31, 2019.



65.1 Sec. 19. Minnesota Statutes 2018, section 290.0674, subdivision 2, is amended to read:

65.2 Subd. 2. **Limitations.** (a) For claimants with income not greater than ~~\$33,500~~ \$39,000,  
 65.3 the maximum credit allowed for a family is \$1,000 multiplied by the number of qualifying  
 65.4 children in ~~kindergarten~~ prekindergarten through grade 12 in the family. The maximum  
 65.5 credit for families with one qualifying child in ~~kindergarten~~ prekindergarten through grade  
 65.6 12 is reduced by \$1 for each \$4 of ~~household~~ income over ~~\$33,500~~ \$39,000, and the  
 65.7 maximum credit for families with two or more qualifying children in ~~kindergarten~~  
 65.8 prekindergarten through grade 12 is reduced by \$2 for each \$4 of ~~household~~ income over  
 65.9 ~~\$33,500~~ \$39,000, but in no case is the credit less than zero.

65.10 (b) In the case of a married claimant, a credit is not allowed unless a joint income tax  
 65.11 return is filed.

65.12 (c) For a nonresident or part-year resident, the credit determined under subdivision 1  
 65.13 and the maximum credit amount in paragraph (a) must be allocated using the percentage  
 65.14 calculated in section 290.06, subdivision 2c, paragraph (e).

65.15 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 65.16 31, 2019.

65.17 Sec. 20. Minnesota Statutes 2018, section 290.0674, is amended by adding a subdivision  
 65.18 to read:

65.19 Subd. 2b. **Inflation adjustment.** The commissioner shall annually adjust the income  
 65.20 amounts in subdivision 2, paragraph (a), as provided in section 270C.22. The statutory year  
 65.21 is taxable year 2020.

65.22 **EFFECTIVE DATE.** This section is effective for adjustments beginning with taxable  
 65.23 years beginning after December 31, 2020.

65.24 Sec. 21. **[290.0693] EQUITY AND OPPORTUNITY IN EDUCATION TAX CREDIT.**

65.25 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have  
 65.26 the meanings given.

65.27 (b) "Eligible student" means a student who:

65.28 (1) resides in Minnesota;

65.29 (2) is either:

65.30 (i) a member of a household that has total annual income during the year prior to initial  
 65.31 receipt of a qualified scholarship or a qualified transportation scholarship, without

66.1 consideration of the benefits under this program, that does not exceed an amount equal to  
66.2 two times the income standard used to qualify for a reduced-price meal under the National  
66.3 School Lunch Program; or

66.4 (ii) is a child with a disability as defined in section 125A.02; and

66.5 (3) meets one of the following criteria:

66.6 (i) attended a school, as defined in section 120A.22, subdivision 4, in the semester  
66.7 preceding initial receipt of a qualified scholarship or a qualified transportation scholarship;

66.8 (ii) is younger than age seven and not enrolled in kindergarten or first grade in the  
66.9 semester preceding initial receipt of a qualified scholarship or a qualified transportation  
66.10 scholarship;

66.11 (iii) previously received a qualified scholarship or a qualified transportation scholarship  
66.12 under this section; or

66.13 (iv) lived in Minnesota for less than a year prior to initial receipt of a qualified scholarship  
66.14 or a qualified transportation scholarship.

66.15 (c) "Equity and opportunity in education donation" means a donation to a qualified public  
66.16 school foundation or to a qualified foundation that awards qualified scholarships, awards  
66.17 qualified transportation scholarships, or makes qualified grants.

66.18 (d) "Household" means household as used to determine eligibility under the National  
66.19 School Lunch Program.

66.20 (e) "National School Lunch Program" means the program in United States Code, title  
66.21 42, section 1758.

66.22 (f) "Qualified charter school" means a charter elementary or secondary school in  
66.23 Minnesota at which at least 30 percent of students qualify for a free or reduced-price meal  
66.24 under the National School Lunch Program.

66.25 (g) "Qualified school" means a school operated in Minnesota that is a nonpublic  
66.26 elementary or secondary school in Minnesota wherein a resident may legally fulfill the  
66.27 state's compulsory attendance laws that:

66.28 (1) is not operated for profit;

66.29 (2) adheres to the provisions of United States Code, title 42, section 1981, and Minnesota  
66.30 Statutes, chapter 363A;

67.1 (3) administers the Minnesota Comprehensive Assessments or a norm-referenced test  
67.2 in reading and math approved by a qualified foundation to all students in grades 3 to 8 and  
67.3 once in high school; and

67.4 (4) reports annual student performance on the test on the school's website, including the  
67.5 number of students who opt out of the test, the aggregate test results, and the test results  
67.6 disaggregated by student category listed in section 120B.31, subdivision 4, unless the cell  
67.7 count data is insufficient to protect student identity.

67.8 (h) "Qualified foundation" means a nonprofit organization granted an exemption from  
67.9 the federal income tax under section 501(c)(3) of the Internal Revenue Code formed for the  
67.10 primary purpose of granting qualified scholarships or qualified transportation scholarships,  
67.11 and that has been approved as a qualified foundation by the commissioner of revenue under  
67.12 subdivision 5.

67.13 (i) "Qualified grant" means a grant from a qualified foundation to a qualified charter  
67.14 school for use in support of the school's mission of educating students in academics, arts,  
67.15 or athletics, including transportation.

67.16 (j) "Qualified public school foundation" means a qualified foundation formed for the  
67.17 primary purpose of supporting one or more public schools or school districts in Minnesota  
67.18 in which at least 30 percent of students qualify for a free or reduced-price meal under the  
67.19 National School Lunch Program.

67.20 (k) "Qualified scholarship" means a payment from a qualified foundation to or on behalf  
67.21 of the parent or guardian of an eligible student for payment of tuition for enrollment in  
67.22 grades kindergarten through 12 at a qualified school. A qualified scholarship must not  
67.23 exceed an amount greater than 70 percent of the state average general education revenue  
67.24 under section 126C.10, subdivision 1, per pupil unit.

67.25 (l) "Qualified transportation scholarship" means a payment from a qualified foundation  
67.26 to or on behalf of a parent or guardian of an eligible student for payment of transportation  
67.27 to a school, as defined in section 120A.22, subdivision 4. A qualified transportation  
67.28 scholarship must not exceed an amount greater than 70 percent of the state average general  
67.29 education revenue under section 126C.10, subdivision 1, per pupil unit.

67.30 (m) "Total annual income" means the income measure used to determine eligibility  
67.31 under the National School Lunch Program in United States Code, title 42, section 1758.

67.32 Subd. 2. **Credit allowed.** (a) An individual or corporate taxpayer who has been issued  
67.33 a credit certificate under subdivision 3 is allowed a credit against the tax due under this

68.1 chapter equal to 70 percent of the amount donated during the taxable year to the qualified  
68.2 foundation or qualified public school foundation designated on the taxpayer's credit  
68.3 certificate. No credit is allowed if the taxpayer designates a specific child as the beneficiary  
68.4 of the contribution. No credit is allowed to a taxpayer for an equity and opportunity in  
68.5 education donation made before the taxpayer was issued a credit certificate as provided in  
68.6 subdivision 3.

68.7 (b) The maximum annual credit allowed is:

68.8 (1) \$21,000 for married joint filers for a one-year donation of \$30,000;

68.9 (2) \$10,500 for other individual filers for a one-year donation of \$15,000; and

68.10 (3) \$105,000 for corporate filers for a one-year donation of \$150,000.

68.11 (c) A taxpayer must provide a copy of the receipt provided by the qualified foundation  
68.12 or qualified public school foundation when claiming the credit for the donation if requested  
68.13 by the commissioner.

68.14 (d) The credit is limited to the liability for tax under this chapter, including the tax  
68.15 imposed by sections 290.0921 and 290.0922.

68.16 (e) If the amount of the credit under this subdivision for any taxable year exceeds the  
68.17 limitations under paragraph (d), the excess is a credit carryover to each of the five succeeding  
68.18 taxable years. The entire amount of the excess unused credit for the taxable year must be  
68.19 carried first to the earliest of the taxable years to which the credit may be carried. The  
68.20 amount of the unused credit that may be added under this paragraph may not exceed the  
68.21 taxpayer's liability for tax, less the credit for the taxable year. No credit may be carried to  
68.22 a taxable year more than five years after the taxable year in which the credit was earned.

68.23 Subd. 3. **Application for credit certificate.** (a) The commissioner must make applications  
68.24 for tax credits for 2020 available on the department's website by January 1, 2020.

68.25 Applications for subsequent years must be made available by January 1 of the taxable year.

68.26 (b) A taxpayer must apply to the commissioner for an equity and opportunity in education  
68.27 tax credit certificate. The application must be in the form and manner specified by the  
68.28 commissioner and must designate the qualified foundation or qualified public school  
68.29 foundation to which the taxpayer intends to make a donation. The commissioner must begin  
68.30 accepting applications for a taxable year on January 1. The commissioner must issue tax  
68.31 credit certificates under this section on a first-come, first-served basis until the maximum  
68.32 statewide credit amount has been reached. The certificates must list the qualified foundation  
68.33 or qualified public school foundation the taxpayer designated on the application. The

69.1 maximum statewide credit amount is \$26,500,000 per taxable year, excluding any amounts  
 69.2 carried forward from a previous taxable year under subdivision 2.

69.3 (c) The commissioner must not issue a tax credit certificate for an amount greater than  
 69.4 the limits in subdivision 2.

69.5 (d) The commissioner must not issue a credit certificate for an application that designates  
 69.6 a qualified foundation or qualified public school foundation that the commissioner has  
 69.7 barred from participation as provided in subdivision 5.

69.8 Subd. 4. Responsibilities of qualified foundations and qualified public school  
 69.9 foundations. (a) A qualified foundation that awards qualified scholarships or qualified  
 69.10 transportation scholarships must:

69.11 (1) award qualified scholarships or qualified transportation scholarships to eligible  
 69.12 students;

69.13 (2) not restrict the availability of scholarships to students of one qualified school;

69.14 (3) not charge a fee of any kind for a child to be considered for a scholarship;

69.15 (4) require a qualified school receiving payment of tuition through a scholarship funded  
 69.16 by contributions qualifying for the tax credit under this section to sign an agreement that it  
 69.17 will not use different admissions standards for a student with a qualified scholarship; and

69.18 (5) in awarding scholarships, give priority to a student in a household that has total  
 69.19 annual income during the year prior to initial receipt of a qualified scholarship, without  
 69.20 consideration of the benefits under this program, that does not exceed an amount equal to  
 69.21 two times the income standard used to qualify for a reduced-price meal under the National  
 69.22 School Lunch Program.

69.23 (b) An entity that is eligible to be a qualified foundation or qualified public school  
 69.24 foundation must apply to the commissioner by September 15 of the year preceding the year  
 69.25 in which it will first receive equity and opportunity in education donations. The application  
 69.26 must be in the form and manner prescribed by the commissioner. The application must:

69.27 (1) demonstrate to the commissioner that the entity has been granted an exemption from  
 69.28 the federal income tax as an organization described in section 501(c)(3) of the Internal  
 69.29 Revenue Code; and

69.30 (2) demonstrate the entity's financial accountability by submitting its most recent audited  
 69.31 financial statement prepared by a certified public accountant firm licensed under chapter

70.1 326A using the Statements on Auditing Standards issued by the Audit Standards Board of  
70.2 the American Institute of Certified Public Accountants.

70.3 (c) A qualified foundation or qualified public school foundation must provide to taxpayers  
70.4 who make donations or commitments to donate a receipt or verification on a form approved  
70.5 by the commissioner.

70.6 (d) A qualified foundation that awards qualified scholarships or qualified transportation  
70.7 scholarships must, in each year it awards qualified scholarships or qualified transportation  
70.8 scholarships to eligible students to enroll in a qualified school, obtain from the qualified  
70.9 school documentation that the school:

70.10 (1) complies with all health and safety laws or codes that apply to nonpublic schools;

70.11 (2) holds a valid occupancy permit if required by its municipality;

70.12 (3) certifies that it adheres to the provisions of chapter 363A and United States Code,  
70.13 title 42, section 1981; and

70.14 (4) administers the Minnesota Comprehensive Assessment or a foundation approved  
70.15 norm-referenced test by providing the foundation a report on student performance on the  
70.16 test, including the number of students who opt out of the test, the aggregate test results, and  
70.17 the test results disaggregated by student category listed in section 120B.31, subdivision 4,  
70.18 unless the cell count data is insufficient to protect student identity.

70.19 A qualified foundation must make the documentation available to the commissioner on  
70.20 request, and report student performance on the Minnesota Comprehensive Assessment or  
70.21 norm-referenced test, by qualified school, on its website.

70.22 (e) A qualified foundation or qualified public school foundation must, by June 1 of each  
70.23 year following a year in which it receives donations, provide the following information to  
70.24 the commissioner:

70.25 (1) financial information that demonstrates the financial viability of the qualified  
70.26 foundation or qualified public school foundation;

70.27 (2) documentation that it has conducted criminal background checks on all of its  
70.28 employees and board members and has excluded from employment or governance any  
70.29 individuals who might reasonably pose a risk to the appropriate use of contributed funds;

70.30 (3) consistent with paragraph (f), document that it has used amounts received as donations  
70.31 to provide qualified scholarships, to provide qualified transportation scholarships, to make  
70.32 qualified grants, or in support of the mission of one or more public schools or school districts

71.1 of educating students in academics, arts, or athletics, including transportation within one  
71.2 calendar year of the calendar year in which it received the donation;

71.3 (4) if the qualified foundation awards qualified scholarships or qualified transportation  
71.4 scholarships, a list of qualified schools that enrolled eligible students to whom the qualified  
71.5 foundation awarded qualified scholarships;

71.6 (5) if the qualified foundation makes qualified grants, a list of qualified charter schools  
71.7 to which the qualified foundation made qualified grants;

71.8 (6) if the qualified foundation is a qualified public school foundation, a list of expenditures  
71.9 made in support of the mission of one or more public schools or school districts of educating  
71.10 students in academics, arts, or athletics, including transportation; and

71.11 (7) the following information prepared by a certified public accountant regarding  
71.12 donations received in the previous calendar year:

71.13 (i) the total number and total dollar amount of donations received from taxpayers;

71.14 (ii) the dollar amount of donations used for administrative expenses, as allowed by  
71.15 paragraph (f);

71.16 (iii) if the qualified foundation awarded qualified scholarships, the total number and  
71.17 dollar amount of qualified scholarships awarded;

71.18 (iv) if the qualified foundation awarded qualified transportation scholarships, the total  
71.19 number and dollar amount of qualified transportation scholarships awarded;

71.20 (v) if the qualified foundation made qualified grants, the total number and dollar amount  
71.21 of qualified grants made; and

71.22 (vi) if the qualified foundation is a qualified public school foundation, the total number  
71.23 and dollar amount of expenditures made in support of the mission of one or more public  
71.24 schools or school districts of educating students in academics, arts, or athletics, including  
71.25 transportation.

71.26 (f) The qualified foundation or qualified public school foundation may use up to five  
71.27 percent of the amounts received as donations for reasonable administrative expenses,  
71.28 including but not limited to fund-raising, scholarship tracking, and reporting requirements.

71.29 Subd. 5. Responsibilities of commissioner. (a) The commissioner must make  
71.30 applications for an entity to be approved as a qualified foundation or qualified public school  
71.31 foundation for a taxable year available on the department's website by August 1 of the year  
71.32 preceding the taxable year. The commissioner must approve an application that provides

72.1 the documentation required in subdivision 4, paragraph (b), clauses (1) and (2), within 60  
72.2 days of receiving the application. The commissioner must notify a qualified foundation or  
72.3 qualified public school foundation that provides incomplete documentation and the foundation  
72.4 may resubmit its application within 30 days.

72.5 (b) By November 15 of each year, the commissioner must post on the department's  
72.6 website the names and addresses of qualified foundations and qualified public school  
72.7 foundations for the next taxable year. The commissioner must regularly update the names  
72.8 and addresses of any qualified foundations or qualified public school foundations that have  
72.9 been barred from participating in the program.

72.10 (c) The commissioner must prescribe a standardized format for a receipt to be issued by  
72.11 a qualified foundation or qualified public school foundation to a taxpayer to indicate the  
72.12 value of a donation received and of a commitment to make a donation.

72.13 (d) The commissioner must prescribe a standardized format for qualified foundations  
72.14 and qualified public school foundations to report the information required under subdivision  
72.15 4, paragraph (e).

72.16 (e) The commissioner may conduct either a financial review or audit of a qualified  
72.17 foundation or qualified public school foundation upon finding evidence of fraud or  
72.18 misreporting. If the commissioner determines that the qualified foundation or qualified  
72.19 public school foundation committed fraud or intentionally misreported information, the  
72.20 qualified foundation is barred from further program participation.

72.21 (f) If a qualified foundation or qualified public school foundation fails to submit the  
72.22 documentation required under subdivision 4, paragraph (c), by June 1, the commissioner  
72.23 must notify the qualified foundation or qualified public school foundation by July 1. A  
72.24 qualified foundation that fails to submit the required information by August 1 is barred from  
72.25 participation for the next taxable year.

72.26 (g) If a qualified foundation or qualified public school foundation fails to comply with  
72.27 the requirements of subdivision 4, paragraph (c), the commissioner must by September 1  
72.28 notify the qualified foundation that it has until November 1 to document that it has remedied  
72.29 its noncompliance. A qualified foundation or qualified public school foundation that fails  
72.30 to document that it has remedied its noncompliance by November 1 is barred from  
72.31 participation for the next taxable year.

72.32 (h) A qualified foundation or qualified public school foundation barred under paragraph  
72.33 (f) or (g) may become eligible to participate by submitting the required information in future  
72.34 years.



73.1 Subd. 6. **Special education services.** A student's receipt of a qualified scholarship or  
 73.2 qualified transportation scholarship does not affect the student's eligibility for instruction  
 73.3 and service under chapter 125A or otherwise affect the student's status under federal special  
 73.4 education laws.

73.5 **EFFECTIVE DATE.** This section is effective the day following final enactment for  
 73.6 donations made and credits allowed in taxable years beginning after December 31, 2019.

73.7 Sec. 22. Minnesota Statutes 2018, section 290.0921, subdivision 3, is amended to read:

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

73.15 (1) The portion of the depreciation deduction allowed for federal income tax purposes  
 73.16 under section 168(k) of the Internal Revenue Code that is required as an addition under  
 73.17 section 290.0133, subdivision 11, is disallowed in determining alternative minimum taxable  
 73.18 income.

73.19 (2) The subtraction for depreciation allowed under section 290.0134, subdivision 13, is  
 73.20 allowed as a depreciation deduction in determining alternative minimum taxable income.

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

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

73.25 (5) The tax preference for depletion under section 57(a)(1) of the Internal Revenue Code  
 73.26 does not apply.

73.27 (6) The tax preference for tax exempt interest under section 57(a)(5) of the Internal  
 73.28 Revenue Code does not apply.

73.29 (7) The tax preference for charitable contributions of appreciated property under section  
 73.30 57(a)(6) of the Internal Revenue Code does not apply.

73.31 (8) For purposes of calculating the adjustment for adjusted current earnings in section  
 73.32 56(g) of the Internal Revenue Code, the term "alternative minimum taxable income" as it

74.1 is used in section 56(g) of the Internal Revenue Code, means alternative minimum taxable  
74.2 income as defined in this subdivision, determined without regard to the adjustment for  
74.3 adjusted current earnings in section 56(g) of the Internal Revenue Code.

74.4 (9) For purposes of determining the amount of adjusted current earnings under section  
74.5 56(g)(3) of the Internal Revenue Code, no adjustment shall be made under section 56(g)(4)  
74.6 of the Internal Revenue Code with respect to (i) the amount of foreign dividend gross-up  
74.7 subtracted as provided in section 290.0134, subdivision 2, or (ii) the amount of refunds of  
74.8 income, excise, or franchise taxes subtracted as provided in section 290.0134, subdivision  
74.9 8.

74.10 (10) Alternative minimum taxable income excludes the income from operating in a job  
74.11 opportunity building zone as provided under section 469.317.

74.12 (11) The subtraction for disallowed section 280E expenses of medical cannabis  
74.13 manufacturers allowed under section 290.0134, subdivision 19, is allowed as a deduction  
74.14 in determining alternative minimum taxable income.

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

74.17 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
74.18 31, 2018.

74.19 Sec. 23. Minnesota Statutes 2018, section 290.17, subdivision 4, is amended to read:

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

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

74.32 (c) Unity is presumed whenever there is unity of ownership, operation, and use, evidenced  
74.33 by centralized management or executive force, centralized purchasing, advertising,

75.1 accounting, or other controlled interaction, but the absence of these centralized activities  
75.2 will not necessarily evidence a nonunitary business. Unity is also presumed when business  
75.3 activities or operations are of mutual benefit, dependent upon or contributory to one another,  
75.4 either individually or as a group.

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

75.10 (e) Unity of ownership does not exist when two or more corporations are involved unless  
75.11 more than 50 percent of the voting stock of each corporation is directly or indirectly owned  
75.12 by a common owner or by common owners, either corporate or noncorporate, or by one or  
75.13 more of the member corporations of the group. For this purpose, the term "voting stock"  
75.14 shall include membership interests of mutual insurance holding companies formed under  
75.15 section 66A.40.

75.16 (f) The net income and apportionment factors under section 290.191 or 290.20 of foreign  
75.17 corporations and other foreign entities, but excluding a disqualified captive insurance  
75.18 company, which are part of a unitary business shall not be included in the net income or  
75.19 the apportionment factors of the unitary business; except that the income and apportionment  
75.20 factors of a foreign entity, other than an entity treated as a C corporation for federal income  
75.21 tax purposes, that are included in the federal taxable income, as defined in section 63 of the  
75.22 Internal Revenue Code as amended through the date named in section 290.01, subdivision  
75.23 19, of a domestic corporation, domestic entity, or individual must be included in determining  
75.24 net income and the factors to be used in the apportionment of net income pursuant to section  
75.25 290.191 or 290.20. A foreign corporation or other foreign entity which is not included on  
75.26 a combined report and which is required to file a return under this chapter shall file on a  
75.27 separate return basis.

75.28 (g) For purposes of determining the net income of a unitary business and the factors to  
75.29 be used in the apportionment of net income pursuant to section 290.191 or 290.20, there  
75.30 must be included only the income and apportionment factors of domestic corporations or  
75.31 other domestic entities that are determined to be part of the unitary business pursuant to this  
75.32 subdivision, notwithstanding that foreign corporations or other foreign entities might be  
75.33 included in the unitary business; except that the income and apportionment factors of a  
75.34 foreign entity, other than an entity treated as a C corporation for federal income tax purposes,  
75.35 that is included in the federal taxable income, as defined in section 63 of the Internal Revenue

76.1 Code as amended through the date named in section 290.01, subdivision 19, of a domestic  
 76.2 corporation, domestic entity, or individual must be included in determining net income and  
 76.3 the factors to be used in the apportionment of net income pursuant to section 290.191 or  
 76.4 290.20.

76.5 (h) Each corporation or other entity, except a sole proprietorship, that is part of a unitary  
 76.6 business must file combined reports as the commissioner determines. On the reports, all  
 76.7 intercompany transactions between entities included pursuant to paragraph (g) must be  
 76.8 eliminated and the entire net income of the unitary business determined in accordance with  
 76.9 this subdivision is apportioned among the entities by using each entity's Minnesota factors  
 76.10 for apportionment purposes in the numerators of the apportionment formula and the total  
 76.11 factors for apportionment purposes of all entities included pursuant to paragraph (g) in the  
 76.12 denominators of the apportionment formula. Except as otherwise provided by paragraph  
 76.13 (f), all sales of the unitary business made within this state pursuant to section 290.191 or  
 76.14 290.20 must be included on the combined report of a corporation or other entity that is a  
 76.15 member of the unitary business and is subject to the jurisdiction of this state to impose tax  
 76.16 under this chapter.

76.17 (i) If a corporation has been divested from a unitary business and is included in a  
 76.18 combined report for a fractional part of the common accounting period of the combined  
 76.19 report:

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

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

76.24 (j) For purposes of this subdivision, "insurance company" means an insurance company,  
 76.25 as defined in section 290.01, subdivision 5b, that is:

76.26 ~~(1) licensed to engage in the business of insurance in Minnesota pursuant to chapter~~  
 76.27 ~~60A; or~~

76.28 ~~(2) domiciled and licensed to engage in the business of insurance in another state or~~  
 76.29 ~~country that imposes retaliatory taxes, fines, deposits, penalties, licenses, or fees and that~~  
 76.30 ~~does not grant, on a reciprocal basis, exemption from such retaliatory taxes to insurance~~  
 76.31 ~~companies or their agents domiciled in Minnesota.~~

76.32 ~~(k) For purposes of this subdivision, "retaliatory taxes" means taxes imposed on insurance~~  
 76.33 ~~companies organized in another state or country that result from the fact that an insurancee~~

77.1 ~~company organized in the taxing jurisdiction and doing business in the other jurisdiction is~~  
 77.2 ~~subject to taxes, fines, deposits, penalties, licenses, or fees in an amount exceeding that~~  
 77.3 ~~imposed by the taxing jurisdiction upon an insurance company organized in the other state~~  
 77.4 ~~or country and doing business to the same extent in the taxing jurisdiction~~ not a disqualified  
 77.5 captive insurance company.

77.6 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
 77.7 after December 31, 2016.

77.8 Sec. 24. Minnesota Statutes 2018, section 290.92, subdivision 4b, is amended to read:

77.9 Subd. 4b. **Withholding by partnerships.** (a) A partnership shall deduct and withhold  
 77.10 a tax as provided in paragraph (b) for nonresident individual partners based on their  
 77.11 distributive shares of partnership income for a taxable year of the partnership.

77.12 (b) The amount of tax withheld is determined by multiplying the partner's distributive  
 77.13 share allocable to Minnesota under section 290.17, paid or credited during the taxable year  
 77.14 by the highest rate used to determine the income tax liability for an individual under section  
 77.15 290.06, subdivision 2c, except that the amount of tax withheld may be determined by the  
 77.16 commissioner if the partner submits a withholding exemption certificate under subdivision  
 77.17 5.

77.18 (c) The commissioner may reduce or abate the tax withheld under this subdivision if the  
 77.19 partnership had reasonable cause to believe that no tax was due under this section.

77.20 (d) Notwithstanding paragraph (a), a partnership is not required to deduct and withhold  
 77.21 tax for a nonresident partner if:

77.22 (1) the partner elects to have the tax due paid as part of the partnership's composite return  
 77.23 under section 289A.08, subdivision 7;

77.24 (2) the partner has Minnesota assignable federal adjusted gross income from the  
 77.25 partnership of less than \$1,000; or

77.26 (3) the partnership is liquidated or terminated, the income was generated by a transaction  
 77.27 related to the termination or liquidation, and no cash or other property was distributed in  
 77.28 the current or prior taxable year;

77.29 (4) the distributive shares of partnership income are attributable to:

77.30 (i) income required to be recognized because of discharge of indebtedness;

78.1 (ii) income recognized because of a sale, exchange, or other disposition of real estate,  
 78.2 depreciable property, or property described in section 179 of the Internal Revenue Code;  
 78.3 or

78.4 (iii) income recognized on the sale, exchange, or other disposition of any property that  
 78.5 has been the subject of a basis reduction pursuant to section 108, 734, 743, 754, or 1017 of  
 78.6 the Internal Revenue Code

78.7 to the extent that the income does not include cash received or receivable or, if there is cash  
 78.8 received or receivable, to the extent that the cash is required to be used to pay indebtedness  
 78.9 by the partnership or a secured debt on partnership property; ~~or~~

78.10 (5) the partnership is a publicly traded partnership, as defined in section 7704(b) of the  
 78.11 Internal Revenue Code; or

78.12 (6) the partnership has elected to be taxed as a C-option corporation under section  
 78.13 289A.08, subdivision 7a.

78.14 (e) For purposes of sections 270C.60, 289A.09, subdivision 2, 289A.20, subdivision 2,  
 78.15 paragraph (c), 289A.50, 289A.56, 289A.60, and 289A.63, a partnership is considered an  
 78.16 employer.

78.17 (f) To the extent that income is exempt from withholding under paragraph (d), clause  
 78.18 (4), the commissioner has a lien in an amount up to the amount that would be required to  
 78.19 be withheld with respect to the income of the partner attributable to the partnership interest,  
 78.20 but for the application of paragraph (d), clause (4). The lien arises under section 270C.63  
 78.21 from the date of assessment of the tax against the partner, and attaches to that partner's share  
 78.22 of the profits and any other money due or to become due to that partner in respect of the  
 78.23 partnership. Notice of the lien may be sent by mail to the partnership, without the necessity  
 78.24 for recording the lien. The notice has the force and effect of a levy under section 270C.67,  
 78.25 and is enforceable against the partnership in the manner provided by that section. Upon  
 78.26 payment in full of the liability subsequent to the notice of lien, the partnership must be  
 78.27 notified that the lien has been satisfied.

78.28 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 78.29 31, 2018.

78.30 Sec. 25. Minnesota Statutes 2018, section 290.92, subdivision 4c, is amended to read:

78.31 Subd. 4c. **Withholding by S corporations.** (a) A corporation having a valid election in  
 78.32 effect under section 290.9725 shall deduct and withhold a tax as provided in paragraph (b)

79.1 for nonresident individual shareholders their share of the corporation's income for the taxable  
79.2 year.

79.3 (b) The amount of tax withheld is determined by multiplying the amount of income  
79.4 allocable to Minnesota under section 290.17 by the highest rate used to determine the income  
79.5 tax liability of an individual under section 290.06, subdivision 2c, except that the amount  
79.6 of tax withheld may be determined by the commissioner if the shareholder submits a  
79.7 withholding exemption certificate under subdivision 5.

79.8 (c) Notwithstanding paragraph (a), a corporation is not required to deduct and withhold  
79.9 tax for a nonresident shareholder, if:

79.10 (1) the shareholder elects to have the tax due paid as part of the corporation's composite  
79.11 return under section 289A.08, subdivision 7;

79.12 (2) the shareholder has Minnesota assignable federal adjusted gross income from the  
79.13 corporation of less than \$1,000; ~~or~~

79.14 (3) the corporation is liquidated or terminated, the income was generated by a transaction  
79.15 related to the termination or liquidation, and no cash or other property was distributed in  
79.16 the current or prior taxable year; or

79.17 (4) the S-corporation has elected to be taxed as a C-option corporation under section  
79.18 289A.08, subdivision 7a.

79.19 (d) For purposes of sections 270C.60, 289A.09, subdivision 2, 289A.20, subdivision 2,  
79.20 paragraph (c), 289A.50, 289A.56, 289A.60, and 289A.63, a corporation is considered an  
79.21 employer.

79.22 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
79.23 31, 2018.

79.24 Sec. 26. Minnesota Statutes 2018, section 291.03, subdivision 9, is amended to read:

79.25 Subd. 9. **Qualified small business property.** Property satisfying all of the following  
79.26 requirements is qualified small business property:

79.27 (1) The value of the property was included in the federal adjusted taxable estate.

79.28 (2) The property consists of the assets of a trade or business or shares of stock or other  
79.29 ownership interests in a corporation or other entity engaged in a trade or business. Shares  
79.30 of stock in a corporation or an ownership interest in another type of entity do not qualify  
79.31 under this subdivision if the shares or ownership interests are traded on a public stock  
79.32 exchange at any time during the three-year period ending on the decedent's date of death.

80.1 For purposes of this subdivision, an ownership interest includes the interest the decedent is  
80.2 deemed to own under sections 2036, 2037, ~~and 2038~~, 2040, or 2044 of the Internal Revenue  
80.3 Code.

80.4 (3) During the taxable year that ended before the decedent's death, the trade or business  
80.5 must not have been a passive activity within the meaning of section 469(c) of the Internal  
80.6 Revenue Code, and the decedent or the decedent's spouse must have materially participated  
80.7 in the trade or business within the meaning of section 469(h) of the Internal Revenue Code,  
80.8 excluding section 469(h)(3) of the Internal Revenue Code and any other provision provided  
80.9 by United States Treasury Department regulation that substitutes material participation in  
80.10 prior taxable years for material participation in the taxable year that ended before the  
80.11 decedent's death.

80.12 (4) The gross annual sales of the trade or business were \$10,000,000 or less for the last  
80.13 taxable year that ended before the date of the death of the decedent.

80.14 (5) The property does not include:

80.15 (i) cash;

80.16 (ii) cash equivalents;

80.17 (iii) publicly traded securities; or

80.18 (iv) any assets not used in the operation of the trade or business.

80.19 (6) For property consisting of shares of stock or other ownership interests in an entity,  
80.20 the value of items described in clause (5) must be excluded in the valuation of the decedent's  
80.21 interest in the entity.

80.22 (7) The decedent or the decedent's spouse continuously owned the property, or an  
80.23 undivided or joint interest in the property, including property the decedent or the decedent's  
80.24 spouse is deemed to own under sections 2036, 2037, ~~and 2038~~, 2040, or 2044 of the Internal  
80.25 Revenue Code, or under subdivision 1d, for the three-year period ending on the date of  
80.26 death of the decedent. In the case of a sole proprietor, if the property replaced similar property  
80.27 within the three-year period, the replacement property will be treated as having been owned  
80.28 for the three-year period ending on the date of death of the decedent. For the purposes of  
80.29 the three-year holding period under this clause, any ownership by the decedent's spouse,  
80.30 whether the spouse predeceases or survives the decedent, is attributed to the decedent.

80.31 (8) For three years following the date of death of the decedent, the trade or business is  
80.32 not a passive activity within the meaning of section 469(c) of the Internal Revenue Code,  
80.33 and a family member materially participates in the operation of the trade or business within



81.1 the meaning of section 469(h) of the Internal Revenue Code, excluding section 469(h)(3)  
81.2 of the Internal Revenue Code and any other provision provided by United States Treasury  
81.3 Department regulation that substitutes material participation in prior taxable years for  
81.4 material participation in the three years following the date of death of the decedent.

81.5 (9) The estate and the qualified heir elect to treat the property as qualified small business  
81.6 property and agree, in the form prescribed by the commissioner, to pay the recapture tax  
81.7 under subdivision 11, if applicable.

81.8 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents  
81.9 dying after December 31, 2017.

81.10 Sec. 27. Minnesota Statutes 2018, section 291.03, subdivision 10, is amended to read:

81.11 Subd. 10. **Qualified farm property.** Property satisfying all of the following requirements  
81.12 is qualified farm property:

81.13 (1) The value of the property was included in the federal adjusted taxable estate.

81.14 (2) The property consists of agricultural land and is owned by a person or entity that is  
81.15 either not subject to or is in compliance with section 500.24.

81.16 (3) For property taxes payable in the taxable year of the decedent's death, the property  
81.17 is classified as class 2a property under section 273.13, subdivision 23, and is classified as  
81.18 agricultural homestead, agricultural relative homestead, or special agricultural homestead  
81.19 under section 273.124.

81.20 (4) The decedent or the decedent's spouse continuously owned the property, or an  
81.21 undivided or joint interest in the property, including property the decedent or the decedent's  
81.22 spouse is deemed to own under sections 2036, 2037, ~~and~~ 2038, 2040, or 2044 of the Internal  
81.23 Revenue Code, or under subdivision 1d, for the three-year period ending on the date of  
81.24 death of the decedent either by ownership of the agricultural land or pursuant to holding an  
81.25 interest in an entity that is not subject to or is in compliance with section 500.24. For the  
81.26 purposes of the three-year holding period under this clause, any ownership by the decedent's  
81.27 spouse, whether the spouse predeceases or survives the decedent, is attributed to the decedent.

81.28 (5) The property is classified for property tax purposes as class 2a property under section  
81.29 273.13, subdivision 23, for three years following the date of death of the decedent.

81.30 (6) The estate and the qualified heir elect to treat the property as qualified farm property  
81.31 and agree, in a form prescribed by the commissioner, to pay the recapture tax under  
81.32 subdivision 11, if applicable.

82.1 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents  
82.2 dying after December 31, 2017.

82.3 Sec. 28. **SPECIAL WAIVER OF INCOME TAX PENALTIES FOR TAX YEARS**  
82.4 **2018 AND 2019.**

82.5 (a) For taxable years beginning after December 31, 2017, and before January 1, 2020,  
82.6 no addition to tax is imposed under Minnesota Statutes, section 289A.25, subdivision 2, if  
82.7 the tax shown on the return for the taxable year or, if no return is filed, the tax, reduced by  
82.8 the credits allowable, is less than \$1,000. This paragraph applies only to taxpayers who  
82.9 submit a request for a waiver of addition to tax due under Minnesota Statutes, section  
82.10 289A.25, subdivision 2. The request for waiver must attest that the underpayment of estimated  
82.11 tax for the taxable year is due to uncertainties in tax planning resulting from the enactment  
82.12 of Public Law 115-97. The request for waiver must be in a form and manner prescribed by  
82.13 the commissioner of revenue.

82.14 (b) In the case of taxpayers who do not timely submit a request for a waiver under  
82.15 paragraph (a), the provisions of Minnesota Statutes, section 289A.25, subdivision 4, apply  
82.16 for taxable years beginning after December 31, 2017, and before January 1, 2020.

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

82.18 Sec. 29. **APPLICATION OF ANGEL TAX CREDIT FOR TAXABLE YEAR 2019.**

82.19 Applications for (1) certification as a qualified small business, qualified investor, or  
82.20 qualified fund under Minnesota Statutes, section 116J.8737, subdivisions 2, 3, and 4, and  
82.21 (2) the credit under Minnesota Statutes, section 116J.8737, subdivision 5, for taxable year  
82.22 2019 must be made available on the Department of Employment and Economic  
82.23 Development's website by September 1, 2019. The provisions of Minnesota Statutes, section  
82.24 116J.8737, generally apply to the taxable year 2019 extension of the credit in sections 1  
82.25 and 2.

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

83.1 **ARTICLE 3**83.2 **SALES AND USE TAXES**

83.3 Section 1. Minnesota Statutes 2018, section 38.27, is amended by adding a subdivision  
83.4 to read:

83.5 Subd. 4. Use of a portion of county fair revenues. A county agricultural society must  
83.6 annually determine the amount of sales tax savings attributable to section 297A.70,  
83.7 subdivision 21. If the county agricultural society owns its own fairgrounds, it must use the  
83.8 amount equal to the sales tax savings to maintain, improve, or expand society owned  
83.9 buildings and facilities on the fairgrounds; otherwise it must transfer this amount to the  
83.10 owner of the fairgrounds. An owner that receives a transfer of money under this subdivision  
83.11 must use the transferred amount to maintain, improve, and expand entity owned buildings  
83.12 and facilities on the county fairgrounds.

83.13 **EFFECTIVE DATE.** This section is effective July 1, 2019.

83.14 Sec. 2. Minnesota Statutes 2018, section 289A.20, subdivision 4, is amended to read:

83.15 Subd. 4. **Sales and use tax.** (a) The taxes imposed by chapter 297A are due and payable  
83.16 to the commissioner monthly on or before the 20th day of the month following the month  
83.17 in which the taxable event occurred, or following another reporting period as the  
83.18 commissioner prescribes or as allowed under section 289A.18, subdivision 4, paragraph (f)  
83.19 or (g), except that use taxes due on an annual use tax return as provided under section  
83.20 289A.11, subdivision 1, are payable by April 15 following the close of the calendar year.

83.21 (b) A vendor having a liability of \$250,000 or more during a fiscal year ending June 30,  
83.22 except a vendor of construction materials as defined in paragraph (e), must remit the June  
83.23 liability for the next year in the following manner:

83.24 (1) Two business days before June 30 of the year, the vendor must remit 81.4 percent  
83.25 of the estimated June liability to the commissioner.

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

83.28 (c) A vendor having a liability of:

83.29 (1) \$10,000 or more, but less than \$250,000 during a fiscal year ending June 30, 2013,  
83.30 and fiscal years thereafter, must remit by electronic means all liabilities on returns due for  
83.31 periods beginning in all subsequent calendar years on or before the 20th day of the month  
83.32 following the month in which the taxable event occurred, or on or before the 20th day of

84.1 the month following the month in which the sale is reported under section 289A.18,  
84.2 subdivision 4; or

84.3 (2) \$250,000 or more, during a fiscal year ending June 30, 2013, and fiscal years  
84.4 thereafter, must remit by electronic means all liabilities in the manner provided in paragraph  
84.5 (a) on returns due for periods beginning in the subsequent calendar year, except for 81.4  
84.6 percent of the estimated June liability, which is due two business days before June 30. The  
84.7 remaining amount of the June liability is due on August 20.

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

84.15 (e) For the purposes of paragraph (b), "vendor of construction materials" means a business  
84.16 that is classified in the following business groups according to the North American Industrial  
84.17 Classification System:

84.18 (1) 3211 - sawmills and wood preservation;

84.19 (2) 3212 - veneer, plywood, and wood products manufacturing;

84.20 (3) 32191 - millwork manufacturing;

84.21 (4) 3273 - cement and concrete product manufacturing; and

84.22 (5) 4233 - lumber and other construction materials merchant wholesalers.

84.23 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
84.24 30, 2019.

84.25 Sec. 3. Minnesota Statutes 2018, section 297A.67, is amended by adding a subdivision to  
84.26 read:

84.27 **Subd. 37. Ticket purchasing rights to collegiate events.** The sale of the privilege of  
84.28 admission under section 297A.61, subdivision 3, paragraph (g), clause (1), does not include  
84.29 consideration paid for the right to purchase a ticket to a collegiate athletic event in a preferred  
84.30 area, and the sale of the right to purchase a ticket is exempt provided that:

84.31 (1) the consideration paid for the right to purchase in the preferred area is used entirely  
84.32 to support student scholarship costs;

85.1 (2) the consideration paid for the right to purchase in the preferred area is separately  
85.2 stated from the admission price; and

85.3 (3) the admission price is equal to or greater than the highest priced general admission  
85.4 ticket for the closest seat not in the preferred area.

85.5 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
85.6 30, 2019.

85.7 Sec. 4. Minnesota Statutes 2018, section 297A.67, is amended by adding a subdivision to  
85.8 read:

85.9 Subd. 38. **Certain herbicides.** Purchases of herbicides authorized for use pursuant to  
85.10 an invasive aquatic plant management permit as defined under section 103G.615 are exempt  
85.11 if purchased by a lakeshore property owner or an association of lakeshore property owners  
85.12 organized under chapter 317A.

85.13 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
85.14 30, 2019.

85.15 Sec. 5. Minnesota Statutes 2018, section 297A.70, subdivision 10, is amended to read:

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

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

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

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

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

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

86.6 (c) Tickets or admissions to a performance or event on the premises of a tax-exempt  
 86.7 organization under section 501(c)(3) of the Internal Revenue Code are exempt if:

86.8 (1) the nonprofit organization was established to preserve Minnesota's rural agricultural  
 86.9 heritage and focuses on educating the public about rural history and how farms in Minnesota  
 86.10 helped to provide food for the nation and the world;

86.11 (2) the premises of the nonprofit organization is at least 115 acres;

86.12 (3) the performance or event is sponsored and conducted exclusively by volunteers,  
 86.13 employees of the nonprofit organization, or members of the board of directors of the nonprofit  
 86.14 organization; and

86.15 (4) the performance or event is consistent with the nonprofit organization's purposes  
 86.16 under section 501(c)(3) of the Internal Revenue Code.

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

86.18 Sec. 6. Minnesota Statutes 2018, section 297A.70, subdivision 20, is amended to read:

86.19 Subd. 20. **Ice arenas and rinks.** Sales to organizations that exist primarily for the purpose  
 86.20 of owning or operating ice arenas or rinks that are (1) part of either the Duluth Heritage  
 86.21 Sports Center or the David M. Thaler Sports Center; and (2) are used for youth and high  
 86.22 school programs, are exempt if the organization is a private, nonprofit corporation exempt  
 86.23 from federal income taxation under section 501(c)(3) of the Internal Revenue Code.

86.24 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
 86.25 30, 2019.

86.26 Sec. 7. Minnesota Statutes 2018, section 297A.70, is amended by adding a subdivision to  
 86.27 read:

86.28 Subd. 21. **County agricultural society sales at county fairs.** Sales by a county  
 86.29 agricultural society during a regularly scheduled county fair are exempt. For purposes of  
 86.30 this subdivision, sales include admissions to and parking at the county fairgrounds,  
 86.31 admissions to separately ticketed events run by the county agricultural society, and

87.1 concessions and other sales made by employees or volunteers of the county agricultural  
 87.2 society on the county fairgrounds. This exemption does not apply to sales or events by a  
 87.3 county agricultural society held at a time other than at the time of the regularly scheduled  
 87.4 county fair, or events not held on the county fairgrounds.

87.5 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
 87.6 30, 2019.

87.7 Sec. 8. Minnesota Statutes 2018, section 297A.71, is amended by adding a subdivision to  
 87.8 read:

87.9 Subd. 51. **Properties destroyed by fire.** (a) Building materials and supplies used or  
 87.10 consumed in, and equipment incorporated into, the construction or replacement of real  
 87.11 property affected by, and capital equipment to replace equipment destroyed in, the fire on  
 87.12 March 11, 2018, in the city of Mazeppa are exempt. The tax must be imposed and collected  
 87.13 as if the rate under section 297A.62, subdivision 1, applied and then refunded in the manner  
 87.14 provided in section 297A.75. For purposes of this subdivision, "capital equipment" includes  
 87.15 durable equipment used in a restaurant for food storage, preparation, and serving.

87.16 (b) The exemption under this subdivision applies to sales and purchases made after  
 87.17 March 11, 2018, and before January 1, 2022.

87.18 **EFFECTIVE DATE.** This section is effective retroactively from March 11, 2018.

87.19 Sec. 9. Minnesota Statutes 2018, section 297A.71, is amended by adding a subdivision to  
 87.20 read:

87.21 Subd. 52. **Construction; certain local government facilities.** (a) Materials and supplies  
 87.22 used in and equipment incorporated into the construction, reconstruction, upgrade, expansion,  
 87.23 or remodeling of the following local government owned facilities are exempt:

87.24 (1) a new fire station, which includes firefighting, emergency management, public safety  
 87.25 training, and other public safety facilities in the city of Monticello if materials, supplies,  
 87.26 and equipment are purchased after January 31, 2019, and before January 1, 2022;

87.27 (2) a new fire station, which includes firefighting and public safety training facilities  
 87.28 and public safety facilities, in the city of Inver Grove Heights if materials, supplies, and  
 87.29 equipment are purchased after June 30, 2018, and before January 1, 2021;

87.30 (3) a fire station and police station, including access roads, lighting, sidewalks, and  
 87.31 utility components, on or adjacent to the property on which the fire station or police station  
 87.32 are located that are necessary for safe access to and use of those buildings, in the city of

88.1 Minnetonka if materials, supplies, and equipment are purchased after May 23, 2019, and  
 88.2 before January 1, 2021; and

88.3 (4) the school building in Independent School District No. 414, Minneota, if materials,  
 88.4 supplies, and equipment are purchased after January 1, 2018, and before January 1, 2021.

88.5 (b) The tax must be imposed and collected as if the rate under section 297A.62,  
 88.6 subdivision 1, applied and then refunded in the manner provided in section 297A.75.

88.7 (c) The total refund for the project listed in paragraph (a), clause (3), must not exceed  
 88.8 \$850,000.

88.9 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
 88.10 applies retroactively to sales and purchases made during the time periods listed for each  
 88.11 project in paragraph (a).

88.12 Sec. 10. Minnesota Statutes 2018, section 297A.75, subdivision 1, is amended to read:

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

88.16 (1) building materials for an agricultural processing facility exempt under section  
 88.17 297A.71, subdivision 13;

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

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

88.21 (4) building materials used in a residence for disabled veterans exempt under section  
 88.22 297A.71, subdivision 11;

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

88.24 (6) materials and supplies for qualified low-income housing under section 297A.71,  
 88.25 subdivision 23;

88.26 (7) materials, supplies, and equipment for municipal electric utility facilities under  
 88.27 section 297A.71, subdivision 35;

88.28 (8) equipment and materials used for the generation, transmission, and distribution of  
 88.29 electrical energy and an aerial camera package exempt under section 297A.68, subdivision  
 88.30 37;



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

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

89.5 (11) materials, supplies, and equipment for construction, improvement, or expansion  
89.6 of:

89.7 (i) an aerospace defense manufacturing facility exempt under Minnesota Statutes 2014,  
89.8 section 297A.71, subdivision 42;

89.9 (ii) a biopharmaceutical manufacturing facility exempt under section 297A.71, subdivision  
89.10 45;

89.11 (iii) a research and development facility exempt under Minnesota Statutes 2014, section  
89.12 297A.71, subdivision 46; and

89.13 (iv) an industrial measurement manufacturing and controls facility exempt under  
89.14 Minnesota Statutes 2014, section 297A.71, subdivision 47;

89.15 (12) enterprise information technology equipment and computer software for use in a  
89.16 qualified data center exempt under section 297A.68, subdivision 42;

89.17 (13) materials, supplies, and equipment for qualifying capital projects under section  
89.18 297A.71, subdivision 44, paragraph (a), clause (1), and paragraph (b);

89.19 (14) items purchased for use in providing critical access dental services exempt under  
89.20 section 297A.70, subdivision 7, paragraph (c);

89.21 (15) items and services purchased under a business subsidy agreement for use or  
89.22 consumption primarily in greater Minnesota exempt under section 297A.68, subdivision  
89.23 44;

89.24 (16) building materials, equipment, and supplies for constructing or replacing real  
89.25 property exempt under section 297A.71, subdivision 49; ~~and~~

89.26 (17) building materials, equipment, and supplies for constructing or replacing real  
89.27 property exempt under section 297A.71, subdivision 50, paragraph (b), and subdivision 51;  
89.28 and

89.29 (18) building materials, equipment, and supplies for constructing, remodeling, expanding,  
89.30 or improving public safety facilities exempt under section 297A.71, subdivision 52.

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

90.1 Sec. 11. Minnesota Statutes 2018, section 297A.75, subdivision 2, is amended to read:

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

90.5 (1) for subdivision 1, clauses (1), (2), and (14), the applicant must be the purchaser;

90.6 (2) for subdivision 1, clause (3), the applicant must be the governmental subdivision;

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

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

90.11 (5) for subdivision 1, clause (6), the owner of the qualified low-income housing project;

90.12 (6) for subdivision 1, clause (7), the applicant must be a municipal electric utility or a  
 90.13 joint venture of municipal electric utilities;

90.14 (7) for subdivision 1, clauses (8), (11), (12), and (15), the owner of the qualifying  
 90.15 business;

90.16 (8) for subdivision 1, clauses (9), (10), ~~and (13)~~, and (18), the applicant must be the  
 90.17 governmental entity that owns or contracts for the project or facility;

90.18 (9) for subdivision 1, clause (16), the applicant must be the owner or developer of the  
 90.19 building or project; and

90.20 (10) for subdivision 1, clause (17), the applicant must be the owner or developer of the  
 90.21 building or project.

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

90.23 Sec. 12. Minnesota Statutes 2018, section 297A.75, subdivision 3, is amended to read:

90.24 Subd. 3. **Application.** (a) The application must include sufficient information to permit  
 90.25 the commissioner to verify the tax paid. If the tax was paid by a contractor, subcontractor,  
 90.26 or builder, under subdivision 1, clauses (3) to (13) or (15) to ~~(17)~~ (18), the contractor,  
 90.27 subcontractor, or builder must furnish to the refund applicant a statement including the cost  
 90.28 of the exempt items and the taxes paid on the items unless otherwise specifically provided  
 90.29 by this subdivision. The provisions of sections 289A.40 and 289A.50 apply to refunds under  
 90.30 this section.

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

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

91.4 Sec. 13. Minnesota Statutes 2018, section 297A.77, subdivision 3, is amended to read:

91.5 Subd. 3. **Tax must be remitted.** The tax collected by a retailer under this section, except  
91.6 for the amount allowed to be retained by the seller under section 297A.816, must be remitted  
91.7 to the commissioner as provided in chapter 289A and this chapter.

91.8 **EFFECTIVE DATE.** This section is effective for sales taxes remitted after June 30,  
91.9 2019.

91.10 Sec. 14. **[297A.816] VENDOR ALLOWANCE.**

91.11 Subdivision 1. **Eligibility.** (a) A qualified retailer may retain a portion of sales tax  
91.12 collected as a vendor allowance in compensation for the costs of collecting and administering  
91.13 the tax under this chapter. This section applies only if the tax minus the vendor allowance  
91.14 is both reported and remitted to the commissioner in a timely fashion as required under  
91.15 chapter 289A.

91.16 (b) For purposes of this section, "qualified retailer" means a retailer not subject to the  
91.17 remittance requirements under section 289A.20, subdivision 4, paragraph (b), but does not  
91.18 include a vendor of construction materials as defined under section 289A.20, subdivision  
91.19 4, paragraph (e).

91.20 Subd. 2. **Tax not eligible for allowance.** Use taxes paid by the qualified retailer on the  
91.21 qualified retailer's own purchases and local sales and use taxes collected by the qualified  
91.22 retailer are not included in calculating the vendor allowance under this section.

91.23 Subd. 3. **Calculation of allowance; minimum amount.** The amount of the vendor  
91.24 allowance is equal to the greater of the following amounts, calculated for each reporting  
91.25 period, provided that the vendor allowance must not reduce the tax owed in the reporting  
91.26 period to less than zero:

91.27 (1) \$5; or

91.28 (2) one-half of one percent of the tax collected in the reporting period.

91.29 Subd. 4. **Transfer to legacy fund.** The commissioner shall determine the amount of tax  
91.30 deposited under the Minnesota Constitution, article XI, section 15, without regard to the  
91.31 allowance under this section.

92.1 **EFFECTIVE DATE.** This section is effective for sales taxes remitted after June 30,  
 92.2 2019.

92.3 Sec. 15. Laws 2017, First Special Session chapter 1, article 3, section 32, the effective  
 92.4 date, is amended to read:

92.5 **EFFECTIVE DATE.** Paragraph (a) is effective retroactively for sales and purchases  
 92.6 made after September 30, 2016, and before January 1, ~~2019~~ 2023. Paragraph (b) is effective  
 92.7 for sales and purchases made after September 30, 2016, and before July 1, 2017.

92.8 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2019.

#### 92.9 **ARTICLE 4**

#### 92.10 **PROPERTY TAX**

92.11 Section 1. Minnesota Statutes 2018, section 103D.905, subdivision 5, is amended to read:

92.12 Subd. 5. **Construction or implementation fund.** (a) A construction or implementation  
 92.13 fund consists of:

92.14 (1) the proceeds of watershed district bonds or notes or of the sale of county bonds;

92.15 (2) construction or implementation loans or grants from the ~~Pollution Control Agency~~  
 92.16 ~~under sections 103F.701 to 103F.755, state~~ or from any agency of the federal government;  
 92.17 and

92.18 (3) special assessments, storm water charges, loan repayments, and ad valorem tax levies  
 92.19 levied or to be levied to supply funds for the construction or implementation of the projects  
 92.20 of the watershed district, including reservoirs, ditches, dikes, canals, channels, storm water  
 92.21 facilities, sewage treatment facilities, wells, and other works, and the expenses incident to  
 92.22 and connected with the construction or implementation.

92.23 (b) Construction or implementation loans or grants from the ~~Pollution Control Agency~~  
 92.24 ~~under sections 103F.701 to 103F.755, state~~ or from an agency of the federal government  
 92.25 may be repaid from the proceeds of watershed district bonds or notes or from the collections  
 92.26 of storm water charges, loan repayments, ad valorem tax levies, or special assessments on  
 92.27 properties benefited by the project.

92.28 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2020  
 92.29 and thereafter.

93.1 Sec. 2. Minnesota Statutes 2018, section 103D.905, subdivision 9, is amended to read:

93.2 Subd. 9. **Project tax levy.** (a) In addition to other tax levies provided in this section or  
93.3 in any other law, a watershed district may levy a tax:

93.4 (1) to pay the costs of projects undertaken by the watershed district ~~which~~ that are to be  
93.5 funded, in whole or in part, with the proceeds of money appropriated by law for grants or  
93.6 construction or implementation loans under sections 103F.701 to 103F.755 to the district;

93.7 (2) to pay the principal of, or premium or administrative surcharge, if any, and interest  
93.8 on, ~~the bonds and~~ or notes issued by the watershed district ~~pursuant to section 103F.725 to~~  
93.9 repay such loans; or

93.10 (3) to repay ~~the construction or implementation~~ such loans ~~under sections 103F.701 to~~  
93.11 ~~103F.755.~~

93.12 (b) Taxes levied with respect to payment of bonds and notes ~~shall~~ must comply with  
93.13 section 475.61.

93.14 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2020  
93.15 and thereafter.

93.16 Sec. 3. Minnesota Statutes 2018, section 138.053, is amended to read:

93.17 **138.053 COUNTY HISTORICAL SOCIETY; TAX LEVY; CITIES OR TOWNS.**

93.18 The governing body of any home rule charter or statutory city or town may annually  
93.19 appropriate from its general fund an amount not to exceed 0.02418 percent of estimated  
93.20 market value, derived from ad valorem taxes on property or other revenues, to be paid to  
93.21 the historical society of its respective city, town, or county to be used for the promotion of  
93.22 historical work and to aid in defraying the expenses of carrying on the historical work in  
93.23 the city, town, or county. No city or town may appropriate any funds for the benefit of any  
93.24 historical society unless the society is affiliated with and approved by the Minnesota  
93.25 Historical Society.

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

93.27 Sec. 4. Minnesota Statutes 2018, section 197.603, subdivision 2, is amended to read:

93.28 Subd. 2. **Records; data privacy.** Pursuant to chapter 13 the county veterans service  
93.29 officer is the responsible authority with respect to all records in the officer's custody. The  
93.30 data on clients' applications for assistance is private data on individuals, as defined in section  
93.31 13.02, subdivision 12. The county veterans service officer may disclose to the county or

94.1 local assessor private data necessary to determine a client's eligibility for the disabled  
 94.2 veteran's homestead market value exclusion under section 273.13, subdivision 34.

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

94.4 Sec. 5. Minnesota Statutes 2018, section 272.02, subdivision 49, is amended to read:

94.5 Subd. 49. **Agricultural historical society property.** Property is exempt from taxation  
 94.6 if it is owned by a nonprofit charitable or educational organization that qualifies for  
 94.7 exemption under section 501(c)(3) of the Internal Revenue Code and meets the following  
 94.8 criteria:

94.9 (1) the property is primarily used for storing and exhibiting tools, equipment, and artifacts  
 94.10 useful in providing an understanding of local or regional agricultural history. Primary use  
 94.11 is determined each year based on the number of days the property is used solely for storage  
 94.12 and exhibition purposes;

94.13 (2) the property is limited to a maximum of ~~20~~ 40 acres per owner per county, but  
 94.14 includes the land and any taxable structures, fixtures, and equipment on the land;

94.15 (3) the property is not used for a revenue-producing activity for more than ten days in  
 94.16 each calendar year; and

94.17 (4) the property is not used for residential purposes on either a temporary or permanent  
 94.18 basis.

94.19 For assessment year 2019 only, an exemption application under this subdivision must be  
 94.20 filed with the county assessor by July 1, 2019.

94.21 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2019,  
 94.22 for taxes payable in 2020, and thereafter.

94.23 Sec. 6. Minnesota Statutes 2018, section 272.02, is amended by adding a subdivision to  
 94.24 read:

94.25 Subd. 102. **Certain property owned by an Indian tribe.** (a) Property is exempt that:

94.26 (1) is located in a city of the first class with a population of more than 380,000 as of the  
 94.27 2010 federal census;

94.28 (2) was on January 1, 2016, and is for the current assessment, owned by a federally  
 94.29 recognized Indian tribe, or its instrumentality, that is located within the state of Minnesota;  
 94.30 and

95.1 (3) is used exclusively as a pharmacy, as defined in section 151.01, subdivision 2.

95.2 (b) Property that qualifies for the exemption under this subdivision is limited to parcels  
95.3 and structures that do not exceed, in the aggregate, 4,000 square feet. Property acquired for  
95.4 single-family housing, market-rate apartments, agriculture, or forestry does not qualify for  
95.5 this exemption.

95.6 For assessment year 2019 only, an exemption application under this subdivision must be  
95.7 filed with the county assessor by July 1, 2019. The exemption created by this subdivision  
95.8 expires with taxes payable in 2029.

95.9 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2020  
95.10 and thereafter.

95.11 Sec. 7. Minnesota Statutes 2018, section 272.02, is amended by adding a subdivision to  
95.12 read:

95.13 Subd. 103. **Licensed child care facility.** Property used as a licensed child care facility  
95.14 that accepts families participating in the child care assistance program under chapter 119B,  
95.15 and that is owned and operated by a nonprofit charitable organization that qualifies for tax  
95.16 exemption under section 501(c)(3) of the Internal Revenue Code, is exempt. For the purposes  
95.17 of this subdivision, "licensed child care facility" means a child care center licensed under  
95.18 Minnesota Rules, chapter 9503, or a facility used to provide licensed family day care or  
95.19 group family day care as defined under Minnesota Rules, chapter 9502.

95.20 For assessment year 2019 only, an exemption application under this subdivision must be  
95.21 filed with the county assessor by July 1, 2019.

95.22 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2019,  
95.23 for taxes payable in 2020.

95.24 Sec. 8. Minnesota Statutes 2018, section 273.124, subdivision 3a, is amended to read:

95.25 Subd. 3a. **Manufactured home park cooperative.** (a) When a manufactured home park  
95.26 is owned by a corporation or association organized under chapter 308A or 308B, and each  
95.27 person who owns a share or shares in the corporation or association is entitled to occupy a  
95.28 lot within the park, the corporation or association may claim homestead treatment for the  
95.29 park. Each lot must be designated by legal description or number, and each lot is limited to  
95.30 not more than one-half acre of land.

95.31 (b) The manufactured home park shall be entitled to homestead treatment if all of the  
95.32 following criteria are met:

96.1 (1) the occupant or the cooperative corporation or association is paying the ad valorem  
 96.2 property taxes and any special assessments levied against the land and structure either  
 96.3 directly, or indirectly through dues to the corporation or association; and

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

96.6 (c) A charitable corporation, organized under the laws of Minnesota with no outstanding  
 96.7 stock, and granted a ruling by the Internal Revenue Service for 501(c)(3) tax-exempt status,  
 96.8 qualifies for homestead treatment with respect to a manufactured home park if its members  
 96.9 hold residential participation warrants entitling them to occupy a lot in the manufactured  
 96.10 home park.

96.11 (d) "Homestead treatment" under this subdivision means the classification rate provided  
 96.12 for class 4c property classified under section 273.13, subdivision 25, paragraph (d), clause  
 96.13 (5), item (ii); and the homestead market value exclusion under section 273.13, subdivision  
 96.14 35, does not apply and the property taxes assessed against the park shall not be included in  
 96.15 the determination of taxes payable for rent paid under section 290A.03.

96.16 **EFFECTIVE DATE.** This section is effective beginning with claims for taxes payable  
 96.17 in 2020.

96.18 Sec. 9. Minnesota Statutes 2018, section 273.124, subdivision 8, is amended to read:

96.19 Subd. 8. **Homestead owned by or leased to family farm corporation, joint farm**  
 96.20 **venture, limited liability company, or partnership.** (a) Each family farm corporation;  
 96.21 each joint family farm venture; and each limited liability company or partnership which  
 96.22 operates a family farm; is entitled to class 1b under section 273.13, subdivision 22, paragraph  
 96.23 (b), or class 2a assessment for one homestead occupied by a shareholder, member, or partner  
 96.24 thereof who is residing on the land, and actively engaged in farming of the land owned by  
 96.25 the family farm corporation, joint family farm venture, limited liability company, or  
 96.26 partnership. Homestead treatment applies even if:

96.27 (1) legal title to the property is in the name of the family farm corporation, joint family  
 96.28 farm venture, limited liability company, or partnership, and not in the name of the person  
 96.29 residing on it; or

96.30 (2) the family farm is operated by a family farm corporation, joint family farm venture,  
 96.31 or limited liability company other than the family farm corporation, joint family farm venture,  
 96.32 or limited liability company that owns the land, provided that:



97.1 (i) the shareholder, member, or partner residing on and actively engaged in farming the  
 97.2 land is a shareholder, member, or partner of the family farm corporation, joint family farm  
 97.3 venture, or limited liability company that is operating the farm and;

97.4 (ii) more than half of the shareholders, members, or partners of each family farm  
 97.5 corporation, joint family farm venture, or limited liability company are persons or spouses  
 97.6 of persons who are a qualifying relative under section 273.124, subdivision 1, paragraphs  
 97.7 (c) and (d).

97.8 "Family farm corporation," "family farm," and "partnership operating a family farm"  
 97.9 have the meanings given in section 500.24, except that the number of allowable shareholders,  
 97.10 members, or partners under this subdivision shall not exceed 12. "Limited liability company"  
 97.11 has the meaning contained in sections 322C.0102, subdivision 12, and 500.24, subdivision  
 97.12 2, paragraphs (l) and (m). "Joint family farm venture" means a cooperative agreement among  
 97.13 two or more farm enterprises authorized to operate a family farm under section 500.24.

97.14 (b) In addition to property specified in paragraph (a), any other residences owned by  
 97.15 family farm corporations, joint family farm ventures, limited liability companies, or  
 97.16 partnerships described in paragraph (a) which are located on agricultural land and occupied  
 97.17 as homesteads by its shareholders, members, or partners who are actively engaged in farming  
 97.18 on behalf of that corporation, joint farm venture, limited liability company, or partnership  
 97.19 must also be assessed as class 2a property or as class 1b property under section 273.13.

97.20 (c) Agricultural property that is owned by a member, partner, or shareholder of a family  
 97.21 farm corporation or joint family farm venture, limited liability company operating a family  
 97.22 farm, or by a partnership operating a family farm and leased to the family farm corporation,  
 97.23 limited liability company, partnership, or joint farm venture, as defined in paragraph (a), is  
 97.24 eligible for classification as class 1b or class 2a under section 273.13, if the owner is actually  
 97.25 residing on the property, and is actually engaged in farming the land on behalf of that  
 97.26 corporation, joint farm venture, limited liability company, or partnership. This paragraph  
 97.27 applies without regard to any legal possession rights of the family farm corporation, joint  
 97.28 family farm venture, limited liability company, or partnership under the lease.

97.29 (d) Nonhomestead agricultural property that is owned by a family farm corporation,  
 97.30 joint farm venture, limited liability company, or partnership; and located not farther than  
 97.31 four townships or cities, or combination thereof, from agricultural land that is owned, and  
 97.32 used for the purposes of a homestead by an individual who is a shareholder, member, or  
 97.33 partner of the corporation, venture, company, or partnership; is entitled to receive the first  
 97.34 tier homestead classification rate on any remaining market value in the first homestead class

98.1 tier that is in excess of the market value of the shareholder's, member's, or partner's class 2  
 98.2 agricultural homestead property, if the owner, or someone acting on the owner's behalf  
 98.3 notifies the county assessor by July 1 that the property may be eligible under this paragraph  
 98.4 for the current assessment year, for taxes payable in the following year. As used in this  
 98.5 paragraph, "agricultural property" means property classified as 2a under section 273.13,  
 98.6 along with any contiguous property classified as 2b under section 273.13, if the contiguous  
 98.7 2a and 2b properties are under the same ownership.

98.8 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2019.

98.9 Sec. 10. Minnesota Statutes 2018, section 273.124, subdivision 14, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

99.10 (5) neither the owner nor the person actively farming the agricultural property lives  
99.11 farther than four townships or cities, or a combination of four townships or cities, from the  
99.12 agricultural property, except that if the owner or the owner's spouse is required to live in  
99.13 employer-provided housing, the owner or owner's spouse, whichever is actively farming  
99.14 the agricultural property, may live more than four townships or cities, or combination of  
99.15 four townships or cities from the agricultural property.

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

99.17 (ii) ~~Agricultural property held by a trustee under a trust is eligible for agricultural~~  
99.18 ~~homestead classification under this paragraph if the qualifications in clause (i) are met,~~  
99.19 ~~except that "owner" means the grantor of the trust.~~

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

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

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

100.1 (d) Agricultural land used for purposes of a homestead and actively farmed by a person  
100.2 holding a vested remainder interest in it must be classified as a homestead under section  
100.3 273.13, subdivision 23, paragraph (a). If agricultural land is classified class 2a, any other  
100.4 dwellings on the land used for purposes of a homestead by persons holding vested remainder  
100.5 interests who are actively engaged in farming the property, and up to one acre of the land  
100.6 surrounding each homestead and reasonably necessary for the use of the dwelling as a home,  
100.7 must also be assessed class 2a.

100.8 (e) Agricultural land and buildings that were class 2a homestead property under section  
100.9 273.13, subdivision 23, paragraph (a), for the 1997 assessment shall remain classified as  
100.10 agricultural homesteads for subsequent assessments if:

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

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

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

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

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

100.25 (f) Agricultural land and buildings that were class 2a homestead property under section  
100.26 273.13, subdivision 23, paragraph (a), for the 1998 assessment shall remain classified  
100.27 agricultural homesteads for subsequent assessments if:

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

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

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

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

101.3 (5) the owner notifies the county assessor that the relocation was due to a March 29,  
101.4 1998, tornado, and the owner furnishes the assessor any information deemed necessary by  
101.5 the assessor in verifying the change in homestead dwelling. For taxes payable in 1999, the  
101.6 owner must notify the assessor by December 1, 1998. Further notifications to the assessor  
101.7 are not required if the property continues to meet all the requirements in this paragraph and  
101.8 any dwellings on the agricultural land remain uninhabited.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

102.14 (i) Agricultural land and buildings that were class 2a homestead property under section  
102.15 273.13, subdivision 23, paragraph (a), for the 2007 assessment shall remain classified  
102.16 agricultural homesteads for subsequent assessments if:

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

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

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

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

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

103.1 (j) Agricultural land and buildings that were class 2a homestead property under section  
103.2 273.13, subdivision 23, paragraph (a), for the 2008 assessment shall remain classified as  
103.3 agricultural homesteads for subsequent assessments if:

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

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

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

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

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

103.17 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2019.

103.18 Sec. 11. Minnesota Statutes 2018, section 273.124, subdivision 21, is amended to read:

103.19 Subd. 21. **Trust property; homestead.** Real or personal property, including agricultural  
103.20 property, held by a trustee under a trust is eligible for classification as homestead property  
103.21 if the property satisfies the requirements of paragraph (a), (b), (c), ~~or (d)~~, or (e).

103.22 (a) The grantor or surviving spouse of the grantor of the trust occupies and uses the  
103.23 property as a homestead.

103.24 (b) A relative or surviving relative of the grantor who meets the requirements of  
103.25 subdivision 1, paragraph (c), in the case of residential real estate; or subdivision 1, paragraph  
103.26 (d), in the case of agricultural property, occupies and uses the property as a homestead.

103.27 (c) A family farm corporation, joint farm venture, limited liability company, or partnership  
103.28 operating a family farm in which the grantor or the grantor's surviving spouse is a  
103.29 shareholder, member, or partner rents the property; and, either (1) a shareholder, member,  
103.30 or partner of the corporation, joint farm venture, limited liability company, or partnership  
103.31 occupies and uses the property as a homestead; or (2) the property is at least 40 acres,  
103.32 including undivided government lots and correctional 40's, and a shareholder, member, or

104.1 partner of the tenant-entity is actively farming the property on behalf of the corporation,  
 104.2 joint farm venture, limited liability company, or partnership.

104.3 (d) A person who has received homestead classification for property taxes payable in  
 104.4 2000 on the basis of an unqualified legal right under the terms of the trust agreement to  
 104.5 occupy the property as that person's homestead and who continues to use the property as a  
 104.6 homestead; or, a person who received the homestead classification for taxes payable in 2005  
 104.7 under paragraph (c) who does not qualify under paragraph (c) for taxes payable in 2006 or  
 104.8 thereafter but who continues to qualify under paragraph (c) as it existed for taxes payable  
 104.9 in 2005.

104.10 (e) The qualifications under subdivision 14, paragraph (b), clause (i), are met. For  
 104.11 purposes of this paragraph, "owner" means the grantor of the trust or the surviving spouse  
 104.12 of the grantor.

104.13 (f) For purposes of this subdivision, the following terms have the meanings given them:

104.14 (1) "agricultural property" means the house, garage, other farm buildings and structures,  
 104.15 and agricultural land;

104.16 (2) "agricultural land" has the meaning given in section 273.13, subdivision 23, except  
 104.17 that the phrases "owned by same person" or "under the same ownership" as used in that  
 104.18 subdivision mean and include contiguous tax parcels owned by:

104.19 (i) an individual and a trust of which the individual, the individual's spouse, or the  
 104.20 individual's deceased spouse is the grantor; or

104.21 (ii) different trusts of which the grantors of each trust are any combination of an  
 104.22 individual, the individual's spouse, or the individual's deceased spouse; and

104.23 ~~For purposes of this subdivision, (3) "grantor" is defined as~~ means the person creating  
 104.24 or establishing a testamentary, inter Vivos, revocable or irrevocable trust by written  
 104.25 instrument or through the exercise of a power of appointment.

104.26 (g) Noncontiguous agricultural land is included as part of a homestead under this  
 104.27 subdivision, only if the homestead is classified as class 2a, as defined in section 273.13,  
 104.28 subdivision 23, and the detached land is located in the same township or city, or not farther  
 104.29 than four townships or cities or combination thereof from the homestead. Any taxpayer of  
 104.30 these noncontiguous lands must notify the county assessor that the noncontiguous land is  
 104.31 part of the taxpayer's homestead, and, if the homestead is located in another county, the  
 104.32 taxpayer must also notify the assessor of the other county.

104.33 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2019.



105.1 Sec. 12. Minnesota Statutes 2018, section 273.124, is amended by adding a subdivision  
105.2 to read:

105.3 Subd. 23. **Fractional homesteads.** In the case of property that is classified as part  
105.4 homestead and part nonhomestead solely because not all the owners occupy or farm the  
105.5 property, not all the owners have qualifying relatives occupying or farming the property,  
105.6 or not all the spouses of owners occupy the property, the portions of property classified as  
105.7 part homestead and part nonhomestead must correspond to the ownership percentages that  
105.8 each owner has in the property, as determined by the land records in the county recorder's  
105.9 office or registrar of titles. If the ownership percentages of each owner cannot be determined  
105.10 by reference to the land records, the portions of property classified as part homestead and  
105.11 part nonhomestead must correspond to the ownership percentages each owner would have  
105.12 if they each owned an equal share of the property.

105.13 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2019.

105.14 Sec. 13. Minnesota Statutes 2018, section 273.1245, subdivision 2, is amended to read:

105.15 Subd. 2. **Disclosure.** The assessor shall disclose the data described in subdivision 1 to  
105.16 the commissioner of revenue as provided by law. The assessor shall also disclose all or  
105.17 portions of the data described in subdivision 1 to:

105.18 (1) the county treasurer solely for the purpose of proceeding under the Revenue Recapture  
105.19 Act to recover personal property taxes owing; and

105.20 (2) the county veterans service officer for the purpose of determining a person's eligibility  
105.21 for the disabled veteran's homestead market value exclusion under section 273.13, subdivision  
105.22 34.

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

105.24 Sec. 14. Minnesota Statutes 2018, section 273.13, subdivision 25, is amended to read:

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

105.32 (b) Class 4b includes:

106.1 (1) residential real estate containing less than four units that does not qualify as class  
106.2 4bb, other than seasonal residential recreational property;

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

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

106.6 (4) unimproved property that is classified residential as determined under subdivision  
106.7 33.

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

106.9 (c) Class 4bb includes:

106.10 (1) nonhomestead residential real estate containing one unit, other than seasonal  
106.11 residential recreational property;

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

106.14 (3) a condominium-type storage unit having an individual property identification number  
106.15 that is not used for a commercial purpose.

106.16 Class 4bb property has the same classification rates as class 1a property under subdivision  
106.17 22.

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

106.21 (d) Class 4c property includes:

106.22 (1) except as provided in subdivision 22, paragraph (c), real and personal property  
106.23 devoted to commercial temporary and seasonal residential occupancy for recreation purposes,  
106.24 for not more than 250 days in the year preceding the year of assessment. For purposes of  
106.25 this clause, property is devoted to a commercial purpose on a specific day if any portion of  
106.26 the property is used for residential occupancy, and a fee is charged for residential occupancy.  
106.27 Class 4c property under this clause must contain three or more rental units. A "rental unit"  
106.28 is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site  
106.29 equipped with water and electrical hookups for recreational vehicles. A camping pad offered  
106.30 for rent by a property that otherwise qualifies for class 4c under this clause is also class 4c  
106.31 under this clause regardless of the term of the rental agreement, as long as the use of the  
106.32 camping pad does not exceed 250 days. In order for a property to be classified under this

107.1 clause, either (i) the business located on the property must provide recreational activities,  
107.2 at least 40 percent of the annual gross lodging receipts related to the property must be from  
107.3 business conducted during 90 consecutive days, and either (A) at least 60 percent of all paid  
107.4 bookings by lodging guests during the year must be for periods of at least two consecutive  
107.5 nights; or (B) at least 20 percent of the annual gross receipts must be from charges for  
107.6 providing recreational activities, or (ii) the business must contain 20 or fewer rental units,  
107.7 and must be located in a township or a city with a population of 2,500 or less located outside  
107.8 the metropolitan area, as defined under section 473.121, subdivision 2, that contains a portion  
107.9 of a state trail administered by the Department of Natural Resources. For purposes of item  
107.10 (i)(A), a paid booking of five or more nights shall be counted as two bookings. Class 4c  
107.11 property also includes commercial use real property used exclusively for recreational  
107.12 purposes in conjunction with other class 4c property classified under this clause and devoted  
107.13 to temporary and seasonal residential occupancy for recreational purposes, up to a total of  
107.14 two acres, provided the property is not devoted to commercial recreational use for more  
107.15 than 250 days in the year preceding the year of assessment and is located within two miles  
107.16 of the class 4c property with which it is used. In order for a property to qualify for  
107.17 classification under this clause, the owner must submit a declaration to the assessor  
107.18 designating the cabins or units occupied for 250 days or less in the year preceding the year  
107.19 of assessment by January 15 of the assessment year. Those cabins or units and a proportionate  
107.20 share of the land on which they are located must be designated class 4c under this clause  
107.21 as otherwise provided. The remainder of the cabins or units and a proportionate share of  
107.22 the land on which they are located will be designated as class 3a. The owner of property  
107.23 desiring designation as class 4c property under this clause must provide guest registers or  
107.24 other records demonstrating that the units for which class 4c designation is sought were not  
107.25 occupied for more than 250 days in the year preceding the assessment if so requested. The  
107.26 portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center  
107.27 or meeting room, and (5) other nonresidential facility operated on a commercial basis not  
107.28 directly related to temporary and seasonal residential occupancy for recreation purposes  
107.29 does not qualify for class 4c. For the purposes of this paragraph, "recreational activities"  
107.30 means renting ice fishing houses, boats and motors, snowmobiles, downhill or cross-country  
107.31 ski equipment; providing marina services, launch services, or guide services; or selling bait  
107.32 and fishing tackle;

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

107.34 (i) it is open to the public on a daily fee basis. It may charge membership fees or dues,  
107.35 but a membership fee may not be required in order to use the property for golfing, and its

108.1 green fees for golfing must be comparable to green fees typically charged by municipal  
108.2 courses; and

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

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

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

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

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

108.15 For purposes of this clause:

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

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

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

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

108.31 Any portion of the property not qualifying under either item (i) or (ii) is class 3a. The  
108.32 use of the property for social events open exclusively to members and their guests for periods

109.1 of less than 24 hours, when an admission is not charged nor any revenues are received by  
109.2 the organization shall not be considered a revenue-producing activity.

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

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

109.13 (5)(i) manufactured home parks as defined in section 327.14, subdivision 3, excluding  
109.14 manufactured home parks described in items (ii) and (iii), (ii) manufactured home parks as  
109.15 defined in section 327.14, subdivision 3, that are described in section 273.124, subdivision  
109.16 3a, and (iii) class I manufactured home parks as defined in section 327C.01, subdivision  
109.17 13;

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

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

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

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

109.27 If a hangar classified under this clause is sold after June 30, 2000, a bill of sale must be  
109.28 filed by the new owner with the assessor of the county where the property is located within  
109.29 60 days of the sale;

109.30 (8) a privately owned noncommercial aircraft storage hangar not exempt under section  
109.31 272.01, subdivision 2, and the land on which it is located, provided that:

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

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

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

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

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

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

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

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

110.17 (10) real property up to a maximum of three acres and operated as a restaurant as defined  
110.18 under section 157.15, subdivision 12, provided it: (i) is located on a lake as defined under  
110.19 section 103G.005, subdivision 15, paragraph (a), clause (3); and (ii) is either devoted to  
110.20 commercial purposes for not more than 250 consecutive days, or receives at least 60 percent  
110.21 of its annual gross receipts from business conducted during four consecutive months. Gross  
110.22 receipts from the sale of alcoholic beverages must be included in determining the property's  
110.23 qualification under item (ii). The property's primary business must be as a restaurant and  
110.24 not as a bar. Gross receipts from gift shop sales located on the premises must be excluded.  
110.25 Owners of real property desiring 4c classification under this clause must submit an annual  
110.26 declaration to the assessor by February 1 of the current assessment year, based on the  
110.27 property's relevant information for the preceding assessment year;

110.28 (11) lakeshore and riparian property and adjacent land, not to exceed six acres, used as  
110.29 a marina, as defined in section 86A.20, subdivision 5, which is made accessible to the public  
110.30 and devoted to recreational use for marina services. The marina owner must annually provide  
110.31 evidence to the assessor that it provides services, including lake or river access to the public  
110.32 by means of an access ramp or other facility that is either located on the property of the  
110.33 marina or at a publicly owned site that abuts the property of the marina. No more than 800

111.1 feet of lakeshore may be included in this classification. Buildings used in conjunction with  
111.2 a marina for marina services, including but not limited to buildings used to provide food  
111.3 and beverage services, fuel, boat repairs, or the sale of bait or fishing tackle, are classified  
111.4 as class 3a property; and

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

111.7 Class 4c property has a classification rate of 1.5 percent of market value, except that (i)  
111.8 each parcel of noncommercial seasonal residential recreational property under clause (12)  
111.9 has the same classification rates as class 4bb property, (ii) manufactured home parks assessed  
111.10 under clause (5), item (i), have the same classification rate as class 4b property, the market  
111.11 value of manufactured home parks assessed under clause (5), item (ii), have a classification  
111.12 rate of 0.75 percent if more than 50 percent of the lots in the park are occupied by  
111.13 shareholders in the cooperative corporation or association and a classification rate of one  
111.14 percent if 50 percent or less of the lots are so occupied, and class I manufactured home  
111.15 parks as defined in section 327C.01, subdivision 13, have a classification rate of 1.0 percent,  
111.16 (iii) commercial-use seasonal residential recreational property and marina recreational land  
111.17 as described in clause (11), has a classification rate of one percent for the first \$500,000 of  
111.18 market value, and 1.25 percent for the remaining market value, (iv) the market value of  
111.19 property described in clause (4) has a classification rate of one percent, (v) the market value  
111.20 of property described in clauses (2), (6), and (10) has a classification rate of 1.25 percent,  
111.21 (vi) that portion of the market value of property in clause (9) qualifying for class 4c property  
111.22 has a classification rate of 1.25 percent, and (vii) property qualifying for classification under  
111.23 clause (3) that is owned or operated by a congressionally chartered veterans organization  
111.24 has a classification rate of one percent. The commissioner of veterans affairs must provide  
111.25 a list of congressionally chartered veterans organizations to the commissioner of revenue  
111.26 by June 30, 2017, and by January 1, 2018, and each year thereafter.

111.27 (e) Class 4d property is qualifying low-income rental housing certified to the assessor  
111.28 by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion of  
111.29 the units in the building qualify as low-income rental housing units as certified under section  
111.30 273.128, subdivision 3, only the proportion of qualifying units to the total number of units  
111.31 in the building qualify for class 4d. The remaining portion of the building shall be classified  
111.32 by the assessor based upon its use. Class 4d also includes the same proportion of land as  
111.33 the qualifying low-income rental housing units are to the total units in the building. For all  
111.34 properties qualifying as class 4d, the market value determined by the assessor must be based

112.1 on the normal approach to value using normal unrestricted rents. Class 4d property has a  
 112.2 classification rate of 0.25 percent.

112.3 ~~(f) The first tier of market value of class 4d property has a classification rate of 0.75~~  
 112.4 ~~percent. The remaining value of class 4d property has a classification rate of 0.25 percent.~~  
 112.5 ~~For the purposes of this paragraph, the "first tier of market value of class 4d property" means~~  
 112.6 ~~the market value of each housing unit up to the first tier limit. For the purposes of this~~  
 112.7 ~~paragraph, all class 4d property value must be assigned to individual housing units. The~~  
 112.8 ~~first tier limit is \$100,000 for assessment year 2014. For subsequent years, the limit is~~  
 112.9 ~~adjusted each year by the average statewide change in estimated market value of property~~  
 112.10 ~~classified as class 4a and 4d under this section for the previous assessment year, excluding~~  
 112.11 ~~valuation change due to new construction, rounded to the nearest \$1,000, provided, however,~~  
 112.12 ~~that the limit may never be less than \$100,000. Beginning with assessment year 2015, the~~  
 112.13 ~~commissioner of revenue must certify the limit for each assessment year by November 1~~  
 112.14 ~~of the previous year.~~

112.15 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2019.

112.16 Sec. 15. Minnesota Statutes 2018, section 273.13, subdivision 34, is amended to read:

112.17 Subd. 34. **Homestead of disabled veteran or family caregiver.** (a) All or a portion of  
 112.18 the market value of property owned by a veteran and serving as the veteran's homestead  
 112.19 under this section is excluded in determining the property's taxable market value if the  
 112.20 veteran has a service-connected disability of 70 percent or more as certified by the United  
 112.21 States Department of Veterans Affairs. To qualify for exclusion under this subdivision, the  
 112.22 veteran must have been honorably discharged from the United States armed forces, as  
 112.23 indicated by United States Government Form DD214 or other official military discharge  
 112.24 papers.

112.25 (b)(1) For a disability rating of 70 percent or more, \$150,000 of market value is excluded,  
 112.26 except as provided in clause (2); and

112.27 (2) for a total (100 percent) and permanent disability, \$300,000 of market value is  
 112.28 excluded.

112.29 (c) If a disabled veteran qualifying for a valuation exclusion under paragraph (b), clause  
 112.30 (2), predeceases the veteran's spouse, and if upon the death of the veteran the spouse holds  
 112.31 the legal or beneficial title to the homestead and permanently resides there, the exclusion  
 112.32 shall carry over to the benefit of the veteran's spouse ~~for the current taxes payable year and~~  
 112.33 ~~for eight additional taxes payable years or until such time as the spouse remarries, or sells,~~



113.1 transfers, or otherwise disposes of the property, ~~whichever comes first~~. Qualification under  
113.2 this paragraph requires an application under paragraph (h), and a spouse must notify the  
113.3 assessor if there is a change in the spouse's marital status, ownership of the property, or use  
113.4 of the property as a permanent residence.

113.5 (d) If the spouse of a member of any branch or unit of the United States armed forces  
113.6 who dies due to a service-connected cause while serving honorably in active service, as  
113.7 indicated on United States Government Form DD1300 or DD2064, holds the legal or  
113.8 beneficial title to a homestead and permanently resides there, the spouse is entitled to the  
113.9 benefit described in paragraph (b), clause (2), ~~for eight taxes payable years, or until such~~  
113.10 time as the spouse remarries or sells, transfers, or otherwise disposes of the property;  
113.11 ~~whichever comes first~~.

113.12 (e) If a veteran meets the disability criteria of paragraph (a) but does not own property  
113.13 classified as homestead in the state of Minnesota, then the homestead of the veteran's primary  
113.14 family caregiver, if any, is eligible for the exclusion that the veteran would otherwise qualify  
113.15 for under paragraph (b).

113.16 (f) In the case of an agricultural homestead, only the portion of the property consisting  
113.17 of the house and garage and immediately surrounding one acre of land qualifies for the  
113.18 valuation exclusion under this subdivision.

113.19 (g) A property qualifying for a valuation exclusion under this subdivision is not eligible  
113.20 for the market value exclusion under subdivision 35, or classification under subdivision 22,  
113.21 paragraph (b).

113.22 (h) To qualify for a valuation exclusion under this subdivision a property owner must  
113.23 apply to the assessor by ~~July 1~~ December 15 of the first assessment year for which the  
113.24 exclusion is sought. For an application received after ~~July 1~~ December 15, the exclusion  
113.25 shall become effective for the following assessment year. Except as provided in paragraph  
113.26 (c), the owner of a property that has been accepted for a valuation exclusion must notify  
113.27 the assessor if there is a change in ownership of the property or in the use of the property  
113.28 as a homestead.

113.29 (i) A first-time application by a qualifying spouse for the market value exclusion under  
113.30 paragraph (d) must be made any time within two years of the death of the service member.

113.31 (j) For purposes of this subdivision:

113.32 (1) "active service" has the meaning given in section 190.05;

113.33 (2) "own" means that the person's name is present as an owner on the property deed;

114.1 (3) "primary family caregiver" means a person who is approved by the secretary of the  
114.2 United States Department of Veterans Affairs for assistance as the primary provider of  
114.3 personal care services for an eligible veteran under the Program of Comprehensive Assistance  
114.4 for Family Caregivers, codified as United States Code, title 38, section 1720G; and

114.5 (4) "veteran" has the meaning given the term in section 197.447.

114.6 (k) If a veteran dying after December 31, 2011, did not apply for or receive the exclusion  
114.7 under paragraph (b), clause (2), before dying, the veteran's spouse is entitled to the benefit  
114.8 under paragraph (b), clause (2), ~~for eight tax years payable years or~~ until the spouse remarries  
114.9 or sells, transfers, or otherwise disposes of the property if:

114.10 (1) the spouse files a first-time application within two years of the death of the service  
114.11 member or by June 1, 2019, whichever is later;

114.12 (2) upon the death of the veteran, the spouse holds the legal or beneficial title to the  
114.13 homestead and permanently resides there;

114.14 (3) the veteran met the honorable discharge requirements of paragraph (a); and

114.15 (4) the United States Department of Veterans Affairs certifies that:

114.16 (i) the veteran met the total (100 percent) and permanent disability requirement under  
114.17 paragraph (b), clause (2); or

114.18 (ii) the spouse has been awarded dependency and indemnity compensation.

114.19 (l) The purpose of this provision of law providing a level of homestead property tax  
114.20 relief for gravely disabled veterans, their primary family caregivers, and their surviving  
114.21 spouses is to help ease the burdens of war for those among our state's citizens who bear  
114.22 those burdens most heavily.

114.23 (m) By July 1, the county veterans service officer must certify the disability rating and  
114.24 permanent address of each veteran receiving the benefit under paragraph (b) to the assessor.

114.25 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2019,  
114.26 for taxes payable in 2020 and thereafter.

114.27 Sec. 16. Minnesota Statutes 2018, section 273.13, subdivision 35, is amended to read:

114.28 Subd. 35. **Homestead market value exclusion.** (a) Prior to determining a property's  
114.29 net tax capacity under this section, property classified as class 1a or 1b under subdivision  
114.30 22, and the portion of property classified as class 2a under subdivision 23 consisting of the

115.1 house, garage, and surrounding one acre of land, shall be eligible for a market value exclusion  
115.2 as determined under paragraph (b).

115.3 (b) For a homestead valued at \$76,000 or less, the exclusion is 40 percent of market  
115.4 value. For a homestead valued between \$76,000 and \$413,800, the exclusion is \$30,400  
115.5 minus nine percent of the valuation over \$76,000. For a homestead valued at \$413,800 or  
115.6 more, there is no valuation exclusion. The valuation exclusion shall be rounded to the nearest  
115.7 whole dollar, and may not be less than zero.

115.8 (c) Any valuation exclusions or adjustments under section 273.11 shall be applied prior  
115.9 to determining the amount of the valuation exclusion under this subdivision.

115.10 (d) In the case of a property that is classified as part homestead and part nonhomestead,  
115.11 (i) the exclusion shall apply only to the homestead portion of the property, but (ii) if a portion  
115.12 of a property is classified as nonhomestead solely because not all the owners occupy the  
115.13 property, not all the owners have qualifying relatives occupying the property, or solely  
115.14 because not all the spouses of owners occupy the property, the exclusion amount shall be  
115.15 initially computed as if that nonhomestead portion were also in the homestead class and  
115.16 then prorated to the owner-occupant's percentage of ownership, as determined by the land  
115.17 records in the county recorder's office or registrar of titles. If ownership percentages of each  
115.18 owner cannot be determined by reference to the land records, the ownership percentages  
115.19 must be determined as if each owner owned an equal share of the property. For the purpose  
115.20 of this section, when an owner-occupant's spouse does not occupy the property, the  
115.21 percentage of ownership for the owner-occupant spouse is one-half of the couple's ownership  
115.22 percentage.

115.23 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2020  
115.24 and thereafter.

115.25 Sec. 17. Minnesota Statutes 2018, section 273.1384, subdivision 2, is amended to read:

115.26 Subd. 2. **Agricultural homestead market value credit.** Property classified as agricultural  
115.27 homestead under section 273.13, subdivision 23, paragraph (a), is eligible for an agricultural  
115.28 credit. The credit is computed using the property's agricultural credit market value, defined  
115.29 for this purpose as the property's market value excluding the market value of the house,  
115.30 garage, and immediately surrounding one acre of land. The credit is equal to 0.3 percent of  
115.31 the first \$115,000 of the property's agricultural credit market value plus 0.1 percent of the  
115.32 property's agricultural credit market value in excess of \$115,000, subject to a maximum  
115.33 credit of \$490. In the case of property that is classified as part homestead and part  
115.34 nonhomestead solely because not all the owners occupy or farm the property, not all the

116.1 owners have qualifying relatives occupying or farming the property, or solely because not  
116.2 all the spouses of owners occupy the property, the credit is computed on the amount of  
116.3 agricultural credit market value corresponding to the owner-occupant's percentage of  
116.4 ~~homestead. the percentage of homestead is equal to 100 divided by the number of owners~~  
116.5 ~~of the property, or, in the case of a trust, the number of grantors of the trust that owns the~~  
116.6 ~~property~~ ownership, as determined by the land records in the county recorder's office or  
116.7 registrar of titles. If ownership percentages of each owner cannot be determined by reference  
116.8 to the land records, the ownership percentages must be determined as if each owner owned  
116.9 an equal share of the property.

116.10 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2020  
116.11 and thereafter.

116.12 Sec. 18. Minnesota Statutes 2018, section 273.371, subdivision 1, is amended to read:

116.13 Subdivision 1. **Report required.** Every electric light, power, gas, water, express, stage,  
116.14 transportation, and pipeline company doing business in Minnesota shall annually file with  
116.15 the commissioner on or before March 31 a report under oath setting forth the information  
116.16 prescribed by the commissioner to enable the commissioner to make valuations,  
116.17 recommended valuations, and equalization required under sections 273.33, 273.35, 273.36,  
116.18 273.37, and 273.3711. The commissioner shall prescribe the content, format, and manner  
116.19 of the report pursuant to section 270C.30, except that for cooperative associations defined  
116.20 in section 273.40, the information provided in the report must be aggregated to the unique  
116.21 taxing jurisdiction level and exclude information related to property subject to the in-lieu  
116.22 tax under section 273.41, and that a "law administered by the commissioner" includes the  
116.23 property tax laws. If all the required information is not available on March 31, the company  
116.24 shall file the information that is available on or before March 31, and the balance of the  
116.25 information as soon as it becomes available. If a report is made by electronic means, the  
116.26 taxpayer's signature is defined pursuant to section 270C.304, except that a "law administered  
116.27 by the commissioner" includes the property tax laws. For purposes of this subdivision,  
116.28 "unique taxing jurisdiction" means the geographic area subject to the same set of local tax  
116.29 rates.

116.30 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2020  
116.31 and thereafter.

117.1 Sec. 19. Minnesota Statutes 2018, section 273.3711, is amended to read:

117.2 **273.3711 RECOMMENDED AND ORDERED VALUES.**

117.3 For purposes of sections 273.33, 273.35, 273.36, 273.37, 273.371, and 273.372, all  
 117.4 preliminary values not required to be listed and assessed by the commissioner of revenue  
 117.5 are recommended values. If the commissioner provides preliminary recommended values,  
 117.6 the values must be certified to the auditor of each county in which the property is located  
 117.7 on or before ~~August 1~~ June 15. If the commissioner determines that the certified  
 117.8 recommended value is in error the commissioner may issue a corrected certification on or  
 117.9 before October 1. The commissioner may correct errors that are merely clerical in nature  
 117.10 until December 31.

117.11 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2019  
 117.12 and thereafter.

117.13 Sec. 20. Minnesota Statutes 2018, section 273.372, subdivision 3, is amended to read:

117.14 Subd. 3. **Notice.** Upon filing of any appeal ~~in court~~ under this section by a utility company  
 117.15 or railroad against the commissioner pursuant to this section, the commissioner shall give  
 117.16 notice by first class mail to the county auditor of each county where property included in  
 117.17 the petition is located.

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

117.19 Sec. 21. **[273.3722] NOTIFICATION.**

117.20 The commissioner of revenue shall develop an electronic means to inform each city,  
 117.21 county, and taxing jurisdiction where property included in an appeal filed under section  
 117.22 273.372 is located. The notification must contain the following information:

117.23 (1) notice that an appeal was filed pursuant to section 273.372;

117.24 (2) a copy of the petition filed under section 273.372, subdivision 2, or of the appeal  
 117.25 filed under section 273.372, subdivision 4;

117.26 (3) notice that a final, written agreement was entered into pursuant to section 273.372,  
 117.27 subdivision 5, and a copy of the agreement within ten days of its signing; and

117.28 (4) any additional information, as available, that provides the city, county, and taxing  
 117.29 jurisdictions with information relative to the status of the appeal and settlement negotiations.

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

118.1 Sec. 22. Minnesota Statutes 2018, section 275.025, subdivision 1, is amended to read:

118.2 Subdivision 1. **Levy amount.** The state general levy is levied against  
118.3 commercial-industrial property and seasonal residential recreational property, as defined  
118.4 in this section. The state general levy for commercial-industrial property is ~~\$784,590,000~~  
118.5 \$737,090,000 for taxes payable in ~~2018~~ 2020 and thereafter. The state general levy for  
118.6 seasonal-recreational property is ~~\$44,190,000~~ \$41,690,000 for taxes payable in ~~2018~~ 2020  
118.7 and thereafter. The tax under this section is not treated as a local tax rate under section  
118.8 469.177 and is not the levy of a governmental unit under chapters 276A and 473F.

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

118.14 (1) an erroneous report of taxable value by a local official;

118.15 (2) an erroneous calculation by the commissioner; and

118.16 (3) an increase or decrease in taxable value for commercial-industrial or seasonal  
118.17 residential recreational property reported on the abstracts of tax lists submitted under section  
118.18 275.29 that was not reported on the abstracts of assessment submitted under section 270C.89  
118.19 for the same year.

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

118.22 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2020.

118.23 Sec. 23. Minnesota Statutes 2018, section 275.025, is amended by adding a subdivision  
118.24 to read:

118.25 **Subd. 6. Natural gas pipeline.** (a) The county must abate the state general levy on  
118.26 personal property that is part of an intrastate natural gas transportation or distribution pipeline  
118.27 system if:

118.28 (1) construction of the pipeline system commenced after January 1, 2018; and

118.29 (2) the pipeline system provides service to an area:

118.30 (i) outside the seven-county metropolitan area, as defined in section 473.121, subdivision  
118.31 4; and

119.1 (ii) in which more than half of the households or businesses lacked access to natural gas  
 119.2 distribution systems as of January 1, 2018.

119.3 (b) In the first year that a taxpayer seeks an abatement under this subdivision, the taxpayer  
 119.4 must file an application with the commissioner of revenue by March 1 of the assessment  
 119.5 year on a form prescribed by the commissioner.

119.6 (c) The commissioner of revenue must notify any affected county in the first year that  
 119.7 a pipeline system becomes eligible for an abatement under this subdivision.

119.8 (d) The abatement under this subdivision applies for a period not to exceed 12 taxable  
 119.9 years, provided that once a property no longer qualifies, it may not subsequently qualify  
 119.10 for an abatement under this subdivision.

119.11 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2021.

119.12 Sec. 24. Minnesota Statutes 2018, section 275.066, is amended to read:

119.13 **275.066 SPECIAL TAXING DISTRICTS; DEFINITION.**

119.14 For the purposes of property taxation and property tax state aids, the term "special taxing  
 119.15 districts" includes the following entities:

119.16 (1) watershed districts under chapter 103D;

119.17 (2) sanitary districts under sections 442A.01 to 442A.29;

119.18 (3) regional sanitary sewer districts under sections 115.61 to 115.67;

119.19 (4) regional public library districts under section 134.201;

119.20 (5) park districts under chapter 398;

119.21 (6) regional railroad authorities under chapter 398A;

119.22 (7) hospital districts under sections 447.31 to 447.38;

119.23 (8) St. Cloud Metropolitan Transit Commission under sections 458A.01 to 458A.15;

119.24 (9) Duluth Transit Authority under sections 458A.21 to 458A.37;

119.25 (10) regional development commissions under sections 462.381 to 462.398;

119.26 (11) housing and redevelopment authorities under sections 469.001 to 469.047;

119.27 (12) port authorities under sections 469.048 to 469.068;

119.28 (13) economic development authorities under sections 469.090 to 469.1081;

119.29 (14) Metropolitan Council under sections 473.123 to 473.549;

- 120.1 (15) Metropolitan Airports Commission under sections 473.601 to 473.679;
- 120.2 (16) Metropolitan Mosquito Control Commission under sections 473.701 to 473.716;
- 120.3 (17) Morrison County Rural Development Financing Authority under Laws 1982, chapter  
120.4 437, section 1;
- 120.5 (18) Croft Historical Park District under Laws 1984, chapter 502, article 13, section 6;
- 120.6 (19) East Lake County Medical Clinic District under Laws 1989, chapter 211, sections  
120.7 1 to 6;
- 120.8 (20) Floodwood Area Ambulance District under Laws 1993, chapter 375, article 5,  
120.9 section 39;
- 120.10 (21) Middle Mississippi River Watershed Management Organization under sections  
120.11 103B.211 and 103B.241;
- 120.12 (22) emergency medical services special taxing districts under section 144F.01;
- 120.13 (23) a county levying under the authority of section 103B.241, 103B.245, or 103B.251;
- 120.14 (24) Southern St. Louis County Special Taxing District; Chris Jensen Nursing Home  
120.15 under Laws 2003, First Special Session chapter 21, article 4, section 12;
- 120.16 (25) an airport authority created under section 360.0426; ~~and~~
- 120.17 (26) fire protection special taxing districts under section 299O.01; and
- 120.18 (27) any other political subdivision of the state of Minnesota, excluding counties, school  
120.19 districts, cities, and towns, that has the power to adopt and certify a property tax levy to the  
120.20 county auditor, as determined by the commissioner of revenue.

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

120.22 Sec. 25. Minnesota Statutes 2018, section 276.131, is amended to read:

120.23 **276.131 DISTRIBUTION OF PENALTIES, INTEREST, AND COSTS.**

120.24 Subdivision 1. Distribution. Except as provided in subdivision 2, the penalties, interest,  
120.25 and costs collected on special assessments and real and personal property taxes must be  
120.26 distributed as follows:

- 120.27 (1) all penalties and interest collected on special assessments against real or personal  
120.28 property must be distributed to the taxing jurisdiction that levied the assessment;



121.1 (2) 50 percent of all penalties collected on real and personal property taxes must be  
 121.2 distributed to the school districts within the county, and the remaining 50 percent must be  
 121.3 distributed to the county;

121.4 (3) in the case of interest on taxes that have been delinquent for a period of one year or  
 121.5 less, (a) 50 percent of the interest must be distributed to the school districts within the county  
 121.6 and (b) the remaining 50 percent shall be distributed to the county;

121.7 (4) in the case of interest on taxes that have been delinquent for a period of more than  
 121.8 one year, (a) 50 percent of the interest must be distributed to the school districts within the  
 121.9 county and (b) the remaining 50 percent must be distributed as follows: (i) the city or town  
 121.10 where the property is located shall receive a share of the amount of interest equal to the  
 121.11 proportion that the city's or town's local tax rate for the year that the interest was collected,  
 121.12 is to the sum of the city's or town's local tax rate and the county's local tax rate for the year  
 121.13 that the interest was collected and (ii) the balance must be distributed to the county; and

121.14 (5) all costs collected by the county on special assessments and on delinquent real and  
 121.15 personal property taxes must be distributed to the county in which the property is located.

121.16 Subd. 2. **Distribution of certain production taxes.** The penalties, interest, and costs  
 121.17 collected on taxes imposed under sections 272.029 and 272.0295 must be distributed to the  
 121.18 same local taxing jurisdictions and in the same percentages as provided for the revenues of  
 121.19 the original taxes imposed under sections 272.029 and 272.0295.

121.20 Subd. 3. **Distribution to school district.** The distribution of all penalties and interest  
 121.21 to the school district must be in accordance with the provisions of section 127A.34.

121.22 **EFFECTIVE DATE.** This section is effective for penalties, interest, and costs collected  
 121.23 on taxes payable in 2020 and thereafter.

121.24 Sec. 26. Minnesota Statutes 2018, section 282.01, subdivision 6, is amended to read:

121.25 Subd. 6. **Duties of commissioner after sale.** (a) When any sale has been made by the  
 121.26 county auditor under sections 282.01 to 282.13, the auditor shall immediately certify to the  
 121.27 commissioner of revenue such information relating to such sale, on such forms as the  
 121.28 commissioner of revenue may prescribe as will enable the commissioner of revenue to  
 121.29 prepare an appropriate deed if the sale is for cash, or keep necessary records if the sale is  
 121.30 on terms; and not later than October 31 of each year the county auditor shall submit to the  
 121.31 commissioner of revenue a statement of all instances wherein any payment of principal,  
 121.32 interest, or current taxes on lands held under certificate, due or to be paid during the preceding  
 121.33 calendar years, are still outstanding at the time such certificate is made. When such statement

122.1 shows that a purchaser or the purchaser's assignee is in default, the commissioner of revenue  
122.2 may instruct the county board of the county in which the land is located to cancel said  
122.3 certificate of sale in the manner provided by subdivision 5, provided that upon  
122.4 recommendation of the county board, and where the circumstances are such that the  
122.5 commissioner of revenue after investigation is satisfied that the purchaser has made every  
122.6 effort reasonable to make payment of both the annual installment and said taxes, and that  
122.7 there has been no willful neglect on the part of the purchaser in meeting these obligations,  
122.8 then the commissioner of revenue may extend the time for the payment for such period as  
122.9 the commissioner may deem warranted, not to exceed one year. On payment in full of the  
122.10 purchase price, appropriate conveyance in fee, in such form as may be prescribed by the  
122.11 attorney general, shall be issued by the commissioner of revenue, which conveyance must  
122.12 be recorded by the county and shall have the force and effect of a patent from the state  
122.13 subject to easements and restrictions of record at the date of the tax judgment sale, including,  
122.14 but without limitation, permits for telephone and electric power lines either by underground  
122.15 cable or conduit or otherwise, sewer and water lines, highways, railroads, and pipe lines for  
122.16 gas, liquids, or solids in suspension.

122.17 (b) The commissioner of revenue shall issue an appropriate conveyance in fee (1) upon  
122.18 the approval from the county auditor, or (2) when approval from the county auditor is given  
122.19 based upon written confirmation from a licensed closing agent, title insurer, or title insurance  
122.20 agent as specified in section 82.641. For purposes of this paragraph, "written confirmation"  
122.21 means a written commitment or approval that the funding for the conveyance is held in an  
122.22 escrow account available for disbursement upon delivery of a conveyance. The county  
122.23 recorder or registrar of titles must not record or file a conveyance issued under this paragraph  
122.24 unless the conveyance contains a certification signed by the county auditor where the land  
122.25 is located that the recorder or registrar of titles can accept the conveyance for recording or  
122.26 filing. The conveyance issued by the commissioner of revenue shall not be effective as a  
122.27 conveyance until it is recorded. The conveyance shall be issued to the county auditor where  
122.28 the land is located. Upon receipt of the conveyance, the county auditor shall hold the  
122.29 conveyance until the conveyance is requested from a licensed closing agent, title insurer,  
122.30 or title insurance agent to settle and close on the conveyance. If a request for the conveyance  
122.31 is not made within 30 days of the date the conveyance is issued by the commissioner of  
122.32 revenue, the county auditor shall return the conveyance to the commissioner. If the  
122.33 conveyance is delivered to the licensed closing agent, title insurer, or title insurance agent  
122.34 and the closing does not occur within ten days of the request, the licensed closing agent,  
122.35 title insurer, or title insurance agent shall immediately return the conveyance to the county  
122.36 auditor and, upon receipt, the county auditor shall return the conveyance to the commissioner

123.1 of revenue. The commissioner of revenue shall cancel and destroy all conveyances returned  
 123.2 by the county auditor pursuant to this subdivision. The licensed closing agent, title insurer,  
 123.3 or title insurance agent must promptly record the conveyance after the closing and must  
 123.4 deliver an attested or certified copy to the county auditor and to the grantee or grantees  
 123.5 named on the conveyance.

123.6 **EFFECTIVE DATE.** This section is effective for conveyances issued by the  
 123.7 commissioner of revenue after December 31, 2019.

123.8 Sec. 27. Minnesota Statutes 2018, section 290A.03, subdivision 13, is amended to read:

123.9 Subd. 13. **Property taxes payable.** "Property taxes payable" means the property tax  
 123.10 exclusive of special assessments, penalties, and interest payable on a claimant's homestead  
 123.11 after deductions made under sections 273.135, 273.1384, 273.1391, 273.42, subdivision 2,  
 123.12 and any other state paid property tax credits in any calendar year, and after any refund  
 123.13 claimed and allowable under section 290A.04, subdivision 2h, that is first payable in the  
 123.14 year that the property tax is payable. In the case of a claimant who makes ground lease  
 123.15 payments, "property taxes payable" includes the amount of the payments directly attributable  
 123.16 to the property taxes assessed against the parcel on which the house is located. Regardless  
 123.17 of the limitations in section 280A(c)(5) of the Internal Revenue Code, "property taxes  
 123.18 payable" must be apportioned or reduced for the use of a portion of the claimant's homestead  
 123.19 for a business purpose if the claimant deducts any business depreciation expenses for the  
 123.20 use of a portion of the homestead or deducts expenses under section 280A of the Internal  
 123.21 Revenue Code for a business operated in the claimant's homestead. For homesteads which  
 123.22 are manufactured homes as defined in section 273.125, subdivision 8, ~~and for homesteads~~  
 123.23 ~~which are~~ including manufactured homes located in a manufactured home community owned  
 123.24 by a cooperative organized under chapter 308A or 308B, and park trailers taxed as  
 123.25 manufactured homes under section 168.012, subdivision 9, "property taxes payable" shall  
 123.26 also include 17 percent of the gross rent paid in the preceding year for the site on which the  
 123.27 homestead is located. When a homestead is owned by two or more persons as joint tenants  
 123.28 or tenants in common, such tenants shall determine between them which tenant may claim  
 123.29 the property taxes payable on the homestead. If they are unable to agree, the matter shall  
 123.30 be referred to the commissioner of revenue whose decision shall be final. Property taxes  
 123.31 are considered payable in the year prescribed by law for payment of the taxes.

123.32 In the case of a claim relating to "property taxes payable," the claimant must have owned  
 123.33 and occupied the homestead on January 2 of the year in which the tax is payable and (i) the  
 123.34 property must have been classified as homestead property pursuant to section 273.124, on

124.1 or before December 15 of the assessment year to which the "property taxes payable" relate;  
124.2 or (ii) the claimant must provide documentation from the local assessor that application for  
124.3 homestead classification has been made on or before December 15 of the year in which the  
124.4 "property taxes payable" were payable and that the assessor has approved the application.

124.5 **EFFECTIVE DATE.** This section is effective beginning with claims for taxes payable  
124.6 in 2020.

124.7 **Sec. 28. [2990.01] FIRE PROTECTION SPECIAL TAXING DISTRICTS.**

124.8 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have  
124.9 the meanings given unless the context clearly requires otherwise.

124.10 (b) "City" means a statutory or home rule charter city.

124.11 (c) "Governing body" means for a city, its city council; for a county, its county board;  
124.12 and for a town, the board of supervisors.

124.13 (d) "Political subdivision" means a county, a city, or a township organized to provide  
124.14 town government.

124.15 Subd. 2. **Authority to establish.** (a) Two or more political subdivisions may establish,  
124.16 by resolution of their governing bodies, a special taxing district to provide fire protection  
124.17 or emergency medical services, or both, in the area of the district, comprising the jurisdiction  
124.18 of each of the political subdivisions forming the district. For a county that participates in  
124.19 establishing a district, the county's jurisdiction comprises the unorganized territory of the  
124.20 county that it designates in its resolution for inclusion in the district. The area of the special  
124.21 taxing district does not need to be contiguous or its boundaries continuous.

124.22 (b) Before establishing a district under this section, the participating political subdivisions  
124.23 must enter into an agreement that specifies how any liabilities, other than debt issued under  
124.24 subdivision 6, and assets of the district will be distributed if the district is dissolved. The  
124.25 agreement may also include other terms, including a method for apportioning the levy of  
124.26 the district among participating political subdivisions under subdivision 4, paragraph (b),  
124.27 as the political subdivisions determine appropriate. The agreement must be adopted no later  
124.28 than upon passage of the resolution establishing the district under paragraph (a), but may  
124.29 be later amended by agreement of each of the political subdivisions participating in the  
124.30 district.

124.31 Subd. 3. **Board.** The special taxing district established under this section is governed  
124.32 by a board made up initially of representatives of each participating political subdivision  
124.33 in the proportions set out in the establishing resolution, subject to change as provided in the

125.1 district's charter, if any, or in the district's bylaws. Each participating political subdivision's  
125.2 representative must be an elected member of the governing body of the political subdivision  
125.3 and serves at the pleasure of that participant's governing body.

125.4 Subd. 4. **Property tax levy.** (a) The board may levy a tax on the taxable real and personal  
125.5 property in the district. The tax levy may not exceed 0.096 percent of the estimated market  
125.6 value of the district, or \$1,100,000, whichever is less. The proceeds of the levy must be  
125.7 used as provided in subdivision 5. The board shall certify the levy at the times provided  
125.8 under section 275.07. The board shall provide the county with information as necessary to  
125.9 identify the property that is located within the district. If the boundaries include a part of a  
125.10 parcel, the entire parcel is included in the district. The county auditors must spread, collect,  
125.11 and distribute the proceeds of the tax at the same time and in the same manner as provided  
125.12 by law for all other property taxes.

125.13 (b) As an alternative to paragraph (a), the board may apportion its levy among the political  
125.14 subdivisions that are members of the district under a formula or method, such as population,  
125.15 number of service calls, cost of providing service, the market value of improvements, or  
125.16 other measure or measures, that was approved by the governing body of each of the political  
125.17 subdivisions that is a member of the district. The amount of the levy allocated to each  
125.18 political subdivision must be added to that political subdivision's levy and spread at the  
125.19 same time and in the same manner as provided by law for other taxes. The proceeds of the  
125.20 levy must be collected and remitted to the district and used as provided in subdivision 5.

125.21 Subd. 5. **Use of levy proceeds.** The proceeds of property taxes levied under this section  
125.22 must be used to provide fire protection or emergency medical services to residents of the  
125.23 district and property located in the district, as well as to pay debt issued under subdivision  
125.24 6. Services may be provided by employees of the district or by contracting for services  
125.25 provided by other governmental or private entities.

125.26 Subd. 6. **Debt.** (a) The district may incur debt under chapter 475 when the board  
125.27 determines doing so is necessary to accomplish its duties.

125.28 (b) In addition, the board of the district may issue certificates of indebtedness or capital  
125.29 notes under section 412.301 to purchase capital equipment. In applying section 412.301,  
125.30 paragraph (e), to the district the following rules apply:

125.31 (1) the taxable property of the entire district must be used to calculate the percent of  
125.32 estimated market value; and

125.33 (2) "the number of voters at the last municipal election" means the sum of the number  
125.34 of voters at the last municipal election for each of the cities that is a member of the district

126.1 plus the number of registered voters in each town that is a participating member of the  
126.2 district.

126.3 Subd. 7. **Powers.** (a) In addition to authority expressly granted in this section, a special  
126.4 taxing district may exercise any power that may be exercised by any of its participating  
126.5 political subdivisions and that is necessary or reasonable to support the services set out in  
126.6 subdivision 5. The district may only levy the taxes authorized in subdivision 4. These powers  
126.7 include, without limitation, the authority to participate in state programs and to enforce or  
126.8 carry out state laws related to fire protection or emergency medical services, including  
126.9 programs providing state aid, reimbursement or funding of employee benefits, authorizing  
126.10 local enforcement of state standards, and similar. These include but are not limited to fire  
126.11 protection related programs and political subdivision powers or responsibilities under  
126.12 chapters 299A and 424A; sections 6.495, 69.011, and 353.64; and any administrative rules  
126.13 related to the fire code.

126.14 (b) To the extent that the district's authority under this subdivision overlaps with or may  
126.15 conflict with the authority of the participating political subdivision, the agreement under  
126.16 subdivision 2, paragraph (b), must provide for allocation of those powers or responsibilities  
126.17 between the participating political subdivisions and the district and may provide for resolution  
126.18 of conflicts in the exercise of those powers.

126.19 Subd. 8. **Additions and withdrawals.** (a) Additional eligible political subdivisions may  
126.20 be added to a special taxing district under this section as provided by the board of the district  
126.21 and agreed to in a resolution of the governing body of the political subdivision proposed to  
126.22 be added.

126.23 (b) A political subdivision may withdraw from a special taxing district under this section  
126.24 by resolution of its governing body. The political subdivision must notify the board of the  
126.25 special taxing district of the withdrawal by providing a copy of the resolution at least two  
126.26 years in advance of the proposed withdrawal. The taxable property of the withdrawing  
126.27 member is subject to the property tax levy under subdivision 4 for the two taxes payable  
126.28 years following the notice of the withdrawal, unless the board and the withdrawing member  
126.29 agree otherwise by a resolution adopted by each of their governing bodies. If a political  
126.30 subdivision withdraws from a district for which debt was issued under subdivision 6 when  
126.31 the political subdivision was a participating member of the district and which is outstanding  
126.32 when the political subdivision withdraws from the district, the taxable property of the  
126.33 withdrawing political subdivision remains subject to the special taxing district debt levy  
126.34 until that outstanding debt has been paid or defeased. If the district's property levy to repay  
126.35 the debt was apportioned among the political subdivisions under an alternative formula or

127.1 method under subdivision 4, paragraph (b), the withdrawing political subdivision is subject  
 127.2 to the same percentage of the debt levy as applied in the taxes payable year immediately  
 127.3 before its withdrawal from the district.

127.4 (c) Notwithstanding subdivision 2, a special taxing district comprised of two political  
 127.5 subdivisions continues to exist even if one of the political subdivisions withdraws.

127.6 Subd. 9. **Dissolution.** The special taxing district may be dissolved by resolution approved  
 127.7 by majority vote of the board. If the special taxing district is dissolved, the assets and  
 127.8 liabilities may be assigned to a successor entity, if any, or otherwise disposed of for public  
 127.9 purposes as provided in the agreement adopted under subdivision 2, paragraph (b), or  
 127.10 otherwise agreed to by the participating political subdivisions. A district may not be dissolved  
 127.11 until all debt issued under subdivision 6 has been paid or defeased.

127.12 **EFFECTIVE DATE.** (a) Subdivisions 1 to 3, and 5 to 9, are effective the day following  
 127.13 final enactment.

127.14 (b) Subdivision 4 shall be effective beginning with property taxes payable in 2020 and  
 127.15 thereafter.

127.16 Sec. 29. Minnesota Statutes 2018, section 473H.08, subdivision 1, is amended to read:

127.17 Subdivision 1. **Till expiration started.** Agricultural preserves shall continue until ~~either~~  
 127.18 the landowner or the authority, or a state agency or governmental unit initiates expiration  
 127.19 as provided in this section.

127.20 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
 127.21 applies to any agricultural preserve where the previously required eight-year termination  
 127.22 period under Minnesota Statutes, section 473H.08, has not yet expired.

127.23 Sec. 30. Minnesota Statutes 2018, section 473H.08, is amended by adding a subdivision  
 127.24 to read:

127.25 Subd. 3a. **Expiration for park and trail purposes.** (a) An agricultural preserve expires  
 127.26 immediately when a state agency or other governmental unit purchases the property or  
 127.27 obtains an easement over the property for the purpose of creating or expanding a public  
 127.28 trail or public park. This subdivision applies only to the portion of the agricultural preserve  
 127.29 acquired for trail or park purposes, and any portion of the property not acquired for trail or  
 127.30 park purposes shall remain an agricultural preserve, even if the total acreage is reduced  
 127.31 below 40 acres.

128.1 (b) The acquiring state agency or governmental unit shall give notice to the authority as  
128.2 provided in subdivision 4. The notice must specify the portion of the property being removed  
128.3 from the agricultural preserve and the date on which that portion expires.

128.4 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
128.5 applies to any agricultural preserve where the previously required eight-year termination  
128.6 period under Minnesota Statutes, section 473H.08, has not yet expired.

128.7 Sec. 31. Minnesota Statutes 2018, section 473H.08, subdivision 4, is amended to read:

128.8 Subd. 4. **Notice to others.** Upon receipt of the notice provided in subdivision 2 or 3a,  
128.9 or upon notice served by the authority as provided in subdivision 3, the authority shall  
128.10 forward the original notice to the county recorder for recording, or to the registrar of titles  
128.11 if the land is registered, and shall notify the county auditor, county assessor, the Metropolitan  
128.12 Council, and the county soil and water conservation district of the date of expiration.  
128.13 Designation as an agricultural preserve and all benefits and limitations accruing through  
128.14 sections 473H.02 to 473H.17 for the preserve shall cease on the date of expiration. The  
128.15 restrictive covenant contained in the application shall terminate on the date of expiration.

128.16 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
128.17 applies to any agricultural preserve where the previously required eight-year termination  
128.18 period under Minnesota Statutes, section 473H.08, has not yet expired.

128.19 Sec. 32. Minnesota Statutes 2018, section 473H.09, is amended by adding a subdivision  
128.20 to read:

128.21 Subd. 3. **Approval of authority.** Termination of an agricultural preserve earlier than  
128.22 the date derived through the application in section 473H.08 may be requested by the owner  
128.23 eight years after commencement of the preserve. An owner seeking termination under this  
128.24 subdivision must provide notice to the authority exercising planning and zoning authority  
128.25 for the land on a form provided by the commissioner of agriculture. The notice must describe  
128.26 the property for which termination is desired and the date of termination. Termination of  
128.27 the agricultural preserve and covenant pursuant to this subdivision shall become effective  
128.28 only upon approval by a majority vote of the authority.

128.29 **EFFECTIVE DATE.** This section is effective the day following final enactment, and  
128.30 applies to any agricultural preserve where the previously required eight-year termination  
128.31 period under Minnesota Statutes, section 473H.08, has not expired.



129.1 Sec. 33. Laws 2008, chapter 366, article 5, section 33, the effective date, as amended by  
129.2 Laws 2013, chapter 143, article 4, section 35, is amended to read:

129.3 **EFFECTIVE DATE.** This section is effective for taxes levied in 2008, payable in 2009,  
129.4 and is repealed effective for taxes levied in ~~2018~~ 2023, payable in ~~2019~~ 2024, and thereafter.

129.5 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2019.

129.6 Sec. 34. Laws 2009, chapter 88, article 2, section 46, subdivision 1, as amended by Laws  
129.7 2013, chapter 143, article 4, section 36, is amended to read:

129.8 Subdivision 1. **Agreement.** The city of Cloquet and Perch Lake Township, by resolution  
129.9 of each of their governing bodies, may establish the Cloquet Area Fire and Ambulance  
129.10 Special Taxing District for the purpose of providing fire or ambulance services, or both,  
129.11 throughout the district. In this section, "municipality" means home rule charter and statutory  
129.12 cities, towns, and Indian tribes. The district may exercise all the powers relating to fire and  
129.13 ambulance services of the municipalities that receive fire or ambulance services, or both,  
129.14 from the district. Upon application, any other municipality may join the district with the  
129.15 agreement of the municipalities that comprise the district at the time of its application to  
129.16 join.

129.17 **EFFECTIVE DATE.** This section is effective upon compliance by the Cloquet Area  
129.18 Fire and Ambulance Special Taxing District Board with Minnesota Statutes, section 645.021,  
129.19 subdivision 3.

129.20 Sec. 35. Laws 2009, chapter 88, article 2, section 46, subdivision 2, is amended to read:

129.21 Subd. 2. **Board.** The Cloquet Area Fire and Ambulance Special Taxing District Board  
129.22 is governed by a board made up initially of one or more elected officials of the governing  
129.23 body of each participating municipality in the proportions set out in the establishing  
129.24 resolution, subject to change as provided in the district's charter, if any, or in the district's  
129.25 bylaws. Each municipality's representatives serve at the pleasure of that municipality's  
129.26 governing body.

129.27 **EFFECTIVE DATE.** This section is effective upon compliance by the Cloquet Area  
129.28 Fire and Ambulance Special Taxing District Board with Minnesota Statutes, section 645.021,  
129.29 subdivision 3.

130.1 Sec. 36. Laws 2009, chapter 88, article 2, section 46, subdivision 3, as amended by Laws  
130.2 2013, chapter 143, article 4, section 37, is amended to read:

130.3 Subd. 3. **Tax.** The district board may impose a property tax on taxable property as  
130.4 provided in this subdivision to pay the costs of providing fire or ambulance services, or  
130.5 both, throughout the district. The board shall annually determine the total amount of the  
130.6 levy that is attributable to the cost of providing fire services and the cost of providing  
130.7 ambulance services within the primary service area. For those municipalities that only  
130.8 receive ambulance services, the costs for the provision of ambulance services shall be levied  
130.9 against taxable property within those municipalities at a rate necessary not to exceed 0.019  
130.10 percent of the estimated market value. For those municipalities that receive both fire and  
130.11 ambulance services, the tax shall be imposed at a rate that does not exceed 0.2835 percent  
130.12 of estimated market value.

130.13 When a member municipality opts to receive fire service from the district or an additional  
130.14 municipality becomes a member of the district, the cost of providing fire services to that  
130.15 community shall be determined by the board and added to the maximum levy amount.

130.16 Each county auditor of a county that contains a municipality subject to the tax under  
130.17 this section must collect the tax and pay it to the Fire and Ambulance Special Taxing District.  
130.18 The district may also impose other fees or charges as allowed by law for the provision of  
130.19 fire and ambulance services.

130.20 **EFFECTIVE DATE.** This section is effective upon compliance by the Cloquet Area  
130.21 Fire and Ambulance Special Taxing District Board with Minnesota Statutes, section 645.021,  
130.22 subdivision 3.

130.23 Sec. 37. Laws 2009, chapter 88, article 2, section 46, subdivision 4, is amended to read:

130.24 Subd. 4. **Public indebtedness.** The district may incur debt in the manner provided for  
130.25 in Minnesota Statutes, chapter 475, and the district is a municipality by Minnesota Statutes,  
130.26 chapter 475, when necessary to accomplish its duties, as defined in Minnesota Statutes,  
130.27 sections 475.51, subdivision 2, and 475.521, subdivision 1, paragraph (c), and may issue  
130.28 certificates of indebtedness or capital notes as provided for a city under Minnesota Statutes,  
130.29 section 412.301, when necessary to accomplish its duties. Any tax levied to pay debt of the  
130.30 district must be levied in the amounts required and in accordance with Minnesota Statutes,  
130.31 section 475.61. The debt service for debt, the proceeds of which financed capital costs for  
130.32 ambulance service, must be levied against taxable property within those municipalities in  
130.33 the primary service area. The debt service for debt, the proceeds of which financed capital

131.1 costs for fire service, must be levied against taxable property within those municipalities  
 131.2 receiving fire services.

131.3 **EFFECTIVE DATE.** This section is effective upon compliance by the Cloquet Area  
 131.4 Fire and Ambulance Special Taxing District Board with Minnesota Statutes, section 645.021,  
 131.5 subdivision 3.

131.6 Sec. 38. Laws 2009, chapter 88, article 2, section 46, subdivision 5, is amended to read:

131.7 Subd. 5. **Withdrawal.** Notice of intent to withdraw from participation in the district  
 131.8 may be given only in the month of January, with a minimum of twelve months notice of  
 131.9 intent to withdraw. Withdrawal becomes effective for taxes levied under subdivision 3 in  
 131.10 the year when the notice is given. A property tax levied by the district on taxable property  
 131.11 located in a withdrawing municipality to make debt service payments for obligations issued  
 131.12 by the district under subdivision 4 remains in effect until the obligations outstanding on the  
 131.13 date of withdrawal are satisfied, including any property tax levied in connection with a  
 131.14 refunding of the obligations. The district and its members may develop and agree upon  
 131.15 other continuing obligations after withdrawal of a municipality.

131.16 **EFFECTIVE DATE.** This section is effective upon compliance by the Cloquet Area  
 131.17 Fire and Ambulance Special Taxing District Board with Minnesota Statutes, section 645.021,  
 131.18 subdivision 3.

131.19 Sec. 39. Laws 2017, First Special Session chapter 1, article 10, section 4, the effective  
 131.20 date, is amended to read:

131.21 **EFFECTIVE DATE; APPLICATION.** This section is effective for applications and  
 131.22 certifications made in 2018 and thereafter, except the repeal of the exclusion of land under  
 131.23 item (iii) is effective retroactively for payments due under Minnesota Statutes, section  
 131.24 290C.08, beginning for payments due to be made in 2014. In order to qualify for retroactive  
 131.25 payments, the following requirements must be met: (1) the owner of land exceeding 60,000  
 131.26 acres that is subject to a single conservation easement funded under Minnesota Statutes,  
 131.27 section 97A.056 or a comparable permanent easement conveyed to a governmental or  
 131.28 nonprofit entity, must submit an application to the commissioner of revenue, in a form and  
 131.29 manner and at a time acceptable to the commissioner, establishing that the affected property  
 131.30 and its use met the requirement of Minnesota Statutes, chapter 290C, as amended by this  
 131.31 section; (2) the owner and each county in which the land is located must certify to the  
 131.32 commissioner that no petitions challenging the market value of the property are pending  
 131.33 under Minnesota Statutes, chapter 278; and (3) the requirements of clauses (1) and (2) must

132.1 be satisfied by October 1, 2017. No interest accrues on payment under this section for  
132.2 periods before November 1, 2017.

132.3 **EFFECTIVE DATE.** This section is effective retroactively for certifications made in  
132.4 2018 and thereafter.

132.5 Sec. 40. **PLACEMENT OF LAND INTO FEDERAL TRUST; REPORT.**

132.6 Subdivision 1. **County certification.** By October 1, 2019, each county must certify to  
132.7 the commissioner of revenue the following:

132.8 (1) the parcel identification number, property classification, and parcel size for each  
132.9 parcel of property in the county that was placed into trust by the United States Department  
132.10 of the Interior Bureau of Indian Affairs between January 1, 2009, and January 1, 2019;

132.11 (2) the amount of property tax paid on each parcel to each taxing jurisdiction in the  
132.12 county in the year prior to the parcel being placed into trust;

132.13 (3) the total percentage of land in the county placed into trust as of October 1, 2019; and

132.14 (4) the parcel identification number, property classification, parcel size, and the amount  
132.15 of property tax paid to each taxing jurisdiction for the most recent taxes payable year for  
132.16 each parcel in the county for which an application for placement into trust was filed between  
132.17 January 1, 2019, and July 1, 2019.

132.18 Subd. 2. **Verification.** The commissioner of revenue may request additional information  
132.19 from each county that the commissioner deems necessary to verify the certifications as  
132.20 reported by each county pursuant to subdivision 1.

132.21 Subd. 3. **Report.** By February 15, 2020, the commissioner of revenue must issue a report  
132.22 and provide a copy of the report to the chairs and ranking minority members of the legislative  
132.23 committees with jurisdiction over taxes. The report must include the following:

132.24 (1) a listing, by each county, of each parcel of property in the county that was placed  
132.25 into trust by the United States Department of the Interior Bureau of Indian Affairs between  
132.26 January 1, 2009, and January 1, 2019, including the parcel's identification number, property  
132.27 classification, and total parcel size;

132.28 (2) the amount of property tax paid on each parcel to each taxing jurisdiction in the  
132.29 county in the year prior to the parcel being placed into trust;

132.30 (3) the total percentage of land in each county placed into trust as of October 1, 2019,  
132.31 and the total percentage of land placed into trust statewide as of October 1, 2019; and

133.1 (4) a listing, by each county, of each parcel, including its identification number, property  
 133.2 classification, parcel size, and the amount of property tax paid for the most recent taxes  
 133.3 payable year for which an application for placement into trust was filed between January  
 133.4 1, 2019, and July 1, 2019.

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

133.6 **ARTICLE 5**  
 133.7 **AIDS AND CREDITS**

133.8 Section 1. Minnesota Statutes 2018, section 126C.17, subdivision 6, is amended to read:

133.9 Subd. 6. **Referendum equalization levy.** (a) A district's referendum equalization levy  
 133.10 equals the sum of the first tier referendum equalization levy, the second tier referendum  
 133.11 equalization levy, and the third tier referendum equalization levy.

133.12 (b) A district's first tier referendum equalization levy equals the district's first tier  
 133.13 referendum equalization revenue times the lesser of one or the ratio of the district's  
 133.14 referendum market value per resident pupil unit to ~~\$880,000~~ \$900,000.

133.15 (c) A district's second tier referendum equalization levy equals the district's second tier  
 133.16 referendum equalization revenue times the lesser of (1) one or, (2) the ratio of the district's  
 133.17 referendum market value per resident pupil unit to ~~\$510,000~~ \$550,000, or (3) the ratio of  
 133.18 the district's referendum market value per adjusted pupil unit to \$550,000.

133.19 (d) A district's third tier referendum equalization levy equals the district's third tier  
 133.20 referendum equalization revenue times the lesser of (1) one or, (2) the ratio of the district's  
 133.21 referendum market value per resident pupil unit to ~~\$290,000~~ \$440,000, or (3) the ratio of  
 133.22 the district's referendum market value per adjusted pupil unit to \$440,000.

133.23 **EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2021 and later.

133.24 Sec. 2. Minnesota Statutes 2018, section 290A.03, subdivision 3, is amended to read:

133.25 Subd. 3. **Income.** (a) "Income" means the sum of the following:

133.26 (1) federal adjusted gross income as defined in the Internal Revenue Code; and

133.27 (2) the sum of the following amounts to the extent not included in clause (1):

133.28 (i) all nontaxable income;

134.1 (ii) the amount of a passive activity loss that is not disallowed as a result of section 469,  
134.2 paragraph (i) or (m) of the Internal Revenue Code and the amount of passive activity loss  
134.3 carryover allowed under section 469(b) of the Internal Revenue Code;

134.4 (iii) an amount equal to the total of any discharge of qualified farm indebtedness of a  
134.5 solvent individual excluded from gross income under section 108(g) of the Internal Revenue  
134.6 Code;

134.7 (iv) cash public assistance and relief;

134.8 (v) any pension or annuity (including railroad retirement benefits, all payments received  
134.9 under the federal Social Security Act, Supplemental Security Income, and veterans benefits),  
134.10 which was not exclusively funded by the claimant or spouse, or which was funded exclusively  
134.11 by the claimant or spouse and which funding payments were excluded from federal adjusted  
134.12 gross income in the years when the payments were made;

134.13 (vi) interest received from the federal or a state government or any instrumentality or  
134.14 political subdivision thereof;

134.15 (vii) workers' compensation;

134.16 (viii) nontaxable strike benefits;

134.17 (ix) the gross amounts of payments received in the nature of disability income or sick  
134.18 pay as a result of accident, sickness, or other disability, whether funded through insurance  
134.19 or otherwise;

134.20 (x) a lump-sum distribution under section 402(e)(3) of the Internal Revenue Code of  
134.21 1986, as amended through December 31, 1995;

134.22 (xi) contributions made by the claimant to an individual retirement account, including  
134.23 a qualified voluntary employee contribution; simplified employee pension plan;  
134.24 self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of  
134.25 the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal  
134.26 Revenue Code, to the extent the sum of amounts exceeds the retirement base amount for  
134.27 the claimant and spouse;

134.28 (xii) to the extent not included in federal adjusted gross income, distributions received  
134.29 by the claimant or spouse from a traditional or Roth style retirement account or plan;

134.30 (xiii) ~~nontaxable scholarship or fellowship grants;~~

134.31 ~~(xiv) the amount of deduction allowed under section 199 of the Internal Revenue Code;~~

135.1 ~~(xv)~~ (xiv) the amount of deduction allowed under section 220 or 223 of the Internal  
 135.2 Revenue Code;

135.3 ~~(xvi)~~ (xv) the amount deducted for tuition expenses under section 222 of the Internal  
 135.4 Revenue Code; and

135.5 ~~(xvii)~~ (xvi) the amount deducted for certain expenses of elementary and secondary school  
 135.6 teachers under section 62(a)(2)(D) of the Internal Revenue Code.

135.7 In the case of an individual who files an income tax return on a fiscal year basis, the  
 135.8 term "federal adjusted gross income" shall mean federal adjusted gross income reflected in  
 135.9 the fiscal year ending in the calendar year. Federal adjusted gross income shall not be reduced  
 135.10 by the amount of a net operating loss carryback or carryforward or a capital loss carryback  
 135.11 or carryforward allowed for the year.

135.12 (b) "Income" does not include:

135.13 (1) amounts excluded pursuant to the Internal Revenue Code, sections 101(a) and 102;

135.14 (2) amounts of any pension or annuity which was exclusively funded by the claimant  
 135.15 or spouse and which funding payments were not excluded from federal adjusted gross  
 135.16 income in the years when the payments were made;

135.17 (3) to the extent included in federal adjusted gross income, amounts contributed by the  
 135.18 claimant or spouse to a traditional or Roth style retirement account or plan, but not to exceed  
 135.19 the retirement base amount reduced by the amount of contributions excluded from federal  
 135.20 adjusted gross income, but not less than zero;

135.21 (4) surplus food or other relief in kind supplied by a governmental agency;

135.22 (5) relief granted under this chapter;

135.23 (6) child support payments received under a temporary or final decree of dissolution or  
 135.24 legal separation; ~~or~~

135.25 (7) restitution payments received by eligible individuals and excludable interest as  
 135.26 defined in section 803 of the Economic Growth and Tax Relief Reconciliation Act of 2001,  
 135.27 Public Law 107-16; or

135.28 (8) nontaxable scholarship or fellowship grants, or the cash value of any tuition discount  
 135.29 provided by a postsecondary education institution.

135.30 (c) The sum of the following amounts may be subtracted from income:

135.31 (1) for the claimant's first dependent, the exemption amount multiplied by 1.4;

136.1 (2) for the claimant's second dependent, the exemption amount multiplied by 1.3;

136.2 (3) for the claimant's third dependent, the exemption amount multiplied by 1.2;

136.3 (4) for the claimant's fourth dependent, the exemption amount multiplied by 1.1;

136.4 (5) for the claimant's fifth dependent, the exemption amount; and

136.5 (6) if the claimant or claimant's spouse was disabled or attained the age of 65 on or  
136.6 before December 31 of the year for which the taxes were levied or rent paid, the exemption  
136.7 amount.

136.8 (d) For purposes of this subdivision, the "exemption amount" means the exemption  
136.9 amount under section 151(d) of the Internal Revenue Code for the taxable year for which  
136.10 the income is reported; "retirement base amount" means the deductible amount for the  
136.11 taxable year for the claimant and spouse under section 219(b)(5)(A) of the Internal Revenue  
136.12 Code, adjusted for inflation as provided in section 219(b)(5)(C) of the Internal Revenue  
136.13 Code, without regard to whether the claimant or spouse claimed a deduction; and "traditional  
136.14 or Roth style retirement account or plan" means retirement plans under sections 401, 403,  
136.15 408, 408A, and 457 of the Internal Revenue Code.

136.16 **EFFECTIVE DATE.** This section is effective beginning with refunds based on property  
136.17 taxes payable in 2020 and rent paid in 2019.

136.18 Sec. 3. Minnesota Statutes 2018, section 469.169, is amended by adding a subdivision to  
136.19 read:

136.20 **Subd. 21. Additional border city allocations.** (a) In addition to the tax reductions  
136.21 authorized in subdivisions 12 to 20, the commissioner shall allocate \$2,000,000 for tax  
136.22 reductions to border city enterprise zones in cities located on the western border of the state.  
136.23 The commissioner shall allocate this amount among cities on a per capita basis. Allocations  
136.24 under this subdivision may be used for tax reductions under sections 469.171, 469.1732,  
136.25 and 469.1734, or for other offsets of taxes imposed on or remitted by businesses located in  
136.26 the enterprise zone, but only if the municipality determines that the granting of the tax  
136.27 reduction or offset is necessary to retain a business within or attract a business to the zone.

136.28 (b) The allocations under this subdivision do not cancel or expire, but remain available  
136.29 until used by the city.

136.30 **EFFECTIVE DATE.** This section is effective July 1, 2019.



137.1 Sec. 4. Minnesota Statutes 2018, section 477A.0126, subdivision 6, is amended to read:

137.2 Subd. 6. **Indian Child Welfare Act compliance system review.** (a) By January 1, 2018,  
137.3 the commissioner of human services, in consultation with counties and tribes, shall develop  
137.4 a system to review county compliance with the Indian Child Welfare Act and the Minnesota  
137.5 Indian Family Preservation Act. The system may include, but is not limited to, the cases to  
137.6 be reviewed, the criteria to be reviewed to demonstrate compliance, the rate of noncompliance  
137.7 and the coordinating penalty, the program improvement plan, and training.

137.8 (b) The commissioner of human services shall provide continuous review of cases  
137.9 reported by counties for aid payments under this section for compliance with the Indian  
137.10 Child Welfare Act and the Minnesota Indian Family Preservation Act.

137.11 (c) The commissioner of human services must initiate a contested case proceeding under  
137.12 chapter 14 if a county notifies the commissioner that the county disputes the determination  
137.13 made by the commissioner of human services regarding a county's compliance or  
137.14 noncompliance with the Indian Child Welfare Act and the Minnesota Indian Family  
137.15 Preservation Act shall be final.

137.16 **EFFECTIVE DATE.** This section is effective beginning with aids payable in calendar  
137.17 year 2020 and thereafter.

137.18 Sec. 5. Minnesota Statutes 2018, section 477A.0126, subdivision 7, is amended to read:

137.19 Subd. 7. **Appropriation.** (a) ~~\$5,000,000~~ \$7,000,000 is annually appropriated to the  
137.20 commissioner of revenue from the general fund to pay aid under this section.

137.21 (b) \$390,000 is appropriated annually from the general fund to the commissioner of  
137.22 human services to implement subdivision 6.

137.23 **EFFECTIVE DATE.** This section is effective beginning with aids payable in calendar  
137.24 year 2020 and thereafter.

137.25 Sec. 6. **LOCAL GOVERNMENT GRANTS.**

137.26 \$1,255,000 in fiscal year 2020 only is appropriated from the general fund to the  
137.27 commissioner of revenue for grants that shall be paid by August 1, 2019, and allocated as  
137.28 follows:

137.29 (1) \$750,000 to Mahnomen County. Of this amount, \$250,000 must be used by the  
137.30 county for the Mahnomen Health Center, and \$250,000 must be paid from the county to

138.1 the White Earth Band of Ojibwe to reimburse the band for costs of delivering child welfare  
138.2 services;

138.3 (2) \$500,000 to Otter Tail County to be used by the county for debt service on a building  
138.4 located in the city of Fergus Falls and formerly leased by the state to provide residential  
138.5 treatment services; and

138.6 (3) \$2,600 to the city of Mazeppa and \$2,400 to Wabasha County, to be used by the city  
138.7 and county for property tax abatements and other costs incurred by public and private entities  
138.8 as a result of a fire in the city of Mazeppa on March 11, 2018.

138.9 The appropriations under this section are onetime and are not added to the base.

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

138.11 **Sec. 7. APPROPRIATION OF LAPSED AMOUNTS; FIRE REMEDIATION**

138.12 **GRANTS.**

138.13 (a) \$643,729 in fiscal year 2020 is appropriated from the general fund to the commissioner  
138.14 of public safety for grants to remediate the effects of fires in the city of Melrose on September  
138.15 8, 2016. The grants shall be paid by August 1, 2019. This appropriation represents the  
138.16 amounts that lapsed by the terms of the appropriation in Laws 2017, First Special Session  
138.17 chapter 1, article 4, section 31.

138.18 (b) A grant recipient must use the money appropriated under this section for remediation  
138.19 costs, including disaster recovery, infrastructure, reimbursement for emergency personnel  
138.20 costs, reimbursement for equipment costs, and reimbursements for property tax abatements,  
138.21 incurred by public or private entities as a result of the fires. This is a onetime appropriation  
138.22 and is available until June 30, 2021.

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

138.24 **Sec. 8. APPROPRIATION.**

138.25 For fiscal year 2021, \$14,850,000 is appropriated from the general fund to the Department  
138.26 of Education for referendum equalization aid under Minnesota Statutes, section 126C.17.

138.27 This amount is in addition to other appropriations for the same purpose.

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

139.1

**ARTICLE 6**

139.2

**LOCAL SALES TAXES**

139.3 Section 1. Minnesota Statutes 2018, section 297A.99, subdivision 1, is amended to read:

139.4 Subdivision 1. **Authorization; scope.** (a) A political subdivision of this state may impose  
 139.5 a general sales tax (1) under section 297A.992, (2) under section 297A.993, (3) if permitted  
 139.6 by special law, or (4) if the political subdivision enacted and imposed the tax before January  
 139.7 1, 1982, and its predecessor provision.

139.8 (b) This section governs the imposition of a general sales tax by the political subdivision.  
 139.9 The provisions of this section preempt the provisions of any special law:

139.10 (1) enacted before June 2, 1997, or

139.11 (2) enacted on or after June 2, 1997, that does not explicitly exempt the special law  
 139.12 provision from this section's rules by reference.

139.13 (c) This section does not apply to or preempt a sales tax on motor vehicles ~~or~~. Beginning  
 139.14 July 1, 2019, no political subdivision may impose a special excise tax on motor vehicles  
 139.15 under this section.

139.16 (d) A political subdivision may not advertise or expend funds for the promotion of a  
 139.17 referendum to support imposing a local ~~option~~ sales tax.

139.18 ~~(e) Notwithstanding paragraph (d), a political subdivision may expend funds to, and~~  
 139.19 may only spend funds related to imposing a local sales tax to:

139.20 (1) conduct the referendum;

139.21 (2) disseminate information included in the resolution adopted under subdivision 2, but  
 139.22 only if the disseminated information includes a list of specific projects and the expected  
 139.23 cost of each individual project;

139.24 (3) provide notice of, and conduct public forums at which proponents and opponents on  
 139.25 the merits of the referendum are given equal time to express their opinions on the merits of  
 139.26 the referendum;

139.27 (4) provide facts and data on the impact of the proposed local sales tax on consumer  
 139.28 purchases; and

139.29 (5) provide facts and data related to ~~the programs and projects~~ each individual project  
 139.30 to be funded with the local sales tax.

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

140.1 Sec. 2. Minnesota Statutes 2018, section 297A.99, is amended by adding a subdivision to  
140.2 read:

140.3 Subd. 1a. **Requirements.** Local sales taxes may be used instead of traditional local  
140.4 revenues only for construction and rehabilitation of capital projects when a clear regional  
140.5 benefit beyond the taxing jurisdiction can be demonstrated. To impose a local sales tax, a  
140.6 political subdivision must have a population of at least 1,000 as of the date the resolution  
140.7 under subdivision 2 is adopted.

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

140.9 Sec. 3. Minnesota Statutes 2018, section 297A.99, subdivision 2, is amended to read:

140.10 Subd. 2. **Local resolution before application for authority.** (a) Before the governing  
140.11 body of a political subdivision requests legislative approval ~~of to impose a local sales tax~~  
140.12 authorized by a special law for a local sales tax that is administered under this section, it  
140.13 shall adopt a resolution indicating its approval of the tax. The resolution must include, ~~at a~~  
140.14 ~~minimum~~, the following information on:

140.15 (1) the proposed tax rate, ~~how the revenues will be used,~~

140.16 (2) a detailed description of no more than five capital projects that will be funded with  
140.17 revenue from the tax;

140.18 (3) documentation of the regional significance of each project, including the share of  
140.19 the economic benefit to or use of each project by persons residing, or businesses located,  
140.20 outside of the jurisdiction;

140.21 (4) the amount of local sales tax revenue that would be used for each project and the  
140.22 estimated time needed to raise that amount of revenue; and

140.23 (5) the total revenue that will be raised for all projects before the tax expires, and the  
140.24 estimated length of time that the tax will be in effect. ~~This subdivision applies to local laws~~  
140.25 ~~enacted after June 30, 1998~~ if all proposed projects are funded.

140.26 (b) The jurisdiction seeking authority to impose a local sales tax by special law must  
140.27 submit the resolution in paragraph (a) along with underlying documentation indicating how  
140.28 the benefits under paragraph (a), clause (3), were determined, to the chairs and ranking  
140.29 minority members of the legislative committees with jurisdiction over taxes no later than  
140.30 January 31 of the year in which the jurisdiction is seeking a special law authorizing the tax.

141.1 (c) The special legislation granting local sales tax authority is not required to allow  
 141.2 funding for all projects listed in the resolution with the revenue from the local sales tax, but  
 141.3 must not include any projects not contained in the resolution.

141.4 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
 141.5 applies to all local sales taxes not authorized by the legislature before July 1, 2019.

141.6 Sec. 4. Minnesota Statutes 2018, section 297A.99, subdivision 3, is amended to read:

141.7 Subd. 3. **Requirements for adoption, use, termination.** (a) Imposition of a local sales  
 141.8 tax is subject to approval by voters of the political subdivision at a general election. The  
 141.9 election must be conducted no more than four years before the governing body of the political  
 141.10 subdivision requests legislative approval of the tax. The question put to voters must include:

141.11 (1) the specific project or projects to be funded with the local sales tax;

141.12 (2) the amount of local sales tax revenue that would be used for each project and, if more  
 141.13 than one project is proposed, the total amount of revenue raised for all projects, and the  
 141.14 estimated length of time that tax will be imposed; and

141.15 (3) the notice in boldface type: "BY VOTING YES ON THIS BALLOT QUESTION,  
 141.16 YOU MAY BE VOTING FOR A PROPERTY TAX INCREASE."

141.17 (b) The proceeds of the tax must be dedicated exclusively to payment of the ~~cost of a~~  
 141.18 construction and rehabilitation costs and associated bonding costs related to the specific  
 141.19 capital improvement which is designated at least 90 days before the referendum on imposition  
 141.20 of the tax is conducted projects approved by the voters under paragraph (a).

141.21 (c) The tax must terminate after ~~the improvement designated under paragraph (b) has~~  
 141.22 been completed the revenues raised are sufficient to fund the projects approved by the voters  
 141.23 under paragraph (a).

141.24 (d) After a sales tax imposed by a political subdivision has expired or been terminated,  
 141.25 the political subdivision is prohibited from imposing a local sales tax for a period of one  
 141.26 year. ~~Notwithstanding subdivision 13, this paragraph applies to all local sales taxes in effect~~  
 141.27 at the time of or imposed after May 26, 1999.

141.28 (e) After a tax has terminated, any amount collected by the political subdivision that is  
 141.29 greater than the average quarterly revenues collected over the immediately preceding 12  
 141.30 calendar months must be remitted to the commissioner for deposit to the general fund.

142.1 **EFFECTIVE DATE.** (a) The changes to paragraphs (a) to (d) are effective the day  
 142.2 following final enactment and apply to all local sales taxes not authorized by the legislature  
 142.3 before July 1, 2019.

142.4 (b) The addition of paragraph (e) is effective the day following final enactment and  
 142.5 applies retroactively to all currently imposed local sales taxes.

142.6 Sec. 5. Minnesota Statutes 2018, section 477A.016, is amended to read:

142.7 **477A.016 NEW TAXES PROHIBITED.**

142.8 (a) No county, city, town or other taxing authority shall increase a present tax or impose  
 142.9 a new tax on sales or income.

142.10 (b) No county, city, town, or other taxing authority shall increase a present excise tax  
 142.11 or fee or impose a new excise tax or fee on either:

142.12 (1) the manufacture, distribution, wholesale, or retail sale of food, based on volume of  
 142.13 product sold, product sales value, or the type of product manufactured, distributed, or sold;  
 142.14 or

142.15 (2) any container or instrument used for transporting, protecting, or consuming food.

142.16 (c) For purposes of this section:

142.17 (1) "food" has the meaning given in section 34A.01, subdivision 4; and

142.18 (2) "container or instrument" means a bottle, cup, can, bag, drinking straw, or other  
 142.19 packaging that is made from plastic, aluminum, glass, paper, cardboard, or other material.

142.20 (d) This section does not apply to reasonable license fees lawfully imposed by a county,  
 142.21 city, town, or other licensing authority in the exercise of its regulatory authority to license  
 142.22 a trade, profession, or business.

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

142.24 Sec. 6. Laws 1980, chapter 511, section 1, subdivision 1, is amended to read:

142.25 Subdivision 1. (a) Minnesota Statutes, section ~~477A.01, Subdivision 18~~ 477A.016, shall  
 142.26 not be deemed to prohibit the city of Duluth from amending its sales and use tax ordinances  
 142.27 so as to impose a sales ~~or~~ and use tax at the rate of one percent upon any or all sales or uses  
 142.28 which are taxed by the state of Minnesota pursuant to Minnesota Statutes, chapter 297A ~~or~~  
 142.29 297B.

143.1 (b) Notwithstanding Minnesota Statutes, section 477A.016, or any ordinance, city charter,  
143.2 or other provision of law, pursuant to the approval of the voters at the election on November  
143.3 7, 2017, the city of Duluth may impose by ordinance an additional sales and use tax of  
143.4 one-half of one percent for the purposes specified in paragraph (c). The provisions of  
143.5 Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and  
143.6 enforcement of the taxes authorized under this paragraph. The tax may not be imposed until  
143.7 the city complies with the provisions of section 31.

143.8 (c) Revenues received from the tax authorized by paragraph (b) must be used to pay all  
143.9 or part of the capital and administrative costs of street, curb, gutter, sidewalk, and bridge  
143.10 improvements including related lighting and signals in the city of Duluth as outlined in the  
143.11 Duluth Street Improvement Program 2017, developed by the engineer of the city of Duluth  
143.12 as designated August 8, 2017.

143.13 (d) The city of Duluth, pursuant to the approval of the voters at the November 7, 2017,  
143.14 referendum authorizing the imposition of the taxes in this section, may issue bonds under  
143.15 Minnesota Statutes, chapter 475, to pay capital and administrative expenses for the projects  
143.16 described in paragraph (c), until the tax terminates as provided in paragraph (e). A separate  
143.17 election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

143.18 (e) The tax authorized under this subdivision terminates at the earlier of: (1) 25 years  
143.19 after the date of initial imposition of the tax; or (2) when the city council determines that  
143.20 sufficient funds have been raised from the tax to finance the capital and administrative costs  
143.21 of the improvements described in paragraph (c), plus the additional amount needed to pay  
143.22 the costs related to issuance of bonds under paragraph (d), including interest bonds. Any  
143.23 funds remaining after completion of the projects specified in paragraph (c) and retirement  
143.24 or redemption of bonds in paragraph (d) shall be placed in the general fund of the city. The  
143.25 tax imposed under paragraph (b) may expire at an earlier time if the city so determines by  
143.26 ordinance.

143.27 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
143.28 city of Duluth and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
143.29 subdivisions 2 and 3.

144.1 Sec. 7. Laws 1986, chapter 396, section 5, as amended by Laws 2001, First Special Session  
144.2 chapter 5, article 12, section 87, and Laws 2012, chapter 299, article 3, section 3, is amended  
144.3 to read:

144.4 **Sec. 5. LIQUOR, LODGING, AND RESTAURANT TAXES.**

144.5 The city may, by resolution, levy in addition to taxes authorized by other law:

144.6 (1) a sales tax of not more than three percent on the gross receipts on retail on-sales of  
144.7 intoxicating liquor and fermented malt beverages when sold at licensed on-sale liquor  
144.8 establishments located within the downtown taxing area, provided that this tax may not be  
144.9 imposed if sales of intoxicating liquor and fermented malt beverages are exempt from  
144.10 taxation under chapter 297A;

144.11 (2) a sales tax of not more than three percent on the gross receipts from the furnishing  
144.12 for consideration of lodging for a period of less than 30 days at a hotel, motel, rooming  
144.13 house, tourist court, or trailer camp located within the city by a hotel or motel which has  
144.14 more than 50 rooms available for lodging; the tax imposed under this clause shall be at a  
144.15 rate that, when added to the sum of the rate of the sales tax imposed under Minnesota  
144.16 Statutes, chapter 297A, the rate of the sales tax imposed under section 4, and the rate of any  
144.17 other taxes on lodging in the city of Minneapolis, equals ~~43~~ 13.875 percent; and

144.18 (3) a sales tax of not more than three percent on the gross receipts on all sales of food  
144.19 primarily for consumption on or off the premises by restaurants and places of refreshment  
144.20 as defined by resolution of the city that occur within the downtown taxing area.

144.21 The taxes authorized by this section must not be terminated before January 1, 2047. The  
144.22 taxes shall be imposed and may be adjusted periodically by the city council such that the  
144.23 rates imposed produce revenue sufficient, together with the tax imposed under section 4,  
144.24 to finance the purposes described in Minnesota Statutes, section 297A.994, and section 4,  
144.25 subdivisions 3 and 4. These taxes shall be applied, first, as provided in Minnesota Statutes,  
144.26 section 297A.994, subdivision 3, clauses (1) to (3), and then, solely to pay, secure, maintain,  
144.27 and fund the payment of any principal of, premium on, and interest on any bonds or any  
144.28 other purposes in section 4, subdivision 3 or 4. The commissioner of revenue may enter  
144.29 into appropriate agreements with the city to provide for the collection of these taxes by the  
144.30 state on behalf of the city. These taxes shall be subject to the same interest, penalties, and  
144.31 enforcement provisions as the taxes imposed under Minnesota Statutes, chapter 297A.

144.32 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
144.33 September 30, 2019.



145.1 Sec. 8. Laws 1986, chapter 462, section 31, as amended by Laws 1991, chapter 291, article  
145.2 8, section 24, and Laws 2011, chapter 112, article 4, section 6, is amended to read:

145.3 **Sec. 31. AUTHORITY FOR TAXATION.**

145.4 Notwithstanding Minnesota Statutes, section 477A.016, or any other law, and  
145.5 supplemental to the tax imposed by Laws 1982, chapter 523, article 25, section 1, the city  
145.6 of St. Paul may impose, by ordinance, a tax, at a rate not greater than ~~three~~ four percent, on  
145.7 the gross receipts from the furnishing for consideration of lodging and related services at a  
145.8 hotel, rooming house, tourist court, motel, or resort, other than the renting or leasing of  
145.9 space for a continuous period of 30 days or more. The tax does not apply to the furnishing  
145.10 of lodging and related services by a business having less than 50 lodging rooms. The tax  
145.11 shall be collected by and its proceeds paid to the city. Ninety-five percent of the revenues  
145.12 generated by this tax shall be used to fund a convention bureau to market and promote the  
145.13 city as a tourist or convention center.

145.14 **EFFECTIVE DATE.** This section is effective the first day of the calendar quarter  
145.15 beginning at least 30 days after the governing body of the city of St. Paul and its chief  
145.16 clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

145.17 Sec. 9. Laws 1994, chapter 587, article 9, section 11, is amended to read:

145.18 **Sec. 11. TWO HARBORS LODGING TAX.**

145.19 Notwithstanding Minnesota Statutes, section 477A.016, or other law, in addition to a  
145.20 tax authorized in Minnesota Statutes, section 469.190, the city of Two Harbors may impose,  
145.21 by ordinance, a tax of up to one percent on the gross receipts subject to the lodging tax  
145.22 under Minnesota Statutes, section 469.190. The proceeds of the tax shall be dedicated and  
145.23 used to provide preservation, display, and interpretation of the tug boat Edna G. The total  
145.24 tax imposed by the city under this section, by Lake County under section 24, and under  
145.25 Minnesota Statutes, section 469.190, shall not exceed ~~three~~ five percent.

145.26 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
145.27 city of Two Harbors and its chief clerical officer comply with Minnesota Statutes, section  
145.28 645.021, subdivisions 2 and 3.

145.29 Sec. 10. Laws 1998, chapter 389, article 8, section 45, subdivision 1, is amended to read:

145.30 Subdivision 1. **Sales and use taxes.** (a) Notwithstanding Minnesota Statutes, section  
145.31 477A.016, or any other provision of law, ordinance, or city charter, if approved by the voters

146.1 of the city at the next general election held after the date of final enactment of this act, the  
146.2 city of Two Harbors may impose by ordinance, a sales and use tax at a rate of up to one-half  
146.3 of one percent for the purposes specified in subdivision 3, paragraph (a).

146.4 (b) In addition to the tax in paragraph (a) and notwithstanding Minnesota Statutes,  
146.5 sections 297A.99 and 477A.016, or any other law, ordinance, or city charter, and as approved  
146.6 by the voters at the November 6, 2018, general election, the city of Two Harbors may, by  
146.7 ordinance, impose an additional sales and use tax at a rate of one-half of one percent for  
146.8 the purposes specified in subdivision 3, paragraph (b).

146.9 (c) The provisions of Minnesota Statutes, section ~~297A.48~~ 297A.99, govern the  
146.10 imposition, administration, collection, and enforcement of the tax authorized under this  
146.11 subdivision.

146.12 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
146.13 city of Two Harbors and its chief clerical officer comply with Minnesota Statutes, section  
146.14 645.021, subdivisions 2 and 3.

146.15 Sec. 11. Laws 1998, chapter 389, article 8, section 45, subdivision 3, as amended by Laws  
146.16 2008, chapter 366, article 7, section 11, is amended to read:

146.17 Subd. 3. **Use of revenues.** (a) Revenues received from the taxes authorized under  
146.18 subdivision 1, paragraph (a), must be used for sanitary sewer separation, wastewater  
146.19 treatment, water system improvements, and harbor refuge development projects.

146.20 (b) Revenues from the tax authorized under subdivision 1, paragraph (b), must be used  
146.21 by the city of Two Harbors to pay the costs of collecting and administering the tax and to  
146.22 finance the capital and administrative costs of water and sewer infrastructure projects  
146.23 including gravity-fed sewer mains, water mains, drain tile, service lines, street patching,  
146.24 acquiring property, related engineering, and construction expenses.

146.25 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
146.26 city of Two Harbors and its chief clerical officer comply with Minnesota Statutes, section  
146.27 645.021, subdivisions 2 and 3.

146.28 Sec. 12. Laws 1998, chapter 389, article 8, section 45, subdivision 4, is amended to read:

146.29 Subd. 4. **Bonding authority.** (a) The city may issue bonds under Minnesota Statutes,  
146.30 chapter 475, to finance the capital expenditure and improvement projects under subdivision  
146.31 1, paragraph (a). An election to approve the bonds under Minnesota Statutes, section 475.58,  
146.32 may be held in combination with the election to authorize imposition of the tax under

147.1 subdivision 1, paragraph (a). Whether to permit imposition of the tax and issuance of bonds  
147.2 may be posed to the voters as a single question. The question must state that the sales tax  
147.3 revenues are pledged to pay the bonds, but that the bonds are general obligations and will  
147.4 be guaranteed by the city's property taxes.

147.5 (b) The city may issue bonds under Minnesota Statutes, chapter 475, to pay capital and  
147.6 administrative expenses for the projects described in subdivision 3, paragraph (b), in an  
147.7 amount that does not exceed \$30,000,000. An election to approve the bonds under Minnesota  
147.8 Statutes, section 475.58, is not required.

147.9 (c) The issuance of bonds under this subdivision is not subject to Minnesota Statutes,  
147.10 section 275.60.

147.11 ~~(e)~~ (d) The bonds are not included in computing any debt limitation applicable to the  
147.12 city, and the levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and  
147.13 interest on the bonds is not subject to any levy limitation.

147.14 The aggregate principal amount of bonds, plus the aggregate of the taxes used directly to  
147.15 pay eligible capital expenditures and improvements under subdivision 3, paragraph (a), may  
147.16 not exceed \$20,000,000, plus an amount equal to the costs related to issuance of the bonds.

147.17 ~~(d)~~ (e) The taxes may be pledged to and used for the payment of the bonds and any bonds  
147.18 issued to refund them, only if the bonds and any refunding bonds are general obligations  
147.19 of the city.

147.20 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
147.21 city of Two Harbors and its chief clerical officer comply with Minnesota Statutes, section  
147.22 645.021, subdivisions 2 and 3.

147.23 Sec. 13. Laws 1998, chapter 389, article 8, section 45, subdivision 5, is amended to read:

147.24 Subd. 5. **Termination of taxes.** (a) The authority granted under subdivision 1, paragraph  
147.25 (a), to the city of Two Harbors to impose sales and use taxes expires when the costs of the  
147.26 projects described in subdivision 3, paragraph (a), have been paid.

147.27 (b) The authority granted under subdivision 1, paragraph (b), expires at the earlier of:

147.28 (1) 25 years after the tax is first imposed; or (2) when the city council determines that the  
147.29 amount of revenues received from the taxes first equals or exceeds \$30,000,000, plus the  
147.30 additional amount needed to pay the costs related to issuance of bonds under subdivision  
147.31 4, paragraph (b), including interest on the bonds. Any funds remaining after completion of  
147.32 the project and retirement or redemption of the bonds may be placed in the general fund of

148.1 the city. The taxes imposed under subdivision 1, paragraph (b), may expire at an earlier  
148.2 time if the city so determines by ordinance.

148.3 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
148.4 city of Two Harbors and its chief clerical officer comply with Minnesota Statutes, section  
148.5 645.021, subdivisions 2 and 3.

148.6 Sec. 14. Laws 2011, First Special Session chapter 7, article 4, section 10, subdivision 3,  
148.7 is amended to read:

148.8 Subd. 3. **Use of revenues.** Revenues received from taxes authorized by subdivisions 1  
148.9 and 2 must be used by the city to pay the cost of collecting the taxes and to pay for the  
148.10 following projects:

148.11 (1) \$4,500,000 for construction and completion of park improvement projects, including  
148.12 St. Louis River riverfront improvements; Veteran's Park construction and improvements;  
148.13 improvements to the Hilltop Park soccer complex and Braun Park baseball complex; capital  
148.14 equipment and building and grounds improvements at the Pine Valley Park/Pine Valley  
148.15 Hockey Arena/Cloquet Area Recreation Center; and development of pedestrian trails within  
148.16 the city;

148.17 (2) \$5,800,00 for extension of utilities and the construction of all improvements associated  
148.18 with the development of property adjacent to Highway 33 and Interstate Highway 35,  
148.19 including payment of all debt service on bonds issued for these; and

148.20 (3) \$6,200,000 for engineering and construction of infrastructure improvements,  
148.21 including, but not limited to, storm sewer, sanitary sewer, and water in areas identified as  
148.22 part of the city's comprehensive land use plan.

148.23 Authorized expenses include, but are not limited to, acquiring property and paying  
148.24 construction expenses related to these improvements, and paying debt service on bonds or  
148.25 other obligations issued to finance acquisition and construction of these improvements.

148.26 Notwithstanding the revenue allocations in clauses (1) and (3), if the amount spent for the  
148.27 improvements under clause (2) are less than the \$5,800,000 allowed under that clause, the  
148.28 total amount spent for the purposes listed in clauses (1) and (3) may be increased by the  
148.29 difference between \$5,800,000 and the amount actually spent under clause (2). However,  
148.30 the total expenditures for projects under this subdivision may not exceed \$16,500,000,  
148.31 excluding any costs related to issuance of bonds under subdivision 4.

149.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
149.2 city of Cloquet and its chief clerical officer comply with the provisions of section 645.021,  
149.3 subdivisions 2 and 3.

149.4 Sec. 15. **CITY OF AVON; TAXES AUTHORIZED.**

149.5 Subdivision 1. **Sales and use tax; authorization.** Notwithstanding Minnesota Statutes,  
149.6 section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, ordinance, or city  
149.7 charter, the city of Avon, pursuant to approval by the voters at the general election on  
149.8 November 6, 2018, may impose by ordinance a sales and use tax of up to one-half of one  
149.9 percent for the purposes specified in subdivision 2. Except as otherwise provided in this  
149.10 section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition,  
149.11 administration, collection, and enforcement of the tax authorized under this subdivision.  
149.12 The tax may not be imposed until the city complies with the provisions of section 31.

149.13 Subd. 2. **Use of revenues.** Revenues received from taxes authorized by subdivision 1  
149.14 must be used by the city to:

149.15 (1) pay the costs of collecting and administering the tax;

149.16 (2) pay the capital and administrative costs of transportation improvement projects as  
149.17 adopted in the city of Avon's street priority improvement plan; and

149.18 (3) pay debt service on bonds issued under subdivision 3 or other obligations issued to  
149.19 finance the improvements listed in this subdivision in the city.

149.20 Subd. 3. **Bonding authority.** (a) The city may issue bonds under Minnesota Statutes,  
149.21 chapter 475, to pay the costs of the projects authorized in subdivision 2. The aggregate  
149.22 principal amount of bonds issued under this subdivision may not exceed \$1,500,000 plus  
149.23 an amount to be applied to the payment of the costs of issuing the bonds. The bonds may  
149.24 be paid from or secured by any funds available to the city, including the tax authorized  
149.25 under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota  
149.26 Statutes, sections 275.60 and 275.61.

149.27 (b) The bonds are not included in computing any debt limitation applicable to the city,  
149.28 and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest  
149.29 on the bonds is not subject to any levy limitation. A separate election to approve the bonds  
149.30 under Minnesota Statutes, section 475.58, is not required.

149.31 Subd. 4. **Termination of taxes.** (a) The tax imposed under subdivision 1 expires at the  
149.32 earlier of: (1) December 31, 2045; or (2) when the city council determines that \$1,500,000  
149.33 has been received from the tax to pay for the cost of the projects authorized under subdivision

150.1 2, plus an amount sufficient to pay the costs related to issuance of the bonds authorized  
150.2 under subdivision 3, including interest on the bonds.

150.3 (b) Any funds remaining after payment of all such costs and retirement or redemption  
150.4 of the bonds shall be placed in the general fund of the city. The tax imposed under subdivision  
150.5 1 may expire at an earlier time if the city so determines by ordinance.

150.6 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
150.7 city and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
150.8 subdivisions 2 and 3.

150.9 **Sec. 16. CITY OF BLUE EARTH; LOCAL TAX AUTHORIZED.**

150.10 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
150.11 section 477A.016, or any other law, ordinance, or city charter, and as approved by the voters  
150.12 at the general election of November 6, 2018, the city of Blue Earth may impose by ordinance  
150.13 a sales and use tax of one-half of one percent for the purposes specified in subdivision 2.  
150.14 Except as otherwise provided in this section, the provisions of Minnesota Statutes, section  
150.15 297A.99, govern the imposition, administration, collection, and enforcement of the tax  
150.16 authorized under this subdivision. The tax may not be imposed until the city complies with  
150.17 the provisions of section 31.

150.18 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
150.19 under subdivision 1 must be used by the city of Blue Earth to pay the costs of collecting  
150.20 and administering the tax and to finance the capital and administrative costs of constructing  
150.21 and funding sewer plant improvements, street reconstruction projects, and recreational  
150.22 amenities. The total that may be raised from the tax to pay for these projects is limited to  
150.23 \$5,000,000, plus the costs related to the issuance and paying debt service on bonds for these  
150.24 projects.

150.25 Subd. 3. **Bonding authority.** (a) The city of Blue Earth may issue bonds under Minnesota  
150.26 Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in  
150.27 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may  
150.28 not exceed \$5,000,000, plus an amount to be applied to the payment of the costs of issuing  
150.29 the bonds. The bonds may be paid from or secured by any funds available to the city of  
150.30 Blue Earth, including the tax authorized under subdivision 1. The issuance of bonds under  
150.31 this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

150.32 (b) The bonds are not included in computing any debt limitation applicable to the city  
150.33 of Blue Earth, and any levy of taxes under Minnesota Statutes, section 475.61, to pay

151.1 principal and interest on the bonds is not subject to any levy limitation. A separate election  
151.2 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

151.3 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
151.4 earlier of: (1) 25 years after the tax is first imposed; or (2) when the city council determines  
151.5 that \$5,000,000, plus an amount sufficient to pay the costs related to issuing the bonds  
151.6 authorized under subdivision 3, including interest on the bonds, has been received from the  
151.7 tax to pay for the cost of the projects authorized under subdivision 2. Any funds remaining  
151.8 after payment of all such costs and retirement or redemption of the bonds due to timing of  
151.9 the termination under Minnesota Statutes, section 297A.99, shall be placed in the general  
151.10 fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the  
151.11 city so determines by ordinance.

151.12 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
151.13 city of Blue Earth and its chief clerical officer comply with Minnesota Statutes, section  
151.14 645.021, subdivisions 2 and 3.

151.15 Sec. 17. **CITY OF CAMBRIDGE; TAX AUTHORIZED.**

151.16 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
151.17 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,  
151.18 and as approved by the voters at the November 6, 2018, general election, the city of  
151.19 Cambridge may impose, by ordinance, a sales and use tax of one-half of one percent for  
151.20 the purposes specified in subdivision 2. Except as otherwise provided in this section, the  
151.21 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
151.22 collection, and enforcement of the tax authorized under this subdivision. The tax may not  
151.23 be imposed until the city complies with the provisions of section 31 as it relates to funding  
151.24 of the street improvements in subdivision 2, clause (2).

151.25 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
151.26 under subdivision 1 must be used by the city of Cambridge to pay the costs of collecting  
151.27 and administering the tax and paying for the following infrastructure projects in the city,  
151.28 including securing and paying debt service on bonds issued to finance all or part of the  
151.29 following projects:

151.30 (1) \$8,000,000 plus associated bonding costs for construction of a new facility to house  
151.31 the Cambridge Public Library and the East Central Regional Library Headquarters; and

152.1 (2) \$14,000,000 plus associated bonding costs for street improvements outlined in the  
152.2 Street Capital Improvement Program approved by the city council as of January 22, 2019,  
152.3 and outdoor park improvements described in the park master plan as of January 22, 2019.

152.4 Subd. 3. **Bonding authority.** (a) The city of Cambridge may issue bonds under Minnesota  
152.5 Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in  
152.6 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may  
152.7 not exceed: (1) \$8,000,000 for the project listed in subdivision 2, clause (1), plus an amount  
152.8 applied to the payment of costs of issuing the bonds; and (2) \$14,000,000 for the projects  
152.9 listed in subdivision 2, clause (2), plus an amount applied to the payment of costs of issuing  
152.10 the bonds. The bonds may be paid from or secured by any funds available to the city of  
152.11 Cambridge, including the tax authorized under subdivision 1. The issuance of bonds under  
152.12 this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

152.13 (b) The bonds are not included in computing any debt limitation applicable to the city.  
152.14 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest  
152.15 on the bonds is not subject to any levy limitation. A separate election to approve the bonds  
152.16 under Minnesota Statutes, section 475.58, is not required.

152.17 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
152.18 earlier of: (1) December 31, 2043; or (2) when the city council determines that the city has  
152.19 received from this tax \$22,000,000 to fund the projects listed in subdivision 2 plus an amount  
152.20 sufficient to pay costs, including interest costs, related to the issuance of the bonds authorized  
152.21 in subdivision 3. Any funds remaining after payment of the allowed costs due to timing of  
152.22 the termination under Minnesota Statutes, section 297A.99, shall be placed in the city's  
152.23 general fund. The tax imposed under subdivision 1 may expire at an earlier time if the city  
152.24 so determines by ordinance.

152.25 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
152.26 city of Cambridge and its chief clerical officer comply with Minnesota Statutes, section  
152.27 645.021, subdivisions 2 and 3.

152.28 Sec. 18. **CITY OF DETROIT LAKES; LOCAL SALES AND USE TAX**  
152.29 **AUTHORIZED.**

152.30 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
152.31 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,  
152.32 and as approved by the voters at the November 6, 2018, general election, the city of Detroit  
152.33 Lakes may impose, by ordinance, a sales and use tax of one-half of one percent for the  
152.34 purposes specified in subdivision 2. Except as otherwise provided in this section, the



153.1 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
153.2 collection, and enforcement of the tax authorized under this subdivision.

153.3 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
153.4 under subdivision 1 must be used by the city of Detroit Lakes to pay the costs of collecting  
153.5 and administering the tax, and construction of a new police department facility in the city,  
153.6 including securing and paying debt service on bonds issued to finance all or part of this  
153.7 project. The total amount of the police department facility to be funded with the tax imposed  
153.8 under subdivision 1 shall not exceed \$6,700,000, excluding associated debt service costs.

153.9 Subd. 3. **Bonding authority.** (a) The city of Detroit Lakes may issue bonds under  
153.10 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the project  
153.11 authorized in subdivision 2. The aggregate principal amount of bonds issued under this  
153.12 subdivision may not exceed \$6,700,000, plus an amount applied to the payment of costs of  
153.13 issuing the bonds. The bonds may be paid from or secured by any funds available to the  
153.14 city of Detroit Lakes, including the tax authorized under subdivision 1. The issuance of  
153.15 bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and  
153.16 275.61.

153.17 (b) The bonds are not subject to any provisions of the home rule charter of the city of  
153.18 Detroit Lakes and are not included in computing any debt limitation applicable to the city.  
153.19 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest  
153.20 on the bonds is not subject to any levy limitation. A separate election to approve the bonds  
153.21 under Minnesota Statutes, section 475.58, is not required.

153.22 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
153.23 earlier of: (1) ten years after the tax is first imposed; or (2) when the city council determines  
153.24 that the city has received \$6,700,000 from this tax to fund the projects listed in subdivision  
153.25 2 plus an amount sufficient to pay costs, including interest costs, related to the issuance of  
153.26 the bonds authorized in subdivision 3. Any funds remaining after payment of the allowed  
153.27 costs due to timing of the termination under Minnesota Statutes, section 297A.99, shall be  
153.28 placed in the city's general fund. The tax imposed under subdivision 1 may expire at an  
153.29 earlier time if the city so determines by ordinance.

153.30 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
153.31 city of Detroit Lakes and its chief clerical officer comply with Minnesota Statutes, section  
153.32 645.021, subdivisions 2 and 3.

154.1 **Sec. 19. CITY OF ELK RIVER; TAX AUTHORIZED.**

154.2 **Subdivision 1. Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
154.3 section 297A.99, subdivision 1, or 477A.016, or any other law or ordinance, and as approved  
154.4 by the voters at the November 6, 2018, general election, the city of Elk River may impose,  
154.5 by ordinance, a sales and use tax of one-half of one percent for the purposes specified in  
154.6 subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota  
154.7 Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement  
154.8 of the tax authorized under this subdivision.

154.9 **Subd. 2. Use of sales and use tax revenues.** (a) The revenues derived from the tax  
154.10 authorized under subdivision 1 must be used by the city of Elk River to:

154.11 (1) pay the costs of collecting and administering the tax;

154.12 (2) pay the capital and administrative costs of various recreational facility and park  
154.13 improvements including any or all of the following: a multipurpose recreational facility  
154.14 such as an ice arena, a community meeting and activity space, and a synthetic turf field  
154.15 house; senior center facility improvements; Lion John Weicht Park improvements, Lions  
154.16 Park Center space improvements, and a community picnic pavilion addition; youth athletic  
154.17 complex improvements; Orono Park improvements; dredging Lake Orono; and citywide  
154.18 trail connection improvements; and

154.19 (3) secure and pay debt service on bonds issued to finance all or part of the projects  
154.20 listed in clause (2).

154.21 (b) The total that may be raised from the tax to pay for these projects is limited to  
154.22 \$35,000,000, plus the costs related to the issuance and paying debt service on bonds for  
154.23 these projects.

154.24 **Subd. 3. Bonding authority.** (a) The city of Elk River may issue bonds under Minnesota  
154.25 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in  
154.26 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may  
154.27 not exceed \$35,000,000, plus an amount applied to the payment of costs of issuing the  
154.28 bonds. The bonds may be paid from or secured by any funds available to the city of Elk  
154.29 River, including the tax authorized under subdivision 1. The issuance of bonds under this  
154.30 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

154.31 (b) The bonds are not included in computing any debt limitation applicable to the city.  
154.32 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest

155.1 on the bonds is not subject to any levy limitation. A separate election to approve the bonds  
155.2 under Minnesota Statutes, section 475.58, is not required.

155.3 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
155.4 earlier of: (1) 25 years after the tax is first imposed; or (2) when the city council determines  
155.5 that the city has received \$35,000,000 from this tax to fund the projects listed in subdivision  
155.6 2 plus an amount sufficient to pay costs, including interest costs, related to the issuance of  
155.7 the bonds authorized in subdivision 3. Any funds remaining after payment of the allowed  
155.8 costs due to timing of the termination under section 297A.99 shall be placed in the city's  
155.9 general fund. The tax imposed under subdivision 1 may expire at an earlier time if the city  
155.10 so determines by ordinance.

155.11 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
155.12 city of Elk River and its chief clerical officer comply with Minnesota Statutes, section  
155.13 645.021, subdivisions 2 and 3.

155.14 Sec. 20. **CITY OF EXCELSIOR; LOCAL SALES AND USE TAX AUTHORIZED.**

155.15 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
155.16 section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, ordinance, or city  
155.17 charter, the city of Excelsior may impose, by ordinance, a sales and use tax of up to one-half  
155.18 of one percent for the purposes specified in subdivision 2, as approved by the voters at the  
155.19 November 4, 2014, general election. Except as otherwise provided in this section, the  
155.20 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
155.21 collection, and enforcement of the tax authorized under this subdivision.

155.22 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
155.23 under subdivision 1 must be used by the city of Excelsior to pay the costs of collecting and  
155.24 administering the tax and to finance the capital and administrative costs of improvements  
155.25 to the commons as indicated in the Commons Master Plan as adopted by the city council  
155.26 on November 20, 2017. Authorized expenses include, but are not limited to, improvements  
155.27 for walkability and accessibility, enhancement of beach area and facilities, prevention and  
155.28 management of shoreline erosion, redesign of the port and band shell, improvement of  
155.29 playground equipment, and securing and paying debt service on bonds issued under  
155.30 subdivision 3 or other obligations issued to the improvements listed in this subdivision in  
155.31 the city of Excelsior.

155.32 Subd. 3. **Bonding authority.** (a) If the imposition of the tax is approved by the voters  
155.33 under subdivision 1, the city of Excelsior may issue bonds under Minnesota Statutes, chapter  
155.34 475, to finance all or a portion of the costs of the projects authorized in subdivision 2,

156.1 without a second vote. The aggregate principal amount of bonds issued under this subdivision  
156.2 may not exceed \$7,000,000, plus an amount to be applied to the payment of the costs of  
156.3 issuing the bonds. The bonds may be paid from or secured by any funds available to the  
156.4 city of Excelsior, including the tax authorized under subdivision 1. The issuance of bonds  
156.5 under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

156.6 (b) The bonds are not included in computing any debt limitation applicable to the city  
156.7 of Excelsior, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal  
156.8 and interest on the bonds is not subject to any levy limitation. A separate election to approve  
156.9 the bonds under Minnesota Statutes, section 475.58, is not required.

156.10 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
156.11 earlier of: (1) 25 years after the tax is first imposed; or (2) when the city council determines  
156.12 that \$7,000,000 has been received from the tax to pay for the cost of the projects authorized  
156.13 under subdivision 2, plus an amount sufficient to pay the costs related to issuance of the  
156.14 bonds authorized under subdivision 3, including interest on the bonds. Any funds remaining  
156.15 after payment of all such costs and retirement or redemption of the bonds shall be placed  
156.16 in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier  
156.17 time if the city so determines by ordinance.

156.18 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
156.19 city of Excelsior and its chief clerical officer comply with Minnesota Statutes, section  
156.20 645.021, subdivisions 2 and 3.

156.21 Sec. 21. **CITY OF GLENWOOD; TAX AUTHORIZED.**

156.22 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
156.23 section 477A.016, or any other law, ordinance, or city charter, and as approved by the voters  
156.24 at the November 6, 2018, general election, the city of Glenwood may impose, by ordinance,  
156.25 a sales and use tax of up to one-half of one percent for the purposes specified in subdivision  
156.26 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section  
156.27 297A.99, govern the imposition, administration, collection, and enforcement of the tax  
156.28 authorized under this subdivision. The tax may not be imposed until the city complies with  
156.29 the provisions of section 31.

156.30 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
156.31 under subdivision 1 must be used by the city of Glenwood to pay the costs of collecting and  
156.32 administering the tax and to finance, including securing and paying debt service on, all or  
156.33 part of the following projects:

157.1 (1) the capital costs of the Phases II and III improvements to 2nd Street SE as set forth  
157.2 in the city's capital improvement plan;

157.3 (2) the development and expansion of, and improvements to, city parks, trails, and  
157.4 recreational facilities; and

157.5 (3) improvements to Glenwood City Hall and police station.

157.6 Subd. 3. **Bonding authority.** (a) The city of Glenwood may issue bonds under Minnesota  
157.7 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in  
157.8 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may  
157.9 not exceed \$2,800,000, plus an amount applied to the payment of costs of issuing the bonds.  
157.10 The bonds may be paid from or secured by any funds available to the city of Glenwood,  
157.11 including the tax authorized under subdivision 1. The issuance of bonds under this  
157.12 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

157.13 (b) The bonds are not subject to any provisions of the home rule charter of the city of  
157.14 Glenwood and are not included in computing any debt limitation applicable to the city. Any  
157.15 levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest on  
157.16 the bonds is not subject to any levy limitation. A separate election to approve the bonds  
157.17 under Minnesota Statutes, section 475.58, is not required.

157.18 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
157.19 earlier of: (1) 20 years after the tax is first imposed; or (2) when the city council determines  
157.20 that the city has received \$2,800,000 from this tax to fund the projects listed in subdivision  
157.21 2 plus an amount sufficient to pay costs, including interest costs, related to the issuance of  
157.22 the bonds authorized in subdivision 3. Any funds remaining after payment of the allowed  
157.23 costs due to timing of the termination under Minnesota Statutes, section 297A.99, shall be  
157.24 placed in the city's general fund. The tax imposed under subdivision 1 may expire at an  
157.25 earlier time if the city so determines by ordinance.

157.26 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
157.27 city of Glenwood and its chief clerical officer comply with Minnesota Statutes, section  
157.28 645.021, subdivisions 2 and 3.

157.29 Sec. 22. **CITY OF INTERNATIONAL FALLS; TAX AUTHORIZED.**

157.30 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
157.31 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,  
157.32 and as approved by the voters at the November 6, 2018, general election, the city of  
157.33 International Falls may impose, by ordinance, a sales and use tax of up to one percent for

158.1 the purposes specified in subdivision 2. Except as otherwise provided in this section, the  
158.2 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
158.3 collection, and enforcement of the tax authorized under this subdivision. The tax may not  
158.4 be imposed until the city complies with the provisions of section 31.

158.5 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
158.6 under subdivision 1 must be used by the city of International Falls to pay the costs of  
158.7 collecting and administering the tax, and paying for transportation and other public  
158.8 infrastructure projects in the city, including securing and paying debt service on bonds  
158.9 issued to finance all or part of these projects. The total amount of transportation and other  
158.10 public infrastructure projects to be funded with the tax imposed under subdivision 1 shall  
158.11 not exceed \$30,000,000, excluding associated debt service costs.

158.12 Subd. 3. **Bonding authority.** (a) The city of International Falls may issue bonds under  
158.13 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the project  
158.14 authorized in subdivision 2. The aggregate principal amount of bonds issued under this  
158.15 subdivision may not exceed \$30,000,000, plus an amount applied to the payment of costs  
158.16 of issuing the bonds. The bonds may be paid from or secured by any funds available to the  
158.17 city of International Falls, including the tax authorized under subdivision 1. The issuance  
158.18 of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and  
158.19 275.61.

158.20 (b) The bonds are not subject to any provisions of the home rule charter of the city of  
158.21 International Falls and are not included in computing any debt limitation applicable to the  
158.22 city. Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and  
158.23 interest on the bonds is not subject to any levy limitation. A separate election to approve  
158.24 the bonds under Minnesota Statutes, section 475.58, is not required.

158.25 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
158.26 earlier of: (1) 30 years after the tax is first imposed; or (2) when the city council determines  
158.27 that the city has received \$30,000,000 from this tax to fund the projects listed in subdivision  
158.28 2 plus an amount sufficient to pay costs, including interest costs, related to the issuance of  
158.29 the bonds authorized in subdivision 3. Any funds remaining after payment of the allowed  
158.30 costs due to timing of the termination under section 297A.99 shall be placed in the general  
158.31 fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the  
158.32 city so determines by ordinance.

159.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
159.2 city of International Falls and its chief clerical officer comply with Minnesota Statutes,  
159.3 section 645.021, subdivisions 2 and 3.

159.4 **Sec. 23. CITY OF LA CRESCENT; LOCAL LODGING TAX AUTHORIZED.**

159.5 Notwithstanding Minnesota Statutes, section 477A.016, or other law, in addition to a  
159.6 tax authorized in Minnesota Statutes, section 469.190, the city of La Crescent may impose  
159.7 by ordinance a tax of up to two percent on the gross receipts subject to the lodging tax under  
159.8 Minnesota Statutes, section 469.190. The proceeds of the tax must be used for the same  
159.9 purposes as required under Minnesota Statutes, section 469.190. The total tax imposed  
159.10 under this section, and under Minnesota Statutes, section 469.190, must not exceed five  
159.11 percent.

159.12 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
159.13 city of La Crescent and its chief clerical officer comply with Minnesota Statutes, section  
159.14 645.021, subdivisions 2 and 3.

159.15 **Sec. 24. LAKE COUNTY; LOCAL LODGING TAX AUTHORIZED.**

159.16 Subdivision 1. **Lodging tax.** (a) Notwithstanding Minnesota Statutes, section 477A.016,  
159.17 or any other provision of law, ordinance, or city charter, the Board of Commissioners of  
159.18 Lake County may impose, by ordinance, a tax of up to four percent on the gross receipts  
159.19 subject to the lodging tax under Minnesota Statutes, section 469.190. This tax is in addition  
159.20 to any tax imposed under Minnesota Statutes, section 469.190. The total tax imposed by  
159.21 the county under this section, by the city of Two Harbors under Laws 1994, chapter 587,  
159.22 article 9, section 11, and under Minnesota Statutes, section 469.190, must not exceed seven  
159.23 percent.

159.24 (b) No other city or town located in Lake County that did not impose a local lodging tax  
159.25 under Minnesota Statutes, section 469.190, prior to May 1, 2019, may impose a tax under  
159.26 Minnesota Statutes, section 469.190, while a tax is in effect under this section.

159.27 Subd. 2. **Allowed use of revenues.** The revenues derived from the taxes imposed in  
159.28 subdivision 1 must be used to fund a new Lake County Event and Visitors Bureau as  
159.29 established by or contracted with the Board of Commissioners of Lake County. The Board  
159.30 of Commissioners must use 75 percent of revenues for marketing the county and 25 percent  
159.31 of revenues to fund and promote community events and festivals in the county. The Board  
159.32 of Commissioners of Lake County must annually review the budget of the Lake County  
159.33 Event and Visitors Bureau. The event and visitors bureau may not receive revenues raised

160.1 from the taxes imposed in subdivision 1 until the Board of Commissioners approves the  
 160.2 annual budget.

160.3 **EFFECTIVE DATE.** This section is effective the day after the governing body of Lake  
 160.4 County and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
 160.5 subdivisions 2 and 3.

160.6 Sec. 25. **CITY OF NORTH MANKATO; LOCAL FOOD AND BEVERAGE TAX**  
 160.7 **AUTHORIZED.**

160.8 Subdivision 1. **Food and beverage tax authorized.** Notwithstanding Minnesota Statutes,  
 160.9 section 477A.016, or any ordinance, city charter, or other provision of law, the city of North  
 160.10 Mankato may, by ordinance, impose a sales tax of up to one percent on the gross receipts  
 160.11 on all sales of food and beverages by a restaurant or place of refreshment, as defined by  
 160.12 resolution of the city, that are located within the city. For purposes of this section, "food  
 160.13 and beverages" includes retail on-sale of intoxicating liquor and fermented malt beverages.

160.14 Subd. 2. **Use of proceeds from tax.** (a) The proceeds of any tax imposed under  
 160.15 subdivision 1 shall be used by the city to pay all or a portion of the expenses of:

160.16 (1) operation, maintenance, and capital expenses for the Caswell Park Regional Sporting  
 160.17 Complex; and

160.18 (2) for costs related to regional tourism events.

160.19 (b) Authorized capital expenses include securing or paying debt service on bonds or  
 160.20 other obligations issued to finance the construction of the Caswell Park Regional Sporting  
 160.21 Complex facilities.

160.22 Subd. 3. **Collection, administration, and enforcement.** If the city desires, it may enter  
 160.23 into an agreement with the commissioner of revenue to administer, collect, and enforce the  
 160.24 taxes authorized under subdivisions 1 and 2. If the commissioner agrees to collect the tax,  
 160.25 the provisions of Minnesota Statutes, section 297A.99, related to collection, administration,  
 160.26 and enforcement apply.

160.27 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
 160.28 city of North Mankato and its chief clerical officer comply with Minnesota Statutes, section  
 160.29 645.021, subdivisions 2 and 3.



161.1 **Sec. 26. CITY OF PERHAM; LOCAL SALES AND USE TAX AUTHORIZED.**

161.2 **Subdivision 1. Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
161.3 section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law or ordinance, and  
161.4 based on the approval by the voters at the November 6, 2018, election, the city of Perham  
161.5 may impose by ordinance a sales and use tax of up to one-half of one percent for the purposes  
161.6 specified in subdivision 2. Except as otherwise provided in this section, the provisions of  
161.7 Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and  
161.8 enforcement of the tax authorized under this subdivision.

161.9 **Subd. 2. Use of revenues.** The revenues derived from the tax authorized under subdivision  
161.10 1 must be used by the city of Perham to:

161.11 (1) pay the costs of collecting and administering the tax;

161.12 (2) finance the capital costs of site preparation, redevelopment, renovation, and  
161.13 construction of buildings, land, and infrastructure at the site of the Perham Area Community  
161.14 Center; and

161.15 (3) pay debt service on bonds issued under subdivision 3 or other obligations issued to  
161.16 the improvements listed in this subdivision in the city of Perham.

161.17 **Subd. 3. Bonding authority.** (a) The city of Perham may issue bonds under Minnesota  
161.18 Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in  
161.19 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may  
161.20 not exceed \$5,200,000, plus an amount to be applied to the payment of the costs of issuing  
161.21 the bonds. The bonds may be paid from or secured by any funds available to the city of  
161.22 Perham, including the tax authorized under subdivision 1. The issuance of bonds under this  
161.23 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

161.24 (b) The bonds are not included in computing any debt limitation applicable to the city  
161.25 of Perham, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal  
161.26 and interest on the bonds is not subject to any levy limitation. A separate election to approve  
161.27 the bonds under Minnesota Statutes, section 475.58, is not required.

161.28 **Subd. 4. Termination of taxes.** The tax imposed under subdivision 1 expires at the  
161.29 earlier of: (1) 20 years after the tax is first imposed; or (2) when the city council determines  
161.30 that \$5,200,000 has been received from the tax to pay for the cost of the projects authorized  
161.31 under subdivision 2, plus an amount sufficient to pay the costs related to issuance of the  
161.32 bonds authorized under subdivision 3, including interest on the bonds. Any funds remaining  
161.33 after payment of all such costs and retirement or redemption of the bonds shall be placed

162.1 in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier  
162.2 time if the city so determines by ordinance.

162.3 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
162.4 city of Perham and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
162.5 subdivisions 2 and 3.

162.6 **Sec. 27. CITY OF ROGERS; LOCAL TAXES AUTHORIZED.**

162.7 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
162.8 sections 297A.99 and 477A.016, or any other law or ordinance, and as approved by the  
162.9 voters at the general election of November 6, 2018, the city of Rogers may impose, by  
162.10 ordinance, a sales and use tax of one-quarter of one percent for the purposes specified in  
162.11 subdivision 3. Except as otherwise provided in this section, the provisions of Minnesota  
162.12 Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement  
162.13 of the taxes authorized under this subdivision.

162.14 Subd. 2. **Excise tax authorized.** Notwithstanding Minnesota Statutes, section 477A.016,  
162.15 or any other contrary provision of law, or ordinance, the city of Rogers may impose by  
162.16 ordinance, for the purposes specified in subdivision 3, an excise tax of up to \$20 per motor  
162.17 vehicle, as defined by ordinance, purchased or acquired from any person engaged within  
162.18 the city of Rogers in the business of selling motor vehicles at retail.

162.19 Subd. 3. **Use of sales and use tax and excise tax revenues.** (a) The revenues derived  
162.20 from the taxes authorized under subdivisions 1 and 2 must be used by the city of Rogers to  
162.21 pay the costs of collecting and administering the taxes and the capital and administrative  
162.22 costs of any or all of the following projects:

162.23 (1) trail and pedestrian facilities including an I-94 pedestrian crossing, a County Road  
162.24 144 pedestrian tunnel, and other new trails and trail connections;

162.25 (2) aquatics facilities consisting of either or both of a splash pad and any contribution  
162.26 toward the community portion of a school pool; and

162.27 (3) community athletic facilities including construction of South Community park, site  
162.28 improvements for future recreation facilities, and a multipurpose indoor turf facility.

162.29 (b) The total that may be raised from the taxes to pay for these projects is limited to  
162.30 \$16,500,000, plus the costs related to the issuance and paying debt service on bonds for  
162.31 these projects.

163.1 Subd. 4. **Bonding authority.** (a) The city of Rogers may issue bonds under Minnesota  
163.2 Statutes, chapter 475, pursuant to approval by the voters at the general election of November  
163.3 6, 2018, to finance all or a portion of the costs of the projects authorized in subdivision 3.  
163.4 The aggregate principal amount of bonds issued under this subdivision may not exceed  
163.5 \$16,500,000, plus an amount equal to interest on and the costs of issuing the bonds. The  
163.6 bonds may be paid from or secured by any funds available to the city of Rogers, including  
163.7 the taxes authorized under subdivisions 1 and 2.

163.8 (b) The bonds are not included in computing any debt limitation applicable to the city  
163.9 of Rogers, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal  
163.10 and interest on the bonds is not subject to any levy limitation. A separate election to approve  
163.11 the bonds under Minnesota Statutes, section 475.58, is not required.

163.12 Subd. 5. **Termination of taxes.** The taxes imposed under subdivisions 1 and 2 expire  
163.13 at the earlier of: (1) 20 years after the taxes are first imposed; or (2) when the city council  
163.14 determines that \$16,500,000, plus an amount sufficient to pay interest on and the costs of  
163.15 issuing the bonds authorized under subdivision 4, has been received from the taxes to pay  
163.16 for the cost of the projects authorized under subdivision 3. Any funds remaining after  
163.17 payment of all such costs and payment of the bonds in full shall be placed in the general  
163.18 fund of the city. The taxes imposed under subdivisions 1 and 2 may expire at an earlier time  
163.19 if the city so determines by ordinance.

163.20 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
163.21 city of Rogers and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
163.22 subdivisions 2 and 3.

163.23 Sec. 28. **CITY OF SARTELL; LOCAL TAXES AUTHORIZED.**

163.24 Subdivision 1. **Food and beverage tax authorized.** Notwithstanding Minnesota Statutes,  
163.25 section 297A.99 or 477A.016, or any ordinance or other provision of law, the city of Sartell  
163.26 may, by ordinance, impose a sales tax of up to 1-1/2 percent on the gross receipts of all food  
163.27 and beverages sold by a restaurant or place of refreshment, as defined by ordinance of the  
163.28 city, that is located within the city. For purposes of this section, "food and beverages" include  
163.29 retail on-sale of intoxicating liquor and fermented malt beverages.

163.30 Subd. 2. **Use of proceeds from authorized taxes.** The proceeds of the taxes imposed  
163.31 under subdivision 1 must be used by the city to fund capital or operational costs for new  
163.32 and existing recreational facilities and related amenities within the city. Authorized expenses  
163.33 include securing or paying debt service on bonds or other obligations issued to finance  
163.34 construction and improvement projects.

164.1 Subd. 3. **Termination of taxes.** The tax imposed under subdivision 1 expires five years  
164.2 after the tax is first imposed.

164.3 Subd. 4. **Collection, administration, and enforcement.** The city may enter into an  
164.4 agreement with the commissioner of revenue to administer, collect, and enforce the taxes  
164.5 under subdivision 1. If the commissioner agrees to collect the tax, the provisions of Minnesota  
164.6 Statutes, sections 270C.171 and 297A.99, related to collection, administration, and  
164.7 enforcement apply.

164.8 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
164.9 city of Sartell and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
164.10 subdivisions 2 and 3.

164.11 Sec. 29. **CITY OF SAUK CENTRE; TAXES AUTHORIZED.**

164.12 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
164.13 section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, ordinance, or city  
164.14 charter, the city of Sauk Centre, pursuant to approval by the voters at the general election  
164.15 on November 6, 2018, may impose by ordinance a sales and use tax of up to one-half of  
164.16 one percent and a \$20 motor vehicle excise tax for the purposes specified in subdivision 2.  
164.17 Except as otherwise provided in this section, the provisions of Minnesota Statutes, section  
164.18 297A.99, govern the imposition, administration, collection, and enforcement of the tax  
164.19 authorized under this subdivision.

164.20 Subd. 2. **Use of revenues.** Revenues received from taxes authorized by subdivision 1  
164.21 must be used by the city to:

164.22 (1) pay the costs of collecting and administering the tax;

164.23 (2) pay the capital costs of city infrastructure improvement projects directly related to  
164.24 the reconstruction of Trunk Highway 71; and

164.25 (3) pay debt service on bonds issued under subdivision 3 or other obligations issued to  
164.26 finance the improvements listed in this subdivision in the city.

164.27 Subd. 3. **Bonding authority.** (a) The city may issue bonds under Minnesota Statutes,  
164.28 chapter 475, to pay the costs of the projects authorized in subdivision 2. The aggregate  
164.29 principal amount of bonds issued under this subdivision may not exceed \$10,000,000 plus  
164.30 an amount to be applied to the payment of the costs of issuing the bonds. The bonds may  
164.31 be paid from or secured by any funds available to the city, including the tax authorized  
164.32 under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota  
164.33 Statutes, sections 275.60 and 275.61.

165.1 (b) The bonds are not included in computing any debt limitation applicable to the city,  
165.2 and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest  
165.3 on the bonds is not subject to any levy limitation. A separate election to approve the bonds  
165.4 under Minnesota Statutes, section 475.58, is not required.

165.5 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
165.6 earlier of: (1) December 31, 2045; or (2) when the city council determines that \$10,000,000  
165.7 has been received from the tax to pay for the cost of the projects authorized under subdivision  
165.8 2, plus an amount sufficient to pay the costs related to issuance of the bonds authorized  
165.9 under subdivision 3, including interest on the bonds. Any funds remaining after payment  
165.10 of all such costs and retirement or redemption of the bonds shall be placed in the general  
165.11 fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the  
165.12 city so determines by ordinance.

165.13 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
165.14 city of Sauk Centre and its chief clerical officer comply with Minnesota Statutes, section  
165.15 645.021, subdivisions 2 and 3.

165.16 Sec. 30. **CITY OF SCANLON; TAXES AUTHORIZED.**

165.17 Subdivision 1. **Sales and use tax; authorization.** Notwithstanding Minnesota Statutes,  
165.18 section 297A.99, subdivision 3, paragraph (b), or 477A.016, or any other law or ordinance,  
165.19 the city of Scanlon, pursuant to approval by the voters at the general election on November  
165.20 6, 2018, may impose by ordinance a sales and use tax of up to one-half of one percent for  
165.21 the purposes specified in subdivision 2. Except as otherwise provided in this section, the  
165.22 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
165.23 collection, and enforcement of the tax authorized under this subdivision.

165.24 Subd. 2. **Use of revenues.** Revenues received from taxes authorized by subdivision 1  
165.25 must be used by the city to:

165.26 (1) pay the costs of collecting and administering the tax;

165.27 (2) pay the capital and administrative costs of city street improvements and utility  
165.28 infrastructure, including storm sewer and sanitary sewer improvements; and

165.29 (3) pay debt service on bonds issued under subdivision 3 or other obligations issued to  
165.30 finance the improvements listed in this subdivision in the city.

165.31 Subd. 3. **Bonding authority.** (a) The city may issue bonds under Minnesota Statutes,  
165.32 chapter 475, to pay the costs of the projects authorized in subdivision 2. The aggregate  
165.33 principal amount of bonds issued under this subdivision may not exceed \$400,000 plus an

166.1 amount to be applied to the payment of the costs of issuing the bonds. The bonds may be  
166.2 paid from or secured by any funds available to the city, including the tax authorized under  
166.3 subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota  
166.4 Statutes, sections 275.60 and 275.61.

166.5 (b) The bonds are not included in computing any debt limitation applicable to the city,  
166.6 and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest  
166.7 on the bonds is not subject to any levy limitation. A separate election to approve the bonds  
166.8 under Minnesota Statutes, section 475.58, is not required.

166.9 Subd. 4. **Termination of taxes.** (a) The tax imposed under subdivision 1 expires at the  
166.10 earlier of: (1) ten years after the tax is first imposed; or (2) when the city council determines  
166.11 that \$400,000 has been received from the tax to pay for the cost of the projects authorized  
166.12 under subdivision 2, plus an amount sufficient to pay the costs related to issuance of the  
166.13 bonds authorized under subdivision 3, including interest on the bonds.

166.14 (b) Any funds remaining after payment of all such costs and retirement or redemption  
166.15 of the bonds shall be placed in the general fund of the city. The tax imposed under subdivision  
166.16 1 may expire at an earlier time if the city so determines by ordinance.

166.17 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
166.18 city of Scanlon and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
166.19 subdivisions 2 and 3.

166.20 Sec. 31. **CITY OF VIRGINIA; LOCAL SALES AND USE TAX AUTHORIZED.**

166.21 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
166.22 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,  
166.23 and as approved by the voters at the November 6, 2018, general election, the city of Virginia  
166.24 may impose, by ordinance, a sales and use tax of up to one percent for the purposes specified  
166.25 in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota  
166.26 Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement  
166.27 of the tax authorized under this subdivision.

166.28 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
166.29 under subdivision 1 must be used by the city of Virginia to pay the costs of collecting and  
166.30 administering the tax, and to finance the costs of renovation, reconstruction, expansion, and  
166.31 improvements of the Miner's Memorial recreation complex and convention center. Authorized  
166.32 costs include engineering and construction costs and associated bond issuance costs.

167.1 Subd. 3. **Bonding authority.** (a) The city of Virginia may issue bonds under Minnesota  
167.2 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in  
167.3 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may  
167.4 not exceed \$30,000,000, plus an amount applied to the payment of costs of issuing the  
167.5 bonds. The bonds may be paid from or secured by any funds available to the city of Virginia,  
167.6 including the tax authorized under subdivision 1. The issuance of bonds under this  
167.7 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

167.8 (b) The bonds are not subject to any provisions of the home rule charter of the city of  
167.9 Virginia and are not included in computing any debt limitation applicable to the city. Any  
167.10 levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest on  
167.11 the bonds is not subject to any levy limitation. A separate election to approve the bonds  
167.12 under Minnesota Statutes, section 475.58, is not required.

167.13 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
167.14 earlier of: (1) 20 years after the tax is first imposed; or (2) when the city council determines  
167.15 that the city has received \$30,000,000 from this tax to fund the projects listed in subdivision  
167.16 2 plus an amount sufficient to pay costs, including interest costs, related to the issuance of  
167.17 the bonds authorized in subdivision 3. Any funds remaining after payment of the allowed  
167.18 costs due to timing of the termination under section 297A.99 shall be placed in the city's  
167.19 general fund. The tax imposed under subdivision 1 may expire at an earlier time if the city  
167.20 so determines by ordinance.

167.21 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
167.22 city of Virginia and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
167.23 subdivisions 2 and 3.

167.24 Sec. 32. **CITY OF WEST ST. PAUL; LOCAL TAX AUTHORIZED.**

167.25 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
167.26 section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, ordinance, or city  
167.27 charter, and as approved by the voters at the general election of November 6, 2018, the city  
167.28 of West St. Paul may impose, by ordinance, a sales and use tax of one-half of one percent  
167.29 for the purposes specified in subdivision 2. Except as otherwise provided in this section,  
167.30 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
167.31 collection, and enforcement of the tax authorized under this subdivision.

167.32 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
167.33 under subdivision 1 must be used by the city of West St. Paul to pay the costs of collecting  
167.34 and administering the tax and to finance the capital and administrative costs of rebuilding

168.1 and repair of essential transportation corridors and related ancillary roads within the city,  
168.2 including but not limited to Annapolis Street which borders both Ramsey and Dakota County,  
168.3 the cultural corridor of Smith Avenue, historic Dodd Road, and other essential corridors.  
168.4 The total that may be raised from the tax to pay for these projects is limited to \$28,000,000,  
168.5 plus the costs related to the issuance and paying debt service on bonds for these projects.

168.6 Subd. 3. **Bonding authority.** (a) The city of West St. Paul may issue bonds under  
168.7 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities  
168.8 authorized in subdivision 2. The aggregate principal amount of bonds issued under this  
168.9 subdivision may not exceed \$28,000,000, plus an amount to be applied to the payment of  
168.10 the costs of issuing the bonds. The bonds may be paid from or secured by any funds available  
168.11 to the city of West St. Paul, including the tax authorized under subdivision 1. The issuance  
168.12 of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and  
168.13 275.61.

168.14 (b) The bonds are not included in computing any debt limitation applicable to the city  
168.15 of West St. Paul, and any levy of taxes under Minnesota Statutes, section 475.61, to pay  
168.16 principal and interest on the bonds is not subject to any levy limitation. A separate election  
168.17 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

168.18 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
168.19 earlier of: (1) 20 years after the tax is first imposed; or (2) when the city council determines  
168.20 that \$28,000,000, plus an amount sufficient to pay the costs related to issuing the bonds  
168.21 authorized under subdivision 3, including interest on the bonds, has been received from the  
168.22 tax to pay for the cost of the projects authorized under subdivision 2. Any funds remaining  
168.23 after payment of all such costs and retirement or redemption of the bonds shall be placed  
168.24 in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier  
168.25 time if the city so determines by ordinance.

168.26 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
168.27 city of West St. Paul and its chief clerical officer comply with Minnesota Statutes, section  
168.28 645.021, subdivisions 2 and 3.

168.29 Sec. 33. **CITY OF WILLMAR; TAX AUTHORIZED.**

168.30 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
168.31 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,  
168.32 and as approved by the voters at the November 6, 2018, general election, the city of Willmar  
168.33 may impose, by ordinance, a sales and use tax of up to one-half of one percent for the  
168.34 purposes specified in subdivision 3. Except as otherwise provided in this section, the



169.1 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
169.2 collection, and enforcement of the tax authorized under this subdivision.

169.3 Subd. 2. **Excise tax authorized.** Notwithstanding Minnesota Statutes, section 477A.016,  
169.4 or any other contrary provision of law, ordinance, or city charter, the city of Willmar may  
169.5 impose by ordinance, for the purposes specified in subdivision 3, an excise tax of up to \$20  
169.6 per motor vehicle, as defined by ordinance, purchased or acquired from any person engaged  
169.7 within the city of Willmar in the business of selling motor vehicles at retail.

169.8 Subd. 3. **Use of revenues.** (a) The revenues derived from the taxes authorized under  
169.9 subdivisions 1 and 2 must be used by the city of Willmar to pay the costs of collecting and  
169.10 administering the taxes, and to pay for the projects listed in this subdivision, including  
169.11 securing and paying debt service on bonds issued to finance all or part of these projects.  
169.12 The total amount of projects to be funded with the taxes imposed under subdivisions 1 and  
169.13 2 shall not exceed \$30,000,000 plus the costs related to the issuance and paying debt service  
169.14 on bonds for these projects. The amount that may be spent on each project is limited to:

169.15 (1) \$2,000,000 for a community center replacement;

169.16 (2) \$6,000,000 for new athletic fields;

169.17 (3) \$3,000,000 for infrastructure improvements at Robins Island Regional Park;

169.18 (4) \$2,000,000 for a new playground and spectator amenities at Swansson Field Regional  
169.19 Park;

169.20 (5) \$7,000,000 for storm water management infrastructure improvements; and

169.21 (6) \$10,000,000 for a new recreation and event center.

169.22 (b) Notwithstanding the limits listed in paragraph (a) the city may by ordinance reallocate  
169.23 up to ten percent of the funds designated for one or more projects listed in that paragraph  
169.24 to other projects listed in that paragraph.

169.25 Subd. 4. **Bonding authority.** (a) The city of Willmar may issue bonds under Minnesota  
169.26 Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in  
169.27 subdivision 3. The aggregate principal amount of bonds issued under this subdivision may  
169.28 not exceed \$30,000,000, plus an amount applied to the payment of costs of issuing the  
169.29 bonds. The bonds may be paid from or secured by any funds available to the city of Willmar,  
169.30 including the taxes authorized under subdivisions 1 and 2. The issuance of bonds under this  
169.31 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

170.1 (b) The bonds are not subject to any provisions of the home rule charter of the city of  
170.2 Willmar and are not included in computing any debt limitation applicable to the city. Any  
170.3 levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest on  
170.4 the bonds is not subject to any levy limitation. A separate election to approve the bonds  
170.5 under Minnesota Statutes, section 475.58, is not required.

170.6 Subd. 5. **Termination of taxes.** The taxes imposed under subdivisions 1 and 2 expire  
170.7 at the earlier of: (1) 13 years after the taxes are first imposed; or (2) when the city council  
170.8 determines that the city has received \$30,000,000 from this tax to fund the projects listed  
170.9 in subdivision 3 plus an amount sufficient to pay interest on and the costs of the issuance  
170.10 of the bonds authorized in subdivision 4. Any funds remaining after payment of the allowed  
170.11 costs due to timing of the termination under Minnesota Statutes, section 297A.99, shall be  
170.12 placed in the city's general fund. The taxes imposed under subdivisions 1 and 2 may expire  
170.13 at an earlier time if the city so determines by ordinance.

170.14 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
170.15 city of Willmar and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
170.16 subdivisions 2 and 3.

170.17 Sec. 34. **CITY OF WORTHINGTON; TAX AUTHORIZED.**

170.18 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
170.19 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,  
170.20 and as approved by the voters at the November 6, 2018, general election, the city of  
170.21 Worthington may impose, by ordinance, a sales and use tax of one-half of one percent for  
170.22 the purposes specified in subdivision 3. Except as otherwise provided in this section, the  
170.23 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
170.24 collection, and enforcement of the tax authorized under this subdivision. The taxes under  
170.25 this subdivision and subdivision 2 may not be imposed until the city complies with the  
170.26 provisions of section 31.

170.27 Subd. 2. **Use of tax revenues.** (a) The revenues derived from the taxes authorized under  
170.28 subdivision 1 must be used by the city of Worthington to pay the costs of collecting and  
170.29 administering the tax and paying for the projects listed in this subdivision, including securing  
170.30 and paying debt service on bonds issued to finance all or part of the following projects:

170.31 (1) improvements to the aquatic center;

170.32 (2) improvements to the field house;

170.33 (3) improvements to the ice arena;

171.1 (4) other park and recreation capital projects and improvements;

171.2 (5) lake quality improvement; and

171.3 (6) improvements to the 10th Street plaza.

171.4 (b) The total amount of projects to be funded with the taxes imposed under subdivisions  
171.5 1 and 2 shall not exceed \$25,000,000 plus the costs related to the issuance of and paying  
171.6 debt service on bonds for these projects.

171.7 Subd. 3. **Bonding authority.** (a) The city of Worthington may issue bonds under  
171.8 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the projects  
171.9 authorized in subdivision 3. The aggregate principal amount of bonds issued under this  
171.10 subdivision may not exceed \$25,000,000 plus an amount applied to the payment of costs  
171.11 of issuing the bonds. The bonds may be paid from or secured by any funds available to the  
171.12 city of Worthington, including the taxes authorized under subdivisions 1 and 2. The issuance  
171.13 of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and  
171.14 275.61.

171.15 (b) The bonds are not subject to any provisions of the home rule charter of the city of  
171.16 Worthington and are not included in computing any debt limitation applicable to the city.  
171.17 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest  
171.18 on the bonds is not subject to any levy limitation. A separate election to approve the bonds  
171.19 under Minnesota Statutes, section 475.58, is not required.

171.20 Subd. 4. **Termination of taxes.** The taxes imposed under subdivisions 1 and 2 expire  
171.21 at the earlier of: (1) 15 years after the taxes are first imposed; or (2) when the city council  
171.22 determines that the city has received \$25,000,000 from this tax to fund the projects listed  
171.23 in subdivision 3 plus an amount sufficient to pay interest on and the costs of the issuance  
171.24 of the bonds authorized in subdivision 4. Any funds remaining after payment of the allowed  
171.25 costs due to timing of the termination under Minnesota Statutes, section 297A.99, shall be  
171.26 placed in the city's general fund. The taxes imposed under subdivisions 1 and 2 may expire  
171.27 at an earlier time if the city so determines by ordinance.

171.28 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
171.29 city of Worthington and its chief clerical officer comply with Minnesota Statutes, section  
171.30 645.021, subdivisions 2 and 3.

## ARTICLE 7

## TAX INCREMENT FINANCING

172.1  
172.2  
172.3 Section 1. Laws 2008, chapter 366, article 5, section 26, as amended by Laws 2013, chapter  
172.4 143, article 9, section 11, is amended to read:

172.5 Sec. 26. **BLOOMINGTON TAX INCREMENT FINANCING; FIVE-YEAR RULE.**

172.6 (a) The requirements of Minnesota Statutes, section 469.1763, subdivision 3, that  
172.7 activities must be undertaken within a five-year period from the date of certification of a  
172.8 tax increment financing district, are increased to a ~~15-year~~ 17-year period for the Port  
172.9 Authority of the City of Bloomington's Tax Increment Financing District No. 1-I,  
172.10 Bloomington Central Station.

172.11 (b) Notwithstanding the provisions of Minnesota Statutes, section 469.176, or any other  
172.12 law to the contrary, the city of Bloomington and its port authority may extend the duration  
172.13 limits of the district for a period through December 31, 2039.

172.14 (c) Effective for taxes payable in 2014, tax increment for the district must be computed  
172.15 using the current local tax rate, notwithstanding the provisions of Minnesota Statutes, section  
172.16 469.177, subdivision 1a.

172.17 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
172.18 city of Bloomington and its chief clerical officer comply with Minnesota Statutes, section  
172.19 645.021, subdivisions 2 and 3.

172.20 Sec. 2. Laws 2014, chapter 308, article 6, section 8, subdivision 1, as amended by Laws  
172.21 2017, First Special Session chapter 1, article 6, section 11, is amended to read:

172.22 Subdivision 1. **Authority to create districts.** (a) The governing body of the city of  
172.23 Edina or its development authority may establish one or more tax increment financing  
172.24 housing districts in the Southeast Edina Redevelopment Project Area, as the boundaries  
172.25 exist on March 31, 2014.

172.26 (b) The authority to request certification of districts under this section expires on  
172.27 December 31, ~~2019~~ 2021.

172.28 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
172.29 city of Edina and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
172.30 subdivisions 2 and 3.

173.1 Sec. 3. **CITY OF ALEXANDRIA; TIF DISTRICT NO. 50; FIVE-YEAR RULE**  
173.2 **EXTENSION.**

173.3 The requirement of Minnesota Statutes, section 469.1763, subdivision 3, that activities  
173.4 must be undertaken within a five-year period from the date of certification of a tax increment  
173.5 financing district, is considered to be met for TIF District No. 50, administered by the city  
173.6 of Alexandria, or its economic development authority, if the activities are undertaken prior  
173.7 to July 16, 2023.

173.8 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
173.9 city of Alexandria and its chief clerical officer comply with Minnesota Statutes, section  
173.10 645.021, subdivisions 2 and 3.

173.11 Sec. 4. **CITY OF ANOKA; COMMUTER RAIL TRANSIT VILLAGE TIF**  
173.12 **DISTRICT; FIVE-YEAR RULE EXTENSION.**

173.13 The requirement of Minnesota Statutes, section 469.1763, subdivision 3, that activities  
173.14 must be undertaken within a five-year period from the date of certification of a tax increment  
173.15 financing district, is considered to be met for the Commuter Rail Transit Village tax  
173.16 increment financing district, administered by the city of Anoka, if the activities are undertaken  
173.17 prior to April 7, 2023.

173.18 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
173.19 city of Anoka and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
173.20 subdivisions 2 and 3.

173.21 Sec. 5. **CITY OF CHAMPLIN; MISSISSIPPI CROSSINGS TIF DISTRICT;**  
173.22 **FIVE-YEAR RULE EXTENSION; DURATION EXTENSION.**

173.23 Subdivision 1. **Five-year rule.** The requirement of Minnesota Statutes, section 469.1763,  
173.24 subdivision 3, that activities must be undertaken within a five-year period from the date of  
173.25 certification of a tax increment financing district, is extended to a ten-year period for the  
173.26 Mississippi Crossings Tax Increment Financing District administered by the city of Champlin.

173.27 Subd. 2. **Duration.** Notwithstanding Minnesota Statutes, section 469.176, subdivision  
173.28 1b, or any other law to the contrary, the city of Champlin may elect to extend the duration  
173.29 of the Mississippi Crossings Tax Increment Financing District by five years.

173.30 **EFFECTIVE DATE.** This section is effective upon compliance by the governing bodies  
173.31 of the city of Champlin, Hennepin County, and Independent School District No. 11

174.1 (Anoka-Hennepin), with the requirements of Minnesota Statutes, sections 469.1782,  
174.2 subdivision 2; and 645.021, subdivisions 2 and 3.

174.3 **Sec. 6. CITY OF DULUTH; TAX INCREMENT FINANCING DISTRICT; SPECIAL**  
174.4 **RULES AUTHORIZATION.**

174.5 Subdivision 1. **Establishment.** The city of Duluth or the Duluth Economic Development  
174.6 Authority may establish, by resolution, one redevelopment tax increment financing district  
174.7 located in the city of Duluth, St. Louis County, Minnesota, within the area bordered on the  
174.8 northeast by Slip 3 and the Pier B Resort property line extended northwest to Interstate 35,  
174.9 on the southeast by the Duluth Harbor, on the southwest by the Compass Minerals property  
174.10 line extended northwest to Interstate 35, and on the northwest by Interstate 35, together  
174.11 with adjacent roads and rights-of-way; and such property is deemed to meet the requirements  
174.12 of Minnesota Statutes, section 469.174, subdivision 10.

174.13 Subd. 2. **Eligible expenditures.** Expenditures incurred in connection with the  
174.14 development of the property described in subdivision 1 are deemed to meet the requirements  
174.15 of Minnesota Statutes, section 469.176, subdivision 4j. Eligible expenditures for any tax  
174.16 increment financing district established in the area described in subdivision 1 include,  
174.17 without limitation, seawalls and pier facings adjacent to the boundaries of such district.

174.18 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
174.19 city of Duluth and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
174.20 subdivisions 2 and 3.

174.21 **Sec. 7. CITY OF MINNEAPOLIS; UPPER HARBOR TERMINAL**  
174.22 **REDEVELOPMENT TIF DISTRICT; SPECIAL RULES AUTHORIZATION.**

174.23 Subdivision 1. **Qualifying rules.** Notwithstanding Minnesota Statutes, section 469.174,  
174.24 subdivision 10, the governing body of the city of Minneapolis may establish, by resolution,  
174.25 one or more redevelopment tax increment financing districts within that portion of the North  
174.26 Washington Industrial Park Redevelopment Project Area as its boundaries existed on January  
174.27 1, 2019, located north of Lowry Avenue. In each resolution, the city must find that each  
174.28 parcel in the district was part of property that was formerly used as a municipally owned  
174.29 intermodal barge shipping facility that can no longer be used for such purpose due to the  
174.30 closure of the Upper St. Anthony Falls Lock under the federal Water Resources Reform  
174.31 and Development Act of 2014. Except as provided in this section, the provisions of Minnesota  
174.32 Statutes, sections 469.174 to 469.1794, apply to each district created under this section.

175.1 Subd. 2. **Use of increments.** Minnesota Statutes, section 469.176, subdivision 4j, does  
 175.2 not apply to any district established under this section.

175.3 Subd. 3. **Pooling authority.** Notwithstanding Minnesota Statutes, section 469.1763,  
 175.4 subdivision 2, the permitted percentage of increments that may be expended on activities  
 175.5 outside the district, but within the project area, is increased to 35 percent for districts  
 175.6 established under this section.

175.7 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
 175.8 city of Minneapolis and its chief clerical officer comply with Minnesota Statutes, section  
 175.9 645.021, subdivisions 2 and 3.

175.10 Sec. 8. **CITY OF ROSEVILLE; HAZARDOUS SUBSTANCE SUBDISTRICT NO.**  
 175.11 **17A; EXPENDITURE OF TAX INCREMENT.**

175.12 Notwithstanding Minnesota Statutes, section 469.1763, or any other law to the contrary,  
 175.13 the city of Roseville and the Roseville Economic Development Authority may use any or  
 175.14 all increment generated from Hazardous Substance Subdistrict No. 17A for the purpose of  
 175.15 financing environmental remediation pursuant to one or more response action plans on the  
 175.16 parcels within the subdistrict as originally certified, regardless of the date of approval of  
 175.17 the response action plan by the Pollution Control Agency.

175.18 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
 175.19 city of Roseville and its chief clerical officer comply with the requirements of Minnesota  
 175.20 Statutes, section 645.021, subdivisions 2 and 3.

175.21

## ARTICLE 8

175.22

### PUBLIC FINANCE

175.23 Section 1. Minnesota Statutes 2018, section 37.31, subdivision 1, is amended to read:

175.24 Subdivision 1. **Bonding authority.** The society may issue negotiable bonds in a principal  
 175.25 amount that the society determines necessary to provide sufficient money for achieving its  
 175.26 purposes, including the payment of interest on bonds of the society, the establishment of  
 175.27 reserves to secure its bonds, the payment of fees to a third party providing credit  
 175.28 enhancement, and the payment of all other expenditures of the society incident to and  
 175.29 necessary or convenient to carry out its corporate purposes and powers. Bonds of the society  
 175.30 may be issued as bonds or notes or in any other form authorized by law. The principal  
 175.31 amount of bonds issued and outstanding under this section at any time may not exceed

176.1 ~~\$20,000,000~~ \$30,000,000, excluding bonds for which refunding bonds or crossover refunding  
 176.2 bonds have been issued.

176.3 Sec. 2. Minnesota Statutes 2018, section 103E.611, subdivision 2, is amended to read:

176.4 Subd. 2. **Interest.** (a) Interest is an additional drainage lien on all property until paid.

176.5 The interest rate on the drainage lien principal from the date the drainage lien statement is  
 176.6 recorded must be set by the board but may not exceed the rate determined by the state court  
 176.7 administrator for judgments under section 549.09, or six percent, whichever is greater.

176.8 (b) Before the tax lists for the year are given to the county treasurer, the auditor shall  
 176.9 compute the interest on the unpaid balance of the drainage lien at the rate set by the board.  
 176.10 The amount of interest must be computed on the entire unpaid principal from the date the  
 176.11 drainage lien was recorded to August 15 of the next calendar year, and afterwards from  
 176.12 August 15 to August 15 of each year.

176.13 (c) Interest is due and payable after November 1 of each year the drainage lien principal  
 176.14 or interest is due and unpaid.

176.15 Sec. 3. Minnesota Statutes 2018, section 123B.595, subdivision 5, is amended to read:

176.16 Subd. 5. **Bond authorization.** (a) A school district may issue general obligation bonds  
 176.17 under this section to finance facilities plans approved by its board and the commissioner.  
 176.18 Chapter 475, except sections 475.58 and 475.59, must be complied with. The authority to  
 176.19 issue bonds under this section is in addition to any bonding authority authorized by this  
 176.20 chapter or other law. The amount of bonding authority authorized under this section must  
 176.21 be disregarded in calculating the bonding or net debt limits of this chapter, or any other law  
 176.22 other than section 475.53, subdivision 4.

176.23 (b) At least 20 days before the earliest of ~~solicitation of bids~~, the issuance of bonds; or  
 176.24 the final certification of levies under subdivision 6, the district must publish notice of the  
 176.25 intended projects, the amount of the bond issue, and the total amount of district indebtedness.

176.26 (c) The portion of revenue under this section for bonded debt must be recognized in the  
 176.27 debt service fund.

176.28 Sec. 4. Minnesota Statutes 2018, section 297A.993, subdivision 1, is amended to read:

176.29 Subdivision 1. **Authorization; rates.** Notwithstanding section 297A.99, subdivisions  
 176.30 1, 2, 3, 5, and 13, or 477A.016, or any other law, the board of a county ~~outside the~~  
 176.31 ~~metropolitan transportation area, as defined under section 297A.992, subdivision 1, or more~~



177.1 than one county ~~outside the metropolitan transportation area~~ acting under a joint powers  
 177.2 agreement, may by resolution of the county board, or each of the county boards, following  
 177.3 a public hearing impose (1) a transportation sales tax at a rate of up to one-half of one percent  
 177.4 on retail sales and uses taxable under this chapter, and (2) an excise tax of \$20 per motor  
 177.5 vehicle, as defined in section 297B.01, subdivision 11, purchased or acquired from any  
 177.6 person engaged in the business of selling motor vehicles at retail, occurring within the  
 177.7 jurisdiction of the taxing authority.

177.8 Sec. 5. Minnesota Statutes 2018, section 297A.993, is amended by adding a subdivision  
 177.9 to read:

177.10 Subd. 4. **Bonds.** (a) A county may, by resolution, authorize, issue, and sell its bonds,  
 177.11 notes, or other obligations for the purposes specified in subdivision 2. The county may also,  
 177.12 by resolution, issue bonds to refund the bonds issued pursuant to this subdivision.

177.13 (b) The bonds may be limited obligations, payable solely from or secured by taxes levied  
 177.14 under this section, and the county may also pledge its full faith, credit, and taxing power as  
 177.15 additional security for the bonds. A regional railroad authority within the county may also  
 177.16 pledge its taxing powers as additional security for the bonds.

177.17 (c) Bonds may be issued in one or more series and sold without an election. The bonds  
 177.18 shall be secured, bear the interest rate or rates or a variable rate, have the rank or priority,  
 177.19 be executed in the manner, be payable in the manner, mature, and be subject to the defaults,  
 177.20 redemptions, repurchases, tender options, or other terms, and shall be sold in such manner  
 177.21 as the county may determine.

177.22 (d) The county may enter into and perform all contracts deemed necessary or desirable  
 177.23 by it to issue and secure the bonds, including an indenture of trust with a trustee within or  
 177.24 without the state.

177.25 (e) Except as otherwise provided in this subdivision, the bonds must be issued and sold  
 177.26 in the manner provided under chapter 475.

177.27 Sec. 6. Minnesota Statutes 2018, section 471.831, is amended to read:

177.28 **471.831 MUNICIPALITY MAY FILE BANKRUPTCY PETITION.**

177.29 Subdivision 1. **Any relief under bankruptcy code.** A municipality, as defined in  
 177.30 subdivision 2, may file a petition and seek any relief available to it under United States  
 177.31 Code, title 11, as amended ~~through December 31, 1996.~~

178.1 Subd. 2. **Municipality defined.** In this section, "municipality" means a municipality as  
178.2 defined in United States Code, title 11, section 101, as amended ~~through December 31,~~  
178.3 ~~1996,~~ but limited to a county, statutory or home rule charter city, or town; or a housing and  
178.4 redevelopment authority, economic development authority, or rural development financing  
178.5 authority established under chapter 469, a home rule charter, or special law.

178.6 Sec. 7. Minnesota Statutes 2018, section 474A.02, subdivision 22b, is amended to read:

178.7 Subd. 22b. **Public facilities project.** "Public facilities project" means any publicly owned  
178.8 facility, or a facility owned by a nonprofit organization that is used for district heating or  
178.9 cooling, whether publicly or privately owned, that is eligible to be financed with the proceeds  
178.10 of public facilities bonds as defined under section 474A.02, subdivision 23a.

178.11 Sec. 8. Minnesota Statutes 2018, section 475.521, subdivision 1, is amended to read:

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

178.14 (a) "Bonds" mean an obligation defined under section 475.51.

178.15 (b) "Capital improvement" means acquisition or betterment of public lands, buildings  
178.16 or other improvements for the purpose of a city hall, town hall, library, public safety facility,  
178.17 and public works facility. An improvement must have an expected useful life of five years  
178.18 or more to qualify. Capital improvement does not include light rail transit or any activity  
178.19 related to it, or a park, road, bridge, administrative building other than a city or town hall,  
178.20 or land for any of those facilities. For purposes of this section, "capital improvement"  
178.21 includes expenditures for purposes described in this paragraph that have been incurred by  
178.22 a municipality before approval of a capital improvement plan, if such expenditures are  
178.23 included in a capital improvement plan approved on or before the date of the public hearing  
178.24 under subdivision 2 regarding issuance of bonds for such expenditures.

178.25 (c) "Municipality" means a home rule charter or statutory city or a town ~~described in~~  
178.26 ~~section 368.01, subdivision 1 or 1a.~~

178.27 Sec. 9. **REPEALER.**

178.28 Minnesota Statutes 2018, section 37.31, subdivision 8, is repealed.

178.29 Sec. 10. **EFFECTIVE DATE.**

178.30 Sections 1 to 9 are effective July 1, 2019.

179.1

**ARTICLE 9**

179.2

**MISCELLANEOUS**179.3 Section 1. **[270C.075] PRIVATE LETTER RULINGS.**

179.4 Subdivision 1. **Program established.** By January 1, 2020, the commissioner shall, by  
179.5 administrative rule adopted under chapter 14, establish and implement a program for issuing  
179.6 private letter rulings to taxpayers to provide guidance as to how the commissioner will apply  
179.7 Minnesota tax law to a specific transaction or proposed transaction, arrangement, or other  
179.8 fact situation of the applying taxpayer. The commissioner must include in each ruling an  
179.9 explanation of the reasoning for the determination. In establishing the terms of the program,  
179.10 the commissioner may provide that rulings will not be issued in specified subject areas, for  
179.11 categories of transactions, or under specified provisions of law, if the commissioner  
179.12 determines doing so is in the best interests of the state and sound tax administration. The  
179.13 program must include a process for the representative of a taxpayer to apply for a private  
179.14 letter ruling and to communicate with the commissioner regarding the requested ruling.

179.15 Subd. 2. **Application procedure; fees.** (a) The commissioner shall establish an  
179.16 application procedure and forms for a taxpayer or the taxpayer's appointed representative  
179.17 to request a private letter ruling. The commissioner may require the taxpayer to provide any  
179.18 supporting factual information and certifications that the commissioner determines necessary  
179.19 or appropriate to issue a private letter ruling. The requirements may vary based on the type  
179.20 of ruling requested.

179.21 (b) The commissioner may, in the administrative rule, establish a fee schedule to recover  
179.22 the department's actual cost of preparing private letter rulings. The maximum fee per private  
179.23 letter ruling is \$1,000. The commissioner may require the applicant to pay the required fee  
179.24 for a private letter ruling before the application is considered. If the administrative rule  
179.25 provides for payment of a fee as a condition for providing a private letter ruling, the rule  
179.26 must provide a fee structure that varies the amount of the fee by the complexity of the request  
179.27 or the number and type of issues or both.

179.28 (c) If the commissioner fails to issue a ruling to the taxpayer within 90 days after the  
179.29 taxpayer's filing of a completed application, the commissioner must refund the application  
179.30 fee to the taxpayer; however, the commissioner must issue a private letter ruling unless the  
179.31 taxpayer withdraws the request.

179.32 (d) Any fees collected under this section must be deposited in the Revenue Department  
179.33 service and recovery special revenue fund established under section 270C.15, and are

180.1 appropriated to the commissioner to offset the cost of issuing private letter rulings and  
180.2 related administrative costs.

180.3 Subd. 3. **Effect.** (a) A private letter ruling is binding on the commissioner with respect  
180.4 to the taxpayer to whom the ruling is issued if:

180.5 (1) there was no misstatement or omission of material facts in the application or other  
180.6 information provided to the commissioner;

180.7 (2) the facts that subsequently developed were not materially different from the facts  
180.8 upon which the ruling was based;

180.9 (3) the applicable statute, administrative rule, federal law referenced by state law, or  
180.10 other relevant law has not changed; and

180.11 (4) the taxpayer acted in good faith in applying for and relying on the ruling.

180.12 (b) Private letter rulings have no precedential effect and may not be relied upon by a  
180.13 taxpayer other than as provided in paragraph (a).

180.14 Subd. 4. **Public access.** The commissioner shall make private letter rulings issued under  
180.15 this section available to the public on the department's website. The commissioner must  
180.16 organize the private letter rulings by tax type and must make them available in a searchable  
180.17 format. The published rulings must redact any information that would permit identification  
180.18 of the requesting taxpayer.

180.19 Subd. 5. **Legislative report.** (a) By January 31 of each odd-numbered year, the  
180.20 commissioner shall report in writing to the legislature the following information for the  
180.21 immediately preceding two calendar years:

180.22 (1) the number of applications for private letter rulings;

180.23 (2) the number of private letter rulings issued, including the number issued within the  
180.24 90-day time period under subdivision 2, paragraph (c);

180.25 (3) the amount of application fees refunded by tax type;

180.26 (4) the tax types for which rulings were requested;

180.27 (5) the types and characteristics of taxpayers applying for rulings; and

180.28 (6) any other information that the commissioner considers relevant to legislative oversight  
180.29 of the private letter ruling program.

181.1 (b) The report must be filed as provided in section 3.195, and copies must be provided  
181.2 to the chairs and ranking minority members of the committees of the house of representatives  
181.3 and the senate with jurisdiction over taxes and appropriations to the Department of Revenue.

181.4 **EFFECTIVE DATE.** This section is effective July 1, 2021, except that the first  
181.5 legislative report under subdivision 5 is due January 31, 2024.

181.6 Sec. 2. Minnesota Statutes 2018, section 270C.31, is amended by adding a subdivision to  
181.7 read:

181.8 Subd. 8. **Authority to request dual examination.** (a) A qualified taxpayer that is subject  
181.9 to an on-site examination or audit under this section of the amount of tax due under chapter  
181.10 290 or 297A may request in writing that the commissioner conduct the examination or audit  
181.11 of the taxpayer's tax due under both chapters at the same time. The request must be made  
181.12 within ..... days of the receipt of the commissioner's notice of intent to conduct the on-site  
181.13 audit or examination in the form prescribed by the commissioner. If a qualified taxpayer  
181.14 files a timely written request under this subdivision and the commissioner elects to audit or  
181.15 examine the tax due under only one of the two chapters, the commissioner may not audit  
181.16 or examine the tax due under the other chapter for each taxable year or period that includes  
181.17 the taxable year or the period covered by the audit or examination that was conducted.

181.18 (b) For purposes of this subdivision, "qualified taxpayer" means a taxpayer that meets  
181.19 each of the following requirements:

181.20 (1) the taxpayer has been issued a permit to collect tax under section 297A.84;

181.21 (2) the gross receipts of the taxpayer, as reported on the return filed under chapter 290  
181.22 for the most recent taxable year, is no more than \$..... In applying this clause to a taxpayer  
181.23 that is member of a unitary business, as defined in section 290.17, gross receipts include  
181.24 the gross receipts of all members of the unitary business; and

181.25 (3) the commissioner audited or examined the taxpayer's return filed under chapter 290  
181.26 or 297A or both for a period that ended no more than ..... years prior to the taxable year or  
181.27 the period for which the qualified taxpayer made the request under this subdivision, and the  
181.28 commissioner determined that no more than the greater of (1) \$1,000 or (2) ... percent of  
181.29 the liability for tax in additional tax was owed by the taxpayer as a result of the audit or  
181.30 examination.

181.31 **EFFECTIVE DATE.** This section is effective for examinations and audits commenced  
181.32 after June 30, 2021.

182.1 Sec. 3. Minnesota Statutes 2018, section 270C.33, is amended by adding a subdivision to  
182.2 read:

182.3 Subd. 4a. **Limitations; sales taxes.** (a) The provisions of this subdivision are a limitation  
182.4 on the assessment authority of the commissioner under this section.

182.5 (b) The commissioner must not assess additional tax under chapter 297A if each of the  
182.6 following requirements are met:

182.7 (1) the tax reported by the taxpayer is consistent with and based on past reporting or  
182.8 other practices of the taxpayer that were fully disclosed to the commissioner and were  
182.9 specifically reviewed by the commissioner, including by issuing an audit assessing no  
182.10 additional tax liability with respect to that item for a prior taxable period; and

182.11 (2) effective for a taxable period beginning after the period covered by clause (1), neither  
182.12 the statute or administrative rule on which the reporting or other practice is based has been  
182.13 materially changed, nor has the commissioner issued a revenue notice or directly notified  
182.14 the taxpayer in writing of a change in the commissioner's position as to the proper reporting  
182.15 or other treatment of the relevant income, transaction, deduction, or other item.

182.16 (c) For an audit of a prior taxable period by the commissioner, paragraph (b), clause (1),  
182.17 applies only to issues within the scope of and specifically addressed by the audit.

182.18 **EFFECTIVE DATE.** This section is effective for assessments made after June 30,  
182.19 2021.

182.20 Sec. 4. Minnesota Statutes 2018, section 270C.33, is amended by adding a subdivision to  
182.21 read:

182.22 Subd. 4b. **Limit on assessments; reasonable cause for failure to collect or withhold.** (a)  
182.23 An assessment issued under subdivision 4 is reduced or eliminated to the extent that the  
182.24 amount that would otherwise be assessed arose from the taxpayer's failure to collect or  
182.25 withhold a tax from another individual or entity and the taxpayer had reasonable cause for  
182.26 not collecting or withholding the tax. A taxpayer may raise this ground for prohibition of  
182.27 an assessment during an audit, upon appeal from an assessment, or by refund claim following  
182.28 payment of the assessment.

182.29 (b) For purposes of this subdivision and section 270C.35, subdivision 4:

182.30 (1) ignorance of the law is not reasonable cause;

182.31 (2) lack of clarity as to whether the law requires collection or withholding under the  
182.32 circumstances may be reasonable cause; and

183.1 (3) failure to collect or withhold in accordance with prior written advice from the  
183.2 commissioner on the specific question of the requirement to collect or withhold under the  
183.3 same or similar circumstances that has not been superseded or preempted by a change in  
183.4 statute or administrative rule or a subsequent written notice from the commissioner to the  
183.5 taxpayer prior to commencement of the period for which the failure to collect or withhold  
183.6 occurred is reasonable cause.

183.7 **EFFECTIVE DATE.** This section is effective for assessments made after June 30,  
183.8 2021.

183.9 Sec. 5. Minnesota Statutes 2018, section 270C.34, subdivision 1, is amended to read:

183.10 Subdivision 1. **Authority.** (a) The commissioner may abate, reduce, or refund any penalty  
183.11 or interest that is imposed by a law administered by the commissioner, or imposed by section  
183.12 270.0725, subdivision 1 or 2, or 270.075, subdivision 2, as a result of the late payment of  
183.13 tax or late filing of a return, or any part of an additional tax charge under section 289A.25,  
183.14 subdivision 2, or 289A.26, subdivision 4, if the failure to timely pay the tax or failure to  
183.15 timely file the return is due to reasonable cause, or if the taxpayer is located in a presidentially  
183.16 declared disaster or in a presidentially declared state of emergency area or in an area declared  
183.17 to be in a state of emergency by the governor under section 12.31.

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

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

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

183.26 (c) In addition to the authority under paragraphs (a) and (b), the commissioner may  
183.27 decline to impose or may abate any penalty under section 289A.60 or other law, or an  
183.28 additional tax charge under section 289A.25, subdivision 2, or 289A.26, subdivision 4.

183.29 **EFFECTIVE DATE.** This section is effective July 1, 2021.

184.1 Sec. 6. Minnesota Statutes 2018, section 270C.35, subdivision 4, is amended to read:

184.2 Subd. 4. **Time and content for administrative appeal.** Within 60 days after the notice  
184.3 date, the taxpayer must file a written appeal with the commissioner. The appeal need not  
184.4 be in any particular form but must contain the following information:

184.5 (1) name and address of the taxpayer;

184.6 (2) if a corporation, the state of incorporation of the taxpayer, and the principal place of  
184.7 business of the corporation;

184.8 (3) the Minnesota identification number or Social Security number of the taxpayer;

184.9 (4) the type of tax involved;

184.10 (5) the date;

184.11 (6) the tax years or periods involved and the amount of tax involved for each year or  
184.12 period;

184.13 (7) the findings in the notice that the taxpayer disputes;

184.14 (8) for a request to reduce or eliminate an assessment under section 270C.33, subdivision  
184.15 4b, a statement of the taxpayer's grounds, along with a brief statement of the supporting  
184.16 facts, for the assertion of reasonable cause for the failure to collect or withhold tax from  
184.17 another individual or entity;

184.18 (9) a summary statement that the taxpayer relies on for each exception; and

184.19 ~~(9)~~ (10) the taxpayer's signature or signature of the taxpayer's duly authorized agent.

184.20 **EFFECTIVE DATE.** This section is effective for assessments made after June 30,  
184.21 2021.

184.22 Sec. 7. Minnesota Statutes 2018, section 289A.40, subdivision 1, is amended to read:

184.23 Subdivision 1. **Time limit; generally.** (a) Unless otherwise provided in this chapter, a  
184.24 claim for a refund of an overpayment of state tax must be filed within 3-1/2 years from the  
184.25 date prescribed for filing the return, plus any extension of time granted for filing the return,  
184.26 but only if filed within the extended time, or ~~one year from the date of an order assessing~~  
184.27 ~~tax under section 270C.33 or an order determining an appeal under section 270C.35,~~  
184.28 ~~subdivision 8, or one year from the date of a return made by the commissioner under section~~  
184.29 ~~270C.33, subdivision 3, upon payment in full of the tax, penalties, and interest shown on~~  
184.30 ~~the order or return made by the commissioner~~ two years from the time the tax was paid,  
184.31 ~~whichever period expires later. Claims for refund, except for taxes under chapter 297A,~~



185.1 ~~filed after the 3-1/2 year period but within the one-year period are limited to the amount of~~  
185.2 ~~the tax, penalties, and interest on the order or return made by the commissioner and to issues~~  
185.3 ~~determined by the order or return made by the commissioner.~~

185.4 ~~In the case of assessments under section 289A.38, subdivision 5 or 6, claims for refund~~  
185.5 ~~under chapter 297A filed after the 3-1/2 year period but within the one-year period are~~  
185.6 ~~limited to the amount of the tax, penalties, and interest on the order or return made by the~~  
185.7 ~~commissioner that are due for the period before the 3-1/2 year period.~~

185.8 (b) For purposes of this subdivision, the amount of a refund is limited as follows:

185.9 (1) if the claim was filed by the taxpayer within 3-1/2 years from the date prescribed for  
185.10 filing the return, the refund shall not exceed the tax paid within the 3-1/2 year period  
185.11 immediately preceding the filing of the claim, plus any extension of time granted for filing  
185.12 the return, but only if the claim was filed within the extended time;

185.13 (2) if the claim was not filed within 3-1/2 years from the date prescribed for filing the  
185.14 return, the refund shall not exceed the tax paid during the two years immediately preceding  
185.15 the filing of the claim; and

185.16 (3) if no claim was filed, the refund shall not exceed the amount which would be  
185.17 allowable under clause (1) or (2), if the claim was filed on the date the refund is allowed.

185.18 (c) The prepayment of tax made by withholding of tax at the source or payment of  
185.19 estimated tax before the due date is considered paid on the last day prescribed by law for  
185.20 the payment of the tax by the taxpayer. A return filed before the due date is considered as  
185.21 filed on the due date. An extended return filed before the extended due date is considered  
185.22 as filed on the extended due date.

185.23 **EFFECTIVE DATE.** This section is effective for claims for refund filed after June 30,  
185.24 2021.

185.25 Sec. 8. Minnesota Statutes 2018, section 289A.60, subdivision 1, is amended to read:

185.26 Subdivision 1. **Penalty for failure to pay tax.** (a) If a corporate franchise, fiduciary  
185.27 income, mining company, estate, partnership, S corporation, or nonresident entertainer tax  
185.28 is not paid within the time specified for payment, a penalty of six percent is added to the  
185.29 unpaid tax, except that if a corporation or mining company meets the requirements of section  
185.30 289A.19, subdivision 2, the penalty is not imposed.

185.31 (b) For the taxes listed in paragraph (a), in addition to the penalty in that paragraph,  
185.32 whether imposed or not, if a return or amended return is filed after the due date, without

186.1 regard to extensions, and any tax reported as remaining due is not remitted with the return  
186.2 or amended return, a penalty of five percent of the tax not paid is added to the tax. If the  
186.3 commissioner issues an order assessing additional tax for a tax listed in paragraph (a), and  
186.4 the tax is not paid within 60 days after the mailing of the order or, if appealed, within 60  
186.5 days after final resolution of the appeal, a penalty of five percent of the unpaid tax is added  
186.6 to the tax.

186.7 (c) If an individual income tax is not paid within the time specified for payment, a penalty  
186.8 of four percent is added to the unpaid tax. There is a presumption of reasonable cause for  
186.9 the late payment if the individual: (i) pays by the due date of the return at least 90 percent  
186.10 of the amount of tax, after credits other than withholding and estimated payments, shown  
186.11 owing on the return; (ii) files the return within six months after the due date; and (iii) pays  
186.12 the remaining balance of the reported tax when the return is filed.

186.13 (d) If the commissioner issues an order assessing additional individual income tax, and  
186.14 the tax is not paid within 60 days after the mailing of the order or, if appealed, within 60  
186.15 days after final resolution of the appeal, a penalty of four percent of the unpaid tax is added  
186.16 to the tax.

186.17 (e) If a withholding or sales or use tax is not paid within the time specified for payment,  
186.18 a penalty must be added to the amount required to be shown as tax. The penalty is five  
186.19 percent of the tax not paid on or before the date specified for payment of the tax if the failure  
186.20 is for not more than 30 days, with an additional penalty of five percent of the amount of tax  
186.21 remaining unpaid during each additional 30 days or fraction of 30 days during which the  
186.22 failure continues, not exceeding 15 percent in the aggregate.

186.23 (f) No penalty applies under this section if:

186.24 (1) the total calculated penalty that would otherwise apply under paragraphs (a) to (e)  
186.25 is less than \$150; or

186.26 (2) for an underpayment of individual income tax under chapter 290 or sales tax under  
186.27 chapter 297A, the liability for tax on which the penalty is calculated is less than \$1,000 and  
186.28 the taxpayer timely filed any returns required to be filed during the prior three calendar  
186.29 years and was not subject to a penalty under this section, determined without regard to the  
186.30 provisions of this paragraph, for any taxes on returns due during that three-year period.

186.31 **EFFECTIVE DATE.** This section is effective for penalties imposed after June 30,  
186.32 2021.

187.1 Sec. 9. Minnesota Statutes 2018, section 296A.03, subdivision 3, is amended to read:

187.2 Subd. 3. **Form of application; license fee.** An application for a distributor's license  
 187.3 shall be made in the form and manner prescribed by the commissioner and must be  
 187.4 accompanied by an initial fee of \$25. Once licensed, a distributor must remit a \$25 fee  
 187.5 annually to maintain the license.

187.6 **EFFECTIVE DATE.** This section is effective July 1, 2019.

187.7 Sec. 10. Minnesota Statutes 2018, section 296A.13, is amended to read:

187.8 **296A.13 PERSONAL LIABILITY FOR TAX.**

187.9 Liability for payment of taxes under this chapter includes a responsible person or entity  
 187.10 described in the personal liability provisions of section 270C.56, except "person" includes  
 187.11 but is not limited to directors and officers of corporations, governors and managers of a  
 187.12 limited liability company, or members of partnerships who, either individually or jointly  
 187.13 with others, have the control, supervision, or responsibility of filing returns and making  
 187.14 payment of the amount of tax imposed by this chapter.

187.15 **EFFECTIVE DATE.** This section is effective July 1, 2019.

187.16 Sec. 11. Minnesota Statutes 2018, section 297E.02, subdivision 6, is amended to read:

187.17 Subd. 6. **Combined net receipts tax.** (a) In addition to the taxes imposed under  
 187.18 subdivision 1, a tax is imposed on the combined net receipts of the organization. As used  
 187.19 in this section, "combined net receipts" is the sum of the organization's gross receipts from  
 187.20 lawful gambling less gross receipts directly derived from the conduct of paper bingo, raffles,  
 187.21 and paddlewheels, as defined in section 297E.01, subdivision 8, and less the net prizes  
 187.22 actually paid, other than prizes actually paid for paper bingo, raffles, and paddlewheels, for  
 187.23 the fiscal year. The combined net receipts of an organization are subject to a tax computed  
 187.24 according to the following schedule:

187.25	If the combined net receipts	The tax is:
187.26	for the fiscal year are:	
187.27	Not over \$87,500	<del>nine</del> <u>eight</u> percent
187.28	Over \$87,500, but not over	<del>\$7,875</del> <u>\$7,000</u> plus <del>18</del> <u>16</u> percent of
187.29	\$122,500	the amount over \$87,500, but not over
187.30		\$122,500
187.31	Over \$122,500, but not	<del>\$14,175</del> <u>\$12,600</u> plus <del>27</del> <u>24</u> percent
187.32	over \$157,500	of the amount over \$122,500, but not
187.33		over \$157,500
187.34	Over \$157,500	<del>\$23,625</del> <u>\$21,000</u> plus <del>36</del> <u>32</u> percent
187.35		of the amount over \$157,500

188.1 ~~(b) On or before April 1, 2016, the commissioner shall estimate the total amount of~~  
 188.2 ~~revenue, including interest and penalties, that will be collected for fiscal year 2016 from~~  
 188.3 ~~taxes imposed under this chapter. If the amount estimated by the commissioner equals or~~  
 188.4 ~~exceeds \$94,800,000, the commissioner shall certify that effective July 1, 2016, the rates~~  
 188.5 ~~under this paragraph apply in lieu of the rates under paragraph (a) and shall publish a notice~~  
 188.6 ~~to that effect in the State Register and notify each taxpayer by June 1, 2016. If the rates~~  
 188.7 ~~under this section apply, the combined net receipts of an organization are subject to a tax~~  
 188.8 ~~computed according to the following schedule:~~

188.9	If the combined net receipts	The tax is:
188.10	for the fiscal year are:	
188.11	Not over \$87,500	8.5 percent
188.12	Over \$87,500, but not over	\$7,438 plus 17 percent of the amount
188.13	\$122,500	over \$87,500, but not over \$122,500
188.14	Over \$122,500, but not	\$13,388 plus 25.5 percent of the
188.15	over \$157,500	amount over \$122,500, but not over
188.16		\$157,500
188.17	Over \$157,500	\$22,313 plus 34 percent of the amount
188.18		over \$157,500

188.19 ~~(e)~~ (b) Gross receipts derived from sports-themed tipboards are exempt from taxation  
 188.20 under this section. For purposes of this paragraph, a sports-themed tipboard means a  
 188.21 sports-themed tipboard as defined in section 349.12, subdivision 34, under which the winning  
 188.22 numbers are determined by the numerical outcome of a professional sporting event.

188.23 **EFFECTIVE DATE.** This section is effective July 1, 2019.

188.24 Sec. 12. Minnesota Statutes 2018, section 297E.021, subdivision 2, is amended to read:

188.25 Subd. 2. **Determination of revenue increase.** By March 15 of each fiscal year, the  
 188.26 commissioner of management and budget, in consultation with the commissioner, shall  
 188.27 determine the estimated increase in revenues received from taxes imposed under this chapter  
 188.28 over ~~the estimated revenues under the February 2012 state budget forecast for that fiscal~~  
 188.29 ~~year. For fiscal years after fiscal year 2015, the commissioner of management and budget~~  
 188.30 ~~shall use the February 2012 state budget forecast for fiscal year 2015 as the~~ a baseline of  
 188.31 \$26,500,000. All calculations under this subdivision must be made net of estimated refunds  
 188.32 of the taxes required to be paid.

189.1 Sec. 13. Minnesota Statutes 2018, section 298.17, is amended to read:

189.2 **298.17 OCCUPATION TAXES TO BE APPORTIONED; TRANSFERRED.**

189.3 (a) All occupation taxes paid by persons, copartnerships, companies, joint stock  
189.4 companies, corporations, and associations, however or for whatever purpose organized,  
189.5 engaged in the business of mining or producing iron ore or other ores, when collected shall  
189.6 be apportioned and distributed in accordance with the Constitution of the state of Minnesota,  
189.7 article X, section 3, in the manner following: 90 percent shall be deposited in the state  
189.8 treasury and credited to the general fund of which four-ninths shall be used for the support  
189.9 of elementary and secondary schools; and ten percent of the proceeds of the tax imposed  
189.10 by this section shall be deposited in the state treasury and credited to the general fund for  
189.11 the general support of the university.

189.12 (b) Of the money apportioned to the general fund by this section, the following  
189.13 appropriations must be made:

189.14 (1) there is annually appropriated and credited to the mining environmental and regulatory  
189.15 account in the special revenue fund an amount equal to that which would have been generated  
189.16 by a 2-1/2 cent tax imposed by section 298.24 on each taxable ton produced in the preceding  
189.17 calendar year. Money in the mining environmental and regulatory account is appropriated  
189.18 annually to the commissioner of natural resources to fund agency staff to work on  
189.19 environmental issues and provide regulatory services for ferrous and nonferrous mining  
189.20 operations in this state. Payment to the mining environmental and regulatory account shall  
189.21 be made by July 1 annually. The commissioner of natural resources shall execute an  
189.22 interagency agreement with the Pollution Control Agency to assist with the provision of  
189.23 environmental regulatory services such as monitoring and permitting required for ferrous  
189.24 and nonferrous mining operations;

189.25 (2) there is annually appropriated and credited to the Iron Range resources and  
189.26 rehabilitation account in the special revenue fund an amount equal to that which would have  
189.27 been generated by a 1.5 cent tax imposed by section 298.24 on each taxable ton produced  
189.28 in the preceding calendar year, to be expended for the purposes of section 298.22. The  
189.29 money appropriated shall be used (i) to provide environmental development grants to local  
189.30 governments located within any county in region 3 as defined in governor's executive order  
189.31 number 60, issued on June 12, 1970, which does not contain a municipality qualifying  
189.32 pursuant to section 273.134, paragraph (b), or (ii) to provide economic development loans  
189.33 or grants to businesses located within any such county, provided that the county board or  
189.34 an advisory group appointed by the county board to provide recommendations on economic

190.1 development shall make recommendations to the commissioner of Iron Range resources  
190.2 and rehabilitation regarding the loans. Of the money allocated to Koochiching County,  
190.3 one-third must be paid to the Koochiching County Economic Development Commission.  
190.4 Payment to the Iron Range resources and rehabilitation account shall be made by May 15  
190.5 annually; and

190.6 (3) there is annually appropriated and credited to the Iron Range resources and  
190.7 rehabilitation account in the special revenue fund for transfer to the Iron Range school  
190.8 consolidation and cooperatively operated school account under section 298.28, subdivision  
190.9 7a, an amount equal to that which would have been generated by a six cent tax imposed by  
190.10 section 298.24 on each taxable ton produced in the preceding calendar year. Payment to the  
190.11 Iron Range resources and rehabilitation account shall be made by May 15 annually.

190.12 ~~(c) The money appropriated pursuant to paragraph (b), clause (2), shall be used (i) to~~  
190.13 ~~provide environmental development grants to local governments located within any county~~  
190.14 ~~in region 3 as defined in governor's executive order number 60, issued on June 12, 1970,~~  
190.15 ~~which does not contain a municipality qualifying pursuant to section 273.134, paragraph~~  
190.16 ~~(b), or (ii) to provide economic development loans or grants to businesses located within~~  
190.17 ~~any such county, provided that the county board or an advisory group appointed by the~~  
190.18 ~~county board to provide recommendations on economic development shall make~~  
190.19 ~~recommendations to the commissioner of Iron Range resources and rehabilitation regarding~~  
190.20 ~~the loans. Payment to the Iron Range resources and rehabilitation account shall be made by~~  
190.21 ~~May 15 annually~~ After all appropriations are made pursuant to paragraph (b), any amount  
190.22 remaining in the general fund, of the money credited to the general fund under paragraph  
190.23 (a) in the current fiscal year, shall be transferred by the commissioner of management and  
190.24 budget to the taconite economic development fund under section 298.227. Transfer to the  
190.25 taconite economic development fund shall be made by July 15 annually.

190.26 ~~(d) Of the money allocated to Koochiching County, one-third must be paid to the~~  
190.27 ~~Koochiching County Economic Development Commission. The maximum amount that~~  
190.28 ~~shall be transferred each year under this paragraph shall be \$4,000,000. If there are~~  
190.29 ~~insufficient funds remaining in the general fund in any year after all appropriations are made~~  
190.30 ~~pursuant to paragraph (b), transfer of funds to the taconite economic development fund~~  
190.31 ~~pursuant to this paragraph shall not be made.~~

190.32 **EFFECTIVE DATE.** This section is effective beginning with distributions made in  
190.33 2020 and thereafter.

191.1 Sec. 14. Minnesota Statutes 2018, section 298.227, is amended to read:

191.2 **298.227 TACONITE ECONOMIC DEVELOPMENT FUND.**

191.3 An amount equal to that distributed pursuant to each taconite producer's taxable  
191.4 production and qualifying sales under section 298.28, subdivision 9a; and an amount equal  
191.5 to each taconite producer's share of the amount transferred under section 298.17, paragraph  
191.6 (c), shall be held by the commissioner of Iron Range resources and rehabilitation in a separate  
191.7 taconite economic development fund for each taconite and direct reduced ore producer. The  
191.8 amount of each taconite producer's share of the amount transferred under section 298.17,  
191.9 paragraph (c), shall be equal to the amount of tax paid under section 298.01 in the current  
191.10 year by that producer in proportion to the total amount of tax paid under section 298.01 in  
191.11 the current year by all producers. Money from the fund for each producer shall be released  
191.12 by the commissioner after review by a joint committee consisting of an equal number of  
191.13 representatives of the salaried employees and the nonsalaried production and maintenance  
191.14 employees of that producer. The District 11 director of the United States Steelworkers of  
191.15 America, on advice of each local employee president, shall select the employee members.  
191.16 In nonorganized operations, the employee committee shall be elected by the nonsalaried  
191.17 production and maintenance employees. The review must be completed no later than six  
191.18 months after the producer presents a proposal for expenditure of the funds to the committee.  
191.19 The funds held pursuant to this section may be released only for workforce development,  
191.20 concurrent reclamation, plant and stationary mining equipment, facilities for the producer,  
191.21 or for research and development in Minnesota on new mining, taconite, iron, or steel  
191.22 production technology, but only if the producer provides a matching expenditure equal to  
191.23 the amount of the distribution to be used for the same purpose. If a proposed expenditure  
191.24 is not approved by the commissioner, after consultation with the advisory board, the funds  
191.25 must be deposited in the taconite environmental protection fund under sections 298.222 to  
191.26 298.225. If a taconite production facility is sold after operations at the facility had ceased,  
191.27 any money remaining in the fund for the former producer may be released to the purchaser  
191.28 of the facility on the terms otherwise applicable to the former producer under this section.  
191.29 If a producer fails to provide matching funds for a proposed expenditure within six months  
191.30 after the commissioner approves release of the funds, the funds may be released by the  
191.31 commissioner for deposit in the taconite area environmental protection fund created in  
191.32 section 298.223. Any portion of the fund which is not released by the commissioner within  
191.33 one year of its deposit in the fund shall be distributed to the taconite environmental protection  
191.34 fund.

192.1 **EFFECTIVE DATE.** This section is effective beginning with distributions made in  
192.2 2020 and thereafter.

192.3 Sec. 15. Minnesota Statutes 2018, section 349.15, subdivision 1, is amended to read:

192.4 Subdivision 1. **Expenditure restrictions, requirements, and civil penalties.** (a) Gross  
192.5 profits from lawful gambling may be expended only for lawful purposes or allowable  
192.6 expenses as authorized by the membership of the conducting organization at a monthly  
192.7 meeting of the organization's membership.

192.8 (b) For each 12-month period beginning July 1, a licensed organization will be evaluated  
192.9 by the board to determine a rating based on the percentage of annual lawful purpose  
192.10 expenditures when compared to available gross profits for the same period. The rating will  
192.11 be used to determine the organization's profitability percent and is not a rating of the  
192.12 organization's lawful gambling operation. An organization will be evaluated according to  
192.13 the following criteria:

192.14 (1) an organization that expends ~~50~~70 percent or more of gross profits on lawful purposes  
192.15 will receive a five-star rating;

192.16 (2) an organization that expends ~~40~~55 percent or more but less than ~~50~~70 percent of  
192.17 gross profits on lawful purposes will receive a four-star rating;

192.18 (3) an organization that expends ~~30~~40 percent or more but less than ~~40~~55 percent of  
192.19 gross profits on lawful purposes will receive a three-star rating;

192.20 (4) an organization that expends ~~20~~25 percent or more but less than ~~30~~40 percent of  
192.21 gross profits on lawful purposes will receive a two-star rating; and

192.22 (5) an organization that expends less than 20 percent of gross profits on lawful purposes  
192.23 will receive a one-star rating.

192.24 (c) An organization that fails to expend a minimum of ~~30~~40 percent annually of gross  
192.25 profits on lawful purposes, or ~~20~~25 percent annually for organizations that conduct lawful  
192.26 gambling in a location where the primary business is bingo, is automatically on probation  
192.27 effective July 1 for a period of one year. The organization must increase its rating to the  
192.28 required minimum or be subject to sanctions by the board. If an organization fails to meet  
192.29 the minimum after a one-year probation, the board may suspend the organization's license  
192.30 or impose a civil penalty as follows:

192.31 (1) in determining any suspension or penalty for a violation of this paragraph, the board  
192.32 must consider any unique factors or extraordinary circumstances that caused the organization



193.1 to not meet the minimum rate of profitability. Unique factors or extraordinary circumstances  
193.2 include, but are not limited to, the purchase of capital assets necessary to conduct lawful  
193.3 gambling; road or other construction causing impaired access to the lawful gambling  
193.4 premises; and flood, tornado, or other catastrophe that had a direct impact on the continuing  
193.5 lawful gambling operation; and

193.6 (2) notwithstanding section 349.151, subdivision 4, paragraph (a), clause (10), the board  
193.7 may impose a civil penalty under this subdivision up to \$10,000.

193.8 **EFFECTIVE DATE.** This section is effective July 1, 2019.

193.9 Sec. 16. Minnesota Statutes 2018, section 349.151, subdivision 4, is amended to read:

193.10 Subd. 4. **Powers and duties.** (a) The board has the following powers and duties:

193.11 (1) to regulate lawful gambling to ensure it is conducted in the public interest;

193.12 (2) to issue licenses to organizations and gambling managers, and to issue licenses and  
193.13 renewals to distributors, distributor salespersons, manufacturers, and linked bingo game  
193.14 providers;

193.15 (3) to collect and deposit fees due under this chapter;

193.16 (4) to receive reports required by this chapter and inspect all premises, records, books,  
193.17 and other documents of organizations, distributors, manufacturers, and linked bingo game  
193.18 providers to insure compliance with all applicable laws and rules;

193.19 (5) to make rules authorized by this chapter;

193.20 (6) to register gambling equipment and issue registration stamps;

193.21 (7) to provide by rule for the mandatory posting by organizations conducting lawful  
193.22 gambling of rules of play and the odds and/or house percentage on each form of lawful  
193.23 gambling;

193.24 (8) to report annually to the governor and legislature on its activities and on recommended  
193.25 changes in the laws governing gambling, including an annual report that provides a tabulation  
193.26 of the number of compliance reviews completed, the percentage of organizations reviewed,  
193.27 an average of the number of months between reviews, the number, location, and organization  
193.28 of site inspections, and the number of allegations awaiting investigation by the board;

193.29 (9) to report annually to the governor and legislature a financial summary for each  
193.30 licensed organization identifying the gross receipts, prizes paid, allowable expenses, lawful  
193.31 purpose expenditures including charitable contributions and all taxes and fees as per section

194.1 349.12, subdivision 25, paragraph (a), clauses (8) and (18), and the percentage of annual  
194.2 gross profit used for lawful purposes;

194.3 (10) to impose civil penalties of not more than \$1,000 per violation on organizations,  
194.4 distributors, distributor salespersons, manufacturers, linked bingo game providers, and  
194.5 gambling managers for violating or failing to comply with any provision of this chapter,  
194.6 chapter 297E, or any rule or order of the board;

194.7 (11) to issue premises permits to organizations licensed to conduct lawful gambling;

194.8 (12) to delegate to the director the authority to issue or deny license and premises permit  
194.9 applications and renewals under criteria established by the board;

194.10 (13) to delegate to the director the authority to approve or deny fund loss requests,  
194.11 contribution of gambling funds to another licensed organization, and property expenditure  
194.12 requests under criteria established by the board;

194.13 (14) to suspend or revoke licenses and premises permits of organizations, distributors,  
194.14 distributor salespersons, manufacturers, linked bingo game providers, or gambling managers  
194.15 as provided in this chapter;

194.16 (15) to approve or deny requests from licensees for:

194.17 (i) waivers from fee requirements as provided in section 349.16, subdivision 6; and

194.18 (ii) variances from Gambling Control Board rules under section 14.055; and

194.19 (16) to register employees of organizations licensed to conduct lawful gambling;

194.20 (17) to require fingerprints from persons determined by board rule to be subject to  
194.21 fingerprinting;

194.22 (18) to delegate to a compliance review group of the board the authority to investigate  
194.23 alleged violations, issue consent orders, and initiate contested cases on behalf of the board;

194.24 (19) to order organizations, distributors, distributor salespersons, manufacturers, linked  
194.25 bingo game providers, and gambling managers to take corrective actions; and

194.26 (20) to take all necessary steps to ensure the integrity of and public confidence in lawful  
194.27 gambling.

194.28 (b) The board, or director if authorized to act on behalf of the board, may by citation  
194.29 assess any organization, distributor, distributor salesperson, manufacturer, linked bingo  
194.30 game provider, or gambling manager a civil penalty of not more than \$1,000 per violation  
194.31 for a failure to comply with any provision of this chapter, chapter 297E, or any rule adopted

195.1 or order issued by the board. Any organization, distributor, distributor salesperson, gambling  
 195.2 manager, linked bingo game provider, or manufacturer assessed a civil penalty under this  
 195.3 paragraph may request a hearing before the board. Appeals of citations imposing a civil  
 195.4 penalty are not subject to the provisions of the Administrative Procedure Act.

195.5 (c) All penalties received by the board must be deposited in the general fund.

195.6 (d) All fees imposed by the board under sections 349.16 to 349.167 must be deposited  
 195.7 in the state treasury and credited to a lawful gambling regulation account in the special  
 195.8 revenue fund. Receipts in this account are available for the operations of the board up to  
 195.9 the amount authorized in biennial appropriations from the legislature.

195.10 **EFFECTIVE DATE.** This section is effective July 1, 2019.

195.11 Sec. 17. Minnesota Statutes 2018, section 462A.38, is amended to read:

195.12 **462A.38 WORKFORCE AND AFFORDABLE HOMEOWNERSHIP**  
 195.13 **DEVELOPMENT PROGRAM.**

195.14 Subdivision 1. **Establishment.** A workforce and affordable homeownership development  
 195.15 program is established to award homeownership development grants and loans to cities,  
 195.16 tribal governments, nonprofit organizations, cooperatives created under chapter 308A or  
 195.17 308B, and community land trusts created for the purposes outlined in section 462A.31,  
 195.18 subdivision 1, for development of workforce and affordable homeownership projects. The  
 195.19 purpose of the program is to increase the supply of workforce and affordable, owner-occupied  
 195.20 multifamily or single-family housing throughout Minnesota.

195.21 Subd. 2. **Use of funds.** (a) Grant funds and loans awarded under this program may be  
 195.22 used for:

195.23 (1) development costs;

195.24 (2) rehabilitation;

195.25 (3) land development; and

195.26 (4) residential housing, including storm shelters and related community facilities.

195.27 (b) A project funded through ~~the grant~~ this program shall serve households that meet  
 195.28 the income limits as provided in section 462A.33, subdivision 5, unless a project is intended  
 195.29 for the purpose outlined in section 462A.02, subdivision 6.

195.30 Subd. 3. **Application.** The commissioner shall develop forms and procedures for soliciting  
 195.31 and reviewing applications for grants and loans under this section. The commissioner shall

196.1 consult with interested stakeholders when developing the guidelines and procedures for the  
196.2 program. In making grants and loans, the commissioner shall establish semiannual application  
196.3 deadlines in which grants and loans will be authorized from all or part of the available  
196.4 appropriations.

196.5 Subd. 4. **Awarding grants and loans.** Among comparable proposals, preference must  
196.6 be given to proposals that include contributions from nonstate resources for the greatest  
196.7 portion of the total development cost.

196.8 Subd. 5. **Statewide program.** The agency shall attempt to make grants and loans in  
196.9 approximately equal amounts to applicants outside and within the metropolitan area, as  
196.10 defined under section 473.121, subdivision 2.

196.11 Subd. 6. **Report.** Beginning January 15, ~~2018~~ 2020, the commissioner must annually  
196.12 submit a report to the chairs and ranking minority members of the senate and house of  
196.13 representatives committees having jurisdiction over housing and workforce development  
196.14 specifying the projects that received grants and loans under this section and the specific  
196.15 purposes for which the grant or loan funds were used.

196.16 Subd. 7. **Workforce and affordable homeownership development account.** A  
196.17 workforce and affordable homeownership development account is established in the housing  
196.18 development fund. Money in the account, including interest, is appropriated to the  
196.19 commissioner of the Housing Finance Agency for the purposes of this section. The amount  
196.20 appropriated under this section must supplement traditional sources of funding for this  
196.21 purpose and must not be used as a substitute or to pay debt service on bonds.

196.22 Subd. 8. **Deposits; determination of funding amount.** (a) In fiscal years 2020 to 2030,  
196.23 the commissioner of revenue shall annually deposit, by September 15, an amount equal to  
196.24 the increment determined under paragraph (b) into the workforce and affordable  
196.25 homeownership account in the housing development fund.

196.26 (b) By September 1, 2019, and each year thereafter through 2029, the commissioner of  
196.27 revenue must determine the total amount of the proceeds of the mortgage registry tax imposed  
196.28 under section 287.035 and the deed tax imposed under section 287.21 that was collected  
196.29 during the fiscal year ending in that calendar year and must determine the increment that  
196.30 exceeds the amount collected in the previous fiscal year. The increment calculated under  
196.31 this paragraph must not be less than \$0, but must not exceed \$4,000,000.

196.32 (c) All loan repayments received under this section are to be deposited into the workforce  
196.33 and affordable homeownership development account in the housing development fund.

197.1 **EFFECTIVE DATE.** This section is effective July 1, 2019.

197.2 Sec. 18. **REPEALER.**

197.3 (a) Minnesota Statutes 2018, sections 296A.03, subdivision 5; 296A.04, subdivision 2;  
 197.4 296A.05, subdivision 2; and 349.213, subdivision 3, are repealed.

197.5 (b) Minnesota Rules, part 8125.0410, subpart 1, is repealed.

197.6 **EFFECTIVE DATE.** This section is effective July 1, 2019.

197.7 **ARTICLE 10**

197.8 **PARTNERSHIP AUDITS**

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

197.10 Subd. 6. **Enforcement; administrative order; penalties; cease and desist.** (a) The  
 197.11 commissioner may impose an administrative penalty of not more than \$1,000 per violation  
 197.12 of subdivision 3 or 5, or section 270C.4451, provided that a penalty may not be imposed  
 197.13 for any conduct for which a tax preparer penalty is imposed under section 289A.60,  
 197.14 subdivision 13. The commissioner may terminate a tax preparer's authority to transmit  
 197.15 returns electronically to the state, if the commissioner determines the tax preparer engaged  
 197.16 in a pattern and practice of violating this section. Imposition of a penalty under this paragraph  
 197.17 is subject to the contested case procedure under chapter 14. The commissioner shall collect  
 197.18 the penalty in the same manner as the income tax. There is no right to make a claim for  
 197.19 refund under section 289A.50 of the penalty imposed under this paragraph. Penalties imposed  
 197.20 under this paragraph are public data.

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

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

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

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

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

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

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

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

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

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

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

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

198.31 (l) The commissioner may impose an administrative penalty, in addition to the penalty  
198.32 under paragraph (a), up to \$5,000 per violation of a cease and desist order issued under  
198.33 paragraph (b). Imposition of a penalty under this paragraph is subject to the contested case

199.1 procedure under chapter 14. Within 30 days after the commissioner imposes a penalty under  
199.2 this paragraph, the tax preparer assessed the penalty may request a hearing to review the  
199.3 penalty order. The request for hearing must be made in writing and must be served on the  
199.4 commissioner at the address specified in the order. The hearing request must specifically  
199.5 state the reasons for seeking review of the order. The cease and desist order issued under  
199.6 paragraph (b) is not subject to review in a proceeding to challenge the penalty order under  
199.7 this paragraph. The date on which a request for hearing is served by mail is the postmark  
199.8 date on the envelope in which the request for hearing is mailed. If the tax preparer does not  
199.9 timely request a hearing, the penalty order becomes a final order of the commissioner and  
199.10 is not subject to review by any court or agency. A penalty imposed by the commissioner  
199.11 under this paragraph may be collected and enforced by the commissioner as an income tax  
199.12 liability. There is no right to make a claim for refund under section 289A.50 of the penalty  
199.13 imposed under this paragraph. A penalty imposed under this paragraph is public data.

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

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

199.19 (o) Notwithstanding any other law, the commissioner may impose a penalty or take other  
199.20 action under this subdivision against a tax preparer, with respect to a return, within the  
199.21 period to assess tax on that return as provided by ~~section~~ sections 289A.38 to 289A.384.

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

199.25 **EFFECTIVE DATE.** This section is effective for federal adjustments that have a final  
199.26 determination date after June 30, 2019.

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

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

199.32 (1) the tax due from a decedent for that part of the taxable year in which the decedent  
199.33 died during which the decedent was alive and the taxes, interest, and penalty due for the

200.1 prior years must be paid by the decedent's personal representative, if any. If there is no  
200.2 personal representative, the taxes, interest, and penalty must be paid by the transferees, as  
200.3 defined in section 270C.58, subdivision 3, to the extent they receive property from the  
200.4 decedent;

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

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

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

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

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

200.18 (c) The taxes imposed under sections 289A.35, paragraph (b), 289A.383, subdivision  
200.19 3, and 290.0922 on partnerships are the joint and several liability of the partnership and the  
200.20 general partners.

200.21 **EFFECTIVE DATE.** This section is effective for federal adjustments that have a final  
200.22 determination date after June 30, 2019.

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

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

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

200.30 (1) any amount of a refund or credit paid pursuant to a claim for refund filed by a  
200.31 taxpayer, including but not limited to refunds of claims made under section 290.06,



201.1 subdivision 23; 290.067; 290.0671; 290.0672; 290.0674; 290.0675; 290.0677; 290.068;  
 201.2 290.0681; or 290.0692; or chapter 290A; or

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

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

201.9 (d) Assessments of amounts that are not erroneous refunds under paragraph (b) must be  
 201.10 conducted under ~~section~~ sections 289A.38 to 289A.384.

201.11 **EFFECTIVE DATE.** This section is effective for federal adjustments that have a final  
 201.12 determination date after June 30, 2019.

201.13 Sec. 4. Minnesota Statutes 2018, section 289A.38, subdivision 10, is amended to read:

201.14 Subd. 10. **Incorrect determination of federal adjusted gross income.** Notwithstanding  
 201.15 any other provision of this chapter, if a taxpayer whose net income is determined under  
 201.16 section 290.01, subdivision 19, omits from income an amount that will under the Internal  
 201.17 Revenue Code extend the statute of limitations for the assessment of federal income taxes,  
 201.18 or otherwise incorrectly determines the taxpayer's federal adjusted gross income resulting  
 201.19 in adjustments by the Internal Revenue Service, then the period of assessment and  
 201.20 determination of tax will be that under the Internal Revenue Code. When a change is made  
 201.21 to federal income during the extended time provided under this subdivision, the provisions  
 201.22 under ~~subdivisions 7 to 9~~ sections 289A.381 to 289A.384 regarding additional extensions  
 201.23 apply.

201.24 **EFFECTIVE DATE.** This section is effective for federal adjustments that have a final  
 201.25 determination date after June 30, 2019.

201.26 Sec. 5. **[289A.381] DEFINITIONS; PARTNERSHIPS; FEDERAL ADJUSTMENTS.**

201.27 Subdivision 1. Definitions relating to federal adjustments. Unless otherwise specified,  
 201.28 the definitions in this section apply for the purposes of sections 289A.381 to 289A.385.

201.29 Subd. 2. Administrative adjustment request. "Administrative adjustment request"  
 201.30 means an administrative adjustment request filed by a partnership under section 6227 of  
 201.31 the Internal Revenue Code.

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

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

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

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

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

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

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

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

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

202.28 (2) for a federal adjustment arising from the filing of an amended federal return, a federal  
202.29 refund claim, or the filing by a partnership of an administrative adjustment request, the day  
202.30 which the amended return, refund claim, or administrative adjustment request was filed; or

202.31 (3) for agreements required to be signed by the Internal Revenue Service and the taxpayer,  
202.32 the date on which the last party signed the agreement.

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

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

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

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

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

203.10 Subd. 14. **Partnership.** The term "partnership" has the meaning provided under section  
203.11 7701(a)(2) of the Internal Revenue Code.

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

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

203.20 Subd. 17. **Resident partner.** "Resident partner" means an individual direct partner or  
203.21 individual indirect partner who is a resident of Minnesota under section 290.01, subdivision  
203.22 7 for the relevant tax period.

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

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

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

203.29 **EFFECTIVE DATE.** This section is effective for federal adjustments that have a final  
203.30 determination date after June 30, 2019.

204.1 **Sec. 6. [289A.382] REPORTING FEDERAL ADJUSTMENTS; GENERAL RULE.**

204.2 (a) Within 180 days of a final determination date, a taxpayer must file a federal  
204.3 adjustments report with the commissioner reporting all final federal adjustments by the  
204.4 Internal Revenue Service or other competent authority.

204.5 (b) Within 180 days of a final determination date, a taxpayer must file a federal  
204.6 adjustments report with the commissioner reporting any federal adjustments reported by  
204.7 the taxpayer to the Internal Revenue Service, including but not limited to:

204.8 (1) federal refund claims;

204.9 (2) a change reported on a timely filed amended federal income tax return; and

204.10 (3) a change reported on an amended return filed pursuant to section 6225(c) of the  
204.11 Internal Revenue Code.

204.12 (c) In the case of a final federal adjustment arising from a partnership-level audit or an  
204.13 administrative adjustment request filed by a partnership under section 6227 of the Internal  
204.14 Revenue Code, a taxpayer must report adjustments as provided for under section 289A.383,  
204.15 and not this section.

204.16 **EFFECTIVE DATE.** This section is effective for federal adjustments that have a final  
204.17 determination date after June 30, 2019.

204.18 **Sec. 7. [289A.383] REPORTING AND PAYMENT REQUIREMENTS.**

204.19 Subdivision 1. **State partnership representative.** (a) With respect to an action required  
204.20 or permitted to be taken by a partnership under this section, or in a proceeding under section  
204.21 270C.35 or 271.06, the state partnership representative for the reviewed year shall have the  
204.22 sole authority to act on behalf of the partnership, and its direct partners and indirect partners  
204.23 shall be bound by those actions.

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

204.27 **Subd. 2. Reporting and payment requirements for partnerships and tiered**  
204.28 **partners.** (a) Unless an audited partnership makes the election in subdivision 3, then, for  
204.29 all final federal adjustments the audited partnership must comply with paragraph (b) and  
204.30 each direct partner of the audited partnership, other than a tiered partner, must comply with  
204.31 paragraph (c).

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

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

205.3 (2) notify each of its direct partners of their distributive share of the adjustments;

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

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

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

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

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

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

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

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

205.30 (i) exclude from final federal adjustments the distributive share of these adjustments  
205.31 made to a direct exempt partner that is not unrelated business taxable income;

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

206.5 (iii) allocate and apportion at the partnership level using sections 290.17 to 290.20 the  
206.6 total distributive share of the remaining final federal adjustments for the reviewed year  
206.7 attributed to direct corporate partners and direct exempt partners, multiply the total by the  
206.8 highest tax rate in section 290.06, subdivision 1, for the reviewed year, and calculate interest  
206.9 and penalties as applicable under this chapter;

206.10 (iv) allocate at the partnership level using section 290.17, subdivision 1, the total  
206.11 distributive share of all final federal adjustments attributable to resident direct partners for  
206.12 the reviewed year, multiply the total by the highest tax rate in section 290.06, subdivision  
206.13 2c, for the reviewed year, and calculate interest and penalties as applicable under this chapter;

206.14 (v) allocate and apportion at the partnership level using sections 290.17 to 290.20 the  
206.15 total distributive share of the remaining final federal adjustments attributable to nonresident  
206.16 individual direct partners and direct partners who are an estate or a trust for the reviewed  
206.17 year, and multiply the total by the highest tax rate in section 290.06, subdivision 2c, for the  
206.18 reviewed year, and calculate interest and penalties as applicable under this chapter;

206.19 (vi) for the total distributive share of the remaining final federal adjustments reported  
206.20 to tiered partners:

206.21 (A) determine the amount of the adjustments which are of a type that would be subject  
206.22 to sourcing under section 290.17 for a nonresident partner, and then determine the portion  
206.23 of this amount which would be sourced to this state;

206.24 (B) determine the amount of the adjustments which are of a type which are fully sourced  
206.25 to the taxpayer's state of residency under section 290.17, subdivision 2;

206.26 (C) determine the portion of the amount determined in subitem (B) that can be established,  
206.27 as determined by the commissioner, to be properly allocable to nonresident indirect partners  
206.28 or other partners not subject to tax on the adjustments; and

206.29 (D) multiply the total of the amounts determined in subitems (A) and (B) reduced by  
206.30 the amount determined in subitem (C) by the highest tax rate in section 290.06, subdivision  
206.31 2c, for the reviewed year, and calculate interest and penalties as applicable under this chapter;  
206.32 and

207.1 (vii) add the amounts determined in items (iii) to (vi), and pay all applicable taxes,  
207.2 penalties, and interest to the commissioner.

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

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

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

207.7 (c) An audited partnership not otherwise subject to any reporting or payment obligation  
207.8 to this state may not make an election under this subdivision.

207.9 **Subd. 4. Tiered partners and indirect partners.** The direct and indirect partners of an  
207.10 audited partnership that are tiered partners, and all of the partners of those tiered partners  
207.11 that are subject to tax under chapter 290 are subject to the reporting and payment  
207.12 requirements contained in subdivision 2 and the tiered partners are entitled to make the  
207.13 elections provided in subdivisions 3 and 7. The tiered partners or their partners shall make  
207.14 required reports and payments no later than 90 days after the time for filing and furnishing  
207.15 of statements to tiered partners and their partners as established under section 6226 of the  
207.16 Internal Revenue Code. If the commissioner determines by a preponderance of the evidence  
207.17 that the primary purpose of a tiered partnership was that it was structured to allow an indirect  
207.18 individual partner who is a Minnesota resident to avoid paying Minnesota income tax,  
207.19 resulting from a partnership-level audit, as a Minnesota resident, the partnership is not  
207.20 permitted to make the election under subdivision 3 and is instead subject to the reporting  
207.21 and payment requirements under subdivision 2. The commissioner must notify the partnership  
207.22 when this determination is made. The date of the notice issued by the commissioner shall  
207.23 be deemed to be the final determination date for purposes of determining the due date for  
207.24 the reporting provisions in subdivision 2.

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

207.28 (b) If an audited partnership or tiered partner properly reports and pays an amount  
207.29 determined in subdivision 3 or 7, the amount will be treated as paid in lieu of taxes owed  
207.30 by the partnership's direct partners and indirect partners, to the extent applicable, on the  
207.31 same final federal adjustments. The direct partners or indirect partners of the partnership  
207.32 may not take any deduction or credit for this amount or claim a refund of the amount in this  
207.33 state.

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

208.4 Subd. 6. **Failure of partnership or tiered partner to report or pay.** Nothing in this  
208.5 section prevents the commissioner from assessing direct partners or indirect partners for  
208.6 taxes they owe, using the best information available, in the event that, for any reason, a  
208.7 partnership or tiered partner fails to timely make any report or payment required by this  
208.8 section.

208.9 Subd. 7. **Modified reporting and payment method.** An audited partnership or tiered  
208.10 partner may enter into an agreement with the commissioner to utilize an alternative reporting  
208.11 and payment method, including applicable time requirements or any other provision of this  
208.12 section. The audited partnership or tiered partner must demonstrate that the requested method  
208.13 will reasonably provide for the reporting and payment of taxes, penalties, and interest due  
208.14 under the provisions of this section. Application for approval of an alternative reporting  
208.15 and payment method must be made by the audited partnership or tiered partner within the  
208.16 time for making an election as provided in subdivision 3 or 4, as appropriate.

208.17 **EFFECTIVE DATE.** This section is effective for federal adjustments that have a final  
208.18 determination date after June 30, 2019.

208.19 Sec. 8. **[289A.384] ASSESSMENT OF TAX, INTEREST, PENALTIES, AND**  
208.20 **ADDITIONAL AMOUNTS.**

208.21 Subdivision 1. **Assessment of additional tax, interest, and penalties.** The commissioner  
208.22 may assess, in accordance with subdivisions 2 and 3, additional tax, interest, and penalties  
208.23 following a final federal adjustment:

208.24 (1) arising from an audit by the Internal Revenue Service, including a partnership-level  
208.25 audit;

208.26 (2) reported by the taxpayer on an amended federal tax return; or

208.27 (3) as part of an administrative adjustment request on or before the dates provided in  
208.28 this section.

208.29 Subd. 2. **Timely and untimely reported federal adjustments.** If a taxpayer files a  
208.30 federal adjustments report, within or after the periods prescribed in section 289A.382 or  
208.31 289A.383, the commissioner may assess additional Minnesota amounts related to the federal  
208.32 adjustments including in-lieu-of amounts, taxes, interest, and penalties at the later of:



209.1 (1) the expiration of the period of limitations in section 289A.38; or

209.2 (2) the expiration of the one-year period following the date of the filing with the  
209.3 commissioner of the federal adjustments report.

209.4 Subd. 3. **Unreported reported federal adjustments.** If the taxpayer fails to file a federal  
209.5 adjustments report, the commissioner may assess additional amounts related to the federal  
209.6 adjustments including in-lieu-of amounts, taxes, penalties, and interest, at the later of:

209.7 (1) the expiration of the period of limitations in section 289A.38; or

209.8 (2) the expiration of the six-year period following the final determination date.

209.9 Subd. 4. **Estimated tax payments during the course of a federal audit.** A taxpayer  
209.10 may make estimated payments to the commissioner of the tax expected to result from a  
209.11 pending audit by the Internal Revenue Service. The taxpayer may make estimated payments  
209.12 prior to the due date of the federal adjustments report without the taxpayer having to file  
209.13 the report with the commissioner. The commissioner must credit the estimated tax payments  
209.14 against any tax liability of the taxpayer ultimately found to be due to the commissioner.  
209.15 The estimated payments limit the accrual of further statutory interest on that amount. If the  
209.16 estimated tax payments exceed the final tax liability and statutory interest ultimately  
209.17 determined to be due, the taxpayer is entitled to a refund or credit for the excess, provided  
209.18 the taxpayer files a federal adjustments report or claim for refund or credit of tax pursuant  
209.19 to section 289A.385.

209.20 **EFFECTIVE DATE.** This section is effective for federal adjustments that have a final  
209.21 determination date after June 30, 2019.

209.22 Sec. 9. **[289A.385] CLAIMS FOR REFUND OR CREDITS OF STATE TAX**  
209.23 **ARISING FROM FINAL FEDERAL ADJUSTMENTS MADE BY THE INTERNAL**  
209.24 **REVENUE SERVICE.**

209.25 Notwithstanding the general period of limitations on claims for refund in section 289A.40,  
209.26 taxpayers subject to the reporting requirements of sections 289A.382 and 289A.383 may  
209.27 file claims for refund related to federal adjustments made by the Internal Revenue Service  
209.28 on or before the last day for the assessment of tax under section 289A.384.

209.29 **EFFECTIVE DATE.** This section is effective for federal adjustments that have a final  
209.30 determination date after June 30, 2019.

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

210.2 **289A.42 CONSENT TO EXTEND STATUTE.**

210.3 Subdivision 1. **Extension agreement.** If before the expiration of time prescribed in  
 210.4 sections 289A.38 to 289A.384 and 289A.40 for the assessment of tax or the filing of a claim  
 210.5 for refund, both the commissioner and the taxpayer have consented in writing to the  
 210.6 assessment or filing of a claim for refund after that time, the tax may be assessed or the  
 210.7 claim for refund filed at any time before the expiration of the agreed-upon period. The  
 210.8 period may be extended by later agreements in writing before the expiration of the period  
 210.9 previously agreed upon. The taxpayer and the commissioner may also agree to extend the  
 210.10 period for collection of the tax. The time periods provided in sections 289A.382 and  
 210.11 289A.383 may be extended automatically, upon written notice to the commissioner, by 60  
 210.12 days for an audited partnership or tiered partner which has 10,000 or more direct partners.

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

210.17 ~~(1) for the periods adjustments provided in section 289A.38, subdivisions 8 and 9;~~  
 210.18 289A.384, subdivisions 2 and 3.

210.19 ~~(2) for six months following the expiration of the extended federal period of limitations~~  
 210.20 ~~when no change is made by the federal authority. If no change is made by the federal~~  
 210.21 ~~authority, and, but for this subdivision, the commissioner's time period to adjust the tax has~~  
 210.22 ~~expired, and if the commissioner has completed a field audit of the taxpayer, no additional~~  
 210.23 ~~changes resulting in additional tax due or a refund may be made. For purposes of this~~  
 210.24 ~~subdivision, "field audit" has the meaning given it in section 289A.38, subdivision 9.~~

210.25 **EFFECTIVE DATE.** This section is effective for federal adjustments that have a final  
 210.26 determination date after June 30, 2019.

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

210.28 Subd. 24. **Penalty for failure to notify of federal change.** If a person fails to report to  
 210.29 the commissioner a change or correction of the person's federal return in the manner and  
 210.30 time prescribed in ~~section 289A.38, subdivision 7~~ sections 289A.382 and 289A.383, there  
 210.31 must be added to the tax an amount equal to ten percent of the amount of any underpayment  
 210.32 of Minnesota tax attributable to the federal change.

211.1 **EFFECTIVE DATE.** This section is effective for federal adjustments that have a final  
211.2 determination date after June 30, 2019.

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

211.4 Subdivision 1. **Partners, not partnership, subject to tax.** Except as provided under  
211.5 ~~section~~ sections 289A.35, paragraph (b), and 289A.383, subdivision 3, a partnership as such  
211.6 shall not be subject to the income tax imposed by this chapter, but is subject to the tax  
211.7 imposed under section 290.0922. Persons carrying on business as partners shall be liable  
211.8 for income tax only in their separate or individual capacities.

211.9 **EFFECTIVE DATE.** This section is effective for federal adjustments that have a final  
211.10 determination date after June 30, 2019.

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

211.12 Subd. 6. **Time limit for bad debt refund.** Claims for refund must be filed with the  
211.13 commissioner during the one-year period beginning with the timely filing of the taxpayer's  
211.14 federal income tax return containing the bad debt deduction that is being claimed. Claimants  
211.15 under this subdivision are subject to the notice requirements of ~~section 289A.38, subdivision~~  
211.16 7 sections 289A.382 and 289A.383.

211.17 **EFFECTIVE DATE.** This section is effective for federal adjustments that have a final  
211.18 determination date after June 30, 2019.

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

211.20 Subd. 7. **Time limit for a bad debt deduction.** Claims for refund must be filed with  
211.21 the commissioner within one year of the filing of the taxpayer's income tax return containing  
211.22 the bad debt deduction that is being claimed. Claimants under this subdivision are subject  
211.23 to the notice requirements of ~~section 289A.38, subdivision 7~~ sections 289A.38 to 289A.384.

211.24 **EFFECTIVE DATE.** This section is effective for federal adjustments that have a final  
211.25 determination date after June 30, 2019.

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

211.27 Subd. 4. **Repayment procedures.** (a) For the repayment of taxes imposed under chapter  
211.28 290 or 297A or local taxes collected pursuant to section 297A.99, a business must file an  
211.29 amended return with the commissioner of revenue and pay any taxes required to be repaid  
211.30 within 30 days after becoming subject to repayment under this section. The amount required

212.1 to be repaid is determined by calculating the tax for the period or periods for which repayment  
212.2 is required without regard to the exemptions and credits allowed under section 469.315.

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

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

212.12 (d) The provisions of chapters 270C and 289A relating to the commissioner's authority  
212.13 to audit, assess, and collect the tax and to hear appeals are applicable to the repayment  
212.14 required under paragraphs (a) and (b). The commissioner may impose civil penalties as  
212.15 provided in chapter 289A, and the additional tax and penalties are subject to interest at the  
212.16 rate provided in section 270C.40. The additional tax shall bear interest from 30 days after  
212.17 becoming subject to repayment under this section until the date the tax is paid. Any penalty  
212.18 imposed pursuant to this section shall bear interest from the date provided in section 270C.40,  
212.19 subdivision 3, to the date of payment of the penalty.

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

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

212.32 (g) The commissioner may assess the repayment of taxes under paragraph (d) any time  
212.33 within two years after the business becomes subject to repayment under subdivision 1, or  
212.34 within any period of limitations for the assessment of tax under ~~section 289A.38~~ sections

213.1 289A.38 to 289A.384, whichever period is later. The county auditor may send the statement  
 213.2 under paragraph (c) any time within three years after the business becomes subject to  
 213.3 repayment under subdivision 1.

213.4 (h) A business is not entitled to any income tax or franchise tax benefits, including  
 213.5 refundable credits, for any part of the year in which the business becomes subject to  
 213.6 repayment under this section nor for any year thereafter. Property is not exempt from tax  
 213.7 under section 272.02, subdivision 64, for any taxes payable in the year following the year  
 213.8 in which the property became subject to repayment under this section nor for any year  
 213.9 thereafter. A business is not eligible for any sales tax benefits beginning with goods or  
 213.10 services purchased or first put to a taxable use on the day that the business becomes subject  
 213.11 to repayment under this section.

213.12 **EFFECTIVE DATE.** This section is effective for federal adjustments that have a final  
 213.13 determination date after June 30, 2019.

213.14 Sec. 16. **REPEALER.**

213.15 Minnesota Statutes 2018, section 289A.38, subdivisions 7, 8, and 9, are repealed.

213.16 **EFFECTIVE DATE.** This section is effective for federal adjustments that have a final  
 213.17 determination date after June 30, 2019.

213.18

## ARTICLE 11

213.19

### DEPARTMENT OF REVENUE INDIVIDUAL INCOME AND CORPORATE FRANCHISE TAXES; POLICY CHANGES

213.20

213.21 Section 1. Minnesota Statutes 2018, section 290.0132, subdivision 26, is amended to read:

213.22 Subd. 26. **Social Security benefits.** (a) A portion of Social Security benefits is allowed  
 213.23 as a subtraction. The subtraction equals the lesser of Social Security benefits or a maximum  
 213.24 subtraction subject to the limits under paragraphs (b), (c), and (d).

213.25 (b) For married taxpayers filing a joint return and surviving spouses, the maximum  
 213.26 subtraction equals \$4,500. The maximum subtraction is reduced by 20 percent of provisional  
 213.27 income over \$77,000. In no case is the subtraction less than zero.

213.28 (c) For single or head-of-household taxpayers, the maximum subtraction equals \$3,500.  
 213.29 The maximum subtraction is reduced by 20 percent of provisional income over \$60,200.  
 213.30 In no case is the subtraction less than zero.

213.31 (d) For married taxpayers filing separate returns, the maximum subtraction equals ~~\$2,250~~  
 213.32 one-half the maximum subtraction for joint returns under paragraph (b). The maximum

214.1 subtraction is reduced by 20 percent of provisional income over ~~\$38,500~~ one-half the  
214.2 threshold amount specified in paragraph (b). In no case is the subtraction less than zero.

214.3 (e) For purposes of this subdivision, "provisional income" means modified adjusted  
214.4 gross income as defined in section 86(b)(2) of the Internal Revenue Code, plus one-half of  
214.5 the Social Security benefits received during the taxable year, and "Social Security benefits"  
214.6 has the meaning given in section 86(d)(1) of the Internal Revenue Code.

214.7 (f) The commissioner shall adjust the maximum subtraction and threshold amounts in  
214.8 paragraphs (b) to (d) by the percentage determined pursuant to the provisions of section  
214.9 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) of the Internal Revenue  
214.10 Code the word "2016" shall be substituted for the word "1992." For 2018, the commissioner  
214.11 shall then determine the percentage change from the 12 months ending on August 31, 2016,  
214.12 to the 12 months ending on August 31, 2017, and in each subsequent year, from the 12  
214.13 months ending on August 31, 2016, to the 12 months ending on August 31 of the year  
214.14 preceding the taxable year. The determination of the commissioner pursuant to this  
214.15 subdivision must not be considered a rule and is not subject to the Administrative Procedure  
214.16 Act contained in chapter 14, including section 14.386. The maximum subtraction and  
214.17 threshold amounts as adjusted must be rounded to the nearest \$10 amount. If the amount  
214.18 ends in \$5, the amount is rounded up to the nearest \$10 amount.

214.19 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
214.20 31, 2018.

214.21 Sec. 2. Minnesota Statutes 2018, section 290.0137, is amended to read:

214.22 **290.0137 ACCELERATED RECOGNITION OF CERTAIN INSTALLMENT**  
214.23 **SALE GAINS.**

214.24 (a) In the case of a nonresident individual or a person who becomes a nonresident  
214.25 individual during the tax year, taxable net income shall include the ~~allocable~~ amount realized  
214.26 upon a sale of the assets of, or any interest in, an S corporation or partnership that operated  
214.27 in Minnesota during the year of sale, including any income or gain to be recognized in future  
214.28 years pursuant to an installment sale method of reporting under the Internal Revenue Code.

214.29 (1) For the purposes of this paragraph, an individual who becomes a nonresident of  
214.30 Minnesota in any year after an installment sale is required to recognize the full amount of  
214.31 any income or gain described in this paragraph on the individual's final Minnesota resident  
214.32 tax return to the extent that such income has not been recognized in a prior year.

215.1 (2) For the purposes of this section, "realized" has the meaning given in section 1001(b)  
215.2 of the Internal Revenue Code.

215.3 (3) For the purposes of this section, "installment sale" means any installment sale under  
215.4 section 453 of the Internal Revenue Code and any other sale that is reported utilizing a  
215.5 method of accounting authorized under subchapter E of the Internal Revenue Code that  
215.6 allows taxpayers to delay reporting or recognizing a realized gain until a future year.

215.7 ~~(4) For the purposes of this section, "allocable amount" means the full amount to be~~  
215.8 ~~apportioned to Minnesota under section 290.191 or 290.20, or the full amount to be assigned~~  
215.9 ~~to Minnesota under section 290.17.~~

215.10 (b) Notwithstanding paragraph (a), nonresident taxpayers may elect to defer recognizing  
215.11 unrecognized installment sale gains by making an election under this paragraph. The election  
215.12 must be filed on a form to be determined or prescribed by the commissioner and must be  
215.13 filed by the due date of the individual income tax return, including any extension. Electing  
215.14 taxpayers must make an irrevocable agreement to:

215.15 (1) file Minnesota tax returns in all subsequent years when gains from the installment  
215.16 sales are recognized and reported to the Internal Revenue Service;

215.17 (2) allocate gains to the state of Minnesota as though the gains were realized in the year  
215.18 of sale under section 290.17, 290.191, or 290.20; and

215.19 (3) include all relevant federal tax documents reporting the installment sale with  
215.20 subsequent Minnesota tax returns.

215.21 (c) Income or gain recognized for Minnesota purposes pursuant to paragraph (a) must  
215.22 be excluded from taxable net income in any future year that the taxpayer files a Minnesota  
215.23 tax return to the extent that the income or gain has already been subject to tax pursuant to  
215.24 paragraph (a).

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

215.26 Sec. 3. Minnesota Statutes 2018, section 290.06, subdivision 2c, is amended to read:

215.27 Subd. 2c. **Schedules of rates for individuals, estates, and trusts.** (a) The income taxes  
215.28 imposed by this chapter upon married individuals filing joint returns and surviving spouses  
215.29 as defined in section 2(a) of the Internal Revenue Code must be computed by applying to  
215.30 their taxable net income the following schedule of rates:

215.31 (1) On the first \$35,480, 5.35 percent;

215.32 (2) On all over \$35,480, but not over \$140,960, 7.05 percent;

216.1 (3) On all over \$140,960, but not over \$250,000, 7.85 percent;

216.2 (4) On all over \$250,000, 9.85 percent.

216.3 Married individuals filing separate returns, estates, and trusts must compute their income  
216.4 tax by applying the above rates to their taxable income, except that the income brackets  
216.5 will be one-half of the above amounts after the adjustment required in subdivision 2d.

216.6 (b) The income taxes imposed by this chapter upon unmarried individuals must be  
216.7 computed by applying to taxable net income the following schedule of rates:

216.8 (1) On the first \$24,270, 5.35 percent;

216.9 (2) On all over \$24,270, but not over \$79,730, 7.05 percent;

216.10 (3) On all over \$79,730, but not over \$150,000, 7.85 percent;

216.11 (4) On all over \$150,000, 9.85 percent.

216.12 (c) The income taxes imposed by this chapter upon unmarried individuals qualifying as  
216.13 a head of household as defined in section 2(b) of the Internal Revenue Code must be  
216.14 computed by applying to taxable net income the following schedule of rates:

216.15 (1) On the first \$29,880, 5.35 percent;

216.16 (2) On all over \$29,880, but not over \$120,070, 7.05 percent;

216.17 (3) On all over \$120,070, but not over \$200,000, 7.85 percent;

216.18 (4) On all over \$200,000, 9.85 percent.

216.19 (d) In lieu of a tax computed according to the rates set forth in this subdivision, the tax  
216.20 of any individual taxpayer whose taxable net income for the taxable year is less than an  
216.21 amount determined by the commissioner must be computed in accordance with tables  
216.22 prepared and issued by the commissioner of revenue based on income brackets of not more  
216.23 than \$100. The amount of tax for each bracket shall be computed at the rates set forth in  
216.24 this subdivision, provided that the commissioner may disregard a fractional part of a dollar  
216.25 unless it amounts to 50 cents or more, in which case it may be increased to \$1.

216.26 (e) An individual who is not a Minnesota resident for the entire year must compute the  
216.27 individual's Minnesota income tax as provided in this subdivision. After the application of  
216.28 the nonrefundable credits provided in this chapter, the tax liability must then be multiplied  
216.29 by a fraction in which:

216.30 (1) the numerator is the individual's Minnesota source federal adjusted gross income as  
216.31 defined in section 62 of the Internal Revenue Code and increased by:



217.1 (i) the additions required under ~~section~~ sections 290.0131, subdivisions 2 and 6 to 11,  
217.2 and 290.0137, paragraph (a); and reduced by

217.3 (ii) the Minnesota assignable portion of the subtraction for United States government  
217.4 interest under section 290.0132, subdivision 2, ~~and~~ the subtractions under ~~section~~ sections  
217.5 290.0132, subdivisions 9, 10, 14, 15, 17, and 18, and 290.0137, paragraph (c), after applying  
217.6 the allocation and assignability provisions of section 290.081, clause (a), or 290.17; and

217.7 (2) the denominator is the individual's federal adjusted gross income as defined in section  
217.8 62 of the Internal Revenue Code, increased by:

217.9 (i) ~~the amounts specified in section~~ additions required under sections 290.0131,  
217.10 subdivisions 2 and 6 to 11, and 290.0137, paragraph (a); and reduced by

217.11 (ii) ~~the amounts specified in section~~ subtractions under sections 290.0132, subdivisions  
217.12 2, 9, 10, 14, 15, 17, and 18, and 290.0137, paragraph (c).

217.13 **EFFECTIVE DATE.** The amendment to paragraph (a) is effective for taxable years  
217.14 beginning after December 31, 2018. The amendment to paragraph (e) is effective the day  
217.15 following final enactment.

217.16 Sec. 4. Minnesota Statutes 2018, section 290.06, subdivision 2d, is amended to read:

217.17 Subd. 2d. **Inflation adjustment of brackets.** (a) For taxable years beginning after  
217.18 December 31, 2013, the minimum and maximum dollar amounts for each rate bracket for  
217.19 which a tax is imposed in subdivision 2c shall be adjusted for inflation by the percentage  
217.20 determined under paragraph (b). For the purpose of making the adjustment as provided in  
217.21 this subdivision all of the rate brackets provided in subdivision 2c shall be the rate brackets  
217.22 as they existed for taxable years beginning after December 31, 2012, and before January 1,  
217.23 2014. The rate applicable to any rate bracket must not be changed. The dollar amounts  
217.24 setting forth the tax shall be adjusted to reflect the changes in the rate brackets. The rate  
217.25 brackets as adjusted must be rounded to the nearest \$10 amount. If the rate bracket ends in  
217.26 \$5, it must be rounded up to the nearest \$10 amount.

217.27 (b) The commissioner shall adjust the rate brackets and by the percentage determined  
217.28 pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section  
217.29 1(f)(3)(B) the word "2012" shall be substituted for the word "1992." For 2014, the  
217.30 commissioner shall then determine the percent change from the 12 months ending on August  
217.31 31, 2012, to the 12 months ending on August 31, 2013, and in each subsequent year, from  
217.32 the 12 months ending on August 31, 2012, to the 12 months ending on August 31 of the  
217.33 year preceding the taxable year. The commissioner shall determine the rate bracket for

218.1 married filing separate returns after this adjustment is done. The rate bracket for married  
218.2 filing separate must be one-half of the rate bracket for married filing joint. The determination  
218.3 of the commissioner pursuant to this subdivision shall not be considered a "rule" and shall  
218.4 not be subject to the Administrative Procedure Act contained in chapter 14.

218.5 No later than December 15 of each year, the commissioner shall announce the specific  
218.6 percentage that will be used to adjust the tax rate brackets.

218.7 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
218.8 31, 2018.

218.9

## ARTICLE 12

218.10 **DEPARTMENT OF REVENUE INDIVIDUAL INCOME AND CORPORATE**  
218.11 **FRANCHISE TAXES; TECHNICAL CHANGES**

218.12 Section 1. Minnesota Statutes 2018, section 289A.38, subdivision 7, is amended to read:

218.13 Subd. 7. **Federal tax changes.** (a) If the amount of income, items of tax preference,  
218.14 deductions, or credits for any year of a taxpayer, or the wages paid by a taxpayer for any  
218.15 period, as reported to the Internal Revenue Service is changed or corrected by the  
218.16 commissioner of Internal Revenue or other officer of the United States or other competent  
218.17 authority, or where a renegotiation of a contract or subcontract with the United States results  
218.18 in a change in income, items of tax preference, deductions, credits, or withholding tax, or,  
218.19 in the case of estate tax, where there are adjustments to the taxable estate, the taxpayer shall  
218.20 report the change or correction or renegotiation results in writing to the commissioner. The  
218.21 report must be submitted within 180 days after the final determination and must be in the  
218.22 form of either an amended Minnesota estate, withholding tax, corporate franchise tax, or  
218.23 income tax return conceding the accuracy of the federal determination or a letter detailing  
218.24 how the federal determination is incorrect or does not change the Minnesota tax. An amended  
218.25 Minnesota income tax return must be accompanied by an amended property tax refund  
218.26 return, if necessary. A taxpayer filing an amended federal tax return must also file a copy  
218.27 of the amended return with the commissioner of revenue within 180 days after filing the  
218.28 amended return.

218.29 (b) For the purposes of paragraph (a), a change or correction includes any case where a  
218.30 taxpayer reaches a closing agreement or compromise with the Internal Revenue Service  
218.31 under section 7121 or 7122 of the Internal Revenue Code.

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

219.1 Sec. 2. Minnesota Statutes 2018, section 290.92, subdivision 28, is amended to read:

219.2 Subd. 28. **Payments to horse racing license holders.** Effective with payments made  
219.3 after April 1, 1988, any holder of a license issued by the Minnesota Racing Commission  
219.4 who makes a payment for personal or professional services to a holder of a class C license  
219.5 issued by the commission, except an amount paid as a purse, shall deduct from the payment  
219.6 and withhold 6.25 percent of the amount as Minnesota withholding tax when the amount  
219.7 paid to that individual by the same person during the calendar year exceeds \$600. For  
219.8 purposes of the provisions of this section, a payment to any person which is subject to  
219.9 withholding under this subdivision must be treated as if the payment was a wage paid by  
219.10 an employer to an employee. Every individual who is to receive a payment which is subject  
219.11 to withholding under this subdivision shall furnish the license holder with a statement, made  
219.12 under the penalties of perjury, containing the name, address, and Social Security account  
219.13 number of the person receiving the payment. No withholding is required if the individual  
219.14 presents a signed certificate from the individual's employer which states that the individual  
219.15 is an employee of that employer. A nonresident individual who holds a class C license must  
219.16 be treated as an athlete for purposes of applying the provisions of subdivision 4a and section  
219.17 290.17, subdivision 2~~(1)(b)(ii)~~(a)(2)(ii).

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

219.19 Sec. 3. Minnesota Statutes 2018, section 462D.03, subdivision 2, is amended to read:

219.20 Subd. 2. **Designation of qualified beneficiary.** (a) The account holder must designate  
219.21 a first-time home buyer as the qualified beneficiary of the account ~~by April 15 of the year~~  
219.22 in a form and manner prescribed by the commissioner following the taxable year in which  
219.23 the account was established. The account holder may be the qualified beneficiary. The  
219.24 account holder may change the designated qualified beneficiary at any time, but no more  
219.25 than one qualified beneficiary may be designated for an account at any one time. For purposes  
219.26 of the one beneficiary restriction, a married couple qualifies as one beneficiary. Changing  
219.27 the designated qualified beneficiary of an account does not affect computation of the ten-year  
219.28 period under section 462D.06, subdivision 2.

219.29 (b) The commissioner shall establish a process for account holders to notify the state  
219.30 that permits recording of the account, the account holder or holders, any transfers under  
219.31 section 462D.04, subdivision 2, and the designated qualified beneficiary for each account.  
219.32 This may be done upon filing the account holder's income tax return or in any other way  
219.33 the commissioner determines to be appropriate.

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

220.1 **ARTICLE 13**220.2 **DEPARTMENT OF REVENUE; SALES AND USE TAXES; TECHNICAL CHANGES**

220.3 Section 1. Minnesota Statutes 2018, section 297A.68, subdivision 17, is amended to read:

220.4 Subd. 17. **Ships used in interstate commerce; other vessels.** Repair, replacement, and  
220.5 rebuilding parts and materials, and lubricants, for the following are exempt:

220.6 (1) ships or vessels used or to be used principally in interstate or foreign commerce ~~are~~  
220.7 ~~exempt;~~ and

220.8 (2) vessels with a gross registered tonnage of at least 3,000 tons ~~are exempt.~~

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

220.10 Sec. 2. Minnesota Statutes 2018, section 297A.68, subdivision 42, is amended to read:

220.11 Subd. 42. **Qualified data centers.** (a) Purchases of enterprise information technology  
220.12 equipment and computer software for use in a qualified data center, or a qualified refurbished  
220.13 data center, are exempt, except that computer software maintenance agreements are exempt  
220.14 for purchases made after June 30, 2013. The tax on purchases exempt under this paragraph  
220.15 must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied,  
220.16 and then refunded after June 30, 2013, in the manner provided in section 297A.75. This  
220.17 exemption includes enterprise information technology equipment and computer software  
220.18 purchased to replace or upgrade enterprise information technology equipment and computer  
220.19 software in a qualified data center, or a qualified refurbished data center.

220.20 (b) Electricity used or consumed in the operation of a qualified data center or qualified  
220.21 refurbished data center is exempt.

220.22 (c) For purposes of this subdivision, "qualified data center" means a facility in Minnesota:

220.23 (1) that is comprised of one or more buildings that consist in the aggregate of at least  
220.24 25,000 square feet, and that are located on a single parcel or on contiguous parcels, where  
220.25 the total cost of construction or refurbishment, investment in enterprise information  
220.26 technology equipment, and computer software is at least \$30,000,000 within a 48-month  
220.27 period. The 48-month period begins no sooner than July 1, 2012, except that costs for  
220.28 computer software maintenance agreements purchased before July 1, 2013, are not included  
220.29 in determining if the \$30,000,000 threshold has been met;

220.30 (2) that is constructed or substantially refurbished after June 30, 2012, where  
220.31 "substantially refurbished" means that at least 25,000 square feet have been rebuilt or  
220.32 modified, including:

221.1 (i) installation of enterprise information technology equipment; environmental control,  
221.2 computer software, and energy efficiency improvements; and

221.3 (ii) building improvements; and

221.4 (3) that is used to house enterprise information technology equipment, where the facility  
221.5 has the following characteristics:

221.6 (i) uninterruptible power supplies, generator backup power, or both;

221.7 (ii) sophisticated fire suppression and prevention systems; and

221.8 (iii) enhanced security. A facility will be considered to have enhanced security if it has  
221.9 restricted access to the facility to selected personnel; permanent security guards; video  
221.10 camera surveillance; an electronic system requiring pass codes, keycards, or biometric scans,  
221.11 such as hand scans and retinal or fingerprint recognition; or similar security features.

221.12 In determining whether the facility has the required square footage, the square footage  
221.13 of the following spaces shall be included if the spaces support the operation of enterprise  
221.14 information technology equipment: office space, meeting space, and mechanical and other  
221.15 support facilities. For purposes of this subdivision, "computer software" includes, but is not  
221.16 limited to, software utilized or loaded at a qualified data center or qualified refurbished data  
221.17 center, including maintenance, licensing, and software customization.

221.18 (d) For purposes of this subdivision, a "qualified refurbished data center" means an  
221.19 existing facility that qualifies as a data center under paragraph (c), clauses (2) and (3), but  
221.20 that is comprised of one or more buildings that consist in the aggregate of at least 25,000  
221.21 square feet, and that are located on a single parcel or contiguous parcels, where the total  
221.22 cost of construction or refurbishment, investment in enterprise information technology  
221.23 equipment, and computer software is at least \$50,000,000 within a 24-month period.

221.24 (e) For purposes of this subdivision, "enterprise information technology equipment"  
221.25 means computers and equipment supporting computing, networking, or data storage,  
221.26 including servers and routers. It includes, but is not limited to: cooling systems, cooling  
221.27 towers, and other temperature control infrastructure; power infrastructure for transformation,  
221.28 distribution, or management of electricity used for the maintenance and operation of a  
221.29 qualified data center or qualified refurbished data center, including but not limited to exterior  
221.30 dedicated business-owned substations, backup power generation systems, battery systems,  
221.31 and related infrastructure; and racking systems, cabling, and trays, which are necessary for  
221.32 the maintenance and operation of the qualified data center or qualified refurbished data  
221.33 center.

222.1 (f) A qualified data center or qualified refurbished data center may claim the exemptions  
222.2 in this subdivision for purchases made either within 20 years of the date of its first purchase  
222.3 qualifying for the exemption under paragraph (a), or by June 30, 2042, whichever is earlier.

222.4 (g) The purpose of this exemption is to create jobs in the construction and data center  
222.5 industries.

222.6 (h) This subdivision is effective for sales and purchases made before July 1, 2042.

222.7 (i) The commissioner of employment and economic development must certify to the  
222.8 commissioner of revenue, in a format approved by the commissioner of revenue, when a  
222.9 qualified data center has met the requirements under paragraph (c) or a qualified refurbished  
222.10 data center has met the requirements under paragraph (d). The certification must provide  
222.11 the following information regarding each qualified data center or qualified refurbished data  
222.12 center:

222.13 (1) the total square footage amount;

222.14 (2) the total amount of construction or refurbishment costs and the total amount of  
222.15 qualifying investments in enterprise information technology equipment and computer  
222.16 software; ~~and~~

222.17 (3) the beginning and ending of the applicable period under either paragraph (c) or (d)  
222.18 in which the qualifying expenditures and purchases under clause (2) were made, but in no  
222.19 case shall the period begin before July 1, 2012; and

222.20 (4) the date upon which the qualified data center first met the requirements under  
222.21 paragraph (c) or a qualified refurbished data center first met the requirements under paragraph  
222.22 (d).

222.23 (j) Any refund for sales tax paid on qualifying purchases under this subdivision must  
222.24 not be issued unless the commissioner of revenue has received the certification required  
222.25 under paragraph (i) ~~either from~~ issued by the commissioner of employment and economic  
222.26 development ~~or the qualified data center or qualified refurbished data center claiming the~~  
222.27 ~~refund; and.~~

222.28 (k) The commissioner of employment and economic development must annually notify  
222.29 the commissioner of revenue of the qualified data centers that are projected to meet the  
222.30 requirements under paragraph (c) and the qualified refurbished data centers that are projected  
222.31 to meet the requirements under paragraph (d) in each of the next four years. The notification  
222.32 must provide the information required under paragraph (i), clauses (1) to ~~(3)~~ (4), for each  
222.33 qualified data center or qualified refurbished data center.

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

223.2 Sec. 3. Minnesota Statutes 2018, section 297A.68, subdivision 44, is amended to read:

223.3 Subd. 44. **Greater Minnesota business expansions.** (a) Purchases and use of tangible  
223.4 personal property or taxable services by a qualified business, ~~as defined in section 116J.8738,~~  
223.5 are exempt if:

223.6 (1) the commissioner of employment and economic development certifies to the  
223.7 commissioner of revenue, in a format approved by the commissioner of revenue, that the  
223.8 qualified business meets the requirements under section 116J.8738;

223.9 (2) the business subsidy agreement provides that the exemption under this subdivision  
223.10 applies;

223.11 ~~(2)~~ (3) the property or services are primarily used or consumed at the facility in greater  
223.12 Minnesota identified in the business subsidy agreement; and

223.13 ~~(3)~~ (4) the purchase was made and delivery received during the duration of the  
223.14 certification of the business as a qualified business under section 116J.8738 business subsidy  
223.15 agreement.

223.16 (b) Purchase and use of construction materials and supplies used or consumed in, and  
223.17 equipment incorporated into, the construction of improvements to real property in greater  
223.18 Minnesota are exempt if the improvements after completion of construction are to be used  
223.19 in the conduct of the trade or business of the qualified business, ~~as defined in section~~  
223.20 ~~116J.8738~~ and the commissioner of employment and economic development certifies to  
223.21 the commissioner of revenue, in a format approved by the commissioner of revenue, that  
223.22 the qualified business meets the requirements under section 116J.8738. This exemption  
223.23 applies regardless of whether the purchases are made by the business or a contractor.

223.24 (c) The exemptions under this subdivision apply to a local sales and use tax.

223.25 (d) The tax on purchases imposed under this subdivision must be imposed and collected  
223.26 as if the rate under section 297A.62 applied, and then refunded in the manner provided in  
223.27 section 297A.75. The total amount refunded for a facility over the certification period is  
223.28 limited to the amount listed in the business subsidy agreement. No more than \$7,000,000  
223.29 may be refunded in a fiscal year for all purchases under this subdivision. Refunds must be  
223.30 allocated on a first-come, first-served basis. If more than \$7,000,000 of eligible claims are  
223.31 made in a fiscal year, claims by qualified businesses carry over to the next fiscal year, and  
223.32 the commissioner of revenue must first allocate refunds to qualified businesses eligible for  
223.33 a refund in the preceding fiscal year. Any portion of the balance of funds allocated for

224.1 refunds under this paragraph does not cancel and shall be carried forward to and available  
224.2 for refunds in subsequent fiscal years. Notwithstanding section 297A.75, subdivision 4, for  
224.3 an eligible refund claim that carries over to a subsequent fiscal year, the interest on the  
224.4 amount carried over must be paid on the refund no sooner than from 90 days after July 1  
224.5 of the fiscal year in which funds are available for the eligible claim.

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

224.7 Sec. 4. Minnesota Statutes 2018, section 297A.71, subdivision 45, is amended to read:

224.8 Subd. 45. **Biopharmaceutical manufacturing facility.** (a) Materials and supplies used  
224.9 or consumed in, capital equipment incorporated into, and privately owned infrastructure in  
224.10 support of the construction, improvement, or expansion of a biopharmaceutical manufacturing  
224.11 facility in the state are exempt if the commissioner of employment and economic  
224.12 development certifies to the commissioner of revenue that the following criteria are met:

224.13 (1) the facility is used for the manufacturing of biologics;

224.14 (2) the total capital investment made at the facility exceeds \$50,000,000; and

224.15 (3) the facility creates and maintains at least 190 full-time equivalent positions at the  
224.16 facility. These positions must be new jobs in Minnesota and not the result of relocating jobs  
224.17 that currently exist in Minnesota.

224.18 (b) The tax must be imposed and collected as if the rate under section 297A.62 applied,  
224.19 and refunded in the manner provided in section 297A.75.

224.20 (c) To be eligible for a refund, the owner of the biopharmaceutical manufacturing facility  
224.21 must:

224.22 (1) initially apply to the ~~Department~~ commissioner of employment and economic  
224.23 development for certification no later than one year from the final completion date of  
224.24 construction, improvement, or expansion of the facility; and

224.25 (2) for each year that the owner of the biopharmaceutical manufacturing facility applies  
224.26 for a refund, the ~~owner~~ commissioner of revenue must have received written certification  
224.27 from the ~~Department~~ commissioner of employment and economic development that the  
224.28 facility has met the criteria of paragraph (a).

224.29 (d) The refund is to be paid annually at a rate of 25 percent of the total allowable refund  
224.30 payable to date, with the commissioner making annual payments of the remaining refund  
224.31 until all of the refund has been paid.



225.1 (e) For purposes of this subdivision, "biopharmaceutical" and "biologics" are  
225.2 interchangeable and mean medical drugs or medicinal preparations produced using  
225.3 technology that uses biological systems, living organisms, or derivatives of living organisms  
225.4 to make or modify products or processes for specific use. The medical drugs or medicinal  
225.5 preparations include but are not limited to proteins, antibodies, nucleic acids, and vaccines.

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

225.7 Sec. 5. Minnesota Statutes 2018, section 297A.77, is amended by adding a subdivision to  
225.8 read:

225.9 Subd. 5. **Records must be kept.** Every person liable for any tax imposed by this chapter,  
225.10 or for the collection thereof, shall keep such records, render such statements, make such  
225.11 returns, and comply with such rules, as the commissioner may from time to time prescribe.

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

#### 225.13 **ARTICLE 14**

#### 225.14 **DEPARTMENT OF REVENUE; TOBACCO TAXES; TECHNICAL CHANGES**

225.15 Section 1. Minnesota Statutes 2018, section 297F.01, subdivision 19, is amended to read:

225.16 Subd. 19. **Tobacco products.** (a) "Tobacco products" means any product containing,  
225.17 made, or derived from tobacco that is intended for human consumption, whether chewed,  
225.18 smoked, absorbed, dissolved, inhaled, snorted, sniffed, or ingested by any other means, or  
225.19 any component, part, or accessory of a tobacco product, including, but not limited to, cigars;  
225.20 cheroots; stogies; periques; granulated, plug cut, crimp cut, ready rubbed, and other smoking  
225.21 tobacco; snuff; snuff flour; cavendish; plug and twist tobacco; fine-cut and other chewing  
225.22 tobacco; shorts; refuse scraps, clippings, cuttings and sweepings of tobacco, and other kinds  
225.23 and forms of tobacco; but does not include cigarettes as defined in this section. Tobacco  
225.24 products includes nicotine solution products. Tobacco products excludes any tobacco product  
225.25 that has been approved by the United States Food and Drug Administration for sale as a  
225.26 tobacco cessation product, as a tobacco dependence product, or for other medical purposes,  
225.27 and is being marketed and sold solely for such an approved purpose.

225.28 (b) Except for the imposition of tax under section 297F.05, subdivisions 3 and 4, tobacco  
225.29 products includes a premium cigar, as defined in subdivision 13a.

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

226.1 Sec. 2. Minnesota Statutes 2018, section 297F.01, is amended by adding a subdivision to  
226.2 read:

226.3 Subd. 22b. **Nicotine solution products.** (a) "Nicotine solution products" means any  
226.4 cartridge, bottle, or other package that contains nicotine made or derived from tobacco, that  
226.5 is in a solution that is consumed, or meant to be consumed, through the use of a heating  
226.6 element, power source, electronic circuit, or other electronic, chemical, or mechanical means  
226.7 that produces vapor or aerosol. This paragraph expires December 31, 2019.

226.8 (b) Beginning January 1, 2020, "nicotine solution products" means any cartridge, bottle,  
226.9 or other package that contains nicotine, including nicotine made or derived from tobacco  
226.10 or sources other than tobacco, that is in a solution that is consumed, or meant to be consumed,  
226.11 through the use of a heating element, power source, electronic circuit, or other electronic,  
226.12 chemical, or mechanical means that produces vapor or aerosol.

226.13 (c) Nicotine solution products includes any electronic cigarette, electronic cigar, electronic  
226.14 cigarillo, electronic pipe, or similar product or device, and any batteries, heating elements,  
226.15 or other components, parts, or accessories sold with and meant to be used in the consumption  
226.16 of a solution containing nicotine.

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

226.18 Sec. 3. Minnesota Statutes 2018, section 297F.01, subdivision 23, is amended to read:

226.19 Subd. 23. **Wholesale sales price.** (a) "Wholesale sales price" means the price at which  
226.20 a distributor purchases a tobacco product.

226.21 (b) When a distributor sells a cartridge, bottle, or other package of a solution containing  
226.22 nicotine that is part of a kit that also includes a product, device, component, part, or accessory  
226.23 described in subdivision 22b:

226.24 (1) the wholesale sales price is the price at which the distributor purchases the kit; except  
226.25 that

226.26 (2) if the distributor also separately sells the same package of solution containing nicotine  
226.27 that is sold with the kit and can isolate the cost of the package of solution containing nicotine,  
226.28 then the wholesale sales price includes only the price at which the distributor separately  
226.29 purchases the package of the solution containing nicotine and any taxes, charges, and costs  
226.30 listed in paragraph (c).

226.31 (c) Wholesale sales price includes the applicable federal excise tax, freight charges, or  
226.32 packaging costs, regardless of whether they were included in the purchase price.

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

227.2 **ARTICLE 15**

227.3 **MINNESOTACARE; TECHNICAL CHANGES**

227.4 Section 1. Minnesota Statutes 2018, section 295.50, is amended by adding a subdivision  
227.5 to read:

227.6 **Subd. 2b. Emergency medical reasons.** "Emergency medical reasons" means a public  
227.7 health emergency declaration pursuant to United States Code, title 42, section 247d; a  
227.8 national security or peacetime emergency declared by the governor pursuant to section  
227.9 12.31; or a situation involving an action by the commissioner of health pursuant to section  
227.10 144.4197, 144.4198, or 151.37, subdivisions 2, paragraph (b), and 10, except that, for  
227.11 purposes of this subdivision, a drug shortage not caused by a public health emergency shall  
227.12 not constitute an emergency medical reason.

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

227.14 Sec. 2. Minnesota Statutes 2018, section 295.50, subdivision 3, is amended to read:

227.15 **Subd. 3. Gross revenues.** "Gross revenues" are total amounts received in money or  
227.16 otherwise by:

227.17 (1) a hospital for patient services;

227.18 (2) a surgical center for patient services;

227.19 (3) a health care provider, other than a staff model health ~~carrier~~ plan company, for  
227.20 patient services;

227.21 (4) a wholesale drug distributor for sale or distribution of legend drugs that are delivered  
227.22 in Minnesota by the wholesale drug distributor, by common carrier, or by mail, unless the  
227.23 legend drugs are delivered to another wholesale drug distributor who sells legend drugs  
227.24 exclusively at wholesale. ~~Legend drugs do not include nutritional products as defined in~~  
227.25 ~~Minnesota Rules, part 9505.0325, and blood and blood components; and~~

227.26 (5) a staff model health plan company as gross premiums for enrollees, co-payments,  
227.27 deductibles, coinsurance, and fees for patient services.

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

227.29 Sec. 3. Minnesota Statutes 2018, section 295.50, subdivision 4, is amended to read:

227.30 **Subd. 4. Health care provider.** (a) "Health care provider" means:

228.1 (1) a person whose health care occupation is regulated or required to be regulated by  
 228.2 the state of Minnesota furnishing any or all of the following goods or services directly to a  
 228.3 patient or consumer: medical, surgical, optical, visual, dental, hearing, nursing services,  
 228.4 drugs, laboratory, diagnostic or therapeutic services;

228.5 (2) a person who provides goods and services not listed in clause (1) that qualify for  
 228.6 reimbursement under the medical assistance program provided under chapter 256B;

228.7 (3) a staff model health plan company;

228.8 (4) an ambulance service required to be licensed; ~~or~~

228.9 (5) a person who sells or repairs hearing aids and related equipment or prescription  
 228.10 eyewear; or

228.11 (6) a person providing patient services, who does not otherwise meet the definition of  
 228.12 health care provider and is not specifically excluded in clause (b), who employs or contracts  
 228.13 with a health care provider as defined in clauses (1) to (5) to perform, supervise, otherwise  
 228.14 oversee, or consult with regarding patient services.

228.15 (b) Health care provider does not include:

228.16 (1) hospitals; medical supplies distributors, except as specified under paragraph (a),  
 228.17 clause (5); nursing homes licensed under chapter 144A or licensed in any other jurisdiction;  
 228.18 wholesale drug distributors; pharmacies; surgical centers; bus and taxicab transportation,  
 228.19 or any other providers of transportation services other than ambulance services required to  
 228.20 be licensed; supervised living facilities for persons with developmental disabilities, licensed  
 228.21 under Minnesota Rules, parts 4665.0100 to 4665.9900; housing with services establishments  
 228.22 required to be registered under chapter 144D; board and lodging establishments providing  
 228.23 only custodial services that are licensed under chapter 157 and registered under section  
 228.24 157.17 to provide supportive services or health supervision services; adult foster homes as  
 228.25 defined in Minnesota Rules, part 9555.5105; day training and habilitation services for adults  
 228.26 with developmental disabilities as defined in section 252.41, subdivision 3; boarding care  
 228.27 homes, as defined in Minnesota Rules, part 4655.0100; and adult day care centers as defined  
 228.28 in Minnesota Rules, part 9555.9600;

228.29 (2) home health agencies as defined in Minnesota Rules, part 9505.0175, subpart 15; a  
 228.30 person providing personal care services and supervision of personal care services as defined  
 228.31 in Minnesota Rules, part 9505.0335; a person providing home care nursing services as  
 228.32 defined in Minnesota Rules, part 9505.0360; and home care providers required to be licensed  
 228.33 under chapter 144A for home care services provided under chapter 144A;

229.1 (3) a person who employs health care providers solely for the purpose of providing  
229.2 patient services to its employees;

229.3 (4) an educational institution that employs health care providers solely for the purpose  
229.4 of providing patient services to its students if the institution does not receive fee for service  
229.5 payments or payments for extended coverage; and

229.6 (5) a person who receives all payments for patient services from health care providers,  
229.7 surgical centers, or hospitals for goods and services that are taxable to the paying health  
229.8 care providers, surgical centers, or hospitals, as provided under section 295.53, subdivision  
229.9 1, paragraph (b), clause (3) or (4), or from a source of funds that is exempt from tax under  
229.10 this chapter.

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

229.12 Sec. 4. Minnesota Statutes 2018, section 295.50, is amended by adding a subdivision to  
229.13 read:

229.14 Subd. 7a. **Manufacturer.** "Manufacturer" has the meaning provided in section 151.01,  
229.15 subdivision 14a.

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

229.17 Sec. 5. Minnesota Statutes 2018, section 295.50, subdivision 9b, is amended to read:

229.18 Subd. 9b. **Patient services.** (a) "Patient services" means inpatient and outpatient services  
229.19 and other goods and services provided by hospitals, surgical centers, or health care providers.  
229.20 They include the following health care goods and services provided to a patient or consumer:

229.21 (1) bed and board;

229.22 (2) nursing services and other related services;

229.23 (3) use of hospitals, surgical centers, or health care provider facilities;

229.24 (4) medical social services;

229.25 (5) drugs, biologicals, supplies, appliances, and equipment;

229.26 (6) other diagnostic or therapeutic items or services;

229.27 (7) medical or surgical services;

229.28 (8) items and services furnished to ambulatory patients not requiring emergency care;

229.29 and

230.1 (9) emergency services.

230.2 (b) "Patient services" does not include:

230.3 (1) services provided to nursing homes licensed under chapter 144A;

230.4 (2) examinations for purposes of utilization reviews, insurance claims or eligibility,  
230.5 litigation, and employment, including reviews of medical records for those purposes;

230.6 (3) services provided to and by community residential mental health facilities licensed  
230.7 under Minnesota Rules, parts 9520.0500 to 9520.0670, and to and by residential treatment  
230.8 programs for children with severe emotional disturbance licensed or certified under chapter  
230.9 245A;

230.10 (4) services provided to and by community support programs and family community  
230.11 support programs approved under Minnesota Rules, parts 9535.1700 to 9535.1760, or  
230.12 certified as mental health rehabilitative services under chapter 256B; under the following  
230.13 programs: day treatment services as defined in section 245.462, subdivision 8; assertive  
230.14 community treatment as described in section 256B.0622; adult rehabilitative mental health  
230.15 services as described in section 256B.0623; adult crisis response services as described in  
230.16 section 256B.0624; children's therapeutic services and supports as described in section  
230.17 256B.0943; and children's mental health crisis response services as described in section  
230.18 256B.0944;

230.19 (5) services provided to and by community mental health centers as defined in section  
230.20 245.62, subdivision 2;

230.21 (6) services provided to and by assisted living programs and congregate housing  
230.22 programs;

230.23 (7) hospice care services;

230.24 (8) home and community-based waived services under sections 256B.0915, 256B.49,  
230.25 and 256B.501;

230.26 (9) targeted case management services under sections 256B.0621; 256B.0625,  
230.27 subdivisions 20, 20a, 33, and 44; and 256B.094; and

230.28 (10) services provided to the following: supervised living facilities for persons with  
230.29 developmental disabilities licensed under Minnesota Rules, parts 4665.0100 to 4665.9900;  
230.30 housing with services establishments required to be registered under chapter 144D; board  
230.31 and lodging establishments providing only custodial services that are licensed under chapter  
230.32 157 and registered under section 157.17 to provide supportive services or health supervision

231.1 services; adult foster homes as defined in Minnesota Rules, part 9555.5105; day training  
231.2 and habilitation services for adults with developmental disabilities as defined in section  
231.3 252.41, subdivision 3; boarding care homes as defined in Minnesota Rules, part 4655.0100;  
231.4 adult day care services as defined in section 245A.02, subdivision 2a; and home health  
231.5 agencies as defined in Minnesota Rules, part 9505.0175, subpart 15, or licensed under  
231.6 chapter 144A.

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

231.8 Sec. 6. Minnesota Statutes 2018, section 295.50, is amended by adding a subdivision to  
231.9 read:

231.10 Subd. 10c. **Pharmacy benefits manager.** "Pharmacy benefits manager" means an entity  
231.11 that performs pharmacy benefits management.

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

231.13 Sec. 7. Minnesota Statutes 2018, section 295.50, is amended by adding a subdivision to  
231.14 read:

231.15 Subd. 13a. **Third-party purchaser of health care services.** "Third-party purchaser of  
231.16 health care services" includes but is not limited to a health carrier or community integrated  
231.17 service network that pays for health care services on behalf of patients or that reimburses,  
231.18 indemnifies, compensates, or otherwise insures patients for health care services.

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

231.20 Sec. 8. Minnesota Statutes 2018, section 295.50, subdivision 14, is amended to read:

231.21 Subd. 14. **Wholesale drug distributor.** "Wholesale drug distributor" means a ~~wholesale~~  
231.22 ~~drug distributor required to be licensed under sections 151.42 to 151.51.~~ any person engaged  
231.23 in wholesale drug distribution including but not limited to manufacturers; repackagers;  
231.24 own-label distributors; jobbers; brokers; warehouses, including manufacturers' and  
231.25 distributors' warehouses, chain drug warehouses, and wholesale drug warehouses;  
231.26 independent wholesale drug traders; and pharmacies that conduct wholesale drug distribution.  
231.27 A wholesale drug distributor does not include a common carrier or individual hired primarily  
231.28 to transport legend drugs.

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

232.1 Sec. 9. Minnesota Statutes 2018, section 295.50, subdivision 15, is amended to read:

232.2 Subd. 15. **Legend drug.** "Legend drug" means a drug that is required by federal law to  
232.3 bear one of the following statements: "Caution: Federal law prohibits dispensing without  
232.4 prescription" or "Rx only." Legend drugs do not include nutritional products as defined in  
232.5 Minnesota Rules, part 9505.0325, subpart 1, and blood and blood components.

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

232.7 Sec. 10. Minnesota Statutes 2018, section 295.50, is amended by adding a subdivision to  
232.8 read:

232.9 Subd. 16. **Wholesale drug distribution.** "Wholesale drug distribution" means the sale  
232.10 or distribution of legend drugs to a person other than a consumer or patient, but does not  
232.11 include:

232.12 (1) a sale between a division, subsidiary, parent, affiliated, or related company under  
232.13 the common ownership and control of a corporate entity;

232.14 (2) the purchase or other acquisition, by a hospital or other health care entity that is a  
232.15 member of a group purchasing organization, of a legend drug for its own use from the  
232.16 organization or from other hospitals or health care entities that are members of such  
232.17 organizations;

232.18 (3) the sale, purchase, or trade of a legend drug by a charitable organization described  
232.19 in section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December  
232.20 31, 1988, to a nonprofit affiliate of the organization to the extent otherwise permitted by  
232.21 law;

232.22 (4) the sale, purchase, or trade of a legend drug among hospitals or other health care  
232.23 entities that are under common control;

232.24 (5) the sale, purchase, or trade of a legend drug for emergency medical reasons;

232.25 (6) the transfer of legend drugs by a retail pharmacy to another retail pharmacy to alleviate  
232.26 a temporary shortage; or

232.27 (7) the distribution of legend drug samples by manufacturer representatives.

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



233.1 Sec. 11. Minnesota Statutes 2018, section 295.53, subdivision 1, is amended to read:

233.2 Subdivision 1. **Exclusions and Exemptions.** (a) The following payments are excluded  
233.3 from the gross revenues subject to the hospital, surgical center, or health care provider taxes  
233.4 under sections 295.50 to 295.59:

233.5 ~~(1) payments received for services provided under the Medicare program, including~~  
233.6 ~~payments received from the government, and organizations governed by sections 1833 and~~  
233.7 ~~1876 of title XVIII of the federal Social Security Act, United States Code, title 42, section~~  
233.8 ~~1395, and enrollee deductibles, coinsurance, and co-payments, whether paid by the Medicare~~  
233.9 ~~enrollee or by a Medicare supplemental coverage as defined in section 62A.011, subdivision~~  
233.10 ~~3, clause (10), or by Medicaid payments under title XIX of the federal Social Security Act.~~  
233.11 ~~Payments for services not covered by Medicare are taxable;~~

233.12 ~~(2) payments received for home health care services;~~

233.13 ~~(3) payments received from hospitals or surgical centers for goods and services on which~~  
233.14 ~~liability for tax is imposed under section 295.52 or the source of funds for the payment is~~  
233.15 ~~exempt under clause (1), (7), (10), or (14);~~

233.16 ~~(4) payments received from health care providers for goods and services on which~~  
233.17 ~~liability for tax is imposed under this chapter or the source of funds for the payment is~~  
233.18 ~~exempt under clause (1), (7), (10), or (14);~~

233.19 ~~(5) amounts paid for legend drugs, other than nutritional products and blood and blood~~  
233.20 ~~components, to a wholesale drug distributor who is subject to tax under section 295.52,~~  
233.21 ~~subdivision 3, reduced by reimbursements received for legend drugs otherwise exempt~~  
233.22 ~~under this chapter;~~

233.23 ~~(6)~~ (1) payments received by a health care provider or the wholly owned subsidiary of  
233.24 a health care provider for care provided outside Minnesota;

233.25 ~~(7) payments received from the chemical dependency fund under chapter 254B;~~

233.26 ~~(8) payments received in the nature of charitable donations that are not designated for~~  
233.27 ~~providing patient services to a specific individual or group;~~

233.28 (9) payments received for providing patient services incurred through a formal program  
233.29 of health care research conducted in conformity with federal regulations governing research  
233.30 on human subjects. Payments received from patients or from other persons paying on behalf  
233.31 of the patients are subject to tax;

234.1 ~~(10) payments received from any governmental agency for services benefiting the public;~~  
 234.2 ~~not including payments made by the government in its capacity as an employer or insurer~~  
 234.3 ~~or payments made by the government for services provided under the MinnesotaCare~~  
 234.4 ~~program or the medical assistance program governed by title XIX of the federal Social~~  
 234.5 ~~Security Act, United States Code, title 42, sections 1396 to 1396v;~~

234.6 ~~(11) (2)~~ government payments received by the commissioner of human services for  
 234.7 state-operated services;

234.8 ~~(12) (3)~~ payments received by a health care provider for hearing aids and related  
 234.9 equipment or prescription eyewear delivered outside of Minnesota; and

234.10 ~~(13) (4)~~ payments received by an educational institution from student tuition, student  
 234.11 activity fees, health care service fees, government appropriations, donations, or grants, and  
 234.12 for services identified in and provided under an individualized education program as defined  
 234.13 in section 256B.0625 or Code of Federal Regulations, chapter 34, section 300.340(a). Fee  
 234.14 for service payments and payments for extended coverage are taxable;.

234.15 ~~(14) payments received under the federal Employees Health Benefits Act, United States~~  
 234.16 ~~Code, title 5, section 8909(f), as amended by the Omnibus Reconciliation Act of 1990.~~  
 234.17 ~~Enrollee deductibles, coinsurance, and co-payments are subject to tax; and~~

234.18 ~~(15) payments received under the federal Tricare program, Code of Federal Regulations,~~  
 234.19 ~~title 32, section 199.17(a)(7). Enrollee deductibles, coinsurance, and co-payments are subject~~  
 234.20 ~~to tax.~~

234.21 (b) The following payments are exempted from the gross revenues subject to hospital,  
 234.22 surgical center, or health care provider taxes under sections 295.50 to 295.59:

234.23 (1) payments received for services provided under the Medicare program, including  
 234.24 payments received from the government and organizations governed by sections 1833,  
 234.25 1853, and 1876 of title XVIII of the federal Social Security Act, United States Code, title  
 234.26 42, section 1395; and enrollee deductibles, co-insurance, and co-payments, whether paid  
 234.27 by the Medicare enrollee, by Medicare supplemental coverage as described in section  
 234.28 62A.011, subdivision 3, clause (10), or by Medicaid payments under title XIX of the federal  
 234.29 Social Security Act. Payments for services not covered by Medicare are taxable;

234.30 (2) payments received for home health care services;

234.31 (3) payments received from hospitals or surgical centers for goods and services on which  
 234.32 liability for tax is imposed under section 295.52 or the source of funds for the payment is  
 234.33 exempt under clauses (1), (6), (9), (10), or (11);

235.1 (4) payments received from the health care providers for goods and services on which  
 235.2 liability for tax is imposed under this chapter or the source of funds for the payment is  
 235.3 exempt under clause (1), (6), (9), (10), or (11);

235.4 (5) amounts paid for legend drugs to a wholesale drug distributor who is subject to tax  
 235.5 under section 295.52, subdivision 3, reduced by reimbursement received for legend drugs  
 235.6 otherwise exempt under this chapter;

235.7 (6) payments received from the chemical dependency fund under chapter 254B;

235.8 (7) payments received in the nature of charitable donations that are not designated for  
 235.9 providing patient services to a specific individual or group;

235.10 (8) payments received for providing patient services incurred through a formal program  
 235.11 of health care research conducted in conformity with federal regulations governing research  
 235.12 on human subjects. Payments received from patients or from other persons paying on behalf  
 235.13 of the patients are subject to tax;

235.14 (9) payments received from any governmental agency for services benefiting the public,  
 235.15 not including payments made by the government in its capacity as an employer or insurer  
 235.16 or payments made by the government for services provided under the MinnesotaCare  
 235.17 program or the medical assistance program governed by title XIX of the federal Social  
 235.18 Security Act, United States Code, title 42, section 1396 to 1396v;

235.19 (10) payments received under the federal Employees Health Benefits Act, United States  
 235.20 Code, title 5, section 8909(f), as amended by the Omnibus Reconciliation Act of 1990.  
 235.21 Enrollee deductibles, co-insurance, and co-payments are subject to tax;

235.22 (11) payments received under the federal Tricare program, Code of Federal Regulations,  
 235.23 title 32, section 199.17(a)(7). Enrollee deductibles, co-insurance, and co-payments are  
 235.24 subject to tax; and

235.25 (12) supplemental or enhanced payments authorized under section 256B.196 or 256B.197.

235.26 ~~(b)~~ (c) Payments received by wholesale drug distributors for legend drugs sold directly  
 235.27 to veterinarians or veterinary bulk purchasing organizations are excluded from the gross  
 235.28 revenues subject to the wholesale drug distributor tax under sections 295.50 to 295.59.

235.29 ~~(e) Supplemental or enhanced payments authorized under section 256B.19, subdivision~~  
 235.30 ~~1e, 256B.196, or 256B.197 are excluded from gross revenues subject to the tax under sections~~  
 235.31 ~~295.50 to 295.59.~~

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

236.1 Sec. 12. Minnesota Statutes 2018, section 295.57, subdivision 5, is amended to read:

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

236.6 A hospital, surgical center, or health care provider must determine the amount paid for  
236.7 legend drugs used during the month or quarter and multiply that amount by a ratio, the  
236.8 numerator of which is the total amount received for taxable patient services, and the  
236.9 denominator of which is the total amount received for all patient services, including amounts  
236.10 exempt under section 295.53, subdivision 1, paragraph (b). The result represents the allowable  
236.11 exemption for the monthly or quarterly cost of drugs.

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

236.13 Sec. 13. Minnesota Statutes 2018, section 295.582, subdivision 1, is amended to read:

236.14 Subdivision 1. **Tax expense transfer.** ~~(a) A hospital, surgical center, or health care~~  
236.15 ~~provider that is subject to a tax under section 295.52, or a pharmacy that has paid additional~~  
236.16 ~~expense transferred under this section by a wholesale drug distributor, may transfer additional~~  
236.17 ~~expense generated by section 295.52 obligations on to all third-party contracts for the~~  
236.18 ~~purchase of health care services on behalf of a patient or consumer. Nothing shall prohibit~~  
236.19 ~~a pharmacy from transferring the additional expense generated under section 295.52 to a~~  
236.20 ~~pharmacy benefits manager. The additional expense transferred to the third-party purchaser~~  
236.21 ~~or a pharmacy benefits manager must not exceed the tax percentage specified in section~~  
236.22 ~~295.52 multiplied against the gross revenues received under the third-party contract, and~~  
236.23 ~~the tax percentage specified in section 295.52 multiplied against co-payments and deductibles~~  
236.24 ~~paid by the individual patient or consumer. The expense must not be generated on revenues~~  
236.25 ~~derived from payments that are excluded from the tax under section 295.53. All third-party~~  
236.26 ~~purchasers of health care services including, but not limited to, third-party purchasers~~  
236.27 ~~regulated under chapter 60A, 62A, 62C, 62D, 62H, 62N, 64B, 65A, 65B, 79, or 79A, or~~  
236.28 ~~under section 471.61 or 471.617, and pharmacy benefits managers must pay the transferred~~  
236.29 ~~expense in addition to any payments due under existing contracts with the hospital, surgical~~  
236.30 ~~center, pharmacy, or health care provider, to the extent allowed under federal law. A~~  
236.31 ~~third-party purchaser of health care services includes, but is not limited to, a health carrier~~  
236.32 ~~or community integrated service network that pays for health care services on behalf of~~  
236.33 ~~patients or that reimburses, indemnifies, compensates, or otherwise insures patients for~~  
236.34 ~~health care services. For purposes of this section, a pharmacy benefits manager means an~~

237.1 ~~entity that performs pharmacy benefits management. A third-party purchaser or pharmacy~~  
237.2 ~~benefits manager shall comply with this section regardless of whether the third-party~~  
237.3 ~~purchaser or pharmacy benefits manager is a for-profit, not-for-profit, or nonprofit entity.~~  
237.4 ~~A wholesale drug distributor may transfer additional expense generated by section 295.52~~  
237.5 ~~obligations to entities that purchase from the wholesaler, and the entities must pay the~~  
237.6 ~~additional expense. Nothing in this section limits the ability of a hospital, surgical center,~~  
237.7 ~~pharmacy, wholesale drug distributor, or health care provider to recover all or part of the~~  
237.8 ~~section 295.52 obligation by other methods, including increasing fees or charges.~~

237.9 (a) The tax expense generated by section 295.52 may be transferred as follows:

237.10 (1) a hospital, surgical center, or health care provider subject to the tax under section  
237.11 295.52 may transfer the tax expense to all third-party contracts for the purchase of health  
237.12 care services on behalf of a patient or consumer;

237.13 (2) a wholesale drug distributor subject to the tax under section 295.52 may transfer the  
237.14 tax expense to entities that purchase legend drugs from the wholesale drug distributor; and

237.15 (3) a pharmacy that has paid the tax expense transferred by a wholesale drug distributor  
237.16 may transfer the tax expense to all third-party contracts for the purchase of health care  
237.17 services on behalf of a patient or consumer. Nothing shall prohibit a pharmacy from  
237.18 transferring the tax expense generated under section 295.52 to a pharmacy benefits manager.

237.19 (b) The transfer of the tax expense under paragraph (a) must comply with the following:

237.20 (1) the tax expense transferred to the third-party purchaser or a pharmacy benefits  
237.21 manager must not exceed the tax percentage specified in section 295.52 multiplied against:

237.22 (i) gross revenues received under the third-party contract; and

237.23 (ii) co-payments and deductibles paid by the individual patient or consumer; and

237.24 (2) the tax expense must not be generated on revenues derived from payments that are  
237.25 excluded or exempted from the tax under section 295.53.

237.26 (c) Payment of the transferred tax expense is required as follows:

237.27 (1) all third-party purchasers of health care services, including but not limited to  
237.28 third-party purchasers regulated under chapter 60A, 62A, 62C, 62D, 62H, 62N, 64B, 65A,  
237.29 65B, 79, or 79A, or under section 471.61 or 471.617, and pharmacy benefits managers must  
237.30 pay the transferred expense. This is in addition to any payments due under existing contracts  
237.31 with the hospital, surgical center, pharmacy, or health care provider, to the extent allowed  
237.32 under federal law; and

238.1 (2) all entities that purchase legend drugs from a wholesale drug distributor must pay  
 238.2 the transferred expense.

238.3 (d) A third-party purchaser or pharmacy benefits manager must comply with this section  
 238.4 regardless of whether the third-party purchaser or pharmacy benefits manager is a for-profit,  
 238.5 not-for-profit, or nonprofit entity.

238.6 (e) Nothing in this section limits the ability of a hospital, surgical center, health care  
 238.7 provider, pharmacy, or wholesale drug distributor to recover all or part of the section 295.52  
 238.8 obligation by other methods, including increasing fees or charges.

238.9 ~~(b)~~ (f) Any hospital, surgical center, or health care provider subject to a tax under section  
 238.10 295.52 or a pharmacy that has paid the additional expense transferred under this section by  
 238.11 a wholesale drug distributor may file a complaint with the commissioner responsible for  
 238.12 regulating the third-party purchaser if at any time the third-party purchaser fails to comply  
 238.13 with ~~paragraph (a)~~ this section.

238.14 ~~(e)~~ (g) If the commissioner responsible for regulating the third-party purchaser finds at  
 238.15 any time that the third-party purchaser has not complied with ~~paragraph (a)~~ this section, the  
 238.16 commissioner may take enforcement action against a third-party purchaser which is subject  
 238.17 to the commissioner's regulatory jurisdiction and which does not allow a hospital, surgical  
 238.18 center, pharmacy, or provider to pass-through the tax expense. The commissioner may by  
 238.19 order fine or censure the third-party purchaser or revoke or suspend the certificate of authority  
 238.20 or license of the third-party purchaser to do business in this state if the commissioner finds  
 238.21 that the third-party purchaser has not complied with this section. The third-party purchaser  
 238.22 may appeal the commissioner's order through a contested case hearing in accordance with  
 238.23 chapter 14.

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

## 238.25 **ARTICLE 16**

### 238.26 **DEPARTMENT OF REVENUE; PROPERTY TAX; POLICY**

238.27 Section 1. Minnesota Statutes 2018, section 162.145, subdivision 3, is amended to read:

238.28 Subd. 3. **Administration.** (a) Subject to funds made available by law, the commissioner  
 238.29 shall allocate all funds as provided in subdivision 4 and shall ~~notify~~, by June 1, certify to  
 238.30 the commissioner of revenue the amounts to be paid.

238.31 (b) Following ~~notification~~ certification from the commissioner ~~of transportation~~, the  
 238.32 commissioner of revenue shall distribute the specified funds to cities in the same manner

239.1 as local government aid under chapter 477A. An appropriation to the commissioner of  
 239.2 ~~transportation~~ under this section is available to the commissioner of revenue for the purposes  
 239.3 specified in this paragraph.

239.4 (c) Notwithstanding other law to the contrary, in order to receive distributions under  
 239.5 this section, a city must conform to the standards in section 477A.017, subdivision 2. A city  
 239.6 that receives funds under this section must make and preserve records necessary to show  
 239.7 that the funds are spent in compliance with subdivision 4.

239.8 **EFFECTIVE DATE.** This section is effective for aids payable in 2019 and thereafter.

239.9 Sec. 2. Minnesota Statutes 2018, section 273.124, subdivision 13, is amended to read:

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

239.13 (b) The commissioner shall prescribe the content, format, and manner of the homestead  
 239.14 application required to be filed under this chapter pursuant to section 270C.30. The  
 239.15 application must clearly inform the taxpayer that this application must be signed by all  
 239.16 owners who occupy the property or by the qualifying relative and returned to the county  
 239.17 assessor in order for the property to receive homestead treatment.

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

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

239.29 Owners or spouses occupying residences owned by their spouses and previously occupied  
 239.30 with the other spouse, either of whom fail to include the other spouse's name and Social  
 239.31 Security number on the homestead application or provide the affidavits or other proof  
 239.32 requested, will be deemed to have elected to receive only partial homestead treatment of  
 239.33 their residence. The remainder of the residence will be classified as nonhomestead residential.

240.1 When an owner or spouse's name and Social Security number appear on homestead  
240.2 applications for two separate residences and only one application is signed, the owner or  
240.3 spouse will be deemed to have elected to homestead the residence for which the application  
240.4 was signed.

240.5 (d) If residential real estate is occupied and used for purposes of a homestead by a relative  
240.6 of the owner and qualifies for a homestead under subdivision 1, paragraph (c), in order for  
240.7 the property to receive homestead status, a homestead application must be filed with the  
240.8 assessor. The Social Security number of each relative occupying the property and the name  
240.9 and Social Security number of the spouse of a relative occupying the property shall be  
240.10 required on the homestead application filed under this subdivision. If a different relative of  
240.11 the owner subsequently occupies the property, the owner of the property must notify the  
240.12 assessor within 30 days of the change in occupancy. The Social Security number of a relative  
240.13 occupying the property or the spouse of a relative occupying the property is private data on  
240.14 individuals as defined by section 13.02, subdivision 12, but may be disclosed to the  
240.15 commissioner of revenue, or, for the purposes of proceeding under the Revenue Recapture  
240.16 Act to recover personal property taxes owing, to the county treasurer.

240.17 (e) The homestead application shall also notify the property owners that if the property  
240.18 is granted homestead status for any assessment year, that same property shall remain  
240.19 classified as homestead until the property is sold or transferred to another person, or the  
240.20 owners, the spouse of the owner, or the relatives no longer use the property as their  
240.21 homestead. Upon the sale or transfer of the homestead property, a certificate of value must  
240.22 be timely filed with the county auditor as provided under section 272.115. Failure to notify  
240.23 the assessor within 30 days that the property has been sold, transferred, or that the owner,  
240.24 the spouse of the owner, or the relative is no longer occupying the property as a homestead,  
240.25 shall result in the penalty provided under this subdivision and the property will lose its  
240.26 current homestead status.

240.27 (f) If a homestead application has not been filed with the county by December 15, the  
240.28 assessor shall classify the property as nonhomestead for the current assessment year for  
240.29 taxes payable in the following year, provided that the owner may be entitled to receive the  
240.30 homestead classification by proper application under section 375.192.

240.31 **EFFECTIVE DATE.** This section is effective for applications for homestead filed in  
240.32 2020 and thereafter.



241.1 **ARTICLE 17**

241.2 **DEPARTMENT OF REVENUE; PROPERTY TAXES; TECHNICAL**

241.3 Section 1. Minnesota Statutes 2018, section 270C.85, subdivision 2, is amended to read:

241.4 Subd. 2. **Powers and duties.** The commissioner shall have and exercise the following  
241.5 powers and duties in administering the property tax laws:

241.6 ~~(a)~~ (1) confer with, advise, and give the necessary instructions and directions to local  
241.7 assessors and local boards of review throughout the state as to their duties under the laws  
241.8 of the state;

241.9 ~~(b)~~ (2) direct proceedings, actions, and prosecutions to be instituted to enforce the laws  
241.10 relating to the liability and punishment of public officers and officers and agents of  
241.11 corporations for failure or negligence to comply with the provisions of the property tax  
241.12 laws, and cause complaints to be made against local assessors, members of boards of  
241.13 equalization, members of boards of review, or any other assessing or taxing officer, to the  
241.14 proper authority, for their removal from office for misconduct or negligence of duty;

241.15 ~~(c)~~ (3) require county attorneys to assist in the commencement of prosecutions in actions  
241.16 or proceedings for removal, forfeiture, and punishment, for violation of the property tax  
241.17 laws in their respective districts or counties;

241.18 ~~(d)~~ (4) require town, city, county, and other public officers to report and certify  
241.19 information, at the parcel level or in the aggregate, as to the assessment and taxation of real  
241.20 and personal property, and such other information as may be needful in the work of the  
241.21 commissioner, ~~in such form as the commissioner may prescribe.~~ The commissioner shall  
241.22 prescribe the content, format, manner, and time of filing of all required reports and  
241.23 certifications;

241.24 ~~(e)~~ (5) transmit to the governor, on or before the third Monday in December of each  
241.25 even-numbered year, and to each member of the legislature, on or before November 15 of  
241.26 each even-numbered year, the report of the department for the preceding years, showing all  
241.27 the taxable property subject to the property tax laws and the value of the same, in tabulated  
241.28 form;

241.29 ~~(f)~~ (6) inquire into the methods of assessment and taxation and ascertain whether the  
241.30 assessors faithfully discharge their duties; and

241.31 ~~(g)~~ (7) assist local assessors in determining the estimated market value of industrial  
241.32 special-use property. For purposes of this ~~paragraph~~ clause, "industrial special-use property"  
241.33 means property that:

- 242.1 ~~(1)~~ (i) is designed and equipped for a particular type of industry;
- 242.2 ~~(2)~~ (ii) is not easily adapted to some other use due to the unique nature of the facilities;
- 242.3 ~~(3)~~ (iii) has facilities totaling at least 75,000 square feet in size; and
- 242.4 ~~(4)~~ (iv) has a total estimated market value of \$10,000,000 or greater based on the
- 242.5 assessor's preliminary determination.

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

242.7 Sec. 2. Minnesota Statutes 2018, section 270C.89, subdivision 1, is amended to read:

242.8 Subdivision 1. **Initial report.** Each county assessor shall file by ~~April 1~~ with the

242.9 commissioner a copy of ~~the abstract~~ preliminary assessment information that the

242.10 commissioner may require under section 270C.85, subdivision 2, clause (4), that will be

242.11 acted upon by the local and county boards of review. ~~The abstract must list the real and~~

242.12 ~~personal property in the county itemized by assessment districts.~~ The assessor of each county

242.13 in the state shall file with the commissioner, within ten working days following final action

242.14 of the local board of review or equalization and within five days following final action of

242.15 the county board of equalization, any changes made by the local or county board. ~~The~~

242.16 ~~information must be filed in the manner prescribed by the commissioner.~~

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

242.18 Sec. 3. Minnesota Statutes 2018, section 270C.89, subdivision 2, is amended to read:

242.19 Subd. 2. **Final report.** The final ~~abstract of assessments~~ assessment information after

242.20 adjustments by the State Board of Equalization and inclusion of any omitted property shall

242.21 be ~~submitted~~ reported to the commissioner ~~on or before September 1~~ of each calendar year

242.22 under section 270C.85, subdivision 2, clause (4). ~~The final abstract must separately report~~

242.23 ~~the captured tax capacity of tax increment financing districts under section 469.177,~~

242.24 ~~subdivision 2, the areawide net tax capacity contribution values determined under sections~~

242.25 ~~276A.05, subdivision 1, and 473F.07, subdivision 1, and the value subject to the power line~~

242.26 ~~credit under section 273.42.~~

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

243.1 Sec. 4. Minnesota Statutes 2018, section 270C.91, is amended to read:

243.2 **270C.91 RECORD OF PROCEEDINGS CHANGING NET TAX CAPACITY;**  
 243.3 **DUTIES OF COUNTY AUDITOR.**

243.4 A record of all proceedings of the commissioner affecting any change in the net tax  
 243.5 capacity of any property, as revised by the State Board of Equalization, shall be kept by the  
 243.6 commissioner and a copy thereof, duly certified, shall be mailed each year to the auditor of  
 243.7 each county wherein such property is situated, on or before June 30 ~~or 30 days after~~  
 243.8 ~~submission of the abstract required by section 270C.89, whichever is later.~~ This record shall  
 243.9 specify the amounts or amount, or both, added to or deducted from the net tax capacity of  
 243.10 the real property of each of the several towns and cities, and of the real property not in towns  
 243.11 or cities, also the percent or amount of both, added to or deducted from the several classes  
 243.12 of personal property in each of the towns and cities, and also the amount added to or deducted  
 243.13 from the assessment of any person. The county auditor shall add to or deduct from such  
 243.14 tract or lot, or portion thereof, of any real property in the county the required percent or  
 243.15 amount, or both, on the net tax capacity thereof as it stood after equalized by the county  
 243.16 board, adding in each case a fractional sum of 50 cents or more, and deducting in each case  
 243.17 any fractional sum of less than 50 cents, so that no net tax capacity of any separate tract or  
 243.18 lot shall contain any fraction of a dollar; and add to, or deduct from, the several classes of  
 243.19 personal property in the county the required percent or amount, or both, on the net tax  
 243.20 capacity thereof as it stood after equalized by the county board, adding or deducting in  
 243.21 manner aforesaid any fractional sum so that no net tax capacity of any separate class of  
 243.22 personal property shall contain a fraction of a dollar, and add to or deduct from assessment  
 243.23 of any person, as they stood after equalization by the county board, the required amounts  
 243.24 to agree with the assessments as returned by the commissioner.

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

243.26 Sec. 5. Minnesota Statutes 2018, section 273.061, subdivision 9, is amended to read:

243.27 Subd. 9. **Additional general duties.** Additional duties of the county assessor ~~shall be~~  
 243.28 are as follows:

243.29 (1) to make all assessments, based upon the appraised values reported by the local  
 243.30 assessors or assistants and the county assessor's own knowledge of the value of the property  
 243.31 assessed;

243.32 (2) to personally view and determine the value of any property ~~which~~ that because of  
 243.33 its type or character may be difficult for the local assessor to appraise;

244.1 (3) to make all changes ordered by the local boards of review, relative to the net tax  
 244.2 capacity of the property of any individual, firm or corporation after notice has been given  
 244.3 and hearings held as provided by law;

244.4 (4) to enter all assessments in the assessment books, furnished by the county auditor,  
 244.5 with each book and the tabular statements for each book in correct balance;

244.6 (5) to prepare all assessment cards, charts, maps and any other forms prescribed by the  
 244.7 commissioner of revenue;

244.8 (6) to attend the meeting of the county board of equalization; to investigate and report  
 244.9 on any assessment ordered by said board; to enter all changes made by said board in the  
 244.10 assessment books and prepare ~~the abstract of assessments for the commissioner of revenue~~  
 244.11 information reported to the commissioner under section 270C.85, subdivision 2, clause (4);  
 244.12 to enter all changes made by the State Board of Equalization in the assessment books; to  
 244.13 deduct all exemptions authorized by law from each assessment and certify to the county  
 244.14 auditor the taxable value of each parcel of land, as described and listed in the assessment  
 244.15 books by the county auditor, and the taxable value of the personal property of each person,  
 244.16 firm, or corporation assessed;

244.17 (7) to investigate and make recommendations relative to all applications for the abatement  
 244.18 of taxes or applications for the reduction of the net tax capacity of any property; and

244.19 (8) to perform all other duties relating to the assessment of property for the purpose of  
 244.20 taxation which may be required by the commissioner of revenue.

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

244.22 Sec. 6. Minnesota Statutes 2018, section 273.0755, is amended to read:

244.23 **273.0755 TRAINING AND EDUCATION OF PROPERTY TAX PERSONNEL.**

244.24 (a) Beginning with the four-year period starting on July 1, 2000, every person licensed  
 244.25 by the state Board of Assessors at the Accredited Minnesota Assessor level or higher, shall  
 244.26 successfully complete a weeklong Minnesota laws course sponsored by the Department of  
 244.27 Revenue at least once in every four-year period. An assessor need not attend the course if  
 244.28 they successfully pass the test for the course.

244.29 (b) The commissioner of revenue may require that each county, and each city for which  
 244.30 the city assessor performs the duties of county assessor, have ~~(i)~~ (1) a person on the assessor's  
 244.31 staff who is certified by the Department of Revenue in sales ratio calculations, ~~(ii)~~ (2) an  
 244.32 officer or employee who is certified by the Department of Revenue in tax calculations, and

245.1 ~~(iii) (3)~~ an officer or employee who is certified by the Department of Revenue in the proper  
 245.2 preparation of ~~abstracts of assessment. The commissioner of revenue may require that each~~  
 245.3 ~~county have an officer or employee who is certified by the Department of Revenue in the~~  
 245.4 ~~proper preparation of abstracts of tax lists~~ information reported to the commissioner under  
 245.5 section 270C.85, subdivision 2, clause (4). Certifications under this paragraph expire after  
 245.6 four years.

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

245.13 (d) When the commissioner of revenue determines that an individual or board that  
 245.14 performs functions related to property tax administration has performed those functions in  
 245.15 a manner that is not uniform or equitable, the commissioner may require that the individual  
 245.16 or members of the board complete supplemental training. The commissioner may not require  
 245.17 that an individual complete more than 32 hours of supplemental training pursuant to this  
 245.18 paragraph. If the individual is required to complete supplemental training due to that  
 245.19 individual's membership on a local or county board of appeal and equalization, the  
 245.20 commissioner may not require that the individual complete more than two hours of  
 245.21 supplemental training.

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

245.23 Sec. 7. Minnesota Statutes 2018, section 273.113, subdivision 3, is amended to read:

245.24 Subd. 3. **Reimbursement for lost revenue.** The county auditor shall certify to the  
 245.25 commissioner of revenue, ~~as part of the abstracts of tax lists required to be filed with the~~  
 245.26 ~~commissioner~~ under section ~~275.29~~ 270C.85, subdivision 2, clause (4), the amount of tax  
 245.27 lost to the county from the property tax credit under subdivision 2. Any prior year adjustments  
 245.28 must also be certified ~~in the abstracts of tax lists.~~ The commissioner of revenue shall review  
 245.29 the certifications to determine their accuracy. The commissioner may make the changes in  
 245.30 the certification that are considered necessary or return a certification to the county auditor  
 245.31 for corrections. The commissioner shall reimburse each taxing district, other than school  
 245.32 districts, for the taxes lost. The payments must be made at the time provided in section  
 245.33 473H.10 for payment to taxing jurisdictions in the same proportion that the ad valorem tax  
 245.34 is distributed. Reimbursements to school districts must be made as provided in section

246.1 273.1392. The amount necessary to make the reimbursements under this section is annually  
246.2 appropriated from the general fund to the commissioner of revenue.

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

246.4 Sec. 8. Minnesota Statutes 2018, section 273.119, subdivision 2, is amended to read:

246.5 Subd. 2. **Reimbursement for lost revenue.** The county may transfer money from the  
246.6 county conservation account created in section 40A.152 to the county revenue fund to  
246.7 reimburse the fund for the cost of the property tax credit. The county auditor shall certify  
246.8 to the commissioner of revenue, ~~as part of the abstracts of tax lists required to be filed with~~  
246.9 ~~the commissioner~~ under section ~~275.29~~ 270C.85, subdivision 2, clause (4), the amount of  
246.10 tax lost to the county from the property tax credit under subdivision 1 and the extent that  
246.11 the tax lost exceeds funds available in the county conservation account. Any prior year  
246.12 adjustments must also be certified ~~in the abstracts of tax lists~~. The commissioner of revenue  
246.13 shall review the certifications to determine their accuracy. The commissioner may make  
246.14 the changes in the certification that are considered necessary or return a certification to the  
246.15 county auditor for corrections. The commissioner shall reimburse each taxing district, other  
246.16 than school districts, from the Minnesota conservation fund under section 40A.151 for the  
246.17 taxes lost in excess of the county account. The payments must be made at the time provided  
246.18 in section 473H.10, subdivision 3, for payment to taxing jurisdictions in the same proportion  
246.19 that the ad valorem tax is distributed.

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

246.21 Sec. 9. Minnesota Statutes 2018, section 273.1231, subdivision 3, is amended to read:

246.22 Subd. 3. **Disaster or emergency area.** (a) "Disaster or emergency area" means a  
246.23 geographic area for which:

246.24 (1)(i) the president of the United States, the secretary of agriculture, or the administrator  
246.25 of the Small Business Administration has determined that a disaster exists pursuant to federal  
246.26 law, or

246.27 (ii) a local emergency has been declared pursuant to section 12.29; and

246.28 (2) an application by the local unit of government requesting property tax relief under  
246.29 this section has been received by the governor and approved by the executive council.

246.30 (b) The executive council must not approve an application unless:

246.31 (1) a completed disaster survey is included; and

247.1 (2) within the boundaries of the applicant, (i) the average damage for the buildings that  
 247.2 are damaged is at least \$5,000, and (ii) either at least 25 taxable buildings were damaged,  
 247.3 or the total dollar amount of damage to all taxable buildings equals or exceeds one percent  
 247.4 of the total taxable market value of buildings for the applicant as reported to the commissioner  
 247.5 of revenue under section ~~270C.89, subdivision 2~~ 270C.85, subdivision 2, clause (4), for the  
 247.6 assessment in the year prior to the year of the damage.

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

247.8 Sec. 10. Minnesota Statutes 2018, section 273.136, subdivision 2, is amended to read:

247.9 Subd. 2. **Reduction amounts submitted to county.** The commissioner of revenue shall  
 247.10 determine, not later than April 1 of each year, the amount of reduction resulting from section  
 247.11 273.135 in each county containing a tax relief area as defined by section 273.134, paragraph  
 247.12 (b), basing determinations on a review of ~~abstracts of tax lists submitted by the county~~  
 247.13 ~~auditors pursuant to section 275.29~~ information reported to the commissioner under section  
 247.14 270C.85, subdivision 2, clause (4). The commissioner may make changes ~~in the abstracts~~  
 247.15 ~~of tax lists~~ as deemed necessary. The commissioner of revenue, after such review, shall  
 247.16 submit to the St. Louis County auditor, on or before April 15, the amount of the first half  
 247.17 payment payable hereunder and on or before September 15 the amount of the second half  
 247.18 payment.

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

247.20 Sec. 11. Minnesota Statutes 2018, section 273.1384, subdivision 3, is amended to read:

247.21 Subd. 3. **Credit reimbursements.** The county auditor shall determine the tax reductions  
 247.22 allowed under subdivision 2 within the county for each taxes payable year and shall certify  
 247.23 that amount to the commissioner of revenue ~~as a part of the abstracts of tax lists submitted~~  
 247.24 ~~by the county auditors under section 275.29~~ under section 270C.85, subdivision 2, clause  
 247.25 (4). Any prior year adjustments shall also be certified ~~on the abstracts of tax lists~~. The  
 247.26 commissioner shall review the certifications for accuracy, and may make such changes as  
 247.27 are deemed necessary, or return the certification to the county auditor for correction. The  
 247.28 credit under this section must be used to proportionately reduce the net tax capacity-based  
 247.29 property tax payable to each local taxing jurisdiction as provided in section 273.1393.

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

248.1 Sec. 12. Minnesota Statutes 2018, section 273.1387, subdivision 3, is amended to read:

248.2 Subd. 3. **Credit reimbursements.** The county auditor shall determine the tax reductions  
 248.3 allowed under this section within the county for each taxes payable year and shall certify  
 248.4 that amount to the commissioner of revenue ~~as a part of the abstracts of tax lists submitted~~  
 248.5 ~~under section 275.29~~ under section 270C.85, subdivision 2, clause (4). Any prior year  
 248.6 adjustments shall also be certified ~~on the abstracts of tax lists.~~ The commissioner shall  
 248.7 review the certifications for accuracy, and may make such changes as are deemed necessary,  
 248.8 or return the certification to the county auditor for correction. The credit under this section  
 248.9 must be used to reduce the school district net tax capacity-based property tax as provided  
 248.10 in section 273.1393.

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

248.12 Sec. 13. Minnesota Statutes 2018, section 273.18, is amended to read:

248.13 **273.18 LISTING, VALUATION, AND ASSESSMENT OF EXEMPT PROPERTY**  
 248.14 **BY COUNTY AUDITORS.**

248.15 (a) In every sixth year after the year 2010, the county auditor shall enter the description  
 248.16 of each tract of real property exempt by law from taxation, with the name of the owner, and  
 248.17 the assessor shall value and assess the same in the same manner that other real property is  
 248.18 valued and assessed, and shall designate in each case the purpose for which the property is  
 248.19 used.

248.20 (b) ~~For purposes of the apportionment of fire state aid under section 69.021, subdivision~~  
 248.21 ~~7,~~ The county auditor shall include ~~on the abstract of assessment of exempt real property~~  
 248.22 ~~filed under this section~~ in the exempt property information that the commissioner may  
 248.23 require under section 270C.85, subdivision 2, clause (4), the total number of acres of all  
 248.24 natural resources lands for which in lieu payments are made under sections 477A.11 to  
 248.25 477A.14. The assessor shall estimate its market value, provided that if the assessor is not  
 248.26 able to estimate the market value of the land on a per parcel basis, the assessor shall furnish  
 248.27 the commissioner of revenue with an estimate of the average value per acre of this land  
 248.28 within the county.

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



249.1 Sec. 14. Minnesota Statutes 2018, section 274.14, is amended to read:

249.2 **274.14 LENGTH OF SESSION; RECORD.**

249.3 The board must meet after the second Friday in June on at least one meeting day and  
 249.4 may meet for up to ten consecutive meeting days. The actual meeting dates must be contained  
 249.5 on the valuation notices mailed to each property owner in the county as provided in section  
 249.6 273.121. For this purpose, "meeting days" is defined as any day of the week excluding  
 249.7 Sunday. At the board's discretion, "meeting days" may include Saturday. No action taken  
 249.8 by the county board of review after June 30 is valid, except for corrections permitted in  
 249.9 sections 273.01 and 274.01. The county auditor shall keep an accurate record of the  
 249.10 proceedings and orders of the board. The record must be published like other proceedings  
 249.11 of county commissioners. A copy of the published record must be sent to the commissioner  
 249.12 of revenue, ~~with the abstract of assessment required by section 274.16~~ within five days  
 249.13 following final action of the county board of equalization.

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

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

249.21 Sec. 15. Minnesota Statutes 2018, section 274.16, is amended to read:

249.22 **274.16 CORRECTED LISTS, ~~ABSTRACTS.~~**

249.23 The county assessor or, in Ramsey County, the official designated by the board of county  
 249.24 commissioners shall calculate the changes of the assessment lists determined by the county  
 249.25 board of equalization, and make corrections accordingly, in the real or personal lists, or  
 249.26 both, and shall make ~~duplicate abstracts~~ duplicates of them. One must be filed in the assessor's  
 249.27 office, and one must be forwarded to the commissioner of revenue as provided in section  
 249.28 270C.89.

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

249.30 Sec. 16. Minnesota Statutes 2018, section 275.025, subdivision 1, is amended to read:

249.31 Subdivision 1. **Levy amount.** The state general levy is levied against  
 249.32 commercial-industrial property and seasonal residential recreational property, as defined

250.1 in this section. The state general levy for commercial-industrial property is \$784,590,000  
 250.2 for taxes payable in 2018 and thereafter. The state general levy for seasonal-recreational  
 250.3 property is \$44,190,000 for taxes payable in 2018 and thereafter. The tax under this section  
 250.4 is not treated as a local tax rate under section 469.177 and is not the levy of a governmental  
 250.5 unit under chapters 276A and 473F.

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

250.11 (1) an erroneous report of taxable value by a local official;

250.12 (2) an erroneous calculation by the commissioner; and

250.13 (3) an increase or decrease in taxable value for commercial-industrial or seasonal  
 250.14 residential recreational property reported ~~on the abstracts of tax lists submitted under section~~  
 250.15 ~~275.29 that was not reported on the abstracts of assessment submitted under section 270C.89~~  
 250.16 to the commissioner under section 270C.85, subdivision 2, clause (4), for the same year.

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

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

250.20 Sec. 17. Minnesota Statutes 2018, section 290B.09, subdivision 1, is amended to read:

250.21 Subdivision 1. **Determination; payment.** The county auditor shall determine the total  
 250.22 current year's deferred amount of property tax under this chapter in the county, and ~~submit~~  
 250.23 report those amounts ~~as part of the abstracts of tax lists submitted by the county auditors~~  
 250.24 ~~under section 275.29~~ to the commissioner under section 270C.85, subdivision 2, clause (4).  
 250.25 The commissioner may make changes ~~in the abstracts of tax lists~~ as deemed necessary. The  
 250.26 commissioner of revenue, after such review, shall pay the deferred amount of property tax  
 250.27 to each county treasurer on or before August 31.

250.28 The county treasurer shall distribute as part of the October settlement the funds received  
 250.29 as if they had been collected as a part of the property tax.

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

251.1 Sec. 18. Minnesota Statutes 2018, section 469.177, subdivision 1, is amended to read:

251.2 Subdivision 1. **Original net tax capacity.** (a) Upon or after adoption of a tax increment  
251.3 financing plan, the auditor of any county in which the district is situated shall, upon request  
251.4 of the authority, certify the original net tax capacity of the tax increment financing district  
251.5 and that portion of the district overlying any subdistrict as described in the tax increment  
251.6 financing plan and shall certify in each year thereafter the amount by which the original net  
251.7 tax capacity has increased or decreased as a result of a change in tax exempt status of  
251.8 property within the district and any subdistrict, reduction or enlargement of the district or  
251.9 changes pursuant to subdivision 4. The auditor shall certify the amount within 30 days after  
251.10 receipt of the request and sufficient information to identify the parcels included in the district.  
251.11 The certification relates to the taxes payable year as provided in subdivision 6.

251.12 (b) If the classification under section 273.13 of property located in a district changes to  
251.13 a classification that has a different assessment ratio, the original net tax capacity of that  
251.14 property must be redetermined at the time when its use is changed as if the property had  
251.15 originally been classified in the same class in which it is classified after its use is changed.

251.16 (c) The amount to be added to the original net tax capacity of the district as a result of  
251.17 previously tax exempt real property within the district becoming taxable equals the net tax  
251.18 capacity of the real property as most recently assessed pursuant to ~~section 273.18~~ information  
251.19 reported to the commissioner under section 270C.85, subdivision 2, clause (4), or, if that  
251.20 assessment was made more than one year prior to the date of title transfer rendering the  
251.21 property taxable, the net tax capacity assessed by the assessor at the time of the transfer. If  
251.22 improvements are made to tax exempt property after the municipality approves the district  
251.23 and before the parcel becomes taxable, the assessor shall, at the request of the authority,  
251.24 separately assess the estimated market value of the improvements. If the property becomes  
251.25 taxable, the county auditor shall add to original net tax capacity, the net tax capacity of the  
251.26 parcel, excluding the separately assessed improvements. If substantial taxable improvements  
251.27 were made to a parcel after certification of the district and if the property later becomes tax  
251.28 exempt, in whole or part, as a result of the authority acquiring the property through  
251.29 foreclosure or exercise of remedies under a lease or other revenue agreement or as a result  
251.30 of tax forfeiture, the amount to be added to the original net tax capacity of the district as a  
251.31 result of the property again becoming taxable is the amount of the parcel's value that was  
251.32 included in original net tax capacity when the parcel was first certified. The amount to be  
251.33 added to the original net tax capacity of the district as a result of enlargements equals the  
251.34 net tax capacity of the added real property as most recently certified by the commissioner

252.1 of revenue as of the date of modification of the tax increment financing plan pursuant to  
252.2 section 469.175, subdivision 4.

252.3 (d) If the net tax capacity of a property increases because the property no longer qualifies  
252.4 under the Minnesota Agricultural Property Tax Law, section 273.111; the Minnesota Open  
252.5 Space Property Tax Law, section 273.112; or the Metropolitan Agricultural Preserves Act,  
252.6 chapter 473H, the Rural Preserve Property Tax Program under section 273.114, or because  
252.7 platted, unimproved property is improved or market value is increased after approval of the  
252.8 plat under section 273.11, subdivision 14a or 14b, the increase in net tax capacity must be  
252.9 added to the original net tax capacity. If the net tax capacity of a property increases because  
252.10 the property no longer qualifies for the homestead market value exclusion under section  
252.11 273.13, subdivision 35, the increase in net tax capacity must be added to original net tax  
252.12 capacity if the original construction of the affected home was completed before the date the  
252.13 assessor certified the original net tax capacity of the district.

252.14 (e) The amount to be subtracted from the original net tax capacity of the district as a  
252.15 result of previously taxable real property within the district becoming tax exempt or  
252.16 qualifying in whole or part for an exclusion from taxable market value, or a reduction in  
252.17 the geographic area of the district, shall be the amount of original net tax capacity initially  
252.18 attributed to the property becoming tax exempt, being excluded from taxable market value,  
252.19 or being removed from the district. If the net tax capacity of property located within the tax  
252.20 increment financing district is reduced by reason of a court-ordered abatement, stipulation  
252.21 agreement, voluntary abatement made by the assessor or auditor or by order of the  
252.22 commissioner of revenue, the reduction shall be applied to the original net tax capacity of  
252.23 the district when the property upon which the abatement is made has not been improved  
252.24 since the date of certification of the district and to the captured net tax capacity of the district  
252.25 in each year thereafter when the abatement relates to improvements made after the date of  
252.26 certification. The county auditor may specify reasonable form and content of the request  
252.27 for certification of the authority and any modification thereof pursuant to section 469.175,  
252.28 subdivision 4.

252.29 (f) If a parcel of property contained a substandard building or improvements described  
252.30 in section 469.174, subdivision 10, paragraph (e), that were demolished or removed and if  
252.31 the authority elects to treat the parcel as occupied by a substandard building under section  
252.32 469.174, subdivision 10, paragraph (b), or by improvements under section 469.174,  
252.33 subdivision 10, paragraph (e), the auditor shall certify the original net tax capacity of the  
252.34 parcel using the greater of (1) the current net tax capacity of the parcel, or (2) the estimated

253.1 market value of the parcel for the year in which the building or other improvements were  
 253.2 demolished or removed, but applying the classification rates for the current year.

253.3 (g) For a redevelopment district qualifying under section 469.174, subdivision 10,  
 253.4 paragraph (a), clause (4), as a qualified disaster area, the auditor shall certify the value of  
 253.5 the land as the original tax capacity for any parcel in the district that contains a building  
 253.6 that suffered substantial damage as a result of the disaster or emergency.

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

253.8 Sec. 19. **REPEALER.**

253.9 Minnesota Statutes 2018, section 275.29, is repealed.

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

## 253.11 **ARTICLE 18**

### 253.12 **FIRE STATE AID; TECHNICAL CHANGES**

253.13 Section 1. **[477B.01] DEFINITIONS.**

253.14 Subdivision 1. **Scope.** Unless the language or context clearly indicates that a different  
 253.15 meaning is intended, the following words and terms, for the purposes of this chapter and  
 253.16 chapters 423A and 424A, have the meanings given to them.

253.17 Subd. 2. **Commissioner.** "Commissioner" means the commissioner of revenue.

253.18 Subd. 3. **Company or insurance company.** "Company" or "insurance company" has  
 253.19 the meaning given in section 60A.02, subdivision 4.

253.20 Subd. 4. **Estimated market value.** "Estimated market value" has the meaning given in  
 253.21 section 272.03, subdivision 14.

253.22 Subd. 5. **Fire department.** "Fire department" includes a municipal fire department and  
 253.23 an independent nonprofit firefighting corporation.

253.24 Subd. 6. **Fire department service area.** "Fire department service area" means the area  
 253.25 serviced by a qualifying fire department that meets the requirements of section 477B.02.

253.26 Subd. 7. **Independent nonprofit firefighting corporation.** "Independent nonprofit  
 253.27 firefighting corporation" means an independent nonprofit firefighting corporation that meets  
 253.28 the criteria in section 424A.094, subdivision 1, paragraph (a).

253.29 Subd. 8. **Minnesota Fire Premium Report.** "Minnesota Fire Premium Report" means  
 253.30 a form for reporting by insurance companies of (1) gross direct fire, lightning, sprinkler

254.1 leakage, and extended coverage premiums received upon risks located or to be performed  
 254.2 in this state less return premiums and dividends, and (2) other facts that the commissioner  
 254.3 may require.

254.4 Subd. 9. **Municipal clerk.** "Municipal clerk" means the person elected or appointed to  
 254.5 the position of municipal clerk or, if there is no such person, the chief financial official, the  
 254.6 chief administrative official, or the person primarily responsible for managing the finances  
 254.7 of a municipality.

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

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

254.10 (2) an organized town;

254.11 (3) a park district subject to chapter 398;

254.12 (4) the University of Minnesota; and

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

254.15 (b) This subdivision only applies to chapter 477B.

254.16 Subd. 11. **Secretary.** "Secretary" means the secretary of an independent nonprofit  
 254.17 firefighting corporation that has a subsidiary incorporated firefighters' relief association or  
 254.18 whose firefighters participate in the voluntary statewide volunteer firefighter retirement  
 254.19 plan.

254.20 Subd. 12. **Voluntary statewide volunteer firefighter retirement plan.** "Voluntary  
 254.21 statewide volunteer firefighter retirement plan" means the retirement plan established under  
 254.22 chapter 353G.

254.23 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

254.24 Sec. 2. **[477B.02] QUALIFYING FOR FIRE STATE AID.**

254.25 Subdivision 1. **Qualifications for fire state aid.** A municipality or independent nonprofit  
 254.26 firefighting corporation qualifies to receive fire state aid if all the requirements of this section  
 254.27 are met.

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

255.1 (b) The fire department must have provided firefighting services for at least one calendar  
255.2 year.

255.3 Subd. 3. **Personnel and benefits requirements.** (a) A fire department must have a  
255.4 minimum of ten paid or volunteer firefighters, including a fire chief and assistant fire chief.

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

255.8 (c) The fire department must have a separate subsidiary incorporated firefighters' relief  
255.9 association that provides retirement benefits or must participate in the voluntary statewide  
255.10 volunteer firefighter retirement plan; or if the municipality solely employs full-time  
255.11 firefighters as defined in section 299N.03, subdivision 5, retirement coverage must be  
255.12 provided by the public employees police and fire retirement plan.

255.13 (d) Notwithstanding paragraph (c), a municipality without a relief association as described  
255.14 under section 424A.08, paragraph (a), may still qualify to receive fire state aid if all other  
255.15 requirements of this section are met.

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

255.19 (1) a motorized fire truck equipped with:

255.20 (i) a motorized pump;

255.21 (ii) a 250-gallon or larger water tank;

255.22 (iii) 300 feet of one inch or larger fire hose in two lines with combination spray and  
255.23 straight stream nozzles;

255.24 (iv) five-gallon hand pumps - tank extinguisher or equivalent;

255.25 (v) a dry chemical extinguisher or equivalent;

255.26 (vi) ladders;

255.27 (vii) extension ladders;

255.28 (viii) pike poles;

255.29 (ix) crowbars;

255.30 (x) axes;

256.1 (xi) lanterns; and

256.2 (xii) fire coats, helmets, and boots;

256.3 (2) the items in clause (1) suitably housed in a building of good construction with facilities  
256.4 for care of hoses and equipment;

256.5 (3) a reliable and adequate method of receiving fire alarms by telephone or with electric  
256.6 siren and suitable means of sounding an alarm; and

256.7 (4) if response is to be provided outside the corporate limits of the municipality where  
256.8 the fire department is located, another piece of motorized apparatus to make the response.

256.9 **Subd. 5. Fire service contract or agreement; apportionment agreement filing**

256.10 **requirement.** (a) Every municipality or independent nonprofit firefighting corporation must  
256.11 file a copy of any duly executed and valid fire service contract or agreement with the  
256.12 commissioner.

256.13 (b) If more than one fire department provides service to a municipality, the fire  
256.14 departments furnishing service must enter into an agreement apportioning among themselves  
256.15 the percentage of the population and the percentage of the estimated market value of each  
256.16 shared service fire department service area. The agreement must be in writing and must be  
256.17 filed with the commissioner.

256.18 **Subd. 6. Compliance with rules.** The fire department must meet all other requirements  
256.19 that the commissioner establishes by rule.

256.20 **Subd. 7. Financial reporting requirements.** The financial reporting requirements of  
256.21 section 424A.014 must be satisfied.

256.22 **Subd. 8. PERA certification to commissioner.** On or before February 1 each year, if  
256.23 retirement coverage for a fire department is provided by the voluntary statewide volunteer  
256.24 firefighter retirement plan, the executive director of the Public Employees Retirement  
256.25 Association must certify the existence of retirement coverage.

256.26 **Subd. 9. Fire department certification to commissioner.** On or before March 15 of  
256.27 each year, the municipal clerk or the secretary, and the fire chief, must jointly certify to the  
256.28 commissioner that the fire department exists and meets the qualification requirements of  
256.29 this section. The certification must be on a form prescribed by the commissioner and must  
256.30 include all other information that the commissioner requires.

256.31 **Subd. 10. Penalty for failure to file certification.** (a) If the certification under  
256.32 subdivision 9 is not filed with the commissioner on or before March 15, the commissioner



257.1 must notify the municipal clerk or the secretary that a penalty equal to a portion or all of  
257.2 the current year aid will apply if the certification is not received within ten days of the  
257.3 postmark date of the notification.

257.4 (b) The penalty for failure to file the certification under subdivision 9 is equal to the  
257.5 amount of fire state aid determined for the municipality or the independent nonprofit  
257.6 firefighting corporation for the current year, multiplied by five percent for each week or  
257.7 fraction of a week that the certification is late. The penalty must be computed beginning  
257.8 ten days after the postmark date of the commissioner's notification. Aid amounts forfeited  
257.9 as a result of the penalty revert to the state general fund. Failure to receive the certification  
257.10 form is not a defense for a failure to file.

257.11 Subd. 11. **Determination by commissioner.** The commissioner must determine which  
257.12 municipalities and independent nonprofit firefighting corporations are qualified to receive  
257.13 fire state aid directly or are qualified to receive the benefit of fire state aid paid to the  
257.14 voluntary statewide volunteer firefighter retirement plan based on compliance with the  
257.15 requirements of this section and the financial compliance report required under section  
257.16 6.495, subdivision 3, if applicable. The commissioner may take into account any other  
257.17 relevant information that comes to the attention of the commissioner when making the  
257.18 determination.

257.19 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

257.20 Sec. 3. **[477B.03] CALCULATION OF FIRE STATE AID; APPEAL.**

257.21 Subdivision 1. **Certification and calculation of fire state aid.** (a) On or before October  
257.22 1, the commissioner must calculate the amount of fire state aid that each municipality or  
257.23 independent nonprofit firefighting corporation is to receive.

257.24 (b) The commissioner must calculate an initial fire state aid allocation amount for each  
257.25 municipality or independent nonprofit firefighting corporation under subdivision 4 and, if  
257.26 applicable, a minimum fire state aid allocation amount for each municipality or independent  
257.27 nonprofit firefighting corporation under subdivision 5. The municipality or independent  
257.28 nonprofit firefighting corporation must be apportioned the greater of the amounts calculated  
257.29 under subdivisions 4 and 5.

257.30 Subd. 2. **Apportionment of fire state aid.** (a) The amount of fire state aid available for  
257.31 apportionment, before the addition of the minimum fire state aid allocation amount under  
257.32 subdivision 5, is equal to 107 percent of the amount of premium taxes paid to the state upon  
257.33 the fire, lightning, sprinkler leakage, and extended coverage premiums reported to the

258.1 commissioner by companies or insurance companies on the Minnesota Fire Premium Report.  
258.2 This amount must be reduced by the amount required to pay the state auditor's costs and  
258.3 expenses of the audits or exams of the firefighters' relief associations.

258.4 (b) The total amount available for apportionment must not be less than two percent of  
258.5 the premiums less return premiums reported to the commissioner by companies or insurance  
258.6 companies on the Minnesota Fire Premium Report after subtracting the following amounts:

258.7 (1) the amount required to pay the state auditor's costs and expenses of the audits or  
258.8 exams of the firefighters' relief associations; and

258.9 (2) one percent of the premiums reported by township mutual insurance companies and  
258.10 mutual property and casualty companies with total assets of \$5,000,000 or less.

258.11 (c) The commissioner must apportion the fire state aid to each municipality or independent  
258.12 nonprofit firefighting corporation qualified under section 477B.02 relative to the premiums  
258.13 reported on the Minnesota Fire Premium Reports filed under this chapter.

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

258.17 Subd. 3. **Population and estimated market value.** (a) Official statewide federal census  
258.18 figures must be used in calculations requiring the use of population figures under this chapter.  
258.19 Increases or decreases in population disclosed by reason of any special census must not be  
258.20 taken into consideration.

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

258.23 Subd. 4. **Initial fire state aid allocation amount.** (a) The initial fire state aid allocation  
258.24 amount is the amount available for apportionment as fire state aid under subdivision 2,  
258.25 without the inclusion of any additional funding amount to support a minimum fire state aid  
258.26 amount under section 423A.02, subdivision 3. The initial fire state aid allocation amount  
258.27 is allocated one-half in proportion to the population for each fire department service area  
258.28 and one-half in proportion to the estimated market value of each fire department service  
258.29 area, including (1) the estimated market value of tax-exempt property, and (2) the estimated  
258.30 market value of natural resources lands receiving in lieu payments under sections 477A.11  
258.31 to 477A.14 and 477A.17. The estimated market value of minerals is excluded.

258.32 (b) In the case of a municipality or independent nonprofit firefighting corporation  
258.33 furnishing fire protection to other municipalities as evidenced by valid fire service contracts

259.1 filed with the commissioner under section 477B.02, subdivision 5, the distribution must be  
259.2 adjusted proportionately to take into consideration the crossover fire protection service.  
259.3 Necessary adjustments must be made to subsequent apportionments.

259.4 (c) In the case of municipalities or independent nonprofit firefighting corporations  
259.5 qualifying for aid, the commissioner must calculate the state aid for the municipality or  
259.6 independent nonprofit firefighting corporation on the basis of the population and the estimated  
259.7 market value of the area furnished fire protection service by the fire department as evidenced  
259.8 by fire service agreements filed with the commissioner under section 477B.02, subdivision  
259.9 5.

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

259.14 Subd. 5. **Minimum fire state aid allocation amount.** (a) The minimum fire state aid  
259.15 allocation amount is the amount derived from any additional funding amount to support a  
259.16 minimum fire state aid amount under section 423A.02, subdivision 3. The minimum fire  
259.17 state aid allocation amount is allocated to municipalities or independent nonprofit firefighting  
259.18 corporations with volunteer firefighters' relief associations or covered by the voluntary  
259.19 statewide volunteer firefighter retirement plan. The amount is based on the number of active  
259.20 volunteer firefighters who are (1) members of the relief association as reported to the Office  
259.21 of the State Auditor in a specific annual financial reporting year as specified in paragraphs  
259.22 (b) to (d), or (2) covered by the voluntary statewide volunteer firefighter retirement plan as  
259.23 specified in paragraph (e).

259.24 (b) For relief associations established in calendar year 1993 or a prior year, the number  
259.25 of active volunteer firefighters equals the number of active volunteer firefighters who were  
259.26 members of the relief association as reported in the annual financial reporting for calendar  
259.27 year 1993, but not to exceed 30 active volunteer firefighters.

259.28 (c) For relief associations established in calendar year 1994 through calendar year 1999,  
259.29 the number of active volunteer firefighters equals the number of active volunteer firefighters  
259.30 who were members of the relief association as reported in the annual financial reporting for  
259.31 calendar year 1998 to the Office of the State Auditor, but not to exceed 30 active volunteer  
259.32 firefighters.

259.33 (d) For relief associations established after calendar year 1999, the number of active  
259.34 volunteer firefighters equals the number of active volunteer firefighters who are members

260.1 of the relief association as reported in the first annual financial reporting submitted to the  
260.2 Office of the State Auditor, but not to exceed 20 active volunteer firefighters.

260.3 (e) If a relief association is terminated as a result of providing retirement coverage for  
260.4 volunteer firefighters by the voluntary statewide volunteer firefighter retirement plan under  
260.5 chapter 353G, the number of active volunteer firefighters equals the number of active  
260.6 volunteer firefighters of the municipality or independent nonprofit firefighting corporation  
260.7 covered by the statewide plan as certified by the executive director of the Public Employees  
260.8 Retirement Association to the commissioner and the state auditor, but not to exceed 30  
260.9 active firefighters.

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

260.12 Subd. 7. **Appeal.** A municipality, an independent nonprofit firefighting corporation, a  
260.13 fire relief association, or the voluntary statewide volunteer firefighter retirement plan may  
260.14 object to the amount of fire state aid apportioned to it by filing a written request with the  
260.15 commissioner to review and adjust the apportionment of funds within the state. The decision  
260.16 of the commissioner is subject to appeal, review, and adjustment by the district court in the  
260.17 county in which the applicable municipality or independent nonprofit firefighting corporation  
260.18 is located or by the Ramsey County District Court with respect to the voluntary statewide  
260.19 volunteer firefighter retirement plan.

260.20 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

260.21 Sec. 4. **[477B.04] APPROPRIATION, PAYMENT, AND ADMINISTRATION.**

260.22 Subdivision 1. **Payments.** (a) The commissioner must make payments to the Public  
260.23 Employees Retirement Association for deposit in the voluntary statewide volunteer firefighter  
260.24 retirement fund on behalf of a municipality or independent nonprofit firefighting corporation  
260.25 that is a member of the voluntary statewide volunteer firefighter retirement plan under  
260.26 chapter 353G, or directly to a municipality or county designated by an independent nonprofit  
260.27 firefighting corporation. The payment is equal to the amount of fire state aid apportioned  
260.28 to the applicable fire state aid recipient under section 477B.03.

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

260.32 (c) The interest under paragraph (b) does not apply when payment has not been made  
260.33 by October 1 due to noncompliance with sections 424A.014 and 477B.02, subdivision 7.

261.1 Subd. 2. **Appropriation.** The amount necessary to make the payments under this section  
261.2 and section 477B.03 is annually appropriated to the commissioner from the general fund.

261.3 Subd. 3. **Deposit of state aid.** (a) If the municipality or the independent nonprofit  
261.4 firefighting corporation is covered by the voluntary statewide volunteer firefighter retirement  
261.5 plan under chapter 353G, the executive director of the Public Employees Retirement  
261.6 Association must credit the fire state aid against future municipal contribution requirements  
261.7 under section 353G.08 and must notify the municipality or the independent nonprofit  
261.8 firefighting corporation of the fire state aid so credited at least annually.

261.9 (b) If the municipality or the independent nonprofit firefighting corporation is not covered  
261.10 by the voluntary statewide volunteer firefighter retirement plan, the treasurer of the  
261.11 municipality must, within 30 days after receipt, transmit the fire state aid to the treasurer  
261.12 of the duly incorporated firefighters' relief association if there is one organized and the  
261.13 association has filed a financial report with the municipality pursuant to section 424A.014,  
261.14 subdivision 1 or 2, whichever applies. If the relief association has not filed a financial report  
261.15 with the municipality, the treasurer of the municipality must delay transmission of the fire  
261.16 state aid to the relief association until the complete financial report is filed.

261.17 (c) The treasurer of the municipality must deposit the fire state aid money in the municipal  
261.18 treasury if (1) the municipality or independent nonprofit firefighting corporation is not  
261.19 covered by the voluntary statewide volunteer firefighter retirement plan, (2) there is no  
261.20 relief association organized, (3) the association has dissolved, or (4) the association has  
261.21 been removed as trustees of state aid. The money may be disbursed from the municipal  
261.22 treasury only for the purposes and in the manner set forth in section 424A.08 or for the  
261.23 payment of the employer contribution requirement with respect to firefighters covered by  
261.24 the public employees police and fire retirement plan under section 353.65, subdivision 3.

261.25 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

261.26 Sec. 5. **[477B.05] SHORTFALL FROM GENERAL FUND.**

261.27 (a) If the annual funding requirements of fire relief associations or consolidation accounts  
261.28 under sections 424A.091 to 424A.095 or Laws 2013, chapter 111, article 5, sections 31 to  
261.29 42, exceed all applicable revenue sources of a given year, including the insurance premium  
261.30 taxes funding fire state aid under this chapter as set under section 297I.05, subdivisions 2,  
261.31 3, and 4, the shortfall in the annual funding requirements must be paid from the general  
261.32 fund to the extent appropriated by the legislature.

262.1 (b) Nothing in this section relieves any municipality from its obligation to a relief  
262.2 association or consolidation account under law.

262.3 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

262.4 Sec. 6. **PURPOSE.**

262.5 It is the intent of the legislature to make Minnesota's fire and police state aid laws more  
262.6 understandable by separating and recodifying disparate administration and compliance  
262.7 provisions currently contained in chapter 69 of Minnesota Statutes. Due to the complexity  
262.8 of the recodification, prior provisions are repealed on the effective date of the new provisions.

262.9 **EFFECTIVE DATE.** This section is effective July 1, 2019.

262.10 Sec. 7. **REPEALER.**

262.11 Minnesota Statutes 2018, sections 69.011, subdivisions 1, 2, 2b, 2c, 3, and 4; 69.021,  
262.12 subdivisions 1, 2, 3, 4, 5, 7, 7a, 8, 9, 10, and 11; 69.031, subdivisions 1, 3, and 5; and 69.041,  
262.13 are repealed.

262.14 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

## 262.15 **ARTICLE 19**

### 262.16 **POLICE STATE AID; TECHNICAL CHANGES**

262.17 Section 1. **[477C.01] DEFINITIONS.**

262.18 Subdivision 1. **Scope.** Unless the language or context clearly indicates that a different  
262.19 meaning is intended, the following words and terms, for the purposes of this chapter and  
262.20 chapter 423A have the meanings given to them.

262.21 Subd. 2. **Commissioner.** "Commissioner" means the commissioner of revenue.

262.22 Subd. 3. **Company or insurance company.** "Company" or "insurance company" has  
262.23 the meaning given in section 60A.02, subdivision 4.

262.24 Subd. 4. **Minnesota Aid to Police Premium Report.** "Minnesota Aid to Police Premium  
262.25 Report" means a form for reporting the total gross premiums, less return premiums and  
262.26 dividends, on all direct business received by an insurance company in this state during the  
262.27 preceding calendar year, with reference to insurance written for perils contained in auto  
262.28 insurance coverages as reported to the National Association of Insurance Commissioners  
262.29 and the commissioner of commerce.

263.1 Subd. 5. **Municipal clerk, municipal clerk-treasurer, or county auditor.** "Municipal  
263.2 clerk," "municipal clerk-treasurer," or "county auditor" means:

263.3 (1) the person elected or appointed to the position of municipal clerk, municipal  
263.4 clerk-treasurer, or county auditor or, if there is no such person, the chief financial official  
263.5 or the person primarily responsible for managing the finances of a municipality;

263.6 (2) for a park district, the secretary of the board of park district commissioners;

263.7 (3) for the University of Minnesota, the official designated by the Board of Regents;

263.8 (4) for the Metropolitan Airports Commission, the person designated by the commission;

263.9 (5) for the Departments of Natural Resources and Public Safety, the respective  
263.10 commissioner of the agency; and

263.11 (6) for a tribal police department that exercises state arrest powers under section 626.90,  
263.12 626.91, 626.92, or 626.93, the person designated by the applicable American Indian tribal  
263.13 government.

263.14 Subd. 6. **Municipality.** (a) "Municipality" means:

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

263.16 (2) an organized town;

263.17 (3) a county;

263.18 (4) a park district subject to chapter 398;

263.19 (5) the University of Minnesota;

263.20 (6) an American Indian tribal government with a tribal police department that exercises  
263.21 state arrest powers under section 626.90, 626.91, 626.92, or 626.93;

263.22 (7) the Metropolitan Airports Commission; and

263.23 (8) the Departments of Natural Resources and Public Safety with respect to peace officers  
263.24 covered under chapter 352B.

263.25 (b) This subdivision only applies to chapter 477C.

263.26 Subd. 7. **Peace officer.** "Peace officer" means any person:

263.27 (1) whose primary source of income derived from wages is from direct employment by  
263.28 a municipality as a law enforcement officer on a full-time basis of not less than 30 hours  
263.29 per week;

264.1 (2) who has been employed for a minimum of six months before December 31 preceding  
 264.2 the date of the current year's certification under section 477C.02, subdivision 1;

264.3 (3) who is sworn to enforce the general criminal laws of the state and local ordinances;

264.4 (4) who is licensed by the Peace Officers Standards and Training Board and is authorized  
 264.5 to arrest with a warrant; and

264.6 (5) who is a member of the State Patrol retirement plan or the public employees police  
 264.7 and fire fund.

264.8 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

264.9 **Sec. 2. [477C.02] QUALIFYING FOR POLICE STATE AID.**

264.10 **Subdivision 1. Certification to commissioner.** (a) A certification made under this  
 264.11 section must be filed with the commissioner on a form prescribed by the commissioner and  
 264.12 must include all other facts that the commissioner requires.

264.13 (b) Except as provided in subdivision 2, on or before March 15 annually, the municipal  
 264.14 clerk, municipal clerk-treasurer, or county auditor of each municipality employing one or  
 264.15 more peace officers must certify to the commissioner the number of peace officers employed  
 264.16 during the previous calendar year. No peace officer may be included in the certification by  
 264.17 more than one municipality for the same month.

264.18 (c) Credit for peace officers employed less than a full year must be apportioned. Each  
 264.19 full month of employment of a qualifying officer during the calendar year entitles the  
 264.20 employing municipality to credit for 1/12 of the payment for employment of a peace officer  
 264.21 for the entire year. For purposes of this chapter, employment of a peace officer begins when  
 264.22 the peace officer is entered on the payroll of the employing municipality.

264.23 **Subd. 2. Departments of Natural Resources and Public Safety.** On or before March  
 264.24 15 annually, the commissioner of natural resources must certify the number of peace officers  
 264.25 employed by the Enforcement Division and the commissioner of public safety must certify  
 264.26 the number of peace officers employed by the Bureau of Criminal Apprehension, the  
 264.27 Gambling Enforcement Division, and the State Patrol Division. The certification must be  
 264.28 on the form described in subdivision 1, paragraph (a). Peace officers certified under this  
 264.29 subdivision must be included in the total certifications under subdivision 1.

264.30 **Subd. 3. Ineligibility of certain peace officers.** A peace officer employed by the  
 264.31 University of Minnesota who is required by the Board of Regents to be a member of the



265.1 University of Minnesota faculty retirement plan is not eligible to be included in any police  
265.2 state aid certification under this section.

265.3 Subd. 4. **Penalty for failure to file certification.** (a) If a certification under subdivision  
265.4 1 or 2 is not filed with the commissioner on or before March 15, the commissioner must  
265.5 notify the municipal clerk, municipal clerk-treasurer, or county auditor that a penalty equal  
265.6 to a portion or all of its current year aid will apply if the certification is not received within  
265.7 ten days.

265.8 (b) The penalty for failure to file the certification under subdivision 1 or 2 is equal to  
265.9 the amount of police state aid determined for the municipality for the current year, multiplied  
265.10 by five percent for each week or fraction of a week that the certification is late. The penalty  
265.11 must be computed beginning ten days after the postmark date of the commissioner's  
265.12 notification as required under this subdivision. All aid amounts forfeited as a result of the  
265.13 penalty revert to the state general fund. Failure to receive the certification form may not be  
265.14 used as a defense for a failure to file.

265.15 Subd. 5. **Determination by commissioner.** The commissioner must determine which  
265.16 municipalities are qualified to receive police state aid based on compliance with the  
265.17 requirements of this section. The commissioner may take into account any other relevant  
265.18 information that comes to the attention of the commissioner when making the determination.

265.19 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

265.20 Sec. 3. **[477C.03] CALCULATION OF POLICE STATE AID; APPEAL.**

265.21 Subdivision 1. **Certification and calculation of police state aid.** (a) On or before  
265.22 October 1, the commissioner must calculate the amount of police state aid that each  
265.23 municipality is to receive.

265.24 (b) The commissioner must calculate an excess police state aid amount for each  
265.25 municipality under subdivision 3 and must reduce the apportionment amount for each  
265.26 municipality based on the calculation.

265.27 Subd. 2. **Apportionment of police state aid.** (a) The total amount available for  
265.28 apportionment as police state aid is equal to 104 percent of the amount of premium taxes  
265.29 paid to the state on the premiums reported to the commissioner by companies or insurance  
265.30 companies on the Minnesota Aid to Police Premium Report. The total amount for  
265.31 apportionment for the police state aid program must not be less than two percent of the  
265.32 amount of premiums reported to the commissioner by companies or insurance companies  
265.33 on the Minnesota Aid to Police Premium Report.

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

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

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

266.13 (e) Any necessary additional adjustments must be made to subsequent police state aid  
266.14 apportionments.

266.15 Subd. 3. **Apportionment reduction; excess police state aid.** (a) The commissioner  
266.16 must reduce the apportionment of police state aid under this section for eligible municipalities  
266.17 by the amount of any excess police state aid calculated under this subdivision.

266.18 (b) The commissioner must calculate the amount of excess police state aid for each  
266.19 municipality as follows:

266.20 (1) for municipalities in which police retirement coverage is provided wholly by the  
266.21 public employees police and fire fund and all peace officers are members of the plan governed  
266.22 by sections 353.63 to 353.657, the excess police state aid amount equals the amount of  
266.23 police state aid apportioned under subdivision 2 that exceeds the employer's total prior  
266.24 calendar year obligation as defined in paragraph (c), as certified by the executive director  
266.25 of the Public Employees Retirement Association;

266.26 (2) for the Metropolitan Airports Commission, the excess police state aid amount equals  
266.27 the amount of apportioned police aid calculated under subdivision 2 that exceeds the  
266.28 commission's total prior calendar year obligation as defined in paragraph (c), as certified  
266.29 by the executive director of the Public Employees Retirement Association; and

266.30 (3) for the Departments of Natural Resources and Public Safety, the excess police state  
266.31 aid amount equals the amount of apportioned police aid calculated under subdivision 2 that  
266.32 exceeds the employer's total prior calendar year obligation under section 352B.02, subdivision

267.1 1c, for plan members who are peace officers, as certified by the executive director of the  
 267.2 Minnesota State Retirement System.

267.3 (c) The municipality's total prior calendar year obligation with respect to the public  
 267.4 employees police and fire plan under paragraph (b), clause (1), is the total prior calendar  
 267.5 year obligation under section 353.65, subdivision 3, for police officers as defined in section  
 267.6 353.64, subdivisions 1, 1a, and 2, and the actual total prior calendar year obligation under  
 267.7 section 353.65, subdivision 3, for firefighters, as defined in section 353.64, subdivisions 1,  
 267.8 1a, and 2, but not to exceed for those firefighters the applicable following employer calendar  
 267.9 year amount:

267.10	<u>Municipality</u>	<u>Maximum Amount</u>
267.11	<u>Albert Lea</u>	<u>\$54,157.01</u>
267.12	<u>Anoka</u>	<u>10,399.31</u>
267.13	<u>Apple Valley</u>	<u>5,442.44</u>
267.14	<u>Austin</u>	<u>49,864.73</u>
267.15	<u>Bemidji</u>	<u>27,671.38</u>
267.16	<u>Brooklyn Center</u>	<u>6,605.92</u>
267.17	<u>Brooklyn Park</u>	<u>24,002.26</u>
267.18	<u>Burnsville</u>	<u>15,956.00</u>
267.19	<u>Cloquet</u>	<u>4,260.49</u>
267.20	<u>Coon Rapids</u>	<u>39,920.00</u>
267.21	<u>Cottage Grove</u>	<u>8,588.48</u>
267.22	<u>Crystal</u>	<u>5,855.00</u>
267.23	<u>East Grand Forks</u>	<u>51,009.88</u>
267.24	<u>Edina</u>	<u>32,251.00</u>
267.25	<u>Elk River</u>	<u>5,216.55</u>
267.26	<u>Ely</u>	<u>13,584.16</u>
267.27	<u>Eveleth</u>	<u>16,288.27</u>
267.28	<u>Fergus Falls</u>	<u>6,742.00</u>
267.29	<u>Fridley</u>	<u>33,420.64</u>
267.30	<u>Golden Valley</u>	<u>11,744.61</u>
267.31	<u>Hastings</u>	<u>16,561.00</u>
267.32	<u>Hopkins</u>	<u>4,324.23</u>
267.33	<u>International Falls</u>	<u>14,400.69</u>
267.34	<u>Lakeville</u>	<u>782.35</u>
267.35	<u>Lino Lakes</u>	<u>5,324.00</u>
267.36	<u>Little Falls</u>	<u>7,889.41</u>
267.37	<u>Maple Grove</u>	<u>6,707.54</u>

268.1	<u>Maplewood</u>	<u>8,476.69</u>
268.2	<u>Minnetonka</u>	<u>10,403.00</u>
268.3	<u>Montevideo</u>	<u>1,307.66</u>
268.4	<u>Moorhead</u>	<u>68,069.26</u>
268.5	<u>New Hope</u>	<u>6,739.72</u>
268.6	<u>North St. Paul</u>	<u>4,241.14</u>
268.7	<u>Northfield</u>	<u>770.63</u>
268.8	<u>Owatonna</u>	<u>37,292.67</u>
268.9	<u>Plymouth</u>	<u>6,754.71</u>
268.10	<u>Red Wing</u>	<u>3,504.01</u>
268.11	<u>Richfield</u>	<u>53,757.96</u>
268.12	<u>Rosemount</u>	<u>1,712.55</u>
268.13	<u>Roseville</u>	<u>9,854.51</u>
268.14	<u>St. Anthony</u>	<u>33,055.00</u>
268.15	<u>St. Louis Park</u>	<u>53,643.11</u>
268.16	<u>Thief River Falls</u>	<u>28,365.04</u>
268.17	<u>Virginia</u>	<u>31,164.46</u>
268.18	<u>Waseca</u>	<u>11,135.17</u>
268.19	<u>West St. Paul</u>	<u>15,707.20</u>
268.20	<u>White Bear Lake</u>	<u>6,521.04</u>
268.21	<u>Woodbury</u>	<u>3,613.00</u>
268.22	<u>any other municipality</u>	<u>0.00</u>

268.23 (d) The total amount of excess police state aid must be deposited in the excess police  
 268.24 state aid account in the general fund, and administered and distributed as provided in  
 268.25 subdivision 4.

268.26 Subd. 4. Excess police state aid holding account. (a) The excess police state aid holding  
 268.27 account is established in the general fund. The excess police state aid holding account is  
 268.28 administered by the commissioner.

268.29 (b) Excess police state aid determined under subdivision 3 must be deposited annually  
 268.30 in the excess police state aid holding account.

268.31 (c) From the balance in the excess police state aid holding account, \$900,000 must be  
 268.32 canceled annually to the general fund.

268.33 (d) On October 1 annually, one-half of the balance of the excess police state aid holding  
 268.34 account remaining after the deduction under paragraph (c) is appropriated for additional  
 268.35 amortization aid under section 423A.02, subdivision 1b.

269.1 (e) The remaining balance in the excess police state aid holding account, after the  
269.2 deductions under paragraphs (c) and (d), must be canceled annually to the general fund.

269.3 Subd. 5. **Appeal.** A municipality may object to the amount of police state aid apportioned  
269.4 to it by filing a written request with the commissioner to review and adjust the apportionment  
269.5 of funds to the municipality. The decision of the commissioner is subject to appeal, review,  
269.6 and adjustment by the district court in the county in which the applicable municipality is  
269.7 located or by the Ramsey County District Court with respect to the Departments of Natural  
269.8 Resources or Public Safety.

269.9 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

269.10 Sec. 4. **[477C.04] APPROPRIATION, PAYMENT, AND ADMINISTRATION.**

269.11 Subdivision 1. **Payments.** (a) The commissioner must make payments to the municipality  
269.12 equal to the amount of police state aid apportioned to the applicable state aid recipient under  
269.13 section 477C.03.

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

269.17 Subd. 2. **Appropriation.** (a) The amount necessary to make the payments under this  
269.18 section and section 477C.03 is annually appropriated to the commissioner from the general  
269.19 fund.

269.20 (b) The police state aid apportioned to the Departments of Public Safety and Natural  
269.21 Resources under section 477C.03 is allocated to the commissioner of management and  
269.22 budget for transfer to the funds and accounts from which the salaries of peace officers  
269.23 certified under section 477C.02, subdivision 2, are paid. On or before October 1, the  
269.24 commissioner of revenue must certify to the commissioners of public safety, natural  
269.25 resources, and management and budget the amounts to be transferred from the appropriation  
269.26 for police state aid. The commissioners of public safety and natural resources must certify  
269.27 to the commissioner of management and budget the amounts to be credited to each of the  
269.28 funds and accounts from which the peace officers employed by their respective departments  
269.29 are paid.

269.30 Subd. 3. **Deposit of state aid.** (a) For a municipality in which police retirement coverage  
269.31 is provided by the public employees police and fire fund and all peace officers are members  
269.32 of the fund, including municipalities covered by section 353.665, the total state aid must

270.1 be applied toward the municipality's employer contribution to the public employees police  
270.2 and fire fund under sections 353.65, subdivision 3, and 353.665, subdivision 8.

270.3 (b) The county treasurer, upon receipt of the police state aid for the county, must apply  
270.4 the total state aid toward the county's employer contribution to the public employees police  
270.5 and fire fund under section 353.65, subdivision 3.

270.6 (c) The designated Metropolitan Airports Commission official, upon receipt of the police  
270.7 state aid for the Metropolitan Airports Commission, must apply the total police state aid  
270.8 toward the commission's employer contribution for peace officers to the public employees  
270.9 police and fire plan under section 353.65, subdivision 3.

270.10 (d) The commissioners of public safety and natural resources must allocate the police  
270.11 state aid first for employer contributions funded from the general fund and then for employer  
270.12 contributions funded from other funds. For peace officers employed by the Departments of  
270.13 Natural Resources or Public Safety whose salaries are paid from the general fund, the  
270.14 amounts transferred from the appropriation for police state aid must be canceled to the  
270.15 general fund.

270.16 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

## 270.17 **ARTICLE 20**

### 270.18 **FIRE AND POLICE STATE AID; MISCELLANEOUS TECHNICAL CHANGES**

#### 270.19 Section 1. **[2971.26] FIRE AND POLICE PREMIUM REPORTS.**

270.20 Subdivision 1. **Filing reports.** (a) Each company must file with the commissioner the  
270.21 reports defined in sections 477B.01, subdivision 8, and 477C.01, subdivision 4, signed by  
270.22 the authorized representative of the company, on or before March 1 annually. The fire and  
270.23 extended coverage portion of multiperil package premiums and all other combination  
270.24 premiums must be determined by applying percentages determined by the commissioner  
270.25 or by rating bureaus recognized by the commissioner. The commissioner shall prescribe  
270.26 the content, form, and manner of the reports.

270.27 (b) The commissioner must notify each company that fails to timely file the report  
270.28 required under paragraph (a). The notice must demand that the company file the report  
270.29 within 30 days. Where good cause exists, the commissioner may extend the period for filing  
270.30 the report as long as a request for extension is filed by the company before the expiration  
270.31 of the 30-day period.

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

271.4 (b) Any person whose duty it is to file the report and who fails or refuses to file within  
271.5 30 days after the postmark of the notice in subdivision 1 must be fined an amount of no  
271.6 more than \$1,000.

271.7 (c) Any company that knowingly makes and files an inaccurate or false report is liable  
271.8 for a fine in an amount not less than \$25 nor more than \$1,000, as determined by the  
271.9 commissioner, and the commissioner of commerce may revoke the company's certificate  
271.10 of authority.

271.11 **EFFECTIVE DATE.** This section is effective for reports filed after December 31, 2019.

271.12 Sec. 2. **[424A.014] FINANCIAL REPORT; BOND; EXAMINATION.**

271.13 Subdivision 1. **Financial report and audit.** (a) The board of the Bloomington Fire  
271.14 Department Relief Association and each volunteer firefighters relief association with assets  
271.15 of at least \$500,000 or liabilities of at least \$500,000 in the prior year or in any previous  
271.16 year, according to the applicable actuarial valuation or according to the financial report if  
271.17 no valuation is required, must prepare a financial report covering the special and general  
271.18 funds of the relief association for the preceding fiscal year, file the financial report, and  
271.19 submit financial statements.

271.20 (b) The financial report must contain financial statements and disclosures that present  
271.21 the true financial condition of the relief association and the results of relief association  
271.22 operations in conformity with generally accepted accounting principles and in compliance  
271.23 with the regulatory, financing, and funding provisions of this chapter and any other applicable  
271.24 laws. The financial report must be countersigned by:

271.25 (1) the municipal clerk or clerk-treasurer of the municipality in which the relief  
271.26 association is located if the relief association is a firefighters' relief association that is directly  
271.27 associated with a municipal fire department;

271.28 (2) the municipal clerk or clerk-treasurer of the largest municipality in population that  
271.29 contracts with the independent nonprofit firefighting corporation if the volunteer firefighter  
271.30 relief association is a subsidiary of an independent nonprofit firefighting corporation, and  
271.31 by the secretary of the independent nonprofit firefighting corporation; or

272.1 (3) the chief financial official of the county in which the volunteer firefighter relief  
 272.2 association is located or primarily located if the relief association is associated with a fire  
 272.3 department that is not located in or associated with an organized municipality.

272.4 (c) The financial report must be retained in the office of the Bloomington Fire Department  
 272.5 Relief Association or the volunteer firefighter relief association for public inspection and  
 272.6 must be filed with the governing body of the government subdivision in which the associated  
 272.7 fire department is located after the close of the fiscal year. One copy of the financial report  
 272.8 must be furnished to the state auditor after the close of the fiscal year.

272.9 (d) Audited financial statements must be attested to by a certified public accountant or  
 272.10 by the state auditor and must be filed with the state auditor on or before June 30 after the  
 272.11 close of the fiscal year. The state auditor may accept this report in lieu of the report required  
 272.12 in paragraph (c).

272.13 Subd. 2. **Financial statement.** (a) The board of each volunteer firefighter relief  
 272.14 association that is not required to file a financial report and audit under subdivision 1 must  
 272.15 prepare a detailed statement of the financial affairs for the preceding fiscal year of the relief  
 272.16 association's special and general funds in the style and form prescribed by the state auditor.  
 272.17 The detailed statement must show:

272.18 (1) the sources and amounts of all money received;

272.19 (2) all disbursements, accounts payable, and accounts receivable;

272.20 (3) the amount of money remaining in the treasury;

272.21 (4) total assets, including a listing of all investments;

272.22 (5) the accrued liabilities; and

272.23 (6) all other items necessary to show accurately the revenues and expenditures and  
 272.24 financial position of the relief association.

272.25 (b) The detailed financial statement of the special and general funds required under  
 272.26 paragraph (a) must be certified by a certified public accountant or by the state auditor in  
 272.27 accordance with agreed-upon procedures and forms prescribed by the state auditor. The  
 272.28 accountant must have at least five years of public accounting, auditing, or similar experience  
 272.29 and must not be an active, inactive, or retired member of the relief association or the fire  
 272.30 department.

272.31 (c) The detailed financial statement required under paragraph (a) must be countersigned  
 272.32 by:



273.1 (1) the municipal clerk or clerk-treasurer of the municipality;

273.2 (2) where applicable, the municipal clerk or clerk-treasurer of the largest municipality  
273.3 in population that contracts with the independent nonprofit firefighting corporation if the  
273.4 relief association is a subsidiary of an independent nonprofit firefighting corporation, and  
273.5 by the secretary of the independent nonprofit firefighting corporation; or

273.6 (3) the chief financial official of the county in which the volunteer firefighter relief  
273.7 association is located or primarily located if the relief association is associated with a fire  
273.8 department that is not located in or associated with an organized municipality.

273.9 (d) The volunteer firefighters relief association board must submit a copy of the detailed  
273.10 financial statement required under paragraph (a) that has been certified by the governing  
273.11 body of the municipality to the state auditor on or before March 31 after the close of the  
273.12 fiscal year.

273.13 (e) A certified public accountant or auditor who performs the agreed-upon procedures  
273.14 under paragraph (b) is subject to the reporting requirement of section 6.67.

273.15 Subd. 3. **Qualification.** The state auditor may, upon a demonstration by a relief  
273.16 association of hardship or an inability to conform, extend the deadline for reports under  
273.17 subdivision 1 or 2, but not beyond November 30 following the due date. If the reports are  
273.18 not received by November 30, the municipality or relief association forfeits its current year  
273.19 state aid, and, until the state auditor receives the required information, the relief association  
273.20 or municipality is ineligible to receive any future state aid. A municipality or relief association  
273.21 does not qualify initially to receive, or be entitled subsequently to retain, fire state aid and  
273.22 police and firefighter retirement supplemental state aid payable under chapter 477B and  
273.23 section 423A.022 if the financial reporting requirement or the applicable requirements of  
273.24 this chapter or any other statute or special law have not been complied with or are not  
273.25 fulfilled.

273.26 Subd. 4. **Treasurer bond.** (a) The treasurer of the Bloomington Fire Department Relief  
273.27 Association may not enter upon duties without having given the association a bond in a  
273.28 reasonable amount acceptable to the municipality for the faithful discharge of duties  
273.29 according to law.

273.30 (b) No treasurer of a relief association governed by sections 424A.091 to 424A.096 may  
273.31 enter upon the duties of the office until the treasurer has given the association a good and  
273.32 sufficient bond in an amount equal to at least ten percent of the assets of the relief association;  
273.33 however, the amount of the bond need not exceed \$500,000.

274.1 Subd. 5. Report by certain municipalities; exceptions. (a) The chief administrative  
274.2 officer of each municipality that has a fire department but does not have a relief association  
274.3 governed by sections 424A.091 to 424A.095 or Laws 2014, chapter 275, article 2, section  
274.4 23, and that is not exempted under paragraph (b) or (c) must annually prepare a detailed  
274.5 financial report of the receipts and disbursements by the municipality for fire protection  
274.6 service during the preceding calendar year on a form prescribed by the state auditor. The  
274.7 financial report must contain any information that the state auditor deems necessary to  
274.8 disclose the sources of receipts and the purpose of disbursements for fire protection service.  
274.9 The financial report must be signed by the municipal clerk or clerk-treasurer with the state  
274.10 auditor on or before July 1 annually. The municipality does not qualify initially to receive,  
274.11 and is not entitled subsequently to retain, any fire state aid and police and firefighter  
274.12 retirement supplemental state aid payable under chapter 477B and section 423A.022 if the  
274.13 financial reporting requirement or the applicable requirements of any other statute or special  
274.14 law have not been complied with or are not fulfilled.

274.15 (b) Each municipality that has a fire department and provides retirement coverage to its  
274.16 firefighters through the voluntary statewide volunteer firefighter retirement plan under  
274.17 chapter 353G qualifies to have fire state aid transmitted to and retained in the statewide  
274.18 volunteer firefighter retirement fund without filing a detailed financial report if the executive  
274.19 director of the Public Employees Retirement Association certifies compliance by the  
274.20 municipality with the requirements of sections 353G.04 and 353G.08, subdivision 1,  
274.21 paragraph (e), and certifies conformity by the applicable fire chief with the requirements  
274.22 of section 353G.07.

274.23 (c) Each municipality qualifies to receive fire state aid under chapter 477B without filing  
274.24 a financial report under paragraph (a) if the municipality:

274.25 (1) has a fire department;

274.26 (2) does not have a volunteer firefighters relief association directly associated with its  
274.27 fire department;

274.28 (3) does not participate in the statewide volunteer firefighter retirement plan under  
274.29 chapter 353G;

274.30 (4) provides retirement coverage to its firefighters through the public employees police  
274.31 and fire retirement plan under sections 353.63 to 353.68; and

274.32 (5) is certified by the executive director of the Public Employees Retirement Association  
274.33 to the state auditor to have had an employer contribution under section 353.65, subdivision

275.1 3, for its firefighters for the immediately prior calendar year equal to or greater than its fire  
275.2 state aid for the immediately prior calendar year.

275.3 Subd. 6. **Notification by commissioner of revenue and state auditor.** (a) The state  
275.4 auditor, in performing an audit or examination, must notify the Legislative Commission on  
275.5 Pensions and Retirement if the audit or examination reveals malfeasance, misfeasance, or  
275.6 nonfeasance in office by relief association officials or municipal officials.

275.7 (b) The commissioner of revenue must notify the Legislative Commission on Pensions  
275.8 and Retirement if the state auditor has not filed the required financial compliance reports  
275.9 by July 1.

275.10 **EFFECTIVE DATE.** This section is effective July 1, 2019.

275.11 Sec. 3. Minnesota Statutes 2018, section 424A.05, is amended by adding a subdivision to  
275.12 read:

275.13 Subd. 3b. **Authorized administrative expenses from special fund.** (a) Notwithstanding  
275.14 any provision of law to the contrary, the payment of the following necessary, reasonable,  
275.15 and direct expenses of maintaining, protecting, and administering the special fund, when  
275.16 provided for in the bylaws of the association and approved by the board of trustees,  
275.17 constitutes authorized administrative expenses of a volunteer firefighters relief association  
275.18 organized under any law of the state or the Bloomington Fire Department Relief Association:

275.19 (1) office expenses, including but not limited to rent, utilities, equipment, supplies,  
275.20 postage, periodical subscriptions, furniture, fixtures, and salaries of administrative personnel;

275.21 (2) salaries of the officers of the association or their designees, and salaries of the  
275.22 members of the board of trustees of the association if the salary amounts are approved by  
275.23 the governing body of the entity that is responsible for meeting any minimum obligation  
275.24 under section 424A.092 or 424A.093 or Laws 2013, chapter 111, article 5, sections 31 to  
275.25 42, and the itemized expenses of relief association officers and board members that are  
275.26 incurred as a result of fulfilling their responsibilities as administrators of the special fund;

275.27 (3) tuition, registration fees, organizational dues, and other authorized expenses of the  
275.28 officers or members of the board of trustees incurred in attending educational conferences,  
275.29 seminars, or classes relating to the administration of the relief association;

275.30 (4) audit and audit-related services, accounting and accounting-related services, and  
275.31 actuarial, medical, legal, and investment and performance evaluation expenses;

276.1 (5) filing and application fees payable by the relief association to federal or other  
 276.2 government entities;

276.3 (6) reimbursement to the officers and members of the board of trustees or their designees,  
 276.4 for reasonable and necessary expenses actually paid and incurred in the performance of  
 276.5 their duties as officers or members of the board; and

276.6 (7) premiums on fiduciary liability insurance and official bonds for the officers, members  
 276.7 of the board of trustees, and employees of the relief association.

276.8 (b) All other expenses of the relief association must be paid from the general fund of  
 276.9 the association if one exists. If a relief association has only one fund, that fund is the special  
 276.10 fund for purposes of this subdivision. If a relief association has a special fund and a general  
 276.11 fund, the payment of any expense of the relief association that is directly related to the  
 276.12 purposes for which both funds were established must be apportioned between the two funds  
 276.13 on the basis of the benefits derived by each fund.

276.14 **EFFECTIVE DATE.** This section is effective July 1, 2019.

276.15 Sec. 4. **REPEALER.**

276.16 (a) Minnesota Statutes 2018, sections 69.051, subdivisions 1, 1a, 1b, 2, 3, and 4; and  
 276.17 69.80, are repealed.

276.18 (b) Minnesota Statutes 2018, sections 69.33; and 297I.25, subdivision 2, are repealed.

276.19 **EFFECTIVE DATE.** Paragraph (a) is effective July 1, 2019. Paragraph (b) is effective  
 276.20 for reports filed after December 31, 2019.

## 276.21 **ARTICLE 21**

### 276.22 **FIRE AND POLICE STATE AID; CONFORMING CHANGES**

276.23 Section 1. Minnesota Statutes 2018, section 6.495, subdivision 3, is amended to read:

276.24 Subd. 3. **Report to commissioner of revenue.** The state auditor shall file with the  
 276.25 commissioner of revenue a financial compliance report certifying for each relief association:

276.26 (1) the completion of the annual financial report required under section ~~69.051~~ 424A.014  
 276.27 and the auditing or certification of those financial reports under subdivision 1; and

276.28 (2) the receipt of any actuarial valuations required under section 424A.093 or Laws  
 276.29 2013, chapter 111, article 5, sections 31 to 42.

276.30 **EFFECTIVE DATE.** This section is effective July 1, 2019.

277.1 Sec. 2. Minnesota Statutes 2018, section 144E.42, subdivision 2, is amended to read:

277.2 Subd. 2. **Trust account.** (a) There is established in the general fund the Cooper/Sams  
277.3 volunteer ambulance trust account and the Cooper/Sams volunteer ambulance award and  
277.4 account.

277.5 (b) The trust account must be credited with:

277.6 (1) general fund appropriations for that purpose;

277.7 (2) transfers from the Cooper/Sams volunteer ambulance award and account; and

277.8 (3) investment earnings on those accumulated proceeds. The assets and income of the  
277.9 trust account must be held and managed by the commissioner of management and budget  
277.10 and the State Board of Investment for the benefit of the state of Minnesota and its general  
277.11 creditors.

277.12 (c) The Cooper/Sams volunteer ambulance account must be credited with transfers from  
277.13 the excess police state-aid holding account established in section ~~69.021, subdivision 11~~  
277.14 477C.03, subdivision 4, any per-year-of-service allocation under section 144E.45, subdivision  
277.15 2, paragraph (c), that was not made for an individual, and investment earnings on those  
277.16 accumulated proceeds. The Cooper/Sams volunteer ambulance account must be managed  
277.17 by the commissioner of management and budget and the State Board of Investment. From  
277.18 the Cooper/Sams volunteer ambulance account to the trust account there must be transferred  
277.19 to the Cooper/Sams volunteer ambulance trust account, as the Cooper/Sams volunteer  
277.20 ambulance account balance permits, the following amounts:

277.21 (1) an amount equal to any general fund appropriation to the Cooper/Sams volunteer  
277.22 ambulance trust account for that fiscal year; and

277.23 (2) an amount equal to the percentage of the remaining balance in the account after the  
277.24 deduction of the amount under clause (1), as specified for the applicable fiscal year:

277.25	Fiscal year	Percentage
277.26	1995	20
277.27	1996	40
277.28	1997	50
277.29	1998	60
277.30	1999	70
277.31	2000	80
277.32	2001	90
277.33	2002 and thereafter	100

278.1 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

278.2 Sec. 3. Minnesota Statutes 2018, section 297I.20, subdivision 3, is amended to read:

278.3 Subd. 3. **Historic structure rehabilitation credit.** An insurance company may claim  
 278.4 a credit against the premiums tax imposed under this chapter equal to the amount of the  
 278.5 credit certificate issued to it, or to a person who has assigned the credit to the insurance  
 278.6 company, under section 290.0681. If the amount of the credit exceeds the liability for tax  
 278.7 under this chapter, the commissioner shall refund the excess to the insurance company. An  
 278.8 amount sufficient to pay the refunds under this section is appropriated to the commissioner  
 278.9 from the general fund. This credit does not affect the calculation of ~~police and fire state aid~~  
 278.10 under section ~~69.021~~ 477B.03 and police state aid under section 477C.03.

278.11 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

278.12 Sec. 4. Minnesota Statutes 2018, section 353G.01, subdivision 9, is amended to read:

278.13 Subd. 9. **Municipality.** "Municipality" means a governmental entity specified in section  
 278.14 ~~69.011, subdivision 1, paragraph (b), clauses (1), (2), and (5)~~ 477B.01, subdivision 10, a  
 278.15 city or township that has entered into a contract with an independent nonprofit firefighting  
 278.16 corporation, or a city or township that has entered into a contract with a joint powers entity  
 278.17 established under section 471.59.

278.18 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

278.19 Sec. 5. Minnesota Statutes 2018, section 353G.05, subdivision 2, is amended to read:

278.20 Subd. 2. **Election of coverage; lump sum.** (a) The process for electing coverage of  
 278.21 volunteer firefighters by the lump-sum retirement division is initiated by a request to the  
 278.22 executive director for a cost analysis of the prospective retirement coverage under the  
 278.23 lump-sum retirement division.

278.24 (b) If the volunteer firefighters are currently covered by a lump-sum volunteer firefighter  
 278.25 relief association or a defined contribution volunteer firefighter relief association governed  
 278.26 by chapter 424A, the cost analysis of the prospective retirement coverage must be requested  
 278.27 jointly by the secretary of the volunteer firefighter relief association, following approval of  
 278.28 the request by the board of the volunteer firefighter relief association, and the chief  
 278.29 administrative officer of the entity associated with the relief association, following approval  
 278.30 of the request by the governing body of the entity associated with the relief association. If  
 278.31 the relief association is associated with more than one entity, the chief administrative officer  
 278.32 of each associated entity must execute the request. If the volunteer firefighters are not

279.1 currently covered by a volunteer firefighter relief association, the cost analysis of the  
279.2 prospective retirement coverage must be requested by the chief administrative officer of  
279.3 the entity operating the fire department. The request must be made in writing and must be  
279.4 made on a form prescribed by the executive director.

279.5 (c) The cost analysis of the prospective retirement coverage by the lump-sum retirement  
279.6 division of the statewide retirement plan must be based on the service pension amount under  
279.7 section 353G.11 closest to the service pension amount provided by the volunteer firefighter  
279.8 relief association if the relief association is a lump-sum defined benefit plan, or the amount  
279.9 equal to 95 percent of the most current average account balance per relief association member  
279.10 if the relief association is a defined contribution plan, or to the lowest service pension amount  
279.11 under section 353G.11 if there is no volunteer firefighter relief association, rounded up, and  
279.12 any other service pension amount designated by the requester or requesters. The cost analysis  
279.13 must be prepared using a mathematical procedure certified as accurate by an approved  
279.14 actuary retained by the Public Employees Retirement Association.

279.15 (d) If a cost analysis is requested and a volunteer ~~firefighters'~~ firefighters relief association  
279.16 exists that has filed the information required under section ~~69.051~~ 424A.014 in a timely  
279.17 fashion, upon request by the executive director, the state auditor shall provide the most  
279.18 recent data available on the financial condition of the volunteer firefighter relief association,  
279.19 the most recent firefighter demographic data available, and a copy of the current relief  
279.20 association bylaws. If a cost analysis is requested, but no volunteer firefighter relief  
279.21 association exists, the chief administrative officer of the entity operating the fire department  
279.22 shall provide the demographic information on the volunteer firefighters serving as members  
279.23 of the fire department requested by the executive director.

279.24 **EFFECTIVE DATE.** This section is effective July 1, 2019.

279.25 Sec. 6. Minnesota Statutes 2018, section 353G.08, subdivision 1, is amended to read:

279.26 Subdivision 1. **Annual funding requirements; lump-sum retirement division.** (a)  
279.27 Annually, the executive director shall determine the funding requirements of each account  
279.28 in the lump-sum retirement division of the voluntary statewide volunteer firefighter retirement  
279.29 plan on or before August 1. The funding requirements computed under this subdivision  
279.30 must be determined using a mathematical procedure developed and certified as accurate by  
279.31 the approved actuary retained by the Public Employees Retirement Association and must  
279.32 be based on present value factors using a six percent interest rate, without any decrement  
279.33 assumptions. The funding requirements must be certified to the entity or entities associated  
279.34 with the fire department whose active firefighters are covered by the retirement plan.

280.1 (b) The overall funding balance of each lump-sum account for the current calendar year  
280.2 must be determined in the following manner:

280.3 (1) The total accrued liability for all active and deferred members of the account as of  
280.4 December 31 of the current year must be calculated based on the good time service credit  
280.5 of active and deferred members as of that date.

280.6 (2) The total present assets of the account projected to December 31 of the current year,  
280.7 including receipts by and disbursements from the account anticipated to occur on or before  
280.8 December 31, must be calculated. To the extent possible, the market value of assets must  
280.9 be utilized in making this calculation.

280.10 (3) The amount of the total present assets calculated under clause (2) must be subtracted  
280.11 from the amount of the total accrued liability calculated under clause (1). If the amount of  
280.12 total present assets exceeds the amount of the total accrued liability, then the account is  
280.13 considered to have a surplus over full funding. If the amount of the total present assets is  
280.14 less than the amount of the total accrued liability, then the account is considered to have a  
280.15 deficit from full funding. If the amount of total present assets is equal to the amount of the  
280.16 total accrued liability, then the special fund is considered to be fully funded.

280.17 (c) The financial requirements of each lump-sum account for the following calendar  
280.18 year must be determined in the following manner:

280.19 (1) The total accrued liability for all active and deferred members of the account as of  
280.20 December 31 of the calendar year next following the current calendar year must be calculated  
280.21 based on the good time service used in the calculation under paragraph (b), clause (1),  
280.22 increased by one year.

280.23 (2) The increase in the total accrued liability of the account for the following calendar  
280.24 year over the total accrued liability of the account for the current year must be calculated.

280.25 (3) The amount of administrative expenses of the account must be calculated by  
280.26 multiplying the per-person dollar amount of the administrative expenses for the most recent  
280.27 prior calendar year by the number of active and deferred firefighters reported to PERA on  
280.28 the most recent good time service credit certification form for each account.

280.29 (4) If the account is fully funded, the financial requirement of the account for the  
280.30 following calendar year is the total of the amounts calculated under clauses (2) and (3).

280.31 (5) If the account has a deficit from full funding, the financial requirement of the account  
280.32 for the following calendar year is the total of the amounts calculated under clauses (2) and



281.1 (3) plus an amount equal to one-tenth of the amount of the deficit from full funding of the  
281.2 account.

281.3 (6) If the account has a surplus over full funding, the financial requirement of the account  
281.4 for the following calendar year is the financial requirement of the account calculated as  
281.5 though the account was fully funded under clause (4) and, if the account has also had a  
281.6 surplus over full funding during the prior two years, additionally reduced by an amount  
281.7 equal to one-tenth of the amount of the surplus over full funding of the account.

281.8 (d) The required contribution of the entity or entities associated with the fire department  
281.9 whose active firefighters are covered by the lump-sum retirement division is the annual  
281.10 financial requirements of the lump-sum account of the retirement plan under paragraph (c)  
281.11 reduced by the amount of any fire state aid payable under ~~sections 69.011 to 69.051~~ chapter  
281.12 477B or police and firefighter retirement supplemental state aid payable under section  
281.13 423A.022 that is reasonably anticipated to be received by the retirement plan attributable  
281.14 to the entity or entities during the following calendar year, and an amount of interest on the  
281.15 assets projected to be received during the following calendar year calculated at the rate of  
281.16 six percent per annum. The required contribution must be allocated between the entities if  
281.17 more than one entity is involved. A reasonable amount of anticipated fire state aid is an  
281.18 amount that does not exceed the fire state aid actually received in the prior year multiplied  
281.19 by the factor 1.035.

281.20 (e) The required contribution calculated in paragraph (d) must be paid to the retirement  
281.21 plan on or before December 31 of the year for which it was calculated. If the contribution  
281.22 is not received by the retirement plan by December 31, it is payable with interest at an  
281.23 annual compound rate of six percent from the date due until the date payment is received  
281.24 by the retirement plan. If the entity does not pay the full amount of the required contribution,  
281.25 the executive director shall collect the unpaid amount under section 353.28, subdivision 6.

281.26 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

281.27 Sec. 7. Minnesota Statutes 2018, section 353G.08, subdivision 1a, is amended to read:

281.28 Subd. 1a. **Annual funding requirements; monthly benefit retirement division.** (a)  
281.29 Annually, the executive director shall determine the funding requirements of each monthly  
281.30 benefit account in the voluntary statewide volunteer firefighter retirement plan on or before  
281.31 August 1.

281.32 (b) The executive director must determine the funding requirements of a monthly benefit  
281.33 account under this subdivision from:

282.1 (1) the most recent actuarial valuation normal cost, administrative expense, including  
282.2 the cost of a regular actuarial valuation, and amortization results for the account determined  
282.3 by the approved actuary retained by the retirement association under sections 356.215 and  
282.4 356.216; and

282.5 (2) the standards for actuarial work, utilizing a six percent interest rate actuarial  
282.6 assumption and other actuarial assumptions approved under section 356.215, subdivision  
282.7 18:

282.8 (i) with that portion of any unfunded actuarial accrued liability attributable to a benefit  
282.9 increase to be amortized over a period of 20 years from the date of the benefit change;

282.10 (ii) with that portion of any unfunded actuarial accrued liability attributable to an  
282.11 assumption change or an actuarial method change to be amortized over a period of 20 years  
282.12 from the date of the assumption or method change;

282.13 (iii) with that portion of any unfunded actuarial accrued liability attributable to an  
282.14 investment loss to be amortized over a period of ten years from the date of investment loss;  
282.15 and

282.16 (iv) with the balance of any net unfunded actuarial accrued liability to be amortized over  
282.17 a period of five years from the date of the actuarial valuation.

282.18 (c) The required contributions of the entity or entities associated with the fire department  
282.19 whose active firefighters are covered by the monthly benefit retirement division are the  
282.20 annual financial requirements of the monthly benefit account of the retirement plan under  
282.21 paragraph (b) reduced by the amount of any fire state aid payable under ~~sections 69.011 to~~  
282.22 ~~69.051~~ chapter 477B, or any police and firefighter retirement supplemental state aid payable  
282.23 under section 423A.022, that is reasonably anticipated to be received by the retirement plan  
282.24 attributable to the entity or entities during the following calendar year. The required  
282.25 contribution must be allocated between the entities if more than one entity is involved. A  
282.26 reasonable amount of anticipated fire state aid is an amount that does not exceed the fire  
282.27 state aid actually received in the prior year multiplied by the factor 1.035.

282.28 (d) The required contribution calculated in paragraph (c) must be paid to the retirement  
282.29 plan on or before December 31 of the year for which it was calculated. If the contribution  
282.30 is not received by the retirement plan by December 31, it is payable with interest at an  
282.31 annual compound rate of six percent from the date due until the date payment is received  
282.32 by the retirement plan. If the entity does not pay the full amount of the required contribution,  
282.33 the executive director shall collect the unpaid amount under section 353.28, subdivision 6.

283.1 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

283.2 Sec. 8. Minnesota Statutes 2018, section 353G.17, subdivision 2, is amended to read:

283.3 Subd. 2. **Approval by the relief association.** (a) Before a transfer of records, assets,  
283.4 and liabilities from the retirement plan to a relief association may occur, the board of trustees  
283.5 of the relief association shall adopt resolutions as follows:

283.6 (1) approving and accepting the transfer of records, assets, and liabilities from the  
283.7 retirement plan; and

283.8 (2) amending the bylaws of the relief association as necessary to add the firefighters  
283.9 whose benefits are being transferred from the retirement plan and to provide that each benefit  
283.10 being transferred retains vesting, distribution, and other rights to which the firefighter, for  
283.11 whom the benefit is being transferred, is entitled under the terms of the retirement plan to  
283.12 the date of the transfer.

283.13 The board of trustees shall file a copy of the resolutions with the executive director.

283.14 (b) The board of trustees of the relief association shall file with the state auditor the  
283.15 following:

283.16 (1) a copy of the resolutions required under paragraph (a);

283.17 (2) a copy of the bylaws of the relief association and any bylaw amendments;

283.18 (3) a copy of the relief association's investment policy;

283.19 (4) a statement that a board of trustees has been duly elected and each trustee's name,  
283.20 address, telephone number, and e-mail address, if any;

283.21 (5) a copy of the most recent annual financial, investment, and plan administration report  
283.22 filed under section ~~69.051~~ 424A.014, unless the due date for the first report has not yet  
283.23 occurred; and

283.24 (6) a copy of the documentation indicating that a special fund has been established with  
283.25 a financial institution to receive a transfer of assets from the retirement plan.

283.26 (c) Upon receipt of the information and documents required under paragraph (b), the  
283.27 state auditor shall issue to the relief association and the executive director written  
283.28 confirmation of receipt of all required information and documents.

283.29 **EFFECTIVE DATE.** This section is effective July 1, 2019.

284.1 Sec. 9. Minnesota Statutes 2018, section 356.20, subdivision 4a, is amended to read:

284.2 Subd. 4a. **Financial report for police or firefighters relief association.** For any police  
284.3 or firefighter's firefighters relief association referred to in subdivision 2, clause (10) or (11),  
284.4 a financial report that is duly filed and that meets the requirements of section ~~69.051~~  
284.5 424A.014 is deemed to have met the requirements of subdivision 4.

284.6 **EFFECTIVE DATE.** This section is effective July 1, 2019.

284.7 Sec. 10. Minnesota Statutes 2018, section 356.219, subdivision 8, is amended to read:

284.8 Subd. 8. **Timing of reports.** (a) For the Bloomington Fire Department Relief Association  
284.9 and the volunteer firefighter relief associations, the information required under this section  
284.10 must be submitted by the due date for reports required under section ~~69.051, subdivision 1~~  
284.11 ~~or 1a~~ 424A.014, subdivision 1 or 2, as applicable. If a relief association satisfies the definition  
284.12 of a fully invested plan under subdivision 1, paragraph (b), for the calendar year covered  
284.13 by the report required under section ~~69.051, subdivision 1 or 1a~~ 424A.014, subdivision 1  
284.14 or 2, as applicable, the chief administrative officer of the covered pension plan shall certify  
284.15 that compliance on a form prescribed by the state auditor. The state auditor shall transmit  
284.16 annually to the State Board of Investment a list or lists of covered pension plans which  
284.17 submitted certifications in order to facilitate reporting by the State Board of Investment  
284.18 under paragraph (c).

284.19 (b) For the St. Paul Teachers Retirement Fund Association and the University of  
284.20 Minnesota faculty supplemental retirement plan, the information required under this section  
284.21 must be submitted to the state auditor by June 1 of each year.

284.22 (c) The State Board of Investment, on behalf of pension funds specified in subdivision  
284.23 1, paragraph (c), shall report information required under this section by September 1 of each  
284.24 year.

284.25 **EFFECTIVE DATE.** This section is effective July 1, 2019.

284.26 Sec. 11. Minnesota Statutes 2018, section 423A.02, subdivision 1b, is amended to read:

284.27 Subd. 1b. **Additional amortization state aid.** (a) Annually, the commissioner shall  
284.28 allocate the additional amortization state aid, if any, including any state aid in excess of the  
284.29 limitation in subdivision 4, on the following basis:

284.30 (1) 47.1 percent to the city of Minneapolis to defray the employer costs associated with  
284.31 police and firefighter retirement coverage;

285.1 (2) 25.8 percent as additional funding to support the minimum fire state aid for volunteer  
285.2 firefighter relief associations under section ~~69.021, subdivision 7, paragraph (d)~~ 477B.03,  
285.3 subdivision 5;

285.4 (3) 12.9 percent to the city of Duluth to defray employer costs associated with police  
285.5 and firefighter retirement coverage;

285.6 (4) 12.9 percent to the St. Paul Teachers Retirement Fund Association if the investment  
285.7 performance requirement of paragraph (c) is met; and

285.8 (5) 1.3 percent to the city of Virginia to defray the employer contribution under section  
285.9 353.665, subdivision 8, paragraph (d).

285.10 If there is no additional employer contribution under section 353.665, subdivision 8,  
285.11 paragraph (b), certified under subdivision 1, paragraph (d), clause (2), with respect to the  
285.12 former Minneapolis Police Relief Association and the former Minneapolis Fire Department  
285.13 Relief Association, the commissioner shall allocate that 47.1 percent of the aid as follows:  
285.14 49 percent to the Teachers Retirement Association, 21 percent to the St. Paul Teachers  
285.15 Retirement Fund Association, and 30 percent as additional funding to support minimum  
285.16 fire state aid for volunteer firefighter relief associations under section ~~69.021, subdivision~~  
285.17 ~~7, paragraph (d)~~ 477B.03, subdivision 5. If there is no employer contribution by the city of  
285.18 Virginia under section 353.665, subdivision 8, paragraph (d), for the former Virginia Fire  
285.19 Department Relief Association certified on or before June 30 by the executive director of  
285.20 the Public Employees Retirement Association, the commissioner shall allocate that 1.3  
285.21 percent of the aid as follows: 49 percent to the Teachers Retirement Association, 21 percent  
285.22 to the St. Paul Teachers Retirement Fund Association, and 30 percent as additional funding  
285.23 to support minimum fire state aid for volunteer firefighter relief associations under section  
285.24 ~~69.021, subdivision 7, paragraph (d)~~ 477B.03, subdivision 5.

285.25 (b) The allocation must be made by the commissioner of revenue on October 1 annually.

285.26 (c) With respect to the St. Paul Teachers Retirement Fund Association, annually, if the  
285.27 teacher's association five-year average time-weighted rate of investment return does not  
285.28 equal or exceed the performance of a composite portfolio assumed passively managed  
285.29 (indexed) invested ten percent in cash equivalents, 60 percent in bonds and similar debt  
285.30 securities, and 30 percent in domestic stock calculated using the formula under section  
285.31 11A.04, clause (11), the aid allocation to the retirement fund under this section ceases until  
285.32 the five-year annual rate of investment return equals or exceeds the performance of that  
285.33 composite portfolio.

286.1 (d) The amounts required under this subdivision are the amounts annually appropriated  
286.2 to the commissioner of revenue under section ~~69.021, subdivision 11~~ 477B.03, subdivision  
286.3 5, paragraph (d), if any, and the aid amounts in excess of the limitation in subdivision 4.

286.4 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

286.5 Sec. 12. Minnesota Statutes 2018, section 423A.02, subdivision 3, is amended to read:

286.6 Subd. 3. **Reallocation of amortization state aid.** (a) Seventy percent of the difference  
286.7 between \$5,720,000 and the current year amortization aid distributed under subdivision 1  
286.8 that is not distributed for any reason to a municipality must be distributed by the  
286.9 commissioner of revenue according to this paragraph. The commissioner shall distribute  
286.10 60 percent of the amounts derived under this paragraph to the Teachers Retirement  
286.11 Association, and 40 percent to the St. Paul Teachers Retirement Fund Association to fund  
286.12 the unfunded actuarial accrued liabilities of the respective funds. These payments must be  
286.13 made on July 15 each fiscal year. If the St. Paul Teachers Retirement Fund Association or  
286.14 the Teachers Retirement Association satisfies subdivision 5, eligibility for its portion of this  
286.15 aid ceases. Amounts remaining in the undistributed balance account at the end of the  
286.16 biennium if aid eligibility ceases cancel to the general fund.

286.17 (b) In order to receive amortization aid under paragraph (a), before June 30 annually  
286.18 Independent School District No. 625, St. Paul, must make an additional contribution of  
286.19 \$800,000 each year to the St. Paul Teachers Retirement Fund Association.

286.20 (c) Thirty percent of the difference between \$5,720,000 and the current year amortization  
286.21 aid under subdivision 1 that is not distributed for any reason to a municipality must be  
286.22 distributed under section ~~69.021, subdivision 7, paragraph (d)~~ 477B.03, subdivision 5, as  
286.23 additional funding to support a minimum fire state aid amount for volunteer firefighter relief  
286.24 associations.

286.25 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

286.26 Sec. 13. Minnesota Statutes 2018, section 423A.022, subdivision 2, is amended to read:

286.27 Subd. 2. **Allocation.** (a) Of the total amount appropriated as supplemental state aid:

286.28 (1) 58.064 percent must be paid to the executive director of the Public Employees  
286.29 Retirement Association for deposit in the public employees police and fire retirement fund  
286.30 established by section 353.65, subdivision 1;

286.31 (2) 35.484 percent must be paid to municipalities other than municipalities solely  
286.32 employing firefighters with retirement coverage provided by the public employees police

287.1 and fire retirement plan which qualified to receive fire state aid in that calendar year, allocated  
287.2 in proportion to the most recent amount of fire state aid paid under section ~~69.021~~,  
287.3 ~~subdivision 7~~ 477B.04, for the municipality bears to the most recent total fire state aid for  
287.4 all municipalities other than the municipalities solely employing firefighters with retirement  
287.5 coverage provided by the public employees police and fire retirement plan paid under section  
287.6 ~~69.021~~, ~~subdivision 7~~ 477B.04, with the allocated amount for fire departments participating  
287.7 in the voluntary statewide lump-sum volunteer firefighter retirement plan paid to the  
287.8 executive director of the Public Employees Retirement Association for deposit in the fund  
287.9 established by section 353G.02, subdivision 3, and credited to the respective account and  
287.10 with the balance paid to the treasurer of each municipality for transmittal within 30 days of  
287.11 receipt to the treasurer of the applicable volunteer firefighter relief association for deposit  
287.12 in its special fund; and

287.13 (3) 6.452 percent must be paid to the executive director of the Minnesota State Retirement  
287.14 System for deposit in the state patrol retirement fund.

287.15 (b) For purposes of this section, the term "municipalities" includes independent nonprofit  
287.16 firefighting corporations that participate in the voluntary statewide lump-sum volunteer  
287.17 firefighter retirement plan under chapter 353G or with subsidiary volunteer firefighter relief  
287.18 associations operating under chapter 424A.

287.19 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

287.20 Sec. 14. Minnesota Statutes 2018, section 423A.022, subdivision 4, is amended to read:

287.21 Subd. 4. **Payments; conditions prerequisite.** (a) The payments under this section must  
287.22 be made on October 1 each year, with interest at one percent for each month, or portion of  
287.23 a month, that the amount remains unpaid after October 1. Any necessary adjustments must  
287.24 be made to subsequent payments.

287.25 (b) The provisions of ~~sections 69.011 to 69.051~~ chapter 477B and section 424A.014 that  
287.26 prevent municipalities and relief associations from being eligible for, or receiving fire state  
287.27 aid under ~~sections 69.011 to 69.051~~ chapter 477B and section 424A.014 until the applicable  
287.28 financial reporting requirements have been complied with, apply to the amounts payable to  
287.29 municipalities and relief associations under this section.

287.30 **EFFECTIVE DATE.** This section is effective July 1, 2019, except the references to  
287.31 Minnesota Statutes, chapter 477B, are effective for aids payable in 2020 and thereafter.

288.1 Sec. 15. Minnesota Statutes 2018, section 424A.016, subdivision 2, is amended to read:

288.2 Subd. 2. **Defined contribution service pension eligibility.** (a) A relief association,  
288.3 when its articles of incorporation or bylaws so provide, may pay out of the assets of its  
288.4 special fund a defined contribution service pension to each of its members who:

288.5 (1) separates from active service with the fire department;

288.6 (2) reaches age 50;

288.7 (3) completes at least five years of active service as an active member of the fire  
288.8 department to which the relief association is associated;

288.9 (4) completes at least five years of active membership with the relief association before  
288.10 separation from active service; and

288.11 (5) complies with any additional conditions as to age, service, and membership that are  
288.12 prescribed by the bylaws of the relief association.

288.13 (b) In the case of a member who has completed at least five years of active service as  
288.14 an active member of the fire department to which the relief association is associated on the  
288.15 date that the relief association is established and incorporated, the requirement that the  
288.16 member complete at least five years of active membership with the relief association before  
288.17 separation from active service may be waived by the board of trustees of the relief association  
288.18 if the member completes at least five years of inactive membership with the relief association  
288.19 before the date of the payment of the service pension. During the period of inactive  
288.20 membership, the member is not entitled to receive any disability benefit coverage, is not  
288.21 entitled to receive additional individual account allocation of fire state aid or municipal  
288.22 contribution towards a service pension, and is considered to have the status of a person  
288.23 entitled to a deferred service pension.

288.24 (c) The service pension earned by a volunteer under this chapter and the articles of  
288.25 incorporation and bylaws of the relief association may be paid whether or not the municipality  
288.26 or independent nonprofit firefighting corporation to which the relief association is associated  
288.27 qualifies for the receipt of fire state aid under chapter ~~69~~ 477B.

288.28 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

288.29 Sec. 16. Minnesota Statutes 2018, section 424A.016, subdivision 4, is amended to read:

288.30 Subd. 4. **Individual accounts.** (a) An individual account must be established for each  
288.31 firefighter who is a member of the relief association.

288.32 (b) To each individual active member account must be credited an equal share of:



289.1 (1) any amounts of fire state aid and police and firefighter retirement supplemental state  
289.2 aid received by the relief association;

289.3 (2) any amounts of municipal contributions to the relief association raised from levies  
289.4 on real estate or from other available municipal revenue sources exclusive of fire state aid;  
289.5 and

289.6 (3) any amounts equal to the share of the assets of the special fund to the credit of:

289.7 (i) any former member who terminated active service with the fire department to which  
289.8 the relief association is associated before meeting the minimum service requirement provided  
289.9 for in subdivision 2, paragraph (b), and has not returned to active service with the fire  
289.10 department for a period no shorter than five years; or

289.11 (ii) any retired member who retired before obtaining a full nonforfeitable interest in the  
289.12 amounts credited to the individual member account under subdivision 2, paragraph (b), and  
289.13 any applicable provision of the bylaws of the relief association. In addition, any investment  
289.14 return on the assets of the special fund must be credited in proportion to the share of the  
289.15 assets of the special fund to the credit of each individual active member account.

289.16 Administrative expenses of the relief association payable from the special fund may be  
289.17 deducted from individual accounts in a manner specified in the bylaws of the relief  
289.18 association.

289.19 (c) If the bylaws so permit and as the bylaws define, the relief association may credit  
289.20 any investment return on the assets of the special fund to the accounts of inactive members.

289.21 (d) Amounts to be credited to individual accounts must be allocated uniformly for all  
289.22 years of active service and allocations must be made for all years of service, except for caps  
289.23 on service credit if so provided in the bylaws of the relief association. Amounts forfeited  
289.24 under paragraph (b), clause (3), before a resumption of active service and membership under  
289.25 section 424A.01, subdivision 6, remain forfeited and may not be reinstated upon the  
289.26 resumption of active service and membership. The allocation method may utilize monthly  
289.27 proration for fractional years of service, as the bylaws or articles of incorporation of the  
289.28 relief association so provide. The bylaws or articles of incorporation may define a "month,"  
289.29 but the definition must require a calendar month to have at least 16 days of active service.  
289.30 If the bylaws or articles of incorporation do not define a "month," a "month" is a completed  
289.31 calendar month of active service measured from the member's date of entry to the same date  
289.32 in the subsequent month.

289.33 (e) At the time of retirement under subdivision 2 and any applicable provision of the  
289.34 bylaws of the relief association, a retiring member is entitled to that portion of the assets of

290.1 the special fund to the credit of the member in the individual member account which is  
290.2 nonforfeitable under subdivision 3 and any applicable provision of the bylaws of the relief  
290.3 association based on the number of years of service to the credit of the retiring member.

290.4 (f) Annually, the secretary of the relief association shall certify the individual account  
290.5 allocations to the state auditor at the same time that the annual financial statement or financial  
290.6 report and audit of the relief association, whichever applies, is due under section ~~69.051~~  
290.7 424A.014.

290.8 **EFFECTIVE DATE.** This section is effective July 1, 2019.

290.9 Sec. 17. Minnesota Statutes 2018, section 424A.02, subdivision 1, is amended to read:

290.10 Subdivision 1. **Authorization.** (a) A defined benefit relief association, when its articles  
290.11 of incorporation or bylaws so provide, may pay out of the assets of its special fund a defined  
290.12 benefit service pension to each of its members who: (1) separates from active service with  
290.13 the fire department; (2) reaches age 50; (3) completes at least five years of active service  
290.14 as an active member of the fire department to which the relief association is associated; (4)  
290.15 completes at least five years of active membership with the relief association before  
290.16 separation from active service; and (5) complies with any additional conditions as to age,  
290.17 service, and membership that are prescribed by the bylaws of the relief association. A service  
290.18 pension computed under this section may be prorated monthly for fractional years of service  
290.19 as the bylaws or articles of incorporation of the relief association so provide. The bylaws  
290.20 or articles of incorporation may define a "month," but the definition must require a calendar  
290.21 month to have at least 16 days of active service. If the bylaws or articles of incorporation  
290.22 do not define a "month," a "month" is a completed calendar month of active service measured  
290.23 from the member's date of entry to the same date in the subsequent month. The service  
290.24 pension earned by a volunteer firefighter under this chapter and the articles of incorporation  
290.25 and bylaws of the volunteer firefighters relief association may be paid whether or not the  
290.26 municipality or independent nonprofit firefighting corporation to which the relief association  
290.27 is associated qualifies for the receipt of fire state aid under chapter ~~69~~ 477B.

290.28 (b) In the case of a member who has completed at least five years of active service as  
290.29 an active member of the fire department to which the relief association is associated on the  
290.30 date that the relief association is established and incorporated, the requirement that the  
290.31 member complete at least five years of active membership with the relief association before  
290.32 separation from active service may be waived by the board of trustees of the relief association  
290.33 if the member completes at least five years of inactive membership with the relief association  
290.34 before the date of the payment of the service pension. During the period of inactive

291.1 membership, the member is not entitled to receive disability benefit coverage, is not entitled  
291.2 to receive additional service credit towards computation of a service pension, and is  
291.3 considered to have the status of a person entitled to a deferred service pension under  
291.4 subdivision 7.

291.5 (c) No municipality, independent nonprofit firefighting corporation, or joint powers  
291.6 entity may delegate the power to take final action in setting a service pension or ancillary  
291.7 benefit amount or level to the board of trustees of the relief association or to approve in  
291.8 advance a service pension or ancillary benefit amount or level equal to the maximum amount  
291.9 or level that this chapter would allow rather than a specific dollar amount or level.

291.10 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

291.11 Sec. 18. Minnesota Statutes 2018, section 424A.02, subdivision 3a, is amended to read:

291.12 Subd. 3a. **Penalty for paying pension greater than applicable maximum.** (a) If a  
291.13 defined benefit relief association pays a service pension greater than the maximum service  
291.14 pension associated with the applicable average amount of available financing per active  
291.15 covered firefighter under the table in subdivision 3, paragraph (c) or (d), whichever applies,  
291.16 the maximum service pension under subdivision 3, paragraph (f), or the applicable maximum  
291.17 service pension amount specified in subdivision 3, paragraph (g), whichever is less, the  
291.18 state auditor shall:

291.19 (1) disqualify the municipality or the independent nonprofit firefighting corporation  
291.20 associated with the relief association from receiving fire state aid by making the appropriate  
291.21 notification to the municipality and the commissioner of revenue, with the disqualification  
291.22 applicable for the next apportionment and payment of fire state aid; and

291.23 (2) order the treasurer of the applicable relief association to recover the amount of the  
291.24 overpaid service pension or pensions from any retired firefighter who received an  
291.25 overpayment.

291.26 (b) Fire state aid amounts from disqualified municipalities for the period of  
291.27 disqualifications under paragraph (a), clause (1), must be credited to the amount of fire  
291.28 insurance premium tax proceeds available for the next subsequent fire state aid  
291.29 apportionment.

291.30 (c) The amount of any overpaid service pension recovered under paragraph (a), clause  
291.31 (2), must be credited to the amount of fire insurance premium tax proceeds available for  
291.32 the next subsequent fire state aid apportionment.

292.1 (d) The determination of the state auditor that a relief association has paid a service  
 292.2 pension greater than the applicable maximum must be made on the basis of the information  
 292.3 filed by the relief association and the municipality with the state auditor under ~~sections~~  
 292.4 ~~69.011, subdivision 2, and 69.051, subdivision 1 or 1a, whichever applies,~~ this chapter and  
 292.5 any other relevant information that comes to the attention of the state auditor. The  
 292.6 determination of the state auditor is final. An aggrieved municipality, relief association, or  
 292.7 person may appeal the determination under section 480A.06.

292.8 (e) The state auditor may certify, upon learning that a relief association overpaid a service  
 292.9 pension based on an error in the maximum service pension calculation, the municipality or  
 292.10 independent nonprofit firefighting corporation associated with the relief association for fire  
 292.11 state aid if (1) there is evidence that the error occurred in good faith, and (2) the relief  
 292.12 association has initiated recovery of any overpayment amount. Notwithstanding paragraph  
 292.13 (c), all overpayments recovered under this paragraph must be credited to the relief  
 292.14 association's special fund.

292.15 **EFFECTIVE DATE.** This section is effective July 1, 2019.

292.16 Sec. 19. Minnesota Statutes 2018, section 424A.02, subdivision 10, is amended to read:

292.17 Subd. 10. **Local approval of bylaw amendments; filing requirements.** (a) Each defined  
 292.18 benefit relief association to which this section applies must file a revised copy of its governing  
 292.19 bylaws with the state auditor upon the adoption of any amendment to its governing bylaws  
 292.20 by the relief association or upon the approval of any amendment to its governing bylaws  
 292.21 granted by the governing body of each municipality served by the fire department to which  
 292.22 the relief association is directly associated. Failure of the relief association to file a copy of  
 292.23 the bylaws or any bylaw amendments with the state auditor disqualifies the municipality  
 292.24 from the distribution of any future fire state aid until this filing requirement has been  
 292.25 completed.

292.26 (b) If the special fund of the relief association does not have a surplus over full funding  
 292.27 under section 424A.092, subdivision 3, paragraph (c), clause (5), or 424A.093, subdivision  
 292.28 4, and if the municipality is required to provide financial support to the special fund of the  
 292.29 relief association under section 424A.092 or 424A.093, no bylaw amendment which would  
 292.30 affect the amount of, the manner of payment of, or the conditions for qualification for service  
 292.31 pensions or ancillary benefits or disbursements other than administrative expenses authorized  
 292.32 under section ~~69.80~~ 424A.05, subdivision 3b, payable from the special fund of the relief  
 292.33 association is effective until it has been ratified as required under section 424A.092,  
 292.34 subdivision 6, or 424A.093, subdivision 6. If the special fund of the relief association has

293.1 a surplus over full funding under section 424A.092, subdivision 3, or 424A.093, subdivision  
 293.2 4, and if the municipality is not required to provide financial support to the special fund  
 293.3 under this section, the relief association may adopt or amend without municipal ratification  
 293.4 its articles of incorporation or bylaws which increase or otherwise affect the service pensions  
 293.5 or ancillary benefits payable from the special fund if authorized under section 424A.092,  
 293.6 subdivision 6, or 424A.093, subdivision 6.

293.7 (c) If the relief association pays only a lump-sum pension, the financial requirements  
 293.8 are to be determined by the board of trustees following the preparation of an estimate of  
 293.9 the expected increase in the accrued liability and annual accruing liability of the relief  
 293.10 association attributable to the change. If the relief association pays a monthly benefit service  
 293.11 pension, the financial requirements are to be determined by the board of trustees following  
 293.12 either an updated actuarial valuation including the proposed change or an estimate of the  
 293.13 expected actuarial impact of the proposed change prepared by the actuary of the relief  
 293.14 association. If a relief association adopts or amends its articles of incorporation or bylaws  
 293.15 without municipal ratification under this subdivision, and, subsequent to the amendment or  
 293.16 adoption, the financial requirements of the special fund under this section are such so as to  
 293.17 require financial support from the municipality, the provision which was implemented  
 293.18 without municipal ratification is no longer effective without municipal ratification, and any  
 293.19 service pensions or ancillary benefits payable after that date must be paid only in accordance  
 293.20 with the articles of incorporation or bylaws as amended or adopted with municipal  
 293.21 ratification.

293.22 **EFFECTIVE DATE.** This section is effective July 1, 2019.

293.23 Sec. 20. Minnesota Statutes 2018, section 424A.03, subdivision 2, is amended to read:

293.24 Subd. 2. **Penalties for violations.** A municipality which has a fire department associated  
 293.25 with a relief association which violates the provisions of subdivision 1 is directly associated  
 293.26 or which contracts with an independent nonprofit firefighting corporation associated with  
 293.27 a relief association which violates the provisions of subdivision 1 is a subsidiary may not  
 293.28 be included in the apportionment of fire state aid ~~to the applicable county auditor and police~~  
 293.29 and firefighter retirement supplemental state aid payable under section 69.021, subdivision  
 293.30 6, chapter 477B and section 423A.022 and may not be included in the apportionment of  
 293.31 fire state aid ~~by the county auditor~~ to the various municipalities under section 69.021,  
 293.32 ~~subdivision 7~~ 477B.03.

293.33 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

294.1 Sec. 21. Minnesota Statutes 2018, section 424A.05, subdivision 2, is amended to read:

294.2 Subd. 2. **Special fund assets and revenues.** The special fund must be credited with all  
294.3 fire state aid and police and firefighter retirement supplemental state aid received under  
294.4 ~~sections 69.011 to 69.051~~ chapter 477B and section 423A.022, all taxes levied by or other  
294.5 revenues received from the municipality under sections 424A.091 to 424A.096 or any  
294.6 applicable special law requiring municipal support for the relief association, any funds or  
294.7 property donated, given, granted or devised by any person which is specified for use for the  
294.8 support of the special fund and any interest or investment return earned upon the assets of  
294.9 the special fund. The treasurer of the relief association is the custodian of the assets of the  
294.10 special fund and must be the recipient on behalf of the special fund of all revenues payable  
294.11 to the special fund. The treasurer shall maintain adequate records documenting any  
294.12 transaction involving the assets or the revenues of the special fund. These records and the  
294.13 bylaws of the relief association are public and must be open for inspection by any member  
294.14 of the relief association, any officer or employee of the state or of the municipality, or any  
294.15 member of the public, at reasonable times and places.

294.16 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

294.17 Sec. 22. Minnesota Statutes 2018, section 424A.05, subdivision 3, is amended to read:

294.18 Subd. 3. **Authorized disbursements from special fund.** (a) Disbursements from the  
294.19 special fund may not be made for any purpose other than one of the following:

294.20 (1) for the payment of service pensions to retired members of the relief association if  
294.21 authorized and paid under law and the bylaws governing the relief association;

294.22 (2) for the purchase of an annuity for the applicable person under section 424A.015,  
294.23 subdivision 3, for the transfer of service pension or benefit amounts to the applicable person's  
294.24 individual retirement account under section 424A.015, subdivision 4, or to the applicable  
294.25 person's account in the Minnesota deferred compensation plan under section 424A.015,  
294.26 subdivision 5;

294.27 (3) for the payment of temporary or permanent disability benefits to disabled members  
294.28 of the relief association if authorized and paid under law and specified in amount in the  
294.29 bylaws governing the relief association;

294.30 (4) for the payment of survivor benefits or for the payment of a death benefit to the estate  
294.31 of the deceased active or deferred firefighter, if authorized and paid under law and specified  
294.32 in amount in the bylaws governing the relief association;

295.1 (5) for the payment of the fees, dues and assessments to the Minnesota State Fire  
 295.2 Department Association and to the Minnesota State Fire Chiefs Association in order to  
 295.3 entitle relief association members to membership in and the benefits of these associations  
 295.4 or organizations;

295.5 (6) for the payment of insurance premiums to the state Volunteer Firefighters Benefit  
 295.6 Association, or an insurance company licensed by the state of Minnesota offering casualty  
 295.7 insurance, in order to entitle relief association members to membership in and the benefits  
 295.8 of the association or organization; and

295.9 (7) for the payment of administrative expenses of the relief association as authorized  
 295.10 under ~~section 69.80~~ subdivision 3b.

295.11 (b) Checks or authorizations for electronic fund transfers for disbursements authorized  
 295.12 by this section must be signed by the relief association treasurer and at least one other elected  
 295.13 trustee who has been designated by the board of trustees to sign the checks or authorizations.  
 295.14 A relief association may make disbursements authorized by this subdivision by electronic  
 295.15 fund transfers only if the specific method of payment and internal control policies and  
 295.16 procedures regarding the method are approved by the board of trustees.

295.17 **EFFECTIVE DATE.** This section is effective July 1, 2019.

295.18 Sec. 23. Minnesota Statutes 2018, section 424A.07, is amended to read:

295.19 **424A.07 NONPROFIT FIREFIGHTING CORPORATIONS; ESTABLISHMENT**  
 295.20 **OF RELIEF ASSOCIATIONS.**

295.21 Before paying any service pensions or retirement benefits under section 424A.02 or  
 295.22 before becoming entitled to receive any amounts of fire state aid upon transmittal from a  
 295.23 contracting municipality under section ~~69.031, subdivision 5~~ 477B.04, subdivision 3, an  
 295.24 independent nonprofit firefighting corporation shall establish a volunteer firefighters relief  
 295.25 association governed by this chapter.

295.26 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

295.27 Sec. 24. Minnesota Statutes 2018, section 424A.091, subdivision 3, is amended to read:

295.28 Subd. 3. **Remedy for noncompliance; determination.** (a) A municipality in which  
 295.29 there exists a firefighters relief association as specified in subdivision 1 which does not  
 295.30 comply with the applicable provisions of sections 424A.091 to 424A.096 or the provisions  
 295.31 of any applicable special law relating to the funding or financing of the association does  
 295.32 not qualify initially to receive, and is not entitled subsequently to retain, fire state aid under

296.1 ~~sections 69.011 to 69.051~~ chapter 477B until the reason for the disqualification specified  
296.2 by the state auditor is remedied, whereupon the municipality or relief association, if otherwise  
296.3 qualified, is entitled to again receive fire state aid for the year occurring immediately  
296.4 subsequent to the year in which the disqualification is remedied.

296.5 (b) The state auditor shall determine if a municipality to which a firefighters' relief  
296.6 association is directly associated or a firefighters relief association fails to comply with the  
296.7 provisions of sections 424A.091 to 424A.096 or the funding or financing provisions of any  
296.8 applicable special law based upon the information contained in the annual financial report  
296.9 of the firefighters relief association required under section ~~69.051~~ 424A.014, the actuarial  
296.10 valuation of the relief association, if applicable, the relief association officers' financial  
296.11 requirements of the relief association and minimum municipal obligation determination  
296.12 documentation under section 424A.092, subdivisions 3 and 4; 424A.093, subdivisions 4  
296.13 and 5; or 424A.094, subdivision 2, if requested to be filed by the state auditor, the applicable  
296.14 municipal or independent nonprofit firefighting corporation budget, if requested to be filed  
296.15 by the state auditor, and any other relevant documents or reports obtained by the state  
296.16 auditor.

296.17 (c) The municipality or independent nonprofit firefighting corporation and the associated  
296.18 relief association are not eligible to receive or to retain fire state aid if:

296.19 (1) the relief association fails to prepare or to file the financial report or financial  
296.20 statement under section ~~69.051~~ 424A.014;

296.21 (2) the relief association treasurer is not bonded in the manner and in the amount required  
296.22 by ~~section 69.051, subdivision 2~~ 424A.014, subdivision 4;

296.23 (3) the relief association officers fail to determine or improperly determine the accrued  
296.24 liability and the annual accruing liability of the relief association under section 424A.092,  
296.25 subdivisions 2, 2a, and 3, paragraph (c), clause (2), if applicable;

296.26 (4) if applicable, the relief association officers fail to obtain and file a required actuarial  
296.27 valuation or the officers file an actuarial valuation that does not contain the special fund  
296.28 actuarial liability calculated under the entry age normal actuarial cost method, the special  
296.29 fund current assets, the special fund unfunded actuarial accrued liability, the special fund  
296.30 normal cost under the entry age normal actuarial cost method, the amortization requirement  
296.31 for the special fund unfunded actuarial accrued liability by the applicable target date, a  
296.32 summary of the applicable benefit plan, a summary of the membership of the relief  
296.33 association, a summary of the actuarial assumptions used in preparing the valuation, and a



297.1 signed statement by the actuary attesting to its results and certifying to the qualifications of  
297.2 the actuary as an approved actuary under section 356.215, subdivision 1, paragraph (c);

297.3 (5) the municipality failed to provide a municipal contribution, or the independent  
297.4 nonprofit firefighting corporation failed to provide a corporate contribution, in the amount  
297.5 equal to the minimum municipal obligation if the relief association is governed under section  
297.6 424A.092, or the amount necessary, when added to the fire state aid actually received in  
297.7 the plan year in question, to at least equal in total the calculated annual financial requirements  
297.8 of the special fund of the relief association if the relief association is governed under section  
297.9 424A.093, and, if the municipal or corporate contribution is deficient, the municipality  
297.10 failed to include the minimum municipal obligation certified under section 424A.092,  
297.11 subdivision 3, or 424A.093, subdivision 5, in its budget and tax levy or the independent  
297.12 nonprofit firefighting corporation failed to include the minimum corporate obligation certified  
297.13 under section 424A.094, subdivision 2, in the corporate budget;

297.14 (6) the defined benefit relief association did not receive municipal ratification for the  
297.15 most recent plan amendment when municipal ratification was required under section 424A.02,  
297.16 subdivision 10; 424A.092, subdivision 6; or 424A.093, subdivision 6;

297.17 (7) the relief association invested special fund assets in an investment security that is  
297.18 not authorized under section 424A.095;

297.19 (8) the relief association had an administrative expense that is not authorized under  
297.20 section ~~69.80~~ or 424A.05, subdivision 3 or 3b, or the municipality had an expenditure that  
297.21 is not authorized under section 424A.08;

297.22 (9) the relief association officers fail to provide a complete and accurate public pension  
297.23 plan investment portfolio and performance disclosure under section 356.219;

297.24 (10) the relief association fails to obtain the acknowledgment from a broker of the  
297.25 statement of investment restrictions under section 356A.06, subdivision 8b;

297.26 (11) the relief association officers permitted to occur a prohibited transaction under  
297.27 section 356A.06, subdivision 9, or 424A.04, subdivision 2a, or failed to undertake correction  
297.28 of a prohibited transaction that did occur; or

297.29 (12) the relief association pays a defined benefit service pension in an amount that is in  
297.30 excess of the applicable service pension maximum under section 424A.02, subdivision 3.

297.31 **EFFECTIVE DATE.** This section is effective July 1, 2019, except the reference to  
297.32 Minnesota Statutes, chapter 477B, is effective for aids payable in 2020 and thereafter.

298.1 Sec. 25. Minnesota Statutes 2018, section 424A.092, subdivision 3, is amended to read:

298.2 Subd. 3. **Financial requirements of relief association; minimum obligation of**  
298.3 **municipality.** (a) During the month of July, the officers of the relief association shall  
298.4 determine the overall funding balance of the special fund for the current calendar year, the  
298.5 financial requirements of the special fund for the following calendar year and the minimum  
298.6 obligation of the municipality with respect to the special fund for the following calendar  
298.7 year in accordance with the requirements of this subdivision.

298.8 (b) The overall funding balance of the special fund for the current calendar year must  
298.9 be determined in the following manner:

298.10 (1) The total accrued liability of the special fund for all active and deferred members of  
298.11 the relief association as of December 31 of the current year must be calculated under  
298.12 subdivisions 2 and 2a, if applicable.

298.13 (2) The total present assets of the special fund projected to December 31 of the current  
298.14 year, including receipts by and disbursements from the special fund anticipated to occur on  
298.15 or before December 31, must be calculated. To the extent possible, for those assets for which  
298.16 a market value is readily ascertainable, the current market value as of the date of the  
298.17 calculation for those assets must be utilized in making this calculation. For any asset for  
298.18 which no market value is readily ascertainable, the cost value or the book value, whichever  
298.19 is applicable, must be utilized in making this calculation.

298.20 (3) The amount of the total present assets of the special fund calculated under clause (2)  
298.21 must be subtracted from the amount of the total accrued liability of the special fund calculated  
298.22 under clause (1). If the amount of total present assets exceeds the amount of the total accrued  
298.23 liability, then the special fund is considered to have a surplus over full funding. If the amount  
298.24 of the total present assets is less than the amount of the total accrued liability, then the  
298.25 special fund is considered to have a deficit from full funding. If the amount of total present  
298.26 assets is equal to the amount of the total accrued liability, then the special fund is considered  
298.27 to be fully funded.

298.28 (c) The financial requirements of the special fund for the following calendar year must  
298.29 be determined in the following manner:

298.30 (1) The total accrued liability of the special fund for all active and deferred members of  
298.31 the relief association as of December 31 of the calendar year next following the current  
298.32 calendar year must be calculated under subdivisions 2 and 2a, if applicable.

299.1 (2) The increase in the total accrued liability of the special fund for the following calendar  
299.2 year over the total accrued liability of the special fund for the current year must be calculated.

299.3 (3) The amount of anticipated future administrative expenses of the special fund must  
299.4 be calculated by multiplying the dollar amount of the administrative expenses of the special  
299.5 fund for the most recent prior calendar year by the factor of 1.035.

299.6 (4) If the special fund is fully funded, the financial requirements of the special fund for  
299.7 the following calendar year are the total of the amounts calculated under clauses (2) and  
299.8 (3).

299.9 (5) If the special fund has a deficit from full funding, the financial requirements of the  
299.10 special fund for the following calendar year are the financial requirements of the special  
299.11 fund calculated as though the special fund were fully funded under clause (4) plus an amount  
299.12 equal to one-tenth of the original amount of the deficit from full funding of the special fund  
299.13 as determined under clause (2) resulting either from an increase in the amount of the service  
299.14 pension occurring in the last ten years or from a net annual investment loss occurring during  
299.15 the last ten years until each increase in the deficit from full funding is fully retired. The  
299.16 annual amortization contribution under this clause may not exceed the amount of the deficit  
299.17 from full funding.

299.18 (6) If the special fund has a surplus over full funding, the financial requirements of the  
299.19 special fund for the following calendar year are the financial requirements of the special  
299.20 fund calculated as though the special fund were fully funded under clause (4) reduced by  
299.21 an amount equal to one-tenth of the amount of the surplus over full funding of the special  
299.22 fund.

299.23 (d) The minimum obligation of the municipality with respect to the special fund is the  
299.24 financial requirements of the special fund reduced by the amount of any fire state aid and  
299.25 police and firefighter retirement supplemental state aid payable under ~~sections 69.011 to~~  
299.26 ~~69.051~~ chapter 477B and section 423A.022 reasonably anticipated to be received by the  
299.27 municipality for transmittal to the special fund during the following calendar year, an amount  
299.28 of interest on the assets of the special fund projected to the beginning of the following  
299.29 calendar year calculated at the rate of five percent per annum, and the amount of any  
299.30 contributions to the special fund required by the relief association bylaws from the active  
299.31 members of the relief association reasonably anticipated to be received during the following  
299.32 calendar year. A reasonable amount of anticipated fire state aid is an amount that does not  
299.33 exceed the fire state aid actually received in the prior year multiplied by the factor 1.035.

299.34 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

300.1 Sec. 26. Minnesota Statutes 2018, section 424A.092, subdivision 4, is amended to read:

300.2 Subd. 4. **Certification of financial requirements and minimum municipal obligation;**  
300.3 **levy.** (a) The officers of the relief association shall certify the financial requirements of the  
300.4 special fund of the relief association and the minimum obligation of the municipality with  
300.5 respect to the special fund of the relief association as determined under subdivision 3 on or  
300.6 before August 1 of each year. The certification must be made to the entity that is responsible  
300.7 for satisfying the minimum obligation with respect to the special fund of the relief association.  
300.8 If the responsible entity is a joint powers entity, the certification must be made in the manner  
300.9 specified in the joint powers agreement, or if the joint powers agreement is silent on this  
300.10 point, the certification must be made to the chair of the joint powers board.

300.11 (b) The financial requirements of the relief association and the minimum municipal  
300.12 obligation must be included in the financial report or financial statement under section  
300.13 ~~69.051~~ 424A.014. The schedule forms related to the determination of the financial  
300.14 requirements must be filed with the state auditor by March 31, annually, if the relief  
300.15 association is required to file a financial statement under section ~~69.051, subdivision 1a~~  
300.16 424A.014, subdivision 2, or by June 30, annually, if the relief association is required to file  
300.17 a financial report and audit under section ~~69.051, subdivision 1~~ 424A.014, subdivision 1.

300.18 (c) The municipality shall provide for at least the minimum obligation of the municipality  
300.19 with respect to the special fund of the relief association by tax levy or from any other source  
300.20 of public revenue.

300.21 (d) The municipality may levy taxes for the payment of the minimum municipal obligation  
300.22 without any limitation as to rate or amount and irrespective of any limitations imposed by  
300.23 other provisions of law upon the rate or amount of taxation until the balance of the special  
300.24 fund or any fund of the relief association has attained a specified level. In addition, any  
300.25 taxes levied under this section must not cause the amount or rate of any other taxes levied  
300.26 in that year or to be levied in a subsequent year by the municipality which are subject to a  
300.27 limitation as to rate or amount to be reduced.

300.28 (e) If the municipality does not include the full amount of the minimum municipal  
300.29 obligations in its levy for any year, the officers of the relief association shall certify that  
300.30 amount to the county auditor, who shall spread a levy in the amount of the certified minimum  
300.31 municipal obligation on the taxable property of the municipality.

300.32 (f) If the state auditor determines that a municipal contribution actually made in a plan  
300.33 year was insufficient under section 424A.091, subdivision 3, paragraph (c), clause (5), the  
300.34 state auditor may request a copy of the certifications under this subdivision from the relief

301.1 association or from the city. The relief association or the city, whichever applies, must  
301.2 provide the certifications within 14 days of the date of the request from the state auditor.

301.3 **EFFECTIVE DATE.** This section is effective July 1, 2019.

301.4 Sec. 27. Minnesota Statutes 2018, section 424A.093, subdivision 5, is amended to read:

301.5 Subd. 5. **Minimum municipal obligation.** (a) The officers of the relief association shall  
301.6 determine the minimum obligation of the municipality with respect to the special fund of  
301.7 the relief association for the following calendar year on or before August 1 of each year in  
301.8 accordance with the requirements of this subdivision.

301.9 (b) The minimum obligation of the municipality with respect to the special fund is an  
301.10 amount equal to the financial requirements of the special fund of the relief association  
301.11 determined under subdivision 4, reduced by the estimated amount of any fire state aid and  
301.12 police and firefighter retirement supplemental state aid payable under ~~sections 69.011 to~~  
301.13 ~~69.051~~ chapter 477B and section 423A.022 reasonably anticipated to be received by the  
301.14 municipality for transmittal to the special fund of the relief association during the following  
301.15 year and the amount of any anticipated contributions to the special fund required by the  
301.16 relief association bylaws from the active members of the relief association reasonably  
301.17 anticipated to be received during the following calendar year. A reasonable amount of  
301.18 anticipated fire state aid is an amount that does not exceed the fire state aid actually received  
301.19 in the prior year multiplied by the factor 1.035.

301.20 (c) The officers of the relief association shall certify the financial requirements of the  
301.21 special fund of the relief association and the minimum obligation of the municipality with  
301.22 respect to the special fund of the relief association as determined under subdivision 4 and  
301.23 this subdivision by August 1 of each year. The certification must be made to the entity that  
301.24 is responsible for satisfying the minimum obligation with respect to the special fund of the  
301.25 relief association. If the responsible entity is a joint powers entity, the certification must be  
301.26 made in the manner specified in the joint powers agreement, or if the joint powers agreement  
301.27 is silent on this point, the certification must be made to the chair of the joint powers board.

301.28 (d) The financial requirements of the relief association and the minimum municipal  
301.29 obligation must be included in the financial report or financial statement under section  
301.30 ~~69.051~~ 424A.014.

301.31 (e) The municipality shall provide for at least the minimum obligation of the municipality  
301.32 with respect to the special fund of the relief association by tax levy or from any other source  
301.33 of public revenue. The municipality may levy taxes for the payment of the minimum

302.1 municipal obligation without any limitation as to rate or amount and irrespective of any  
302.2 limitations imposed by other provisions of law or charter upon the rate or amount of taxation  
302.3 until the balance of the special fund or any fund of the relief association has attained a  
302.4 specified level. In addition, any taxes levied under this section must not cause the amount  
302.5 or rate of any other taxes levied in that year or to be levied in a subsequent year by the  
302.6 municipality which are subject to a limitation as to rate or amount to be reduced.

302.7 (f) If the municipality does not include the full amount of the minimum municipal  
302.8 obligation in its levy for any year, the officers of the relief association shall certify that  
302.9 amount to the county auditor, who shall spread a levy in the amount of the minimum  
302.10 municipal obligation on the taxable property of the municipality.

302.11 (g) If the state auditor determines that a municipal contribution actually made in a plan  
302.12 year was insufficient under section 424A.091, subdivision 3, paragraph (c), clause (5), the  
302.13 state auditor may request from the relief association or from the city a copy of the  
302.14 certifications under this subdivision. The relief association or the city, whichever applies,  
302.15 must provide the certifications within 14 days of the date of the request from the state auditor.

302.16 **EFFECTIVE DATE.** This section is effective July 1, 2019, except the reference to  
302.17 Minnesota Statutes, chapter 477B, is effective for aids payable in 2020 and thereafter.

302.18 Sec. 28. Minnesota Statutes 2018, section 424B.09, is amended to read:

302.19 **424B.09 ADMINISTRATIVE EXPENSES.**

302.20 The payment of authorized administrative expenses of the subsequent volunteer  
302.21 firefighters relief association must be from the special fund of the subsequent volunteer  
302.22 firefighters relief association in accordance with section ~~69.80~~ 424A.05, subdivision 3b,  
302.23 and as provided for in the bylaws of the subsequent volunteer firefighters relief association  
302.24 and approved by the board of trustees of the subsequent volunteer firefighters relief  
302.25 association. The payment of any other expenses of the subsequent volunteer firefighters  
302.26 relief association must be from the general fund of the subsequent volunteer firefighters  
302.27 relief association in accordance with section ~~69.80~~ 424A.05, subdivision 3b, and as provided  
302.28 for in the bylaws of the subsequent volunteer firefighters relief association and approved  
302.29 by the board of trustees of the subsequent volunteer firefighters relief association.

302.30 **EFFECTIVE DATE.** This section is effective July 1, 2019.

302.31 Sec. 29. **REPEALER.**

302.32 Minnesota Statutes 2018, section 69.022, is repealed.

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

303.2 **ARTICLE 22**

303.3 **DEPARTMENT OF REVENUE; MISCELLANEOUS; POLICY CHANGES**

303.4 Section 1. Minnesota Statutes 2018, section 270B.08, subdivision 2, is amended to read:

303.5 Subd. 2. **Revocation or cancellation.** When a taxpayer's sales tax permit has been  
 303.6 revoked or canceled under section 270C.722 or 297A.84, the commissioner may disclose  
 303.7 to any person data identifying the holder of the revoked or canceled permit, ~~stating~~ the basis  
 303.8 for the revocation or cancellation, the date of the revocation or cancellation, and ~~stating~~  
 303.9 ~~whether the~~ if a revoked or canceled permit has been reinstated, the date upon which the  
 303.10 permit was reinstated.

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

303.12 Sec. 2. Minnesota Statutes 2018, section 297A.84, is amended to read:

303.13 **297A.84 PERMITS ISSUED AND NOT ISSUED; CANCELLATION.**

303.14 Subdivision 1. **Definitions.** (a) The following definitions apply for the purposes of this  
 303.15 section.

303.16 (b) "Applicant" means an individual, corporation, or partnership. Applicant also includes  
 303.17 any officer of a corporation or member of a partnership.

303.18 (c) "Delinquent sales tax" means tax not paid by the date the tax was due and payable  
 303.19 under section 289A.20, subdivision 4, or an assessment not paid if the applicant has been  
 303.20 issued an order assessing sales and use tax under section 270C.33, subdivision 4.

303.21 Subd. 2. **Permits issued.** Except as provided in subdivision 3, the commissioner ~~shall~~  
 303.22 must issue a permit to each applicant who has complied with section 297A.83, and with  
 303.23 section 297A.92 if security is required. A person is considered to have a permit if the person  
 303.24 has a Minnesota tax identification number issued by the commissioner that is currently  
 303.25 active for taxes imposed by this chapter. A permit is valid until canceled or revoked. It is  
 303.26 not assignable and is valid only for the person in whose name it is granted and for the  
 303.27 transaction of business at the places designated on the permit.

303.28 Subd. 3. **Permits not issued.** (a) Except as provided in paragraph (b), the commissioner  
 303.29 must not issue a permit to an applicant if the applicant is liable for delinquent sales tax.

303.30 (b) The commissioner must issue a permit to an applicant if an appeal period of an order  
 303.31 assessing sales tax under section 270C.33, subdivision 5, has not ended. The commissioner

304.1 may cancel a permit issued under this paragraph in the manner provided in subdivision 4  
 304.2 if the applicant owes delinquent sales tax after the appeal period has ended.

304.3 Subd. 4. **Nonconforming permits; cancellation; reissue.** (a) If the commissioner issues  
 304.4 a permit that does not conform with the requirements of this section or applicable rules, the  
 304.5 commissioner may cancel the permit upon notice to the permit holder. The notice must be  
 304.6 served by first class and certified mail at the permit holder's last known address. The  
 304.7 cancellation is effective immediately.

304.8 (b) If a permit holder shows that a canceled permit was issued in conformance with the  
 304.9 requirements of this section and applicable rules, the commissioner must reissue the permit.

304.10 **EFFECTIVE DATE.** This section is effective for permit applications filed after  
 304.11 December 31, 2019.

304.12 Sec. 3. Minnesota Statutes 2018, section 297A.85, is amended to read:

304.13 **297A.85 CANCELLATION OF PERMITS.**

304.14 The commissioner may cancel a permit if one of the following conditions occurs:

304.15 (1) the permit holder has not filed a sales or use tax return for at least one year;

304.16 (2) the permit holder has not reported any sales or use tax liability on the permit holder's  
 304.17 returns for at least two years;

304.18 (3) the permit holder requests cancellation of the permit; ~~or~~

304.19 (4) the permit is subject to cancellation ~~pursuant to~~ under section 270C.722, subdivision  
 304.20 2, paragraph (a); or

304.21 (5) the permit is subject to cancellation under section 297A.84.

304.22 **EFFECTIVE DATE.** This section is effective for permit applications filed after  
 304.23 December 31, 2019.

304.24 Sec. 4. **REPEALER.**

304.25 Minnesota Statutes 2018, section 270C.131, is repealed.

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



**ARTICLE 23****DEPARTMENT OF REVENUE; MISCELLANEOUS; TECHNICAL CHANGES**

Section 1. Minnesota Statutes 2018, section 272.02, subdivision 27, is amended to read:

Subd. 27. **Superior National Forest; recreational property for use by ~~disabled~~ veterans with a disability.** Real and personal property is exempt if it is located in the Superior National Forest, and owned or leased and operated by a nonprofit organization that is exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code and primarily used to provide recreational opportunities for ~~disabled~~ veterans with a disability and their families.

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

Sec. 2. Minnesota Statutes 2018, section 272.02, subdivision 81, is amended to read:

Subd. 81. **Certain recreational property for ~~disabled~~ veterans with a disability.** Real and personal property is exempt if it is located in a county in the metropolitan area with a population of less than 500,000 according to the 2000 federal census, and owned or leased and operated by a nonprofit organization, and primarily used to provide recreational opportunities for ~~disabled~~ veterans with a disability and their families.

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

Sec. 3. Minnesota Statutes 2018, section 273.032, is amended to read:

**273.032 MARKET VALUE DEFINITION.**

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

(1) the market value exclusions under:

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

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

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

- 306.1 (iv) section 273.11, subdivision 21 (homestead property damaged by mold);
- 306.2 (v) section 273.13, subdivision 34 (homestead of a ~~disabled~~ veteran with a disability or
- 306.3 family caregiver); or
- 306.4 (vi) section 273.13, subdivision 35 (homestead market value exclusion); or
- 306.5 (2) the deferment of value under:
- 306.6 (i) the Minnesota Agricultural Property Tax Law, section 273.111;
- 306.7 (ii) the Aggregate Resource Preservation Law, section 273.1115;
- 306.8 (iii) the Minnesota Open Space Property Tax Law, section 273.112;
- 306.9 (iv) the rural preserves property tax program, section 273.114; or
- 306.10 (v) the Metropolitan Agricultural Preserves Act, section 473H.10; or
- 306.11 (3) the adjustments to tax capacity for:
- 306.12 (i) tax increment financing under sections 469.174 to 469.1794;
- 306.13 (ii) fiscal disparities under chapter 276A or 473F; or
- 306.14 (iii) powerline credit under section 273.425.
- 306.15 (b) Estimated market value under paragraph (a) also includes the market value of
- 306.16 tax-exempt property if the applicable law specifically provides that the limitation,
- 306.17 qualification, or aid calculation includes tax-exempt property.
- 306.18 (c) Unless otherwise provided, "market value," "estimated market value," and "market
- 306.19 valuation" for purposes of property tax levy limitations and calculation of state aid, refer
- 306.20 to the estimated market value for the previous assessment year and for purposes of limits
- 306.21 on net debt, the issuance of bonds, certificates of indebtedness, or capital notes refer to the
- 306.22 estimated market value as last finally equalized.
- 306.23 (d) For purposes of a provision of a home rule charter or of any special law that is not
- 306.24 codified in the statutes and that imposes a levy limitation based on market value or any limit
- 306.25 on debt, the issuance of bonds, certificates of indebtedness, or capital notes based on market
- 306.26 value, the terms "market value," "taxable market value," and "market valuation," whether
- 306.27 equalized or unequalized, mean "estimated market value" as defined in paragraph (a).
- 306.28 **EFFECTIVE DATE.** This section is effective the day following final enactment.

307.1 Sec. 4. Minnesota Statutes 2018, section 273.13, subdivision 22, is amended to read:

307.2 Subd. 22. **Class 1.** (a) Except as provided in subdivision 23 and in paragraphs (b) and  
307.3 (c), real estate which is residential and used for homestead purposes is class 1a. In the case  
307.4 of a duplex or triplex in which one of the units is used for homestead purposes, the entire  
307.5 property is deemed to be used for homestead purposes. The market value of class 1a property  
307.6 must be determined based upon the value of the house, garage, and land.

307.7 The first \$500,000 of market value of class 1a property has a net classification rate of  
307.8 one percent of its market value; and the market value of class 1a property that exceeds  
307.9 \$500,000 has a classification rate of 1.25 percent of its market value.

307.10 (b) Class 1b property includes homestead real estate or homestead manufactured homes  
307.11 used for the purposes of a homestead by:

307.12 (1) any person who is blind as defined in section 256D.35, or the ~~blind~~ person who is  
307.13 blind and the ~~blind person's~~ spouse of the person who is blind;

307.14 (2) any person who is permanently and totally disabled or by the ~~disabled~~ person with  
307.15 a disability and the ~~disabled person's~~ spouse of the person with a disability; or

307.16 (3) the surviving spouse of a veteran who was permanently and totally disabled ~~veteran~~  
307.17 homesteading a property classified under this paragraph for taxes payable in 2008.

307.18 Property is classified and assessed under clause (2) only if the government agency or  
307.19 income-providing source certifies, upon the request of the homestead occupant, that the  
307.20 homestead occupant satisfies the disability requirements of this paragraph, and that the  
307.21 property is not eligible for the valuation exclusion under subdivision 34.

307.22 Property is classified and assessed under paragraph (b) only if the commissioner of  
307.23 revenue or the county assessor certifies that the homestead occupant satisfies the requirements  
307.24 of this paragraph.

307.25 Permanently and totally disabled for the purpose of this subdivision means a condition  
307.26 which is permanent in nature and totally incapacitates the person from working at an  
307.27 occupation which brings the person an income. The first \$50,000 market value of class 1b  
307.28 property has a net classification rate of .45 percent of its market value. The remaining market  
307.29 value of class 1b property is classified as class 1a or class 2a property, whichever is  
307.30 appropriate.

307.31 (c) Class 1c property is commercial use real and personal property that abuts public  
307.32 water as defined in section 103G.005, subdivision 15, or abuts a state trail administered by  
307.33 the Department of Natural Resources, and is devoted to temporary and seasonal residential

308.1 occupancy for recreational purposes but not devoted to commercial purposes for more than  
308.2 250 days in the year preceding the year of assessment, and that includes a portion used as  
308.3 a homestead by the owner, which includes a dwelling occupied as a homestead by a  
308.4 shareholder of a corporation that owns the resort, a partner in a partnership that owns the  
308.5 resort, or a member of a limited liability company that owns the resort even if the title to  
308.6 the homestead is held by the corporation, partnership, or limited liability company. For  
308.7 purposes of this paragraph, property is devoted to a commercial purpose on a specific day  
308.8 if any portion of the property, excluding the portion used exclusively as a homestead, is  
308.9 used for residential occupancy and a fee is charged for residential occupancy. Class 1c  
308.10 property must contain three or more rental units. A "rental unit" is defined as a cabin,  
308.11 condominium, townhouse, sleeping room, or individual camping site equipped with water  
308.12 and electrical hookups for recreational vehicles. Class 1c property must provide recreational  
308.13 activities such as the rental of ice fishing houses, boats and motors, snowmobiles, downhill  
308.14 or cross-country ski equipment; provide marina services, launch services, or guide services;  
308.15 or sell bait and fishing tackle. Any unit in which the right to use the property is transferred  
308.16 to an individual or entity by deeded interest, or the sale of shares or stock, no longer qualifies  
308.17 for class 1c even though it may remain available for rent. A camping pad offered for rent  
308.18 by a property that otherwise qualifies for class 1c is also class 1c, regardless of the term of  
308.19 the rental agreement, as long as the use of the camping pad does not exceed 250 days. If  
308.20 the same owner owns two separate parcels that are located in the same township, and one  
308.21 of those properties is classified as a class 1c property and the other would be eligible to be  
308.22 classified as a class 1c property if it was used as the homestead of the owner, both properties  
308.23 will be assessed as a single class 1c property; for purposes of this sentence, properties are  
308.24 deemed to be owned by the same owner if each of them is owned by a limited liability  
308.25 company, and both limited liability companies have the same membership. The portion of  
308.26 the property used as a homestead is class 1a property under paragraph (a). The remainder  
308.27 of the property is classified as follows: the first \$600,000 of market value is tier I, the next  
308.28 \$1,700,000 of market value is tier II, and any remaining market value is tier III. The  
308.29 classification rates for class 1c are: tier I, 0.50 percent; tier II, 1.0 percent; and tier III, 1.25  
308.30 percent. Owners of real and personal property devoted to temporary and seasonal residential  
308.31 occupancy for recreation purposes in which all or a portion of the property was devoted to  
308.32 commercial purposes for not more than 250 days in the year preceding the year of assessment  
308.33 desiring classification as class 1c, must submit a declaration to the assessor designating the  
308.34 cabins or units occupied for 250 days or less in the year preceding the year of assessment  
308.35 by January 15 of the assessment year. Those cabins or units and a proportionate share of  
308.36 the land on which they are located must be designated as class 1c as otherwise provided.

309.1 The remainder of the cabins or units and a proportionate share of the land on which they  
309.2 are located must be designated as class 3a commercial. The owner of property desiring  
309.3 designation as class 1c property must provide guest registers or other records demonstrating  
309.4 that the units for which class 1c designation is sought were not occupied for more than 250  
309.5 days in the year preceding the assessment if so requested. The portion of a property operated  
309.6 as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5)  
309.7 other nonresidential facility operated on a commercial basis not directly related to temporary  
309.8 and seasonal residential occupancy for recreation purposes does not qualify for class 1c.

309.9 (d) Class 1d property includes structures that meet all of the following criteria:

309.10 (1) the structure is located on property that is classified as agricultural property under  
309.11 section 273.13, subdivision 23;

309.12 (2) the structure is occupied exclusively by seasonal farm workers during the time when  
309.13 they work on that farm, and the occupants are not charged rent for the privilege of occupying  
309.14 the property, provided that use of the structure for storage of farm equipment and produce  
309.15 does not disqualify the property from classification under this paragraph;

309.16 (3) the structure meets all applicable health and safety requirements for the appropriate  
309.17 season; and

309.18 (4) the structure is not salable as residential property because it does not comply with  
309.19 local ordinances relating to location in relation to streets or roads.

309.20 The market value of class 1d property has the same classification rates as class 1a property  
309.21 under paragraph (a).

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

309.23 Sec. 5. Minnesota Statutes 2018, section 273.13, subdivision 34, is amended to read:

309.24 Subd. 34. **Homestead of ~~disabled~~ veteran with a disability or family caregiver.** (a)  
309.25 All or a portion of the market value of property owned by a veteran and serving as the  
309.26 veteran's homestead under this section is excluded in determining the property's taxable  
309.27 market value if the veteran has a service-connected disability of 70 percent or more as  
309.28 certified by the United States Department of Veterans Affairs. To qualify for exclusion  
309.29 under this subdivision, the veteran must have been honorably discharged from the United  
309.30 States armed forces, as indicated by United States Government Form DD214 or other official  
309.31 military discharge papers.

310.1 (b)(1) For a disability rating of 70 percent or more, \$150,000 of market value is excluded,  
310.2 except as provided in clause (2); and

310.3 (2) for a total (100 percent) and permanent disability, \$300,000 of market value is  
310.4 excluded.

310.5 (c) If a ~~disabled~~ veteran with a disability qualifying for a valuation exclusion under  
310.6 paragraph (b), clause (2), predeceases the veteran's spouse, and if upon the death of the  
310.7 veteran the spouse holds the legal or beneficial title to the homestead and permanently  
310.8 resides there, the exclusion shall carry over to the benefit of the veteran's spouse for the  
310.9 current taxes payable year and for eight additional taxes payable years or until such time  
310.10 as the spouse remarries, or sells, transfers, or otherwise disposes of the property, whichever  
310.11 comes first. Qualification under this paragraph requires an application under paragraph (h),  
310.12 and a spouse must notify the assessor if there is a change in the spouse's marital status,  
310.13 ownership of the property, or use of the property as a permanent residence.

310.14 (d) If the spouse of a member of any branch or unit of the United States armed forces  
310.15 who dies due to a service-connected cause while serving honorably in active service, as  
310.16 indicated on United States Government Form DD1300 or DD2064, holds the legal or  
310.17 beneficial title to a homestead and permanently resides there, the spouse is entitled to the  
310.18 benefit described in paragraph (b), clause (2), for eight taxes payable years, or until such  
310.19 time as the spouse remarries or sells, transfers, or otherwise disposes of the property,  
310.20 whichever comes first.

310.21 (e) If a veteran meets the disability criteria of paragraph (a) but does not own property  
310.22 classified as homestead in the state of Minnesota, then the homestead of the veteran's primary  
310.23 family caregiver, if any, is eligible for the exclusion that the veteran would otherwise qualify  
310.24 for under paragraph (b).

310.25 (f) In the case of an agricultural homestead, only the portion of the property consisting  
310.26 of the house and garage and immediately surrounding one acre of land qualifies for the  
310.27 valuation exclusion under this subdivision.

310.28 (g) A property qualifying for a valuation exclusion under this subdivision is not eligible  
310.29 for the market value exclusion under subdivision 35, or classification under subdivision 22,  
310.30 paragraph (b).

310.31 (h) To qualify for a valuation exclusion under this subdivision a property owner must  
310.32 apply to the assessor by July 1 of the first assessment year for which the exclusion is sought.  
310.33 For an application received after July 1, the exclusion shall become effective for the following  
310.34 assessment year. Except as provided in paragraph (c), the owner of a property that has been

311.1 accepted for a valuation exclusion must notify the assessor if there is a change in ownership  
311.2 of the property or in the use of the property as a homestead.

311.3 (i) A first-time application by a qualifying spouse for the market value exclusion under  
311.4 paragraph (d) must be made any time within two years of the death of the service member.

311.5 (j) For purposes of this subdivision:

311.6 (1) "active service" has the meaning given in section 190.05;

311.7 (2) "own" means that the person's name is present as an owner on the property deed;

311.8 (3) "primary family caregiver" means a person who is approved by the secretary of the  
311.9 United States Department of Veterans Affairs for assistance as the primary provider of  
311.10 personal care services for an eligible veteran under the Program of Comprehensive Assistance  
311.11 for Family Caregivers, codified as United States Code, title 38, section 1720G; and

311.12 (4) "veteran" has the meaning given the term in section 197.447.

311.13 (k) If a veteran dying after December 31, 2011, did not apply for or receive the exclusion  
311.14 under paragraph (b), clause (2), before dying, the veteran's spouse is entitled to the benefit  
311.15 under paragraph (b), clause (2), for eight tax payable years or until the spouse remarries  
311.16 or sells, transfers, or otherwise disposes of the property if:

311.17 (1) the spouse files a first-time application within two years of the death of the service  
311.18 member or by June 1, 2019, whichever is later;

311.19 (2) upon the death of the veteran, the spouse holds the legal or beneficial title to the  
311.20 homestead and permanently resides there;

311.21 (3) the veteran met the honorable discharge requirements of paragraph (a); and

311.22 (4) the United States Department of Veterans Affairs certifies that:

311.23 (i) the veteran met the total (100 percent) and permanent disability requirement under  
311.24 paragraph (b), clause (2); or

311.25 (ii) the spouse has been awarded dependency and indemnity compensation.

311.26 (l) The purpose of this provision of law providing a level of homestead property tax  
311.27 relief for ~~gravely disabled~~ veterans with a disability, their primary family caregivers, and  
311.28 their surviving spouses is to help ease the burdens of war for those among our state's citizens  
311.29 who bear those burdens most heavily.

311.30 (m) By July 1, the county veterans service officer must certify the disability rating and  
311.31 permanent address of each veteran receiving the benefit under paragraph (b) to the assessor.

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

312.2 Sec. 6. Minnesota Statutes 2018, section 289A.08, subdivision 6, is amended to read:

312.3 Subd. 6. **Returns of married persons.** ~~A husband and wife~~ Individuals who are married  
312.4 to each other must file a joint Minnesota income tax return if they filed a joint federal income  
312.5 tax return. If the ~~husband and wife~~ spouses have elected to file separate federal income tax  
312.6 returns, they must file separate Minnesota income tax returns. This election to file a joint  
312.7 or separate return must be changed if they change their election for federal purposes. In the  
312.8 event taxpayers desire to change their election, the change must be done in the manner and  
312.9 on the form prescribed by the commissioner.

312.10 The determination of whether an individual is married shall be made under the provisions  
312.11 of section 7703 of the Internal Revenue Code.

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

312.13 Sec. 7. Minnesota Statutes 2018, section 289A.25, subdivision 1, is amended to read:

312.14 Subdivision 1. **Requirements to pay.** An individual, trust, S corporation, or partnership  
312.15 must, when prescribed in subdivision 3, paragraph (b), make payments of estimated tax.  
312.16 For individuals, the term "estimated tax" means the amount the taxpayer estimates is the  
312.17 sum of the taxes imposed by chapter 290 for the taxable year. For trusts, S corporations,  
312.18 and partnerships, the term estimated tax means the amount the taxpayer estimates is the  
312.19 sum of the taxes for the taxable year imposed by chapter 290 and the composite income tax  
312.20 imposed by section 289A.08, subdivision 7. If the individual is an infant or incompetent  
312.21 person, the payments must be made by the individual's guardian. If joint payments on  
312.22 estimated tax are made but a joint return is not made for the taxable year, the estimated tax  
312.23 for that year may be treated as the estimated tax of either ~~the husband or the wife~~ spouse or  
312.24 may be divided between them.

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

312.26 Sec. 8. Minnesota Statutes 2018, section 289A.31, subdivision 2, is amended to read:

312.27 Subd. 2. **Joint income tax returns.** (a) If a joint income tax return is made by ~~a husband~~  
312.28 ~~and wife~~ spouses, the liability for the tax is joint and several. A spouse who qualifies for  
312.29 relief from a liability attributable to an underpayment under section 6015(b) of the Internal  
312.30 Revenue Code is relieved of the state income tax liability on the underpayment.



313.1 (b) In the case of individuals who were ~~a husband and wife~~ married as determined in  
313.2 section 7703 of the Internal Revenue Code prior to the dissolution of their marriage or their  
313.3 legal separation, or prior to the death of one of the individuals, for tax liabilities reported  
313.4 on a joint or combined return, the liability of each person is limited to the proportion of the  
313.5 tax due on the return that equals that person's proportion of the total tax due if ~~the husband~~  
313.6 ~~and wife~~ each spouse filed separate returns for the taxable year. This provision is effective  
313.7 only when the commissioner receives written notice of the marriage dissolution, legal  
313.8 separation, or death of a spouse from the ~~husband or wife~~ surviving spouse. No refund may  
313.9 be claimed by an ex-spouse, legally separated or widowed spouse for any taxes paid more  
313.10 than 60 days before receipt by the commissioner of the written notice.

313.11 (c) A request for calculation of separate liability pursuant to paragraph (b) for taxes  
313.12 reported on a return must be made within six years after the due date of the return. For  
313.13 calculation of separate liability for taxes assessed by the commissioner under section 289A.35  
313.14 or 289A.37, the request must be made within six years after the date of assessment. The  
313.15 commissioner is not required to calculate separate liability if the remaining unpaid liability  
313.16 for which recalculation is requested is \$100 or less.

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

313.18 Sec. 9. Minnesota Statutes 2018, section 289A.37, subdivision 6, is amended to read:

313.19 Subd. 6. **Order of assessment if joint income tax return.** If a joint income tax return  
313.20 is filed by ~~a husband and wife~~ spouses, an order of assessment may be a single joint notice.  
313.21 If the commissioner has been notified by either spouse that that spouse's address has changed  
313.22 and if that spouse requests it, then, instead of the single joint notice mailed to the last known  
313.23 address of the ~~husband and wife~~ spouses, a duplicate or original of the joint notice must be  
313.24 sent to the requesting spouse at the address designated by the requesting spouse. The other  
313.25 joint notice must be mailed to the other spouse at that spouse's last known address. An  
313.26 assessment is not invalid for failure to send it to a spouse if the spouse actually receives the  
313.27 notice in the same period as if it had been mailed to that spouse at the correct address or if  
313.28 the spouse has failed to provide an address to the commissioner other than the last known  
313.29 address.

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

313.31 Sec. 10. Minnesota Statutes 2018, section 290.0802, subdivision 2, is amended to read:

313.32 Subd. 2. **Subtraction.** (a) A qualified individual is allowed a subtraction from federal  
313.33 taxable income of the individual's subtraction base amount. The excess of the subtraction

314.1 base amount over the taxable net income computed without regard to the subtraction for  
314.2 the elderly or ~~disabled~~ a person with a disability under section 290.0132, subdivision 5,  
314.3 may be used to reduce the amount of a lump sum distribution subject to tax under section  
314.4 290.032.

314.5 (b)(1) The initial subtraction base amount equals

314.6 (i) \$12,000 for a married taxpayer filing a joint return if a spouse is a qualified individual,

314.7 (ii) \$9,600 for a single taxpayer, and

314.8 (iii) \$6,000 for a married taxpayer filing a separate federal return.

314.9 (2) The qualified individual's initial subtraction base amount, then, must be reduced by  
314.10 the sum of nontaxable retirement and disability benefits and one-half of the amount of  
314.11 adjusted gross income in excess of the following thresholds:

314.12 (i) \$18,000 for a married taxpayer filing a joint return if both spouses are qualified  
314.13 individuals,

314.14 (ii) \$14,500 for a single taxpayer or for a married couple filing a joint return if only one  
314.15 spouse is a qualified individual, and

314.16 (iii) \$9,000 for a married taxpayer filing a separate federal return.

314.17 (3) In the case of a qualified individual who is under the age of 65, the maximum amount  
314.18 of the subtraction base may not exceed the taxpayer's disability income.

314.19 (4) The resulting amount is the subtraction base amount.

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

314.21 Sec. 11. Minnesota Statutes 2018, section 290.0802, subdivision 3, is amended to read:

314.22 Subd. 3. **Restrictions; married couples.** Except in the case of ~~a husband and wife~~  
314.23 spouses who live apart at all times during the taxable year, if the taxpayer is married at the  
314.24 close of the taxable year, the subtraction under subdivision 2 is allowable only if the taxpayers  
314.25 file joint federal and state income tax returns for the taxable year.

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

314.27 Sec. 12. Minnesota Statutes 2018, section 290.091, subdivision 2, is amended to read:

314.28 Subd. 2. **Definitions.** For purposes of the tax imposed by this section, the following  
314.29 terms have the meanings given.

315.1 (a) "Alternative minimum taxable income" means the sum of the following for the taxable  
315.2 year:

315.3 (1) the taxpayer's federal alternative minimum taxable income as defined in section  
315.4 55(b)(2) of the Internal Revenue Code;

315.5 (2) the taxpayer's itemized deductions allowed in computing federal alternative minimum  
315.6 taxable income, but excluding:

315.7 (i) the charitable contribution deduction under section 170 of the Internal Revenue Code;

315.8 (ii) the medical expense deduction;

315.9 (iii) the casualty, theft, and disaster loss deduction; and

315.10 (iv) the impairment-related work expenses of a ~~disabled~~ person with a disability;

315.11 (3) for depletion allowances computed under section 613A(c) of the Internal Revenue  
315.12 Code, with respect to each property (as defined in section 614 of the Internal Revenue Code),  
315.13 to the extent not included in federal alternative minimum taxable income, the excess of the  
315.14 deduction for depletion allowable under section 611 of the Internal Revenue Code for the  
315.15 taxable year over the adjusted basis of the property at the end of the taxable year (determined  
315.16 without regard to the depletion deduction for the taxable year);

315.17 (4) to the extent not included in federal alternative minimum taxable income, the amount  
315.18 of the tax preference for intangible drilling cost under section 57(a)(2) of the Internal Revenue  
315.19 Code determined without regard to subparagraph (E);

315.20 (5) to the extent not included in federal alternative minimum taxable income, the amount  
315.21 of interest income as provided by section 290.0131, subdivision 2; and

315.22 (6) the amount of addition required by section 290.0131, subdivisions 9 to 11;

315.23 less the sum of the amounts determined under the following:

315.24 (i) interest income as defined in section 290.0132, subdivision 2;

315.25 (ii) an overpayment of state income tax as provided by section 290.0132, subdivision  
315.26 3, to the extent included in federal alternative minimum taxable income;

315.27 (iii) the amount of investment interest paid or accrued within the taxable year on  
315.28 indebtedness to the extent that the amount does not exceed net investment income, as defined  
315.29 in section 163(d)(4) of the Internal Revenue Code. Interest does not include amounts deducted  
315.30 in computing federal adjusted gross income;

316.1 (iv) amounts subtracted from federal taxable income as provided by section 290.0132,  
316.2 subdivisions 7, 9 to 15, 17, 21, 24, and 26; and

316.3 (v) the amount of the net operating loss allowed under section 290.095, subdivision 11,  
316.4 paragraph (c).

316.5 In the case of an estate or trust, alternative minimum taxable income must be computed  
316.6 as provided in section 59(c) of the Internal Revenue Code.

316.7 (b) "Investment interest" means investment interest as defined in section 163(d)(3) of  
316.8 the Internal Revenue Code.

316.9 (c) "Net minimum tax" means the minimum tax imposed by this section.

316.10 (d) "Regular tax" means the tax that would be imposed under this chapter (without regard  
316.11 to this section and section 290.032), reduced by the sum of the nonrefundable credits allowed  
316.12 under this chapter.

316.13 (e) "Tentative minimum tax" equals 6.75 percent of alternative minimum taxable income  
316.14 after subtracting the exemption amount determined under subdivision 3.

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

316.16 Sec. 13. Minnesota Statutes 2018, section 290A.03, subdivision 3, is amended to read:

316.17 Subd. 3. **Income.** (a) "Income" means the sum of the following:

316.18 (1) federal adjusted gross income as defined in the Internal Revenue Code; and

316.19 (2) the sum of the following amounts to the extent not included in clause (1):

316.20 (i) all nontaxable income;

316.21 (ii) the amount of a passive activity loss that is not disallowed as a result of section 469,  
316.22 paragraph (i) or (m) of the Internal Revenue Code and the amount of passive activity loss  
316.23 carryover allowed under section 469(b) of the Internal Revenue Code;

316.24 (iii) an amount equal to the total of any discharge of qualified farm indebtedness of a  
316.25 solvent individual excluded from gross income under section 108(g) of the Internal Revenue  
316.26 Code;

316.27 (iv) cash public assistance and relief;

316.28 (v) any pension or annuity (including railroad retirement benefits, all payments received  
316.29 under the federal Social Security Act, Supplemental Security Income, and veterans benefits),  
316.30 which was not exclusively funded by the claimant or spouse, or which was funded exclusively

317.1 by the claimant or spouse and which funding payments were excluded from federal adjusted  
317.2 gross income in the years when the payments were made;

317.3 (vi) interest received from the federal or a state government or any instrumentality or  
317.4 political subdivision thereof;

317.5 (vii) workers' compensation;

317.6 (viii) nontaxable strike benefits;

317.7 (ix) the gross amounts of payments received in the nature of disability income or sick  
317.8 pay as a result of accident, sickness, or other disability, whether funded through insurance  
317.9 or otherwise;

317.10 (x) a lump-sum distribution under section 402(e)(3) of the Internal Revenue Code of  
317.11 1986, as amended through December 31, 1995;

317.12 (xi) contributions made by the claimant to an individual retirement account, including  
317.13 a qualified voluntary employee contribution; simplified employee pension plan;  
317.14 self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of  
317.15 the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal  
317.16 Revenue Code, to the extent the sum of amounts exceeds the retirement base amount for  
317.17 the claimant and spouse;

317.18 (xii) to the extent not included in federal adjusted gross income, distributions received  
317.19 by the claimant or spouse from a traditional or Roth style retirement account or plan;

317.20 (xiii) nontaxable scholarship or fellowship grants;

317.21 (xiv) the amount of deduction allowed under section 199 of the Internal Revenue Code;

317.22 (xv) the amount of deduction allowed under section 220 or 223 of the Internal Revenue  
317.23 Code;

317.24 (xvi) the amount deducted for tuition expenses under section 222 of the Internal Revenue  
317.25 Code; and

317.26 (xvii) the amount deducted for certain expenses of elementary and secondary school  
317.27 teachers under section 62(a)(2)(D) of the Internal Revenue Code.

317.28 In the case of an individual who files an income tax return on a fiscal year basis, the  
317.29 term "federal adjusted gross income" shall mean federal adjusted gross income reflected in  
317.30 the fiscal year ending in the calendar year. Federal adjusted gross income shall not be reduced  
317.31 by the amount of a net operating loss carryback or carryforward or a capital loss carryback  
317.32 or carryforward allowed for the year.

318.1 (b) "Income" does not include:

318.2 (1) amounts excluded pursuant to the Internal Revenue Code, sections 101(a) and 102;

318.3 (2) amounts of any pension or annuity which was exclusively funded by the claimant  
318.4 or spouse and which funding payments were not excluded from federal adjusted gross  
318.5 income in the years when the payments were made;

318.6 (3) to the extent included in federal adjusted gross income, amounts contributed by the  
318.7 claimant or spouse to a traditional or Roth style retirement account or plan, but not to exceed  
318.8 the retirement base amount reduced by the amount of contributions excluded from federal  
318.9 adjusted gross income, but not less than zero;

318.10 (4) surplus food or other relief in kind supplied by a governmental agency;

318.11 (5) relief granted under this chapter;

318.12 (6) child support payments received under a temporary or final decree of dissolution or  
318.13 legal separation; or

318.14 (7) restitution payments received by eligible individuals and excludable interest as  
318.15 defined in section 803 of the Economic Growth and Tax Relief Reconciliation Act of 2001,  
318.16 Public Law 107-16.

318.17 (c) The sum of the following amounts may be subtracted from income:

318.18 (1) for the claimant's first dependent, the exemption amount multiplied by 1.4;

318.19 (2) for the claimant's second dependent, the exemption amount multiplied by 1.3;

318.20 (3) for the claimant's third dependent, the exemption amount multiplied by 1.2;

318.21 (4) for the claimant's fourth dependent, the exemption amount multiplied by 1.1;

318.22 (5) for the claimant's fifth dependent, the exemption amount; and

318.23 (6) if the claimant or claimant's spouse ~~was disabled~~ had a disability or attained the age  
318.24 of 65 on or before December 31 of the year for which the taxes were levied or rent paid,  
318.25 the exemption amount.

318.26 (d) For purposes of this subdivision, the "exemption amount" means the exemption  
318.27 amount under section 151(d) of the Internal Revenue Code for the taxable year for which  
318.28 the income is reported; "retirement base amount" means the deductible amount for the  
318.29 taxable year for the claimant and spouse under section 219(b)(5)(A) of the Internal Revenue  
318.30 Code, adjusted for inflation as provided in section 219(b)(5)(C) of the Internal Revenue  
318.31 Code, without regard to whether the claimant or spouse claimed a deduction; and "traditional

319.1 or Roth style retirement account or plan" means retirement plans under sections 401, 403,  
319.2 408, 408A, and 457 of the Internal Revenue Code.

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

319.4 Sec. 14. Minnesota Statutes 2018, section 290A.03, subdivision 4, is amended to read:

319.5 Subd. 4. **Household.** "Household" means a claimant and an individual related to the  
319.6 claimant as ~~husband or wife~~ the claimant's spouse who are domiciled in the same homestead.

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

319.8 Sec. 15. Minnesota Statutes 2018, section 290A.03, subdivision 8, is amended to read:

319.9 Subd. 8. **Claimant.** (a) "Claimant" means a person, other than a dependent, as defined  
319.10 under sections 151 and 152 of the Internal Revenue Code disregarding section 152(b)(3)  
319.11 of the Internal Revenue Code, who filed a claim authorized by this chapter and who was a  
319.12 resident of this state as provided in chapter 290 during the calendar year for which the claim  
319.13 for relief was filed.

319.14 (b) In the case of a claim relating to rent constituting property taxes, the claimant shall  
319.15 have resided in a rented or leased unit on which ad valorem taxes or payments made in lieu  
319.16 of ad valorem taxes, including payments of special assessments imposed in lieu of ad valorem  
319.17 taxes, are payable at some time during the calendar year covered by the claim.

319.18 (c) "Claimant" shall not include a resident of a nursing home, intermediate care facility,  
319.19 long-term residential facility, or a facility that accepts housing support payments whose  
319.20 rent constituting property taxes is paid pursuant to the Supplemental Security Income  
319.21 program under title XVI of the Social Security Act, the Minnesota supplemental aid program  
319.22 under sections 256D.35 to 256D.54, the medical assistance program pursuant to title XIX  
319.23 of the Social Security Act, or the housing support program under chapter 256I.

319.24 If only a portion of the rent constituting property taxes is paid by these programs, the  
319.25 resident shall be a claimant for purposes of this chapter, but the refund calculated pursuant  
319.26 to section 290A.04 shall be multiplied by a fraction, the numerator of which is income as  
319.27 defined in subdivision 3, paragraphs (a) and (b), reduced by the total amount of income  
319.28 from the above sources other than vendor payments under the medical assistance program  
319.29 and the denominator of which is income as defined in subdivision 3, paragraphs (a) and (b),  
319.30 plus vendor payments under the medical assistance program, to determine the allowable  
319.31 refund pursuant to this chapter.

320.1 (d) Notwithstanding paragraph (c), if the claimant was a resident of the nursing home,  
320.2 intermediate care facility, long-term residential facility, or facility for which the rent was  
320.3 paid for the claimant by the housing support program for only a portion of the calendar year  
320.4 covered by the claim, the claimant may compute rent constituting property taxes by  
320.5 disregarding the rent constituting property taxes from the nursing home or facility and use  
320.6 only that amount of rent constituting property taxes or property taxes payable relating to  
320.7 that portion of the year when the claimant was not in the facility. The claimant's household  
320.8 income is the income for the entire calendar year covered by the claim.

320.9 (e) In the case of a claim for rent constituting property taxes of a part-year Minnesota  
320.10 resident, the income and rental reflected in this computation shall be for the period of  
320.11 Minnesota residency only. Any rental expenses paid which may be reflected in arriving at  
320.12 federal adjusted gross income cannot be utilized for this computation. When two individuals  
320.13 of a household are able to meet the qualifications for a claimant, they may determine among  
320.14 them as to who the claimant shall be. If they are unable to agree, the matter shall be referred  
320.15 to the commissioner of revenue whose decision shall be final. If a homestead property owner  
320.16 was a part-year Minnesota resident, the income reflected in the computation made pursuant  
320.17 to section 290A.04 shall be for the entire calendar year, including income not assignable to  
320.18 Minnesota.

320.19 (f) If a homestead is occupied by two or more renters, who are not ~~husband and wife~~  
320.20 married to each other, the rent shall be deemed to be paid equally by each, and separate  
320.21 claims shall be filed by each. The income of each shall be each renter's household income  
320.22 for purposes of computing the amount of credit to be allowed.

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

320.24 Sec. 16. Minnesota Statutes 2018, section 290A.05, is amended to read:

320.25 **290A.05 COMBINED HOUSEHOLD INCOME.**

320.26 If a person occupies a homestead with another person ~~or persons~~ not related to the person  
320.27 as ~~husband and wife~~ the person's spouse, excluding dependents, roomers or boarders on  
320.28 contract, and has property tax payable with respect to the homestead, the household income  
320.29 of the claimant or claimants for the purpose of computing the refund allowed by section  
320.30 290A.04 shall include the total income received by the other persons residing in the  
320.31 homestead. For purposes of this section, "dependent" includes a parent of the claimant or  
320.32 spouse who lives in the claimant's homestead and does not have an ownership interest in  
320.33 the homestead. If a person occupies a homestead with another person or persons not related



321.1 ~~to the person as husband and wife~~ the person's spouse or as dependents, the property tax  
321.2 payable or rent constituting property tax shall be reduced as follows.

321.3 If the other person or persons are residing at the homestead under rental or lease  
321.4 agreement, the amount of property tax payable or rent constituting property tax shall be that  
321.5 portion not covered by the rental agreement.

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

321.7 Sec. 17. Minnesota Statutes 2018, section 290A.08, is amended to read:

321.8 **290A.08 ONE CLAIMANT PER HOUSEHOLD.**

321.9 Only one claimant per household per year is entitled to relief under this chapter. Payment  
321.10 of the claim for relief may be made payable to the ~~husband and wife~~ spouses as one claimant.  
321.11 The commissioner, upon written request, may issue separate checks, to the ~~husband and~~  
321.12 ~~wife~~ spouses for one-half of the relief provided the original check has not been issued or  
321.13 has been returned. Individuals related as ~~husband and wife~~ spouses who were married during  
321.14 the year may elect to file a joint claim which shall include each spouse's income, rent  
321.15 constituting property taxes, and property taxes payable. ~~Husbands and wives~~ Spouses who  
321.16 were married for the entire year and were domiciled in the same household for the entire  
321.17 year must file a joint claim. The maximum dollar amount allowable for a joint claim shall  
321.18 not exceed the amount that one person could receive.

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

321.20 Sec. 18. Minnesota Statutes 2018, section 290A.09, is amended to read:

321.21 **290A.09 PROOF OF CLAIM.**

321.22 Every claimant shall supply to the commissioner of revenue, in support of the claim,  
321.23 proof of eligibility under this chapter, including but not limited to amount of rent paid or  
321.24 property taxes accrued, name and address of owner or managing agent of property rented,  
321.25 changes in homestead, household membership, household income, size and nature of property  
321.26 claimed as a homestead.

321.27 ~~Disabled~~ Persons with a disability filing claims shall submit proof of disability in the  
321.28 form and manner as the commissioner may prescribe. The department may require  
321.29 examination and certification by the claimant's physician or by a physician designated by  
321.30 the commissioner. The cost of any examination shall be borne by the claimant, unless the  
321.31 examination proves the disability, in which case the cost of the examination shall be borne  
321.32 by the commissioner.

322.1 A determination of disability of a claimant by the Social Security Administration under  
322.2 Title II or Title XVI of the Social Security Act shall constitute presumptive proof of disability.

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

322.4 Sec. 19. Minnesota Statutes 2018, section 297A.61, subdivision 18, is amended to read:

322.5 Subd. 18. **Disabled Person with a disability.** "~~Disabled~~ Person with a disability" means  
322.6 an individual who has a permanent and total disability as defined in section 273.13,  
322.7 subdivision 22.

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

322.9 Sec. 20. Minnesota Statutes 2018, section 297A.67, subdivision 6, is amended to read:

322.10 Subd. 6. **Other exempt meals.** (a) Prepared food, candy, and soft drinks purchased for  
322.11 and served exclusively to individuals who are 60 years of age or over and their spouses or  
322.12 to ~~disabled~~ persons with a disability and their spouses by governmental agencies, nonprofit  
322.13 organizations, or churches, or pursuant to any program funded in whole or in part through  
322.14 United States Code, title 42, sections 3001 through 3045, wherever delivered, prepared, or  
322.15 served, are exempt. Taxable food sold through vending machines is not exempt.

322.16 (b) Prepared food, candy, and soft drinks purchased for and served exclusively to children  
322.17 who are less than 14 years of age or ~~disabled~~ children with a disability who are less than  
322.18 16 years of age and who are attending a child care or early childhood education program,  
322.19 are exempt if they are:

322.20 (1) purchased by a nonprofit child care facility that is exempt under section 297A.70,  
322.21 subdivision 4, and that primarily serves families with income of 250 percent or less of  
322.22 federal poverty guidelines; and

322.23 (2) prepared at the site of the child care facility.

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

322.25 Sec. 21. Minnesota Statutes 2018, section 297A.67, subdivision 12, is amended to read:

322.26 Subd. 12. **Parts and accessories used to make a motor vehicle disabled accessible**  
322.27 **to a person with a disability.** Parts, accessories, and labor charges that are used solely to  
322.28 modify a motor vehicle to make it ~~disabled~~ accessible to persons with a disability are exempt.

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

323.1 Sec. 22. Minnesota Statutes 2018, section 297A.70, subdivision 3, is amended to read:

323.2 Subd. 3. **Sales of certain goods and services to government.** (a) The following sales  
323.3 to or use by the specified governments and political subdivisions of the state are exempt:

323.4 (1) repair and replacement parts for emergency rescue vehicles, fire trucks, and fire  
323.5 apparatus to a political subdivision;

323.6 (2) machinery and equipment, except for motor vehicles, used directly for mixed  
323.7 municipal solid waste management services at a solid waste disposal facility as defined in  
323.8 section 115A.03, subdivision 10;

323.9 (3) chore and homemaking services to a political subdivision of the state to be provided  
323.10 to elderly individuals or ~~disabled individuals~~ persons with a disability;

323.11 (4) telephone services to the Office of MN.IT Services that are used to provide  
323.12 telecommunications services through the MN.IT services revolving fund;

323.13 (5) firefighter personal protective equipment as defined in paragraph (b), if purchased  
323.14 or authorized by and for the use of an organized fire department, fire protection district, or  
323.15 fire company regularly charged with the responsibility of providing fire protection to the  
323.16 state or a political subdivision;

323.17 (6) bullet-resistant body armor that provides the wearer with ballistic and trauma  
323.18 protection, if purchased by a law enforcement agency of the state or a political subdivision  
323.19 of the state, or a licensed peace officer, as defined in section 626.84, subdivision 1;

323.20 (7) motor vehicles purchased or leased by political subdivisions of the state if the vehicles  
323.21 are exempt from registration under section 168.012, subdivision 1, paragraph (b), exempt  
323.22 from taxation under section 473.448, or exempt from the motor vehicle sales tax under  
323.23 section 297B.03, clause (12);

323.24 (8) equipment designed to process, dewater, and recycle biosolids for wastewater  
323.25 treatment facilities of political subdivisions, and materials incidental to installation of that  
323.26 equipment;

323.27 (9) the removal of trees, bushes, or shrubs for the construction and maintenance of roads,  
323.28 trails, or firebreaks when purchased by an agency of the state or a political subdivision of  
323.29 the state;

323.30 (10) purchases by the Metropolitan Council or the Department of Transportation of  
323.31 vehicles and repair parts to equip operations provided for in section 174.90, including, but  
323.32 not limited to, the Northstar Corridor Rail project; and

324.1 (11) purchases of water used directly in providing public safety services by an organized  
324.2 fire department, fire protection district, or fire company regularly charged with the  
324.3 responsibility of providing fire protection to the state or a political subdivision.

324.4 (b) For purposes of this subdivision, "firefighters personal protective equipment" means  
324.5 helmets, including face shields, chin straps, and neck liners; bunker coats and pants, including  
324.6 pant suspenders; boots; gloves; head covers or hoods; wildfire jackets; protective coveralls;  
324.7 goggles; self-contained breathing apparatus; canister filter masks; personal alert safety  
324.8 systems; spanner belts; optical or thermal imaging search devices; and all safety equipment  
324.9 required by the Occupational Safety and Health Administration.

324.10 (c) For purchases of items listed in paragraph (a), clause (10), the tax must be imposed  
324.11 and collected as if the rate under section 297A.62, subdivision 1, applied and then refunded  
324.12 in the manner provided in section 297A.75.

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

324.14 Sec. 23. Minnesota Statutes 2018, section 297A.70, subdivision 4, is amended to read:

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

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

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

324.21 (i) in general limits membership to persons who are either age 55 or older, or ~~physically~~  
324.22 ~~disabled~~ persons with a physical disability;

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

324.26 (iii) is an exempt organization under section 501(c) of the Internal Revenue Code; and

324.27 (3) an organization that qualifies for an exemption for memberships under subdivision  
324.28 12 if the item is purchased and used in the performance of the organization's mission.

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

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

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

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

325.8 (3) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause (2),  
325.9 and prepared food, candy, soft drinks, and alcoholic beverages as defined in section 297A.67,  
325.10 subdivision 2, except wine purchased by an established religious organization for sacramental  
325.11 purposes or as allowed under subdivision 9a; and

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

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

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

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

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

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

325.26 Sec. 24. Minnesota Statutes 2018, section 297A.70, subdivision 16, is amended to read:

325.27 Subd. 16. **Camp fees.** Fees to camps or other recreation facilities are exempt for:

325.28 (1) services primarily for children, adults accompanying children, or persons with  
325.29 ~~disabilities~~ a disability; or

325.30 (2) educational or religious activities;

326.1 ~~and~~ if the camp or facilities are owned and operated by an exempt organization under section  
326.2 501(c)(3) of the Internal Revenue Code.

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

326.4 Sec. 25. Minnesota Statutes 2018, section 297A.71, subdivision 22, is amended to read:

326.5 Subd. 22. **Materials used to make residential property ~~disabled~~ accessible to persons**  
326.6 **with a disability.** Building materials and equipment sold to, or stored, used, or consumed  
326.7 by, a nonprofit organization are exempt if:

326.8 (1) the materials and equipment are used or incorporated into modifying an existing  
326.9 residential structure to make it ~~disabled~~ accessible to persons with a disability; and

326.10 (2) the materials and equipment used in the modification would qualify for an exemption  
326.11 under either subdivision 11 or 12 if made by the current owner of the residence.

326.12 For purposes of this subdivision, "nonprofit organization" means any nonprofit  
326.13 corporation, society, association, foundation, or institution organized and operated exclusively  
326.14 for charitable, religious, educational, or civic purposes; or a veterans' group exempt from  
326.15 federal taxation under section 501(c), clause (19), of the Internal Revenue Code.

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

326.17 Sec. 26. Minnesota Statutes 2018, section 297A.75, subdivision 1, is amended to read:

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

326.21 (1) building materials for an agricultural processing facility exempt under section  
326.22 297A.71, subdivision 13;

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

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

326.26 (4) building materials used in a residence for ~~disabled~~ veterans with a disability exempt  
326.27 under section 297A.71, subdivision 11;

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

326.29 (6) materials and supplies for qualified low-income housing under section 297A.71,  
326.30 subdivision 23;

327.1 (7) materials, supplies, and equipment for municipal electric utility facilities under  
327.2 section 297A.71, subdivision 35;

327.3 (8) equipment and materials used for the generation, transmission, and distribution of  
327.4 electrical energy and an aerial camera package exempt under section 297A.68, subdivision  
327.5 37;

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

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

327.10 (11) materials, supplies, and equipment for construction, improvement, or expansion  
327.11 of:

327.12 (i) an aerospace defense manufacturing facility exempt under Minnesota Statutes 2014,  
327.13 section 297A.71, subdivision 42;

327.14 (ii) a biopharmaceutical manufacturing facility exempt under section 297A.71, subdivision  
327.15 45;

327.16 (iii) a research and development facility exempt under Minnesota Statutes 2014, section  
327.17 297A.71, subdivision 46; and

327.18 (iv) an industrial measurement manufacturing and controls facility exempt under  
327.19 Minnesota Statutes 2014, section 297A.71, subdivision 47;

327.20 (12) enterprise information technology equipment and computer software for use in a  
327.21 qualified data center exempt under section 297A.68, subdivision 42;

327.22 (13) materials, supplies, and equipment for qualifying capital projects under section  
327.23 297A.71, subdivision 44, paragraph (a), clause (1), and paragraph (b);

327.24 (14) items purchased for use in providing critical access dental services exempt under  
327.25 section 297A.70, subdivision 7, paragraph (c);

327.26 (15) items and services purchased under a business subsidy agreement for use or  
327.27 consumption primarily in greater Minnesota exempt under section 297A.68, subdivision  
327.28 44;

327.29 (16) building materials, equipment, and supplies for constructing or replacing real  
327.30 property exempt under section 297A.71, subdivision 49; and

328.1 (17) building materials, equipment, and supplies for constructing or replacing real  
328.2 property exempt under section 297A.71, subdivision 50, paragraph (b).

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

328.4 Sec. 27. Minnesota Statutes 2018, section 297B.01, subdivision 14, is amended to read:

328.5 Subd. 14. **Purchase price.** (a) "Purchase price" means the total consideration valued in  
328.6 money for a sale, whether paid in money or otherwise. The purchase price excludes the  
328.7 amount of a manufacturer's rebate paid or payable to the purchaser. If a motor vehicle is  
328.8 taken in trade as a credit or as part payment on a motor vehicle taxable under this chapter,  
328.9 the credit or trade-in value allowed by the person selling the motor vehicle shall be deducted  
328.10 from the total selling price to establish the purchase price of the vehicle being sold and the  
328.11 trade-in allowance allowed by the seller shall constitute the purchase price of the motor  
328.12 vehicle accepted as a trade-in. The purchase price in those instances where the motor vehicle  
328.13 is acquired by gift or by any other transfer for a nominal or no monetary consideration shall  
328.14 also include the average value of similar motor vehicles, established by standards and guides  
328.15 as determined by the motor vehicle registrar. The purchase price in those instances where  
328.16 a motor vehicle is manufactured by a person who registers it under the laws of this state  
328.17 shall mean the manufactured cost of such motor vehicle and manufactured cost shall mean  
328.18 the amount expended for materials, labor, and other properly allocable costs of manufacture,  
328.19 except that in the absence of actual expenditures for the manufacture of a part or all of the  
328.20 motor vehicle, manufactured costs shall mean the reasonable value of the completed motor  
328.21 vehicle.

328.22 (b) The term "purchase price" shall not include the portion of the value of a motor vehicle  
328.23 due solely to modifications necessary to make the motor vehicle ~~disability~~ accessible to  
328.24 persons with a disability.

328.25 (c) The term "purchase price" shall not include the transfer of a motor vehicle by way  
328.26 of gift between a ~~husband and wife~~ spouses or parent and child, or to a nonprofit organization  
328.27 as provided under subdivision 16, paragraph (c), clause (6), nor shall it include the transfer  
328.28 of a motor vehicle by a guardian to a ward when there is no monetary consideration and the  
328.29 title to such vehicle was registered in the name of the guardian, as guardian, only because  
328.30 the ward was a minor.

328.31 (d) The term "purchase price" shall not include the transfer of a motor vehicle as a gift  
328.32 between a foster parent and foster child. For purposes of this subdivision, a foster relationship  
328.33 exists, regardless of the age of the child, if (1) a foster parent's home is or was licensed as



329.1 a foster family home under Minnesota Rules, parts 2960.3000 to 2960.3340, and (2) the  
329.2 county verifies that the child was a state ward or in permanent foster care.

329.3 (e) There shall not be included in "purchase price" the amount of any tax imposed by  
329.4 the United States upon or with respect to retail sales whether imposed upon the retailer or  
329.5 the consumer.

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

329.7 Sec. 28. Minnesota Statutes 2018, section 297B.01, subdivision 16, is amended to read:

329.8 Subd. 16. **Sale, sells, selling, purchase, purchased, or acquired.** (a) "Sale," "sells,"  
329.9 "selling," "purchase," "purchased," or "acquired" means any transfer of title of any motor  
329.10 vehicle, whether absolutely or conditionally, for a consideration in money or by exchange  
329.11 or barter for any purpose other than resale in the regular course of business.

329.12 (b) Any motor vehicle utilized by the owner only by leasing such vehicle to others or  
329.13 by holding it in an effort to so lease it, and which is put to no other use by the owner other  
329.14 than resale after such lease or effort to lease, shall be considered property purchased for  
329.15 resale.

329.16 (c) The terms also shall include any transfer of title or ownership of a motor vehicle by  
329.17 other means, for or without consideration, except that these terms shall not include:

329.18 (1) the acquisition of a motor vehicle by inheritance from or by bequest of, or  
329.19 transfer-on-death of title by, a decedent who owned it;

329.20 (2) the transfer of a motor vehicle which was previously licensed in the names of two  
329.21 or more joint tenants and subsequently transferred without monetary consideration to one  
329.22 or more of the joint tenants;

329.23 (3) the transfer of a motor vehicle by way of gift from a limited used vehicle dealer  
329.24 licensed under section 168.27, subdivision 4a, to an individual, when the transfer is with  
329.25 no monetary or other consideration or expectation of consideration and the parties to the  
329.26 transfer submit an affidavit to that effect at the time the title transfer is recorded;

329.27 (4) the transfer of a motor vehicle by gift between:

329.28 (i) spouses;

329.29 (ii) parents and a child; or

329.30 (iii) grandparents and a grandchild;

330.1 (5) the voluntary or involuntary transfer of a motor vehicle between a husband and wife  
330.2 spouses in a divorce proceeding; or

330.3 (6) the transfer of a motor vehicle by way of a gift to an organization that is exempt from  
330.4 federal income taxation under section 501(c)(3) of the Internal Revenue Code when the  
330.5 motor vehicle will be used exclusively for religious, charitable, or educational purposes.

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

330.7 Sec. 29. Minnesota Statutes 2018, section 298.018, subdivision 1, is amended to read:

330.8 Subdivision 1. **Within taconite assistance area.** The proceeds of the tax paid under  
330.9 sections 298.015 and 298.016 on ores, metals, or minerals mined or extracted within the  
330.10 taconite assistance area defined in section 273.1341, shall be allocated as follows:

330.11 (1) five percent to the city or town within which the minerals or energy resources are  
330.12 mined or extracted, or within which the concentrate was produced. If the mining and  
330.13 concentration, or different steps in either process, are carried on in more than one taxing  
330.14 district, the commissioner shall apportion equitably the proceeds among the cities and towns  
330.15 by attributing 50 percent of the proceeds of the tax to the operation of mining or extraction,  
330.16 and the remainder to the concentrating plant and to the processes of concentration, and with  
330.17 respect to each thereof giving due consideration to the relative extent of the respective  
330.18 operations performed in each taxing district;

330.19 (2) ten percent to the taconite municipal aid account to be distributed as provided in  
330.20 section 298.282, subdivisions 1 and 2, on the dates provided under this section;

330.21 (3) ten percent to the school district within which the minerals or energy resources are  
330.22 mined or extracted, or within which the concentrate was produced. If the mining and  
330.23 concentration, or different steps in either process, are carried on in more than one school  
330.24 district, distribution among the school districts must be based on the apportionment formula  
330.25 prescribed in clause (1);

330.26 (4) 20 percent to a group of school districts comprised of those school districts wherein  
330.27 the mineral or energy resource was mined or extracted or in which there is a qualifying  
330.28 municipality as defined by section 273.134, paragraph (b), in direct proportion to school  
330.29 district indexes as follows: for each school district, its pupil units determined under section  
330.30 126C.05 for the prior school year shall be multiplied by the ratio of the average adjusted  
330.31 net tax capacity per pupil unit for school districts receiving aid under this clause as calculated  
330.32 pursuant to chapters 122A, 126C, and 127A for the school year ending prior to distribution  
330.33 to the adjusted net tax capacity per pupil unit of the district. Each district shall receive that

331.1 portion of the distribution which its index bears to the sum of the indices for all school  
331.2 districts that receive the distributions;

331.3 (5) 20 percent to the county within which the minerals or energy resources are mined  
331.4 or extracted, or within which the concentrate was produced. If the mining and concentration,  
331.5 or different steps in either process, are carried on in more than one county, distribution  
331.6 among the counties must be based on the apportionment formula prescribed in clause (1),  
331.7 provided that any county receiving distributions under this clause shall pay one percent of  
331.8 its proceeds to the Range Association of Municipalities and Schools;

331.9 (6) 20 percent to St. Louis County acting as the counties' fiscal agent to be distributed  
331.10 as provided in sections 273.134 to 273.136;

331.11 (7) five percent to the commissioner of Iron Range resources and rehabilitation for the  
331.12 purposes of section 298.22;

331.13 (8) three percent to the Douglas J. Johnson economic protection trust fund; and

331.14 (9) seven percent to the taconite environmental protection fund.

331.15 ~~The proceeds of the tax shall be distributed on July 15 each year.~~

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

331.17 Sec. 30. Minnesota Statutes 2018, section 298.018, is amended by adding a subdivision  
331.18 to read:

331.19 Subd. 1a. **Distribution date.** The proceeds of the tax allocated under subdivision 1 shall  
331.20 be distributed on December 15 each year. Any payment of proceeds received after December  
331.21 15 shall be distributed on the next net proceeds tax distribution date.

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

331.23 Sec. 31. Minnesota Statutes 2018, section 298.282, subdivision 1, is amended to read:

331.24 Subdivision 1. **Distribution of taconite municipal aid account.** (a) The amount  
331.25 deposited with the county as provided in section 298.28, subdivision 3, must be distributed  
331.26 as provided by this section among: (1) the municipalities comprising a taconite assistance  
331.27 area under section 273.1341; (2) a township that contains a state park consisting primarily  
331.28 of an underground iron ore mine; and (3) a city located within five miles of that state park,  
331.29 each being referred to in this section as a qualifying municipality.

331.30 (b) The amount deposited in the state general fund as provided in section 298.018,  
331.31 subdivision 1, must be distributed in the same manner as provided under paragraph (a)

332.1 except that subdivisions 3, 4, and 5 do not apply, and the distributions shall be made on the  
332.2 dates provided under section 298.018, subdivision 1a.

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

332.4 Sec. 32. Laws 2017, First Special Session chapter 1, article 8, section 3, the effective date,  
332.5 is amended to read:

332.6 **EFFECTIVE DATE.** This section is effective for (1) petitions and appeals filed after  
332.7 June 30, 2017, for which notices of entry of order are mailed before July 1, 2019, and (2)  
332.8 notices of entry of order mailed after June 30, 2019.

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

### 37.31 ISSUANCE OF BONDS.

Subd. 8. **Expiration.** The authority to issue bonds, other than bonds to refund outstanding bonds, under this section expires July 1, 2025.

### 69.011 QUALIFYING FOR STATE AID.

Subdivision 1. **Definitions.** Unless the language or context clearly indicates that a different meaning is intended, the following words and terms, for the purposes of this chapter and chapters 423, 423A, 424 and 424A, have the meanings ascribed to them:

- (a) "Commissioner" means the commissioner of revenue.
- (b) "Municipality" means:
  - (1) a home rule charter or statutory city;
  - (2) an organized town;
  - (3) a park district subject to chapter 398;
  - (4) the University of Minnesota;
  - (5) for purposes of the fire state aid program only, an American Indian tribal government entity located within a federally recognized American Indian reservation;
  - (6) for purposes of the police state aid program only, an American Indian tribal government with a tribal police department which exercises state arrest powers under section 626.90, 626.91, 626.92, or 626.93;
  - (7) for purposes of the police state aid program only, the Metropolitan Airports Commission; and
  - (8) for purposes of the police state aid program only, the Department of Natural Resources and the Department of Public Safety with respect to peace officers covered under chapter 352B.
- (c) "Minnesota Firetown Premium Report" means a form prescribed by the commissioner containing space for reporting by insurers of fire, lightning, sprinkler leakage and extended coverage premiums received upon risks located or to be performed in this state less return premiums and dividends.
- (d) "Firetown" means the area serviced by any municipality having a qualified fire department or a qualified incorporated fire department having a subsidiary volunteer firefighters' relief association.
- (e) "Estimated market value" means latest available estimated market value of all property in a taxing jurisdiction, whether the property is subject to taxation, or exempt from ad valorem taxation obtained from information which appears on abstracts filed with the commissioner of revenue or equalized by the State Board of Equalization.
- (f) "Minnesota Aid to Police Premium Report" means a form prescribed by the commissioner for reporting by each fire and casualty insurer of all premiums received upon direct business received by it in this state, or by its agents for it, in cash or otherwise, during the preceding calendar year, with reference to insurance written for insuring against the perils contained in auto insurance coverages as reported in the Minnesota business schedule of the annual financial statement which each insurer is required to file with the commissioner in accordance with the governing laws or rules less return premiums and dividends.
- (g) "Peace officer" means any person:
  - (1) whose primary source of income derived from wages is from direct employment by a municipality or county as a law enforcement officer on a full-time basis of not less than 30 hours per week;
  - (2) who has been employed for a minimum of six months prior to December 31 preceding the date of the current year's certification under subdivision 2, paragraph (b);
  - (3) who is sworn to enforce the general criminal laws of the state and local ordinances;
  - (4) who is licensed by the Peace Officers Standards and Training Board and is authorized to arrest with a warrant; and

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(5) who is a member of the State Patrol retirement plan or the public employees police and fire fund.

(h) "Full-time equivalent number of peace officers providing contract service" means the integral or fractional number of peace officers which would be necessary to provide the contract service if all peace officers providing service were employed on a full-time basis as defined by the employing unit and the municipality receiving the contract service.

(i) "Retirement benefits other than a service pension" means any disbursement authorized under section 424A.05, subdivision 3, clauses (3) and (4).

(j) "Municipal clerk, municipal clerk-treasurer, or county auditor" means:

(1) for the police state aid program:

(i) the person who was elected or appointed to the specified position or, in the absence of the person, another person who is designated by the applicable governing body;

(ii) in a park district, the secretary of the board of park district commissioners;

(iii) in the case of the University of Minnesota, the official designated by the Board of Regents;

(iv) for the Metropolitan Airports Commission, the person designated by the commission;

(v) for the Department of Natural Resources or the Department of Public Safety, the respective commissioner;

(vi) for a tribal police department which exercises state arrest powers under section 626.90, 626.91, 626.92, or 626.93, the person designated by the applicable American Indian tribal government; and

(2) for the fire state aid program and fire relief association financial reports, the person who was elected or appointed to the specified position, or, for governmental entities other than counties, if the governing body of the governmental entity designates the position to perform the function, the chief financial official of the governmental entity or the chief administrative official of the governmental entity.

(k) "Voluntary statewide lump-sum volunteer firefighter retirement plan" means the retirement plan established by chapter 353G.

**Subd. 2. Qualification for fire or police state aid.** (a) Unless retirement coverage is provided by the voluntary statewide lump-sum volunteer firefighter retirement plan, in order to qualify to receive fire state aid, on or before March 15 annually, in conjunction with the financial report required pursuant to section 69.051, the clerk of each municipality having a duly organized fire department as provided in subdivision 4, or the secretary of each independent nonprofit firefighting corporation having a subsidiary incorporated firefighters' relief association, whichever is applicable, and the fire chief, shall jointly certify the existence of the municipal fire department or of the independent nonprofit firefighting corporation, whichever is applicable, which meets the minimum qualification requirements set forth in this subdivision, and the fire personnel and equipment of the municipal fire department or the independent nonprofit firefighting corporation as of the preceding December 31.

(b) Where retirement coverage is provided by the voluntary statewide lump-sum volunteer firefighter retirement plan, in order to qualify to receive fire state aid, on or before March 15, annually, the executive director of the Public Employees Retirement Association shall certify the existence of that coverage for each municipality and the municipal clerk or independent nonprofit firefighting corporation secretary, whichever applies, and the applicable fire chief shall certify the fire personnel and fire department equipment as of the preceding December 31.

(c) Except as provided in subdivision 2b, on or before March 15 annually, in order to qualify to receive police state aid, the clerk of each municipality and the auditor of each county employing one or more peace officers as defined in subdivision 1, paragraph (g), shall certify the number of such peace officers to the commissioner on forms prescribed by the commissioner. Credit for officers employed less than a full year must be apportioned. Each full month of employment of a qualifying officer during the calendar year entitles the employing municipality or county to credit for 1/12 of the payment for employment of a peace officer for the entire year. For purposes of sections 69.011 to 69.051, employment of a peace officer commences when the peace officer is entered on the payroll of the respective municipal police department or county sheriff's department. No peace

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officer may be included in the certification of the number of peace officers by more than one employing unit for the same month.

(d) A certification made under this subdivision must be filed with the commissioner, must be made on a form prescribed by the commissioner, and must include any other facts that the commissioner requires.

**Subd. 2b. Departments of Natural Resources and Public Safety.** (a) On or before each March 15, the commissioner of natural resources shall certify the number of peace officers as defined in subdivision 1, clause (g), employed by the Enforcement Division and the commissioner of public safety shall certify the number of peace officers as defined in subdivision 1, clause (g), employed by the Bureau of Criminal Apprehension, the Gambling Enforcement Division, and the State Patrol Division.

(b) The certification must be on a form prescribed by the commissioner. Peace officers certified under this paragraph must be included in the total certifications under subdivision 2.

**Subd. 2c. Ineligibility of certain police officers.** A police officer employed by the University of Minnesota who is required by the Board of Regents to be a member of the University of Minnesota faculty retirement plan is not eligible to be included in any police state-aid certification under this section.

**Subd. 3. Failure to file certificate deemed waiver.** (a) If a certification required by this section is not filed with the commissioner by the due date prescribed by this section, the commissioner shall notify the county, the municipality, or the nonprofit firefighting corporation that a portion or all of its current year aid will be forfeited if the certification is not received within ten days.

(b) The amount of aid forfeited is equal to the amount of state police aid or state fire aid determined for the county, the municipality, or the nonprofit firefighting corporation for the current year, multiplied by five percent for each week or fraction of a week that this certification is late. The penalty must be computed beginning ten days after the postmark date of the commissioner's notification as required under this subdivision. All forfeited aid amounts revert to the general fund in the state treasury. Failure to receive the certificate form may not be used as a defense for a failure to file.

**Subd. 4. Qualification for fire state aid.** (a) A municipality in this state qualifies to receive fire state aid if it meets the general requirements of paragraph (b) and if it meets the specific requirements of paragraph (c).

(b) Minimum qualifications for fire state aid include the following:

(1) having for more than one year an organized fire department and officially established by the governing body of the municipality or an independent nonprofit firefighting corporation created under the nonprofit corporation act of this state and operating exclusively for firefighting purposes and providing retirement and relief benefits to its members; and

(2) having a separate subsidiary incorporated firefighter's relief association providing retirement and relief benefits, or participating in the voluntary statewide lump-sum volunteer firefighter retirement plan or, if a paid fire department, having retirement coverage by the public employees police and fire retirement plan.

(c) Minimum requirements for fire state aid also include the following or their equivalent as determined by the state fire marshal:

(1) having ten paid or volunteer firefighters including a fire chief and assistant fire chief;

(2) having regular scheduled meetings and frequent drills including instructions in firefighting tactics and in the use, care, and operation of all fire apparatus and equipment;

(3) having a motorized fire truck equipped with a motorized pump, 250 gallon or larger water tank, 300 feet of one inch or larger fire hose in two lines with combination spray and straight stream nozzles, five-gallon hand pumps--tank extinguisher or equivalent, dry chemical extinguisher or equivalent, ladders, extension ladders, pike poles, crow bars, axes, lanterns, fire coats, helmets, and boots;

(4) having apparatus suitably housed in a building of good construction with facilities for care of hose and equipment;

(5) having a reliable and adequate method of receiving fire alarms by telephone or with electric siren and suitable means of sounding an alarm;

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(6) if response is to be provided outside the corporate limits of the municipality wherein the fire department is located, having another piece of motorized apparatus to make the response; and

(7) meeting other requirements that the commissioner establishes by rule.

**69.021 REPORTING PREMIUMS; CALCULATION OF AID.**

Subdivision 1. **Minnesota Firetown Premium Report and Minnesota Aid to Police Premium Report.** The commissioner shall, at the time of mailing tax forms, send blank copies of the Minnesota Firetown Premium Report and when applicable the Minnesota Aid to Police Premium Report to each insurer, including township and farmers mutual insurance companies licensed to write insurance as described in section 69.011, subdivision 1, clauses (c) and (f) in this state. These reports must contain space for the insurers name, address, gross premiums less return premiums, dividends, net premiums, certification and other facts that the commissioner may require.

Subd. 2. **Report of premiums.** (a) Each insurer, including township and farmers mutual insurers where applicable, shall return to the commissioner the reports described in subdivision 1 certified by its secretary and president or chief financial officer.

(b) The Minnesota Firetown Premium Report must contain a true and accurate statement of the total premium for all gross direct fire, lightning, sprinkler leakage, and extended coverage insurance of all domestic mutual insurers and the total premiums for all gross direct fire, lightning, sprinkler leakage and extended coverage insurance of all other insurers, less return premiums and dividends received by them on that business written or done during the preceding calendar year upon property located within the state or brought into the state for temporary use. The fire and extended coverage portion of multiperil and multiple peril package premiums and all other combination premiums must be determined by applying percentages determined by the commissioner or by rating bureaus recognized by the commissioner.

(c) The Minnesota Aid to Police Premium Report must contain a true and accurate statement of the total premiums, less return premiums and dividends, on all direct business received by such insurer in this state, or by its agents for it, in cash or otherwise, during the preceding calendar year, with reference to insurance written for perils described in section 69.011, subdivision 1, clause (f).

Subd. 3. **Penalty for fraudulent, incorrect, incomplete returns and late filing of report.** (a) When it appears to the commissioner that any insurer has made an incomplete or inaccurate report, the commissioner shall return the report and demand that a complete and accurate report be filed. If the insurer fails to file a report on or before March 1, annually, the insurer is liable and shall pay \$25 for each seven days, or fraction thereof, that the report is delinquent, but not to exceed \$200. If the insurer fails to file a corrected report within 30 days after demand, the insurer is liable for the penalties provided in paragraph (b) or (c) for knowingly filing an inaccurate or false report.

(b) Any insurer which knowingly makes and files an inaccurate or false report is liable to a fine in an amount of not less than \$25 nor more than \$1,000, as determined by the commissioner, and additionally the commissioner of commerce may revoke the insurer's certificate of authority.

(c) Any person whose duty it is to make the report who fails or refuses to make it within 30 days after notification by the commissioner shall be fined an amount of not more than \$1,000.

(d) Failure of the insurer to receive a reporting form does not excuse the insurer from filing the report.

Subd. 4. **Determination of qualified state aid recipients; certification to commissioner of management and budget.** (a) The commissioner shall determine which municipalities and independent nonprofit firefighting corporations are qualified to receive fire state aid directly or are qualified to receive the benefit of fire state aid paid to the voluntary statewide lump-sum volunteer firefighter retirement plan and which municipalities and counties are qualified to receive police state aid.

(b) The commissioner shall determine qualification for state aid upon receipt of:

(1) the fire department personnel and equipment certification or the police department and qualified peace officers certificate, whichever applies, required under section 69.011;

(2) the financial compliance report required under section 6.495, subdivision 3, if applicable; and

(3) any other relevant information which comes to the attention of the commissioner.



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(c) Upon completion of the determination, on or before October 1, the commissioner shall calculate the amount of:

(1) the police state aid which each county or municipality is to receive under subdivisions 5, 6, 7a, and 10; and

(2) the fire state aid which each municipality or nonprofit firefighting corporation is to receive under subdivisions 5 and 7.

(d) The commissioner shall certify to the commissioner of management and budget the name of each county or municipality, and the amount of state aid which each county or municipality is to receive, in the case of police state aid. The commissioner shall certify to the commissioner of management and budget the name of each municipality or independent nonprofit firefighting corporation and the amount of state aid which each municipality or independent nonprofit firefighting corporation is to receive directly or the amount of state aid which the voluntary statewide lump-sum volunteer firefighter retirement plan is qualified to receive on behalf of the municipality or corporation, in the case of fire state aid.

**Subd. 5. Calculation of state aid.** (a) The amount of fire state aid available for apportionment, before the addition of the minimum fire state aid allocation amount under subdivision 7, is equal to 107 percent of the amount of premium taxes paid to the state upon the fire, lightning, sprinkler leakage, and extended coverage premiums reported to the commissioner by insurers on the Minnesota Firetown Premium Report. This amount must be reduced by the amount required to pay the state auditor's costs and expenses of the audits or exams of the firefighters relief associations.

The total amount for apportionment in respect to fire state aid must not be less than two percent of the premiums reported to the commissioner by insurers on the Minnesota Firetown Premium Report after subtracting the following amounts:

(1) the amount required to pay the state auditor's costs and expenses of the audits or exams of the firefighters relief associations; and

(2) one percent of the premiums reported by township mutual insurance companies and mutual property and casualty companies with total assets of \$5,000,000 or less.

(b) The total amount for apportionment as police state aid is equal to 104 percent of the amount of premium taxes paid to the state on the premiums reported to the commissioner by insurers on the Minnesota Aid to Police Premium Report. The total amount for apportionment in respect to the police state aid program must not be less than two percent of the amount of premiums reported to the commissioner by insurers on the Minnesota Aid to Police Premium Report.

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

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

**Subd. 7. Apportionment of fire state aid to municipalities and relief associations.** (a) The commissioner shall apportion the fire state aid relative to the premiums reported on the Minnesota Firetown Premium Reports filed under this chapter to each municipality and/or firefighters relief association qualified under section 69.011, subdivision 4.

(b) The commissioner shall calculate an initial fire state aid allocation amount for each municipality or fire department under paragraph (c) and, if applicable, a minimum fire state aid allocation amount for each municipality or fire department under paragraph (d). The municipality or fire department must be apportioned the larger fire state aid amount.

(c) The initial fire state aid allocation amount is the amount available for apportionment as fire state aid under subdivision 5, without the inclusion of any additional funding amount to support a minimum fire state aid amount under section 423A.02, subdivision 3, allocated one-half in proportion to the population as shown in the last official statewide federal census for each fire town and one-half in proportion to the estimated market value of each fire town, including (1) the estimated market value of tax-exempt property and (2) the estimated market value of natural resources lands receiving in lieu payments under sections 477A.11 to 477A.14, but excluding the estimated market value of minerals. In the case of incorporated or municipal fire departments furnishing fire protection to other cities, towns, or townships as evidenced by valid fire service contracts filed with the commissioner, the distribution must be adjusted proportionately to take into consideration the

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crossover fire protection service. Necessary adjustments must be made to subsequent apportionments. In the case of municipalities or independent fire departments qualifying for the aid, the commissioner shall calculate the state aid for the municipality or relief association on the basis of the population and the estimated market value of the area furnished fire protection service by the fire department as evidenced by duly executed and valid fire service agreements filed with the commissioner. If one or more fire departments are furnishing contracted fire service to a city, town, or township, only the population and estimated market value of the area served by each fire department may be considered in calculating the state aid and the fire departments furnishing service shall enter into an agreement apportioning among themselves the percent of the population and the percent of the estimated market value of each shared service area. The agreement must be in writing and must be filed with the commissioner.

(d) The minimum fire state aid allocation amount is the amount in addition to the initial fire state allocation amount that is derived from any additional funding amount to support a minimum fire state aid amount under section 423A.02, subdivision 3, and allocated to municipalities with volunteer firefighters relief associations or covered by the voluntary statewide lump-sum volunteer firefighter retirement plan based on the number of active volunteer firefighters who are members of the relief association as reported in the annual financial reporting for the calendar year 1993 to the Office of the State Auditor, but not to exceed 30 active volunteer firefighters, so that all municipalities or fire departments with volunteer firefighters relief associations receive in total at least a minimum fire state aid amount per 1993 active volunteer firefighter to a maximum of 30 firefighters. If a relief association is established after calendar year 1993 and before calendar year 2000, the number of active volunteer firefighters who are members of the relief association as reported in the annual financial reporting for calendar year 1998 to the Office of the State Auditor, but not to exceed 30 active volunteer firefighters, shall be used in this determination. If a relief association is established after calendar year 1999, the number of active volunteer firefighters who are members of the relief association as reported in the first annual financial reporting submitted to the Office of the State Auditor, but not to exceed 20 active volunteer firefighters, must be used in this determination. If a relief association is terminated as a result of providing retirement coverage for volunteer firefighters by the voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G, the number of active volunteer firefighters of the municipality covered by the statewide plan as certified by the executive director of the Public Employees Retirement Association to the commissioner and the state auditor, but not to exceed 30 active firefighters, must be used in this determination.

(e) Unless the firefighters of the applicable fire department are members of the voluntary statewide lump-sum volunteer firefighter retirement plan, the fire state aid must be paid to the treasurer of the municipality where the fire department is located and the treasurer of the municipality shall, within 30 days of receipt of the fire state aid, transmit the aid to the relief association if the relief association has filed a financial report with the treasurer of the municipality and has met all other statutory provisions pertaining to the aid apportionment. If the firefighters of the applicable fire department are members of the voluntary statewide lump-sum volunteer firefighter retirement plan, the fire state aid must be paid to the executive director of the Public Employees Retirement Association and deposited in the voluntary statewide lump-sum volunteer firefighter retirement fund.

(f) The commissioner may make rules to permit the administration of the provisions of this section.

(g) Any adjustments needed to correct prior misallocations must be made to subsequent fire state aid apportionments.

**Subd. 7a. Apportionment of police state aid.** (a) Subject to the reduction provided for under subdivision 10, the commissioner shall apportion the police state aid to each municipality, to each county, and to the Departments of Natural Resources and Public Safety in the following manner:

(1) for all municipalities maintaining police departments, counties, the Department of Natural Resources, and the Department of Public Safety, the police state aid must be distributed in proportion to the relationship that the total number of peace officers, as determined under section 69.011, subdivision 1, paragraph (g), and subdivision 2, paragraph (b), employed by that employing unit for 12 calendar months and the proportional or fractional number who were employed less than 12 months bears to the total number of peace officers employed by all municipalities, counties, the Departments of Natural Resources and Public Safety, subject to any reduction under subdivision 10;

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(2) for each municipality which contracts with the county for police service, a proportionate amount of the state aid distributed to the county based on the full-time equivalent number of peace officers providing contract service to that municipality must be credited against the municipality's contract obligation; and

(3) for each municipality which contracts with another municipality for police service, a proportionate amount of the state aid distributed to the municipality providing contract service based on the full-time equivalent number of peace officers providing contract service to that municipality on a full-time equivalent basis must be credited against the contract obligation of the municipality receiving contract service.

(b) Any necessary additional adjustments must be made to subsequent police state aid apportionments.

**Subd. 8. Population and estimated market value.** (a) In computations relating to fire state aid requiring the use of population figures, only official statewide federal census figures may be used. Increases or decreases in population disclosed by reason of any special census must not be taken into consideration.

(b) In calculations relating to fire state aid requiring the use of estimated market value property figures, only the latest available estimated market value property figures may be used.

**Subd. 9. Appeal.** (a) In the event that a municipality, a county, a fire relief association, the Department of Natural Resources, the Department of Public Safety, or the voluntary statewide lump-sum volunteer firefighter retirement plan, feels itself to be aggrieved, it may request the commissioner to review and adjust the apportionment of funds within the county in the case of police state aid, or within the state in the case of fire state aid.

(b) The decision of the commissioner is subject to appeal, review, and adjustment by the district court in the county in which the applicable municipality or fire department is located or by the Ramsey County District Court with respect to the Department of Natural Resources, the Department of Public Safety, or the voluntary statewide lump-sum volunteer firefighter retirement plan.

**Subd. 10. Reduction in police state aid apportionment.** (a) The commissioner of revenue shall reduce the apportionment of police state aid under subdivisions 5, paragraph (b), 6, and 7a, for eligible employer units by the amount of any excess police state aid.

(b) "Excess police state aid" is:

(1) for counties and for municipalities in which police retirement coverage is provided wholly by the public employees police and fire fund and all police officers are members of the plan governed by sections 353.63 to 353.657, the amount in excess of the employer's total prior calendar year obligation as defined in paragraph (c), as certified by the executive director of the Public Employees Retirement Association;

(2) for the Metropolitan Airports Commission, the amount in excess of the commission's total prior calendar year obligation as defined in paragraph (c), as certified by the executive director of the Public Employees Retirement Association; and

(3) for the Department of Natural Resources and for the Department of Public Safety, the amount in excess of the employer's total prior calendar year obligation under section 352B.02, subdivision 1c, for plan members who are peace officers under section 69.011, subdivision 1, paragraph (g), as certified by the executive director of the Minnesota State Retirement System.

(c) The employer's total prior calendar year obligation with respect to the public employees police and fire plan under paragraph (b), clause (1), is the total prior calendar year obligation under section 353.65, subdivision 3, for police officers as defined in section 353.64, subdivisions 1, 1a, and 2, and the actual total prior calendar year obligation under section 353.65, subdivision 3, for firefighters, as defined in section 353.64, subdivisions 1, 1a, and 2, but not to exceed for those firefighters the applicable following employer calendar year amount:

Municipality	Maximum Amount
Albert Lea	\$54,157.01
Anoka	10,399.31
Apple Valley	5,442.44

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Austin	49,864.73
Bemidji	27,671.38
Brooklyn Center	6,605.92
Brooklyn Park	24,002.26
Burnsville	15,956.00
Cloquet	4,260.49
Coon Rapids	39,920.00
Cottage Grove	8,588.48
Crystal	5,855.00
East Grand Forks	51,009.88
Edina	32,251.00
Elk River	5,216.55
Ely	13,584.16
Eveleth	16,288.27
Fergus Falls	6,742.00
Fridley	33,420.64
Golden Valley	11,744.61
Hastings	16,561.00
Hopkins	4,324.23
International Falls	14,400.69
Lakeville	782.35
Lino Lakes	5,324.00
Little Falls	7,889.41
Maple Grove	6,707.54
Maplewood	8,476.69
Minnetonka	10,403.00
Montevideo	1,307.66
Moorhead	68,069.26
New Hope	6,739.72
North St. Paul	4,241.14
Northfield	770.63
Owatonna	37,292.67
Plymouth	6,754.71
Red Wing	3,504.01
Richfield	53,757.96
Rosemount	1,712.55
Roseville	9,854.51
St. Anthony	33,055.00
St. Louis Park	53,643.11

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Thief River Falls	28,365.04
Virginia	31,164.46
Waseca	11,135.17
West St. Paul	15,707.20
White Bear Lake	6,521.04
Woodbury	3,613.00
any other municipality	0.00

(d) The total amount of excess police state aid must be deposited in the excess police state-aid account in the general fund, administered and distributed as provided in subdivision 11.

Subd. 11. **Excess police state-aid holding account.** (a) The excess police state-aid holding account is established in the general fund. The excess police state-aid holding account must be administered by the commissioner.

(b) Excess police state aid determined according to subdivision 10, must be deposited annually in the excess police state-aid holding account.

(c) From the balance in the excess police state-aid holding account, \$900,000 must be canceled annually to the general fund.

(d) On October 1 of each year, one-half of the balance of the excess police state-aid holding account remaining after the deduction under paragraph (c) is appropriated for additional amortization aid under section 423A.02, subdivision 1b.

(e) Annually, the remaining balance in the excess police state-aid holding account, after the deductions under paragraphs (c) and (d) cancels to the general fund.

**69.022 VOLUNTEER RETENTION STIPEND AID PILOT.**

Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have the meanings given them.

(b) "Commissioner," unless otherwise specified, means the commissioner of public safety.

(c) "Emergency medical services provider" means a licensee as defined under section 144E.001, subdivision 8.

(d) "Independent nonprofit firefighting corporation" has the same meaning as used in chapter 424A.

(e) "Municipality" has the meaning given in section 69.011, but only if the municipality uses one or more qualified volunteers to provide service.

(f) "Qualified entity" means an emergency medical services provider, independent nonprofit firefighting corporation, or municipality.

(g) "Qualified volunteer" means one of the following types of volunteers who has provided service, for the entire prior calendar year, to one or more qualified entities:

(1) a volunteer firefighter as defined in section 299N.03, subdivision 7;

(2) a volunteer ambulance attendant as defined in section 144E.001, subdivision 15; or

(3) an emergency medical responder as defined in section 144E.001, subdivision 6, who provides emergency medical services as a volunteer.

(h) "Pilot area" means the following groups of counties:

(1) southern Minnesota, consisting of the counties of Faribault, Fillmore, Freeborn, Houston, and Watonwan;

(2) west central Minnesota, consisting of the counties of Chippewa, Kandiyohi, Redwood, and Renville;

(3) central Minnesota, consisting of the counties of Morrison and Todd; and

(4) north central Minnesota, consisting of the counties of Beltrami, Clearwater, and Mahnommen.

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Subd. 2. **Certification.** By June 1 of the calendar year following the year in which the qualified volunteer provided service, the commissioner shall certify to the commissioner of revenue each qualified volunteer's name and the qualified entity for which the qualified volunteer provided service, but the commissioner must remove duplicate listings of qualified volunteers who provided service to more than one qualified entity so that each qualified volunteer is listed only once. The commissioner shall also certify to the commissioner of revenue the total amount of aid to be paid to each qualified entity under subdivision 3. For qualified entities that are not municipalities, the commissioner must indicate the municipality to which the aid is to be paid, as designated by the qualified entity.

Subd. 3. **Aid payment and calculation.** The commissioner of revenue shall pay aid to qualified entities located in the pilot area to provide funds for the qualified entities to pay annual volunteer retention stipends to qualified volunteers who provide services to the qualified entities. A qualified entity is located in the pilot area if it is a municipality located in whole or in part in the pilot area, or if it is an emergency medical services provider or independent nonprofit firefighting corporation with its main office located in the pilot area. The amount of the aid equals \$500 multiplied by the number of qualified volunteers. For purposes of calculating this aid, each individual providing volunteer service, regardless of the different types of service provided, is one qualified volunteer. The commissioner of revenue shall pay the aid to qualified entities by July 15 of the calendar year following the year in which the qualified volunteer provided service. If a qualified entity is not a municipality, the commissioner shall pay the aid to the treasurer of the municipality designated by the qualified entity. The treasurer of the municipality shall, within 30 days of receipt of the aid, transmit the aid to the qualified entity.

Subd. 4. **Application.** Each year each qualified entity in the pilot area may apply to the commissioner for aid under this section. The application must be made at the time and in the form prescribed by the commissioner and must provide sufficient information to permit the commissioner to determine the applicant's entitlement to aid under this section.

Subd. 5. **Payment of stipends.** A qualified entity receiving state aid under this section must pay the aid as retention stipends of \$500 to qualified volunteers no later than September 15 of the year in which the aid was received.

Subd. 6. **Report.** No later than January 15, 2018, the commissioner must report to the chairs and ranking minority members of the legislative committees having jurisdiction over public safety and taxes in the senate and the house of representatives, in compliance with sections 3.195 and 3.197, on aid paid under this section. The report must include:

(1) for each county in the pilot area, a listing of the qualified entities that received aid in each of the three years of the pilot;

(2) the amount of aid paid to each qualified entity that received aid in each of the three years of the pilot; and

(3) for each qualified entity that received aid, the number of qualified volunteers who were paid stipends in each of the three years of the pilot, and the number of qualified volunteers in the year preceding the pilot.

The report must also provide information on the number of qualified volunteers providing service to qualified entities in comparison counties in each of the three years of the pilot and in the year preceding the pilot, and must summarize changes in the number of qualified volunteers during the year preceding the pilot and during the three years of the pilot both within the pilot area and in the comparison counties. For purposes of this subdivision, "comparison counties" means counties designated by the commissioner to include at least half of the counties that border each group of counties in the pilot area, as specified in subdivision 1. Qualified entities in comparison counties must provide information to the commissioner necessary to the report in this subdivision in the form and manner required by the commissioner.

Subd. 7. **Appropriation.** An amount sufficient to pay the state aid under this section is appropriated from the general fund to the commissioner of revenue.

Subd. 8. **Sunset.** This section expires for aid payable after calendar year 2017, except that the reporting requirement in subdivision 6 remains in effect through 2018.

**69.031 COMMISSIONER OF MANAGEMENT AND BUDGET; WARRANT, APPROPRIATION, PAYMENT AND ADMINISTRATION.**

Subdivision 1. **Commissioner's warrant.** (a) The commissioner of management and budget shall issue to the Public Employees Retirement Association on behalf of a municipality or independent nonprofit firefighting corporation that is a member of the voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G, to the Department of Natural Resources, the Department of Public Safety, or the county, municipality, or independent nonprofit firefighting corporation certified to the commissioner of management and budget by the commissioner a warrant for an amount equal to the amount of fire state aid or police state aid, whichever applies, certified for the applicable state aid recipient by the commissioner under section 69.021.

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

Subd. 3. **Appropriations.** There is hereby appropriated annually from the state general fund to the commissioner of revenue amounts sufficient to make the police state aid payments and the fire state aid payments specified in this section and section 69.021.

Subd. 5. **Deposit of state aid.** (a) If the municipality or the independent nonprofit firefighting corporation is covered by the voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G, the executive director shall credit the fire state aid against future municipal contribution requirements under section 353G.08 and shall notify the municipality or independent nonprofit firefighting corporation of the fire state aid so credited at least annually. If the municipality or the independent nonprofit firefighting corporation is not covered by the voluntary statewide lump-sum volunteer firefighter retirement plan, the municipal treasurer shall, within 30 days after receipt, transmit the fire state aid to the treasurer of the duly incorporated firefighters' relief association if there is one organized and the association has filed a financial report with the municipality. If the relief association has not filed a financial report with the municipality, the municipal treasurer shall delay transmission of the fire state aid to the relief association until the complete financial report is filed. If the municipality or independent nonprofit firefighting corporation is not covered by the voluntary statewide lump-sum volunteer firefighter retirement plan, if there is no relief association organized, or if the association has dissolved or has been removed as trustees of state aid, then the treasurer of the municipality shall deposit the money in the municipal treasury and the money may be disbursed only for the purposes and in the manner set forth in section 424A.08 or for the payment of the employer contribution requirement with respect to firefighters covered by the public employees police and fire retirement plan under section 353.65, subdivision 3.

(b) For a municipality in which police retirement coverage is provided by the public employees police and fire fund and all peace officers are members of the fund, including municipalities covered by section 353.665, the total state aid must be applied toward the municipality's employer contribution to the public employees police and fire fund under sections 353.65, subdivision 3, and 353.665, subdivision 8.

(c) The county treasurer, upon receipt of the police state aid for the county, shall apply the total state aid toward the county's employer contribution to the public employees police and fire fund under section 353.65, subdivision 3.

(d) The designated Metropolitan Airports Commission official, upon receipt of the police state aid for the Metropolitan Airports Commission, shall apply the total police state aid toward the commission's employer contribution for police officers to the public employees police and fire plan under section 353.65, subdivision 3.

(e) The police state aid apportioned to the Departments of Public Safety and Natural Resources under section 69.021, subdivision 7a, is appropriated to the commissioner of management and budget for transfer to the funds and accounts from which the salaries of peace officers certified under section 69.011, subdivision 2b, are paid. The commissioner of revenue shall certify to the commissioners of public safety, natural resources, and management and budget the amounts to be transferred from the appropriation for police state aid. The commissioners of public safety and natural resources shall certify to the commissioner of management and budget the amounts to be credited to each of the funds and accounts from which the peace officers employed by their respective departments are paid. Each commissioner shall allocate the police state aid first for employer contributions for employees funded from the general fund and then for employer contributions for employees funded from other funds. For peace officers whose salaries are paid from the general

fund, the amounts transferred from the appropriation for police state aid must be canceled to the general fund.

**69.041 SHORTFALL FROM GENERAL FUND.**

(a) If the annual funding requirements of fire or police relief associations or consolidation accounts under sections 424A.091 to 424A.095, or Laws 2013, chapter 111, article 5, sections 31 to 42, exceed all applicable revenue sources of a given year, including the insurance premium taxes funding the applicable fire or police state aid as set under section 297I.05, subdivisions 2, 3, and 4, the shortfall in the annual funding requirements must be paid from the general fund to the extent appropriated by the legislature.

(b) Nothing in this section may be deemed to relieve any municipality from its obligation to a relief association or consolidation account under law.

**69.051 FINANCIAL REPORT, BOND, EXAMINATION.**

Subdivision 1. **Financial report and audit.** (a) The board of the Bloomington Fire Department Relief Association and each volunteer firefighters relief association as defined in section 424A.001, subdivision 4, with assets of at least \$500,000 or liabilities of at least \$500,000 in the prior year or in any previous year, according to the applicable actuarial valuation or according to the financial report if no valuation is required, shall prepare a financial report covering the special and general funds of the relief association for the preceding fiscal year, file the financial report, and submit financial statements.

(b) The financial report must contain financial statements and disclosures which present the true financial condition of the relief association and the results of relief association operations in conformity with generally accepted accounting principles and in compliance with the regulatory, financing and funding provisions of this chapter and any other applicable laws. The financial report must be countersigned by:

(1) the municipal clerk or clerk-treasurer of the municipality in which the relief association is located if the relief association is a firefighters relief association which is directly associated with a municipal fire department; or

(2) by the municipal clerk or clerk-treasurer of the largest municipality in population which contracts with the independent nonprofit firefighting corporation if the volunteer firefighter relief association is a subsidiary of an independent nonprofit firefighting corporation and by the secretary of the independent nonprofit firefighting corporation; or

(3) by the chief financial official of the county in which the volunteer firefighter relief association is located or primarily located if the relief association is associated with a fire department that is not located in or associated with an organized municipality.

(c) The financial report must be retained in its office for public inspection and must be filed with the governing body of the government subdivision in which the associated fire department is located after the close of the fiscal year. One copy of the financial report must be furnished to the state auditor after the close of the fiscal year.

(d) Audited financial statements must be attested to by a certified public accountant or by the state auditor and must be filed with the state auditor within 180 days after the close of the fiscal year. The state auditor may accept this report in lieu of the report required in paragraph (c).

Subd. 1a. **Financial statement.** (a) The board of each volunteer firefighter relief association, as defined in section 424A.001, subdivision 4, that is not required to file a financial report and audit under subdivision 1 must prepare a detailed statement of the financial affairs for the preceding fiscal year of the relief association's special and general funds in the style and form prescribed by the state auditor. The detailed statement must show:

(1) the sources and amounts of all money received;

(2) all disbursements, accounts payable and accounts receivable;

(3) the amount of money remaining in the treasury;

(4) total assets, including a listing of all investments;

(5) the accrued liabilities; and

(6) all other items necessary to show accurately the revenues and expenditures and financial position of the relief association.



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(b) The detailed financial statement of the special and general funds required under paragraph (a) must be certified by a certified public accountant or by the state auditor in accordance with agreed-upon procedures and forms prescribed by the state auditor. The accountant must have at least five years of public accounting, auditing, or similar experience, and must not be an active, inactive, or retired member of the relief association or the fire department.

(c) The detailed financial statement required under paragraph (a) must be countersigned by:

(1) the municipal clerk or clerk-treasurer of the municipality; or

(2) where applicable, by the municipal clerk or clerk-treasurer of the largest municipality in population which contracts with the independent nonprofit firefighting corporation if the relief association is a subsidiary of an independent nonprofit firefighting corporation and by the secretary of the independent nonprofit firefighting corporation; or

(3) by the chief financial official of the county in which the volunteer firefighter relief association is located or primarily located if the relief association is associated with a fire department that is not located in or associated with an organized municipality.

(d) The volunteer firefighters' relief association board must file the detailed financial statement required under paragraph (a) in the relief association office for public inspection and present it to the governing body of the municipality within 45 days after the close of the fiscal year, and must submit a copy of the certified detailed financial statement to the state auditor within 90 days of the close of the fiscal year.

(e) A certified public accountant or auditor who performs the agreed-upon procedures under paragraph (b) is subject to the reporting requirements of section 6.67.

Subd. 1b. **Qualification.** The state auditor may, upon a demonstration by a relief association of hardship or an inability to conform, extend the deadline for reports under subdivisions 1 or 1a, but not beyond November 30th following the due date. If the reports are not received by November 30th, the municipality or relief association forfeits its current year state aid, and, until the state auditor receives the required information, the relief association or municipality is ineligible to receive any future state aid. A municipality or firefighters' relief association does not qualify initially to receive, or be entitled subsequently to retain, state aid under this chapter if the financial reporting requirement or the applicable requirements of this chapter or any other statute or special law have not been complied with or are not fulfilled.

Subd. 2. **Treasurers bond.** (a) The treasurer of the Bloomington Fire Department Relief Association may not enter upon duties without having given the association a bond in a reasonable amount acceptable to the municipality for the faithful discharge of duties according to law.

(b) No treasurer of a relief association governed by sections 424A.091 to 424A.096 may enter upon the duties of the office until the treasurer has given the association a good and sufficient bond in an amount equal to at least ten percent of the assets of the relief association; however, the amount of the bond need not exceed \$500,000.

Subd. 3. **Report by certain municipalities; exceptions.** (a) The chief administrative officer of each municipality which has an organized fire department but which does not have a firefighters' relief association governed by sections 424A.091 to 424A.095 or Laws 2014, chapter 275, article 2, section 23, and which is not exempted under paragraph (b) or (c) shall annually prepare a detailed financial report of the receipts and disbursements by the municipality for fire protection service during the preceding calendar year on a form prescribed by the state auditor. The financial report must contain any information which the state auditor deems necessary to disclose the sources of receipts and the purpose of disbursements for fire protection service. The financial report must be signed by the municipal clerk or clerk-treasurer of the municipality. The financial report must be filed by the municipal clerk or clerk-treasurer with the state auditor on or before July 1 annually. The municipality does not qualify initially to receive, and is not entitled subsequently to retain, state aid under this chapter if the financial reporting requirement or the applicable requirements of this chapter or any other statute or special law have not been complied with or are not fulfilled.

(b) Each municipality that has an organized fire department and provides retirement coverage to its firefighters through the voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G qualifies to have fire state aid transmitted to and retained in the statewide lump-sum volunteer firefighter retirement fund without filing a detailed financial report if the executive director of the Public Employees Retirement Association certifies compliance by the municipality with the requirements of sections 353G.04 and 353G.08, paragraph (e), and certifies conformity by the applicable fire chief with the requirements of section 353G.07.

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(c) Each municipality qualifies to receive fire state aid under this chapter without filing a financial report under paragraph (a) if the municipality:

- (1) has an organized fire department;
- (2) does not have a volunteer firefighters relief association directly associated with its fire department;
- (3) does not participate in the statewide lump-sum volunteer firefighter retirement plan under chapter 353G;
- (4) provides retirement coverage to its firefighters through the public employees police and fire retirement plan under sections 353.63 to 353.68; and
- (5) is certified by the executive director of the Public Employees Retirement Association to the state auditor to have had an employer contribution under section 353.65, subdivision 3, for its firefighters for the immediately prior calendar year equal to or greater than its fire state aid for the immediately prior calendar year.

Subd. 4. **Notification by commissioner and state auditor.** (a) The state auditor, in performing an audit or examination, shall notify the Legislative Commission on Pensions and Retirement if the audit or examination reveals malfeasance, misfeasance, or nonfeasance in office by relief association officials or municipal officials.

(b) The commissioner shall notify the Legislative Commission on Pensions and Retirement if the state auditor has not filed the required financial compliance reports by July 1.

**69.33 REPORT; AMOUNT OF PREMIUMS RECEIVED BY INSURANCE COMPANIES.**

For purposes of the first class city fire insurance premium tax surcharge aid program under section 297I.10, the commissioner shall enclose in the annual statement blank that is sent to all fire insurance companies doing business in this state a blank form containing the names of all cities of the first class and require these companies, at the time of making their annual statements to the commissioner, to state on these blanks the amount of premiums received by them upon properties insured within the corporate limits of the cities named thereon during the year ending December 31st last past. Thereafter, before July first each year, the commissioner shall certify to the commissioner of management and budget the information thus obtained, together with the amount of the tax for the benefit of the pension plans covering firefighters in cities of the first class paid in such year by these companies upon these insurance premiums.

**69.80 AUTHORIZED ADMINISTRATIVE EXPENSES.**

(a) Notwithstanding any provision of law to the contrary, the payment of the following necessary, reasonable and direct expenses of maintaining, protecting and administering the special fund, when provided for in the bylaws of the association and approved by the board of trustees, constitutes authorized administrative expenses of a volunteer firefighters' relief association organized under any law of this state or the Bloomington Fire Department Relief Association:

- (1) office expense, including, but not limited to, rent, utilities, equipment, supplies, postage, periodical subscriptions, furniture, fixtures, and salaries of administrative personnel;
- (2) salaries of the officers of the association, or their designees, and salaries of the members of the board of trustees of the association if the salary amounts are approved by the governing body of the entity that is responsible for meeting any minimum obligation under section 424A.092 or 424A.093, or Laws 2013, chapter 111, article 5, sections 31 to 42, and the itemized expenses of relief association officers and board members that are incurred as a result of fulfilling their responsibilities as administrators of the special fund;
- (3) tuition, registration fees, organizational dues, and other authorized expenses of the officers or members of the board of trustees incurred in attending educational conferences, seminars, or classes relating to the administration of the relief association;
- (4) audit and audit-related services, accounting and accounting-related services, and actuarial, medical, legal, and investment and performance evaluation expenses;
- (5) filing and application fees payable by the relief association to federal or other governmental entities;

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(6) reimbursement to the officers and members of the board of trustees, or their designees, for reasonable and necessary expenses actually paid and incurred in the performance of their duties as officers or members of the board; and

(7) premiums on fiduciary liability insurance and official bonds for the officers, members of the board of trustees, and employees of the relief association.

(b) Any other expenses of the relief association must be paid from the general fund of the association, if one exists. If a relief association has only one fund, that fund is the special fund for purposes of this section. If a relief association has a special fund and a general fund, and any expense of the relief association that is directly related to the purposes for which both funds were established, the payment of that expense must be apportioned between the two funds on the basis of the benefits derived by each fund.

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

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

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

**275.29 ABSTRACTS TO COMMISSIONER OF REVENUE.**

Not later than March 31, in each year, the county auditor shall make and transmit to the commissioner of revenue, in such form as may be prescribed by the commissioner of revenue, complete abstracts of the tax lists of the county, showing the number of acres of land assessed; its value, including the structures thereon; the value of town and city lots, including structures; the total value of all taxable personal property in the several assessment districts; the aggregate amount of all taxable property in the county, and the total amount of taxes levied therein for state, county, town, and all other purposes for that year.

**289A.38 LIMITATIONS ON TIME FOR ASSESSMENT OF TAX.**

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

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

Subd. 9. **Report made of change or correction of federal return.** If a taxpayer is required to make a report under subdivision 7, and does report the change or files a copy of the amended return, the commissioner may recompute and reassess the tax due, including a refund (1) within one year after the report or amended return is filed with the commissioner, notwithstanding any period of limitations to the contrary, or (2) within any other applicable period stated in this section, whichever period is longer. The period provided for the carryback of any amount of loss or credit is also extended as provided in this subdivision, notwithstanding any law to the contrary. If the commissioner has completed a field audit of the taxpayer, and, but for this subdivision, the commissioner's time period to adjust the tax has expired, the additional tax due or refund is limited to only those changes

that are required to be made to the return which relate to the changes made on the federal return. This subdivision does not apply to sales and use tax.

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

**290.0131 INDIVIDUALS; ADDITIONS TO FEDERAL TAXABLE INCOME.**

Subd. 7. **Fines, fees, and penalties.** The amount of expenses disallowed under section 290.10, subdivision 2, is an addition.

Subd. 10. **Section 179 expensing.** 80 percent of the amount by which the deduction allowed under the dollar limits of section 179 of the Internal Revenue Code exceeds the deduction allowable by section 179 of the Internal Revenue Code, as amended through December 31, 2003, is an addition.

Subd. 11. **Income attributable to domestic production activities.** The amount of the deduction allowable under section 199 of the Internal Revenue Code is an addition.

**290.0133 CORPORATIONS; ADDITIONS TO FEDERAL TAXABLE INCOME.**

Subd. 12. **Section 179 expensing.** 80 percent of the amount by which the deduction allowed under the dollar limits of section 179 of the Internal Revenue Code exceeds the deduction allowable by section 179 of the Internal Revenue Code, as amended through December 31, 2003, is an addition.

Subd. 13. **Income attributable to domestic production activities.** The amount of the deduction allowable under section 199 of the Internal Revenue Code is an addition.

Subd. 14. **Fines, fees, and penalties.** The amount of expenses disallowed under section 290.10, subdivision 2, is an addition.

**290.10 NONDEDUCTIBLE ITEMS.**

Subd. 2. **Fines, fees, and penalties.** (a) Except as provided in this subdivision, no deduction from taxable income for a trade or business expense under section 162(a) of the Internal Revenue Code shall be allowed for any amount paid or incurred, whether by suit, agreement, or otherwise, to, or at the direction of, a government or entity described in paragraph (d) in relation to the violation of any law or the investigation or inquiry by such government or entity into the potential violation of any law.

(b) Exception for amounts constituting restitution or paid to come into compliance with the law. Paragraph (a) does not apply to any amount which:

(1) the taxpayer establishes:

(i) constitutes restitution, including remediation of property for damage or harm caused by or which may be caused by the violation of any law or the potential violation of any law; or

(ii) is paid to come into compliance with any law which was violated or involved in the investigation or inquiry; and

(2) is identified as restitution or as an amount paid to come into compliance with the law, as the case may be, in the court order or settlement agreement.

This paragraph does not apply to any amount paid or incurred as reimbursement to the government or entity for the costs of any investigation or litigation.

(c) Paragraph (a) does not apply to any amount paid or incurred by order of a court in a suit in which no government or entity described in paragraph (d) is a party.

(d) An entity is described in this paragraph if it is:

(1) a nongovernmental entity which exercises self-regulatory powers, including imposing sanctions, in connection with a qualified board or exchange, as defined in section 1256(g)(7) of the Internal Revenue Code; or

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(2) to the extent provided in federal regulations, a nongovernmental entity which exercises self-regulatory powers, including imposing sanctions, as part of performing an essential governmental function.

(e) Paragraph (a) does not apply to any amount paid or incurred as taxes due.

**296A.03 DISTRIBUTOR'S LICENSE.**

Subd. 5. **Form of application; bond.** (a) A written application shall be made in the form and manner prescribed by the commissioner.

(b) The commissioner shall also require the applicant or licensee to deposit with the commissioner of management and budget securities of the United States government or the state of Minnesota or to execute and file a bond, with a corporate surety approved by the commissioner, to the state of Minnesota in an amount to be determined by the commissioner and in a form to be fixed by the commissioner and approved by the attorney general, and which shall be conditioned for the payment when due of all excise taxes, fees, penalties, and accrued interest arising in the ordinary course of business or by reason of any delinquent money which may be due the state. The bond shall cover all places of business within the state where petroleum products are received by the licensee. The applicant or licensee shall designate and maintain an agent in this state upon whom service may be made for all purposes of this section.

(c) An initial applicant for a distributor's license shall furnish a bond in a minimum sum of \$3,000 for the first year.

(d) The commissioner, on reaching the opinion that the bond given by a licensee is inadequate in amount to fully protect the state, shall require an additional bond in such amount as the commissioner deems sufficient.

(e) A licensee who desires to be exempt from depositing securities or furnishing such bond shall furnish to the commissioner an itemized financial statement showing the assets and the liabilities of the applicant. If it appears to the commissioner, from the financial statement or otherwise, that the applicant is financially responsible, then the commissioner may exempt the applicant from depositing such securities or furnishing such bond until the commissioner otherwise orders.

(f) When the surety upon any bond issued under the provisions of this chapter have fulfilled the conditions of such bond and compensated the state for any loss occasioned by any act or omission of any licensee under this chapter, such surety shall be subrogated to all the rights of the state in connection with the transaction where such loss occurred.

**296A.04 SPECIAL FUEL DEALER'S LICENSE; REQUIREMENTS.**

Subd. 2. **Bond.** The provisions of section 296A.03, subdivision 5, paragraphs (b), (d), (e), and (f), relating to bonds apply to special fuel dealers.

**296A.05 BULK PURCHASER'S LICENSE; REQUIREMENTS.**

Subd. 2. **Bond.** The provisions of section 296A.03, subdivision 5, paragraphs (b), (d), (e), and (f), relating to bonds apply to bulk purchasers.

**297I.25 INFORMATION RETURNS.**

Subd. 2. **Firetown and police premium reports.** To the extent required by section 69.021, each insurer shall file with the commissioner a Minnesota firetown premium report and Minnesota aid to police premium report.

**349.213 LOCAL AUTHORITY.**

Subd. 3. **Local gambling tax.** A statutory or home rule charter city that has one or more licensed organizations operating lawful gambling, and a county that has one or more licensed organizations outside incorporated areas operating lawful gambling, may impose a local gambling tax on each licensed organization within the city's or county's jurisdiction. The tax may be imposed only if the amount to be received by the city or county is necessary to cover the costs incurred by the city or county to regulate lawful gambling. The tax imposed by this subdivision may not exceed three percent per year of the gross receipts of a licensed organization from all lawful gambling less prizes actually paid out by the organization. A city or county may not use money collected under this subdivision for any purpose other than to regulate lawful gambling. All documents pertaining to site inspections, fines, penalties, or other corrective action involving local lawful gambling regulation must be shared with the board within 30 days of filing at the city or county of jurisdiction. A tax imposed under this subdivision is in lieu of all other local taxes and local investigation fees on

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lawful gambling. A city or county that imposes a tax under this subdivision shall annually, by March 15, file a report with the board in a form prescribed by the board showing (1) the amount of revenue produced by the tax during the preceding calendar year, and (2) the use of the proceeds of the tax.

**8125.0410 DISTRIBUTOR'S LICENSES.**

Subpart 1. **Exemption from depositing securities or filing a bond.** The commissioner will determine which distributor license applicants are financially responsible and, as a result, qualify for the statutory exemption from depositing securities or filing a bond, by taking into consideration all relevant factors. Those factors include the following:

A. whether the applicant's financial statement reflects that the applicant's current assets are at least equal to its current liabilities and that the applicant's net worth is at least three times its average quarterly motor fuel tax liability;

B. whether the applicant has failed to file or has been delinquent in filing any motor fuel tax returns;

C. whether the applicant has ever failed to pay its motor fuel tax liability, paid it late, or paid with a check that was later returned by the bank unpaid; and

D. any other evidence of the financial responsibility of the applicant.