

SENATE
STATE OF MINNESOTA
SPECIAL SESSION

S.F. No. 26

(SENATE AUTHORS: NELSON and Rest)

DATE	D-PG	OFFICIAL STATUS
06/15/2021	14	Introduction and first reading Referred to Taxes
06/30/2021	1251	Withdrawn
	1251	Second reading Urgency declared rules suspended
	1252a	Amended
	1275	Third reading
	1275	Laid on table HF passed, no substitution HF9

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, sales and use taxes, partnership

1.5 taxes, special and excise taxes, property taxes, local government aids, and

1.6 provisions related to local taxes, tax increment financing, public finance, and other

1.7 miscellaneous taxes and tax provisions; modifying certain income tax credits and

1.8 authorizing new credits; modifying and providing for partnership audits; providing

1.9 for a pass-through entity tax; modifying sales tax exemptions; providing for

1.10 reduction of accelerated sales tax payments; modifying vapor and tobacco tax

1.11 provisions; modifying and providing certain property tax exemptions; modifying

1.12 property classification provisions; modifying local government aid appropriations;

1.13 modifying existing local taxes and authorizing new local taxes; modifying and

1.14 authorizing certain tax increment financing provisions; providing provisions related

1.15 to public finance; providing for a tax expenditure review commission and the

1.16 required expiration of tax expenditures; increasing the budget reserve; creating a

1.17 new government grant program; providing for Tribal-state relations; establishing

1.18 a frontline worker pay working group; providing for compliance with federal law

1.19 background checks for certain individuals with access to federal tax information;

1.20 classifying data; making minor policy and technical changes; making appointments;

1.21 requiring reports; modifying appropriations; appropriating money; amending

1.22 Minnesota Statutes 2020, sections 3.192; 3.8853, subdivision 2; 16A.152,

1.23 subdivision 2, as amended; 41A.19; 116J.8737, subdivisions 5, 12; 144F.01;

1.24 270.41, subdivision 3a; 270.44; 270A.04, by adding a subdivision; 270B.13, by

1.25 adding a subdivision; 270C.11, subdivisions 2, 4, 6; 270C.13, subdivision 1;

1.26 270C.22, subdivision 1; 270C.445, subdivisions 3, 6; 272.02, by adding a

1.27 subdivision; 272.029, subdivision 2; 272.0295, subdivisions 2, 5; 273.063;

1.28 273.0755; 273.124, subdivisions 1, 9, 13, 14; 273.13, subdivisions 23, 25, 34;

1.29 273.18; 275.025, subdivisions 1, 2; 275.065, subdivision 3, by adding a subdivision;

1.30 275.066; 287.04; 289A.08, subdivision 7, by adding a subdivision; 289A.09,

1.31 subdivision 2; 289A.20, subdivision 4; 289A.31, subdivision 1; 289A.37,

1.32 subdivision 2; 289A.38, subdivisions 7, 8, 9, 10; 289A.42; 289A.60, subdivisions

1.33 15, 24, by adding a subdivision; 290.01, subdivisions 19, 31; 290.0121, subdivision

1.34 3; 290.0122, subdivision 8; 290.0132, by adding a subdivision; 290.06, subdivisions

1.35 2c, 22, by adding subdivisions; 290.0671, subdivision 1; 290.0681, subdivision

1.36 10; 290.0682; 290.31, subdivision 1; 290.92, subdivisions 1, 2a, 3, 4b, 4c, 5, 5a,

1.37 19, 20; 290.923, subdivision 9; 290.993; 290A.03, subdivision 3; 295.75,

1.38 subdivision 2; 296A.06, subdivision 2; 297A.66, subdivision 3; 297A.67, by adding

2.1 a subdivision; 297A.70, subdivision 13; 297A.71, subdivision 52, by adding a
 2.2 subdivision; 297A.75, subdivisions 1, 2, 3; 297A.99, subdivision 2; 297A.993,
 2.3 subdivision 2; 297F.01, subdivision 22b, by adding a subdivision; 297F.031;
 2.4 297F.04, subdivision 2; 297F.05, by adding a subdivision; 297F.09, subdivisions
 2.5 3, 4a, 7, 10; 297F.13, subdivision 4; 297F.17, subdivisions 1, 6; 297G.09,
 2.6 subdivision 9; 297G.16, subdivision 7; 297H.04, subdivision 2; 297H.05; 297I.20,
 2.7 by adding subdivisions; 298.001, by adding a subdivision; 298.24, subdivision 1;
 2.8 298.285; 298.405, subdivision 1; 325F.781, subdivisions 1, 5, 6; 429.021,
 2.9 subdivision 1; 429.031, subdivision 3; 453A.04, subdivision 21, by adding a
 2.10 subdivision; 465.71; 469.176, by adding a subdivision; 469.1763, subdivisions 2,
 2.11 3, 4; 469.319, subdivision 4; 475.56; 475.58, subdivision 3b; 475.60, subdivision
 2.12 1; 475.67, subdivision 8; 477A.03, subdivision 2b; 477A.10; 477A.17; 609B.153;
 2.13 Laws 2009, chapter 88, article 2, section 46, subdivision 3, as amended; Laws
 2.14 2017, First Special Session chapter 1, article 3, section 32, as amended; Laws
 2.15 2019, First Special Session chapter 6, article 6, section 27; Laws 2020, Fifth Special
 2.16 Session chapter 3, article 3, section 5, subdivision 10; proposing coding for new
 2.17 law in Minnesota Statutes, chapters 3; 10; 41A; 116J; 116U; 289A; 290; 299C;
 2.18 462A; 477A; repealing Minnesota Statutes 2020, sections 270C.17, subdivision
 2.19 2; 469.055, subdivision 7.

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

2.21

ARTICLE 1

2.22

FEDERAL CONFORMITY; INDIVIDUAL INCOME AND CORPORATE FRANCHISE TAXES

2.23

2.24 Section 1. Minnesota Statutes 2020, section 116J.8737, subdivision 5, is amended to read:

2.25 Subd. 5. **Credit allowed.** (a) A qualified investor or qualified fund is eligible for a credit
 2.26 equal to 25 percent of the qualified investment in a qualified small business. Investments
 2.27 made by a pass-through entity qualify for a credit only if the entity is a qualified fund. The
 2.28 commissioner must not allocate ~~more than \$10,000,000 in credits~~ to qualified investors or
 2.29 qualified funds more than the dollar amount in credits allowed for the taxable years listed
 2.30 in paragraph (i). For each taxable year, 50 percent must be allocated to credits for qualified
 2.31 investments in qualified greater Minnesota businesses and minority-owned, women-owned,
 2.32 or veteran-owned qualified small businesses in Minnesota. Any portion of a taxable year's
 2.33 credits that is reserved for qualified investments in greater Minnesota businesses and
 2.34 minority-owned, women-owned, or veteran-owned qualified small businesses in Minnesota
 2.35 that is not allocated by September 30 of the taxable year is available for allocation to other
 2.36 credit applications beginning on October 1. Any portion of a taxable year's credits that is
 2.37 not allocated by the commissioner does not cancel and may be carried forward to subsequent
 2.38 taxable years until all credits have been allocated.

2.39 (b) The commissioner may not allocate more than a total maximum amount in credits
 2.40 for a taxable year to a qualified investor for the investor's cumulative qualified investments
 2.41 as an individual qualified investor and as an investor in a qualified fund; for married couples

3.1 filing joint returns the maximum is \$250,000, and for all other filers the maximum is
3.2 \$125,000. The commissioner may not allocate more than a total of \$1,000,000 in credits
3.3 over all taxable years for qualified investments in any one qualified small business.

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

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

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

3.11 A member of the family of an individual disqualified by this paragraph is not eligible for a
3.12 credit under this section. For a married couple filing a joint return, the limitations in this
3.13 paragraph apply collectively to the investor and spouse. For purposes of determining the
3.14 ownership interest of an investor under this paragraph, the rules under section 267(c) and
3.15 267(e) of the Internal Revenue Code apply.

3.16 (d) Applications for tax credits ~~for 2010~~ must be made available on the department's
3.17 website ~~by September 1, 2010, and the department must begin accepting applications by~~
3.18 ~~September 1, 2010. Applications for subsequent years must be made available~~ by November
3.19 1 of the preceding year.

3.20 (e) Qualified investors and qualified funds must apply to the commissioner for tax credits.
3.21 Tax credits must be allocated to qualified investors or qualified funds in the order that the
3.22 tax credit request applications are filed with the department. The commissioner must approve
3.23 or reject tax credit request applications within 15 days of receiving the application. The
3.24 investment specified in the application must be made within 60 days of the allocation of
3.25 the credits. If the investment is not made within 60 days, the credit allocation is canceled
3.26 and available for reallocation. A qualified investor or qualified fund that fails to invest as
3.27 specified in the application, within 60 days of allocation of the credits, must notify the
3.28 commissioner of the failure to invest within five business days of the expiration of the
3.29 60-day investment period.

3.30 (f) All tax credit request applications filed with the department on the same day must
3.31 be treated as having been filed contemporaneously. If two or more qualified investors or
3.32 qualified funds file tax credit request applications on the same day, and the aggregate amount
3.33 of credit allocation claims exceeds the aggregate limit of credits under this section or the
3.34 lesser amount of credits that remain unallocated on that day, then the credits must be allocated

4.1 among the qualified investors or qualified funds who filed on that day on a pro rata basis
4.2 with respect to the amounts claimed. The pro rata allocation for any one qualified investor
4.3 or qualified fund is the product obtained by multiplying a fraction, the numerator of which
4.4 is the amount of the credit allocation claim filed on behalf of a qualified investor and the
4.5 denominator of which is the total of all credit allocation claims filed on behalf of all
4.6 applicants on that day, by the amount of credits that remain unallocated on that day for the
4.7 taxable year.

4.8 (g) A qualified investor or qualified fund, or a qualified small business acting on their
4.9 behalf, must notify the commissioner when an investment for which credits were allocated
4.10 has been made, and the taxable year in which the investment was made. A qualified fund
4.11 must also provide the commissioner with a statement indicating the amount invested by
4.12 each investor in the qualified fund based on each investor's share of the assets of the qualified
4.13 fund at the time of the qualified investment. After receiving notification that the investment
4.14 was made, the commissioner must issue credit certificates for the taxable year in which the
4.15 investment was made to the qualified investor or, for an investment made by a qualified
4.16 fund, to each qualified investor who is an investor in the fund. The certificate must state
4.17 that the credit is subject to revocation if the qualified investor or qualified fund does not
4.18 hold the investment in the qualified small business for at least three years, consisting of the
4.19 calendar year in which the investment was made and the two following years. The three-year
4.20 holding period does not apply if:

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

4.23 (2) 80 percent or more of the assets of the qualified small business is sold before the end
4.24 of the three-year period;

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

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

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

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

4.31 (i) The credit allowed under this subdivision is effective ~~for each of the following taxable~~
4.32 years as follows:

4.33 ~~(1) taxable years beginning after December 31, 2018, and before January 1, 2020; and~~

5.1 ~~(2)~~ (1) \$10,000,000 for taxable years beginning after December 31, 2020, and before
 5.2 January 1, 2022; and

5.3 (2) \$5,000,000 for taxable years beginning after December 31, 2021, and before January
 5.4 1, 2023.

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

5.6 Sec. 2. Minnesota Statutes 2020, section 116J.8737, subdivision 12, is amended to read:

5.7 Subd. 12. **Sunset.** This section expires for taxable years beginning after December 31,
 5.8 ~~2021~~ 2022, except that reporting requirements under subdivision 6 and revocation of credits
 5.9 under subdivision 7 remain in effect through ~~2023~~ 2024 for qualified investors and qualified
 5.10 funds, and through ~~2025~~ 2026 for qualified small businesses, reporting requirements under
 5.11 subdivision 9 remain in effect through ~~2024~~ 2022, and the appropriation in subdivision 11
 5.12 remains in effect through ~~2025~~ 2026.

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

5.14 Sec. 3. **[116U.27] FILM PRODUCTION CREDIT.**

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

5.17 (b) "Allocation certificate" means a certificate issued by the commissioner to a taxpayer
 5.18 upon receipt of an initial application for a credit for a project that has not yet been completed.

5.19 (c) "Application" means the application for a credit under subdivision 4.

5.20 (d) "Commissioner" means the commissioner of employment and economic development.

5.21 (e) "Credit certificate" means a certificate issued by the commissioner upon submission
 5.22 of the cost verification report in subdivision 4, paragraph (e).

5.23 (f) "Eligible production costs" means eligible production costs as defined in section
 5.24 116U.26, paragraph (b), clause (1), incurred in Minnesota that are directly attributable to
 5.25 the production of a film project in Minnesota.

5.26 (g) "Film" has the meaning given in section 116U.26, paragraph (b), clause (2).

5.27 (h) "Project" means a film:

5.28 (1) that includes the promotion of Minnesota;

5.29 (2) for which the taxpayer has expended at least \$1,000,000 in the taxable year for
 5.30 eligible production costs; and

6.1 (3) to the extent practicable, that employs Minnesota residents.

6.2 (i) "Promotion of Minnesota" or "promotion" means visible display of a static or animated
6.3 logo, approved by the commissioner and lasting approximately five seconds, that promotes
6.4 Minnesota within its presentation in the end credits before the below-the-line crew crawl
6.5 for the life of the project.

6.6 Subd. 2. **Credit allowed.** A taxpayer is eligible for a credit up to 25 percent of eligible
6.7 production costs paid in a taxable year. A taxpayer may only claim a credit if the taxpayer
6.8 was issued a credit certificate under subdivision 4.

6.9 Subd. 3. **Credit assignable.** The recipient of a credit certificate may assign the certificate
6.10 to another taxpayer before any amount of the credit is claimed. The assignee is allowed the
6.11 credit under section 290.06, subdivision 39, or 297I.20, subdivision 4. An assignment is
6.12 not valid unless the assignee notifies the commissioner of revenue within 30 days of the
6.13 date that the assignment is made. The commissioner of revenue shall prescribe the forms
6.14 necessary for notifying the commissioner of revenue of the assignment of a credit certificate
6.15 and for claiming a credit by assignment.

6.16 Subd. 4. **Applications; allocations.** (a) To qualify for a credit under this section, a
6.17 taxpayer must submit to the commissioner an application for a credit in the form prescribed
6.18 by the commissioner, in consultation with the commissioner of revenue.

6.19 (b) Upon approving an application for a credit that meets the requirements of this section,
6.20 the commissioner shall issue allocation certificates that:

6.21 (1) verify eligibility for the credit;

6.22 (2) state the amount of credit anticipated for the eligible project, with the credit amount
6.23 up to 25 percent of eligible project costs; and

6.24 (3) state the taxable year in which the credit is allocated.

6.25 The commissioner must consult with Minnesota Film and TV Board prior to issuing an
6.26 allocation certificate.

6.27 (c) The commissioner must not issue allocation certificates for more than \$4,950,000
6.28 of credits each year. If the entire amount is not allocated in that taxable year, any remaining
6.29 amount is available for allocation for the four following taxable years until the entire
6.30 allocation has been made. The commissioner must not award any credits for taxable years
6.31 beginning after December 31, 2024, and any unallocated amounts cancel on that date.

6.32 (d) The commissioner must allocate credits on a first-come, first-served basis.

7.1 (e) Upon completion of a project, the taxpayer shall submit to the commissioner a report
7.2 prepared by an independent certified public accountant licensed in the state of Minnesota
7.3 to verify the amount of eligible production costs related to the project. The report must be
7.4 prepared in accordance with generally accepted accounting principles. Upon receipt and
7.5 review of the cost verification report, the commissioner shall determine the final amount
7.6 of eligible production costs and issue a credit certificate to the taxpayer. The credit may not
7.7 exceed the anticipated credit amount on the allocation certificate. If the credit is less than
7.8 the anticipated amount on the allocation credit, the difference is returned to the amount
7.9 available for allocation under paragraph (c). To claim the credit under section 290.06,
7.10 subdivision 39, or 297I.20, subdivision 4, a taxpayer must include a copy of the credit
7.11 certificate as part of the taxpayer's return.

7.12 Subd. 5. **Report required.** By January 15, 2025, the commissioner of revenue, in
7.13 consultation with the commissioner, must provide a report to the chairs and ranking minority
7.14 members of the legislative committees with jurisdiction over economic development and
7.15 taxes. The report must comply with sections 3.195 and 3.197, and must detail the following:

7.16 (1) the amount of credit certifications issued annually;

7.17 (2) the number of applications submitted, the number of allocation certificates issued,
7.18 the amount of allocation certificates issued, the number of reports submitted upon completion
7.19 of a project, and the number of credit certificates issued;

7.20 (3) the types of projects eligible for the credit;

7.21 (4) the total economic impact of the credit in Minnesota, including the calendar year
7.22 over calendar year percentage changes in the number of jobs held by Minnesota residents
7.23 in businesses having a primary North American Industry Classification System code of
7.24 512110 as reported to the commissioner, for calendar years 2019 through 2023;

7.25 (5) the number of taxpayers per tax type which are assignees of credit certificates under
7.26 subdivision 3;

7.27 (6) annual Minnesota taxes paid by businesses having a primary North American Industry
7.28 Classification System code of 512110, for taxable years beginning after December 31, 2018,
7.29 and before January 1, 2024; and

7.30 (7) any other information the commissioner of revenue, in consultation with the
7.31 commissioner, deems necessary for purposes of claiming and administering the credit.

7.32 Subd. 6. **Appropriation.** Beginning in fiscal year 2022, \$50,000 is annually appropriated
7.33 from the general fund to the commissioner of revenue for a transfer to the Department of

8.1 Employment and Economic Development for costs associated with personnel and
8.2 administrative expenses related to administering the credit. This subdivision expires on June
8.3 30, 2025.

8.4 Subd. 7. **Expiration.** Subdivisions 1 to 5 expire January 1, 2025, for taxable years
8.5 beginning after December 31, 2024.

8.6 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
8.7 31, 2020, and before January 1, 2025, except that the requirement to provide the report
8.8 required in subdivision 5 expires July 1, 2025.

8.9 Sec. 4. Minnesota Statutes 2020, section 290.01, subdivision 19, is amended to read:

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

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

8.19 (c) In the case of a regulated investment company or a fund thereof, as defined in section
8.20 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment
8.21 company taxable income as defined in section 852(b)(2) of the Internal Revenue Code,
8.22 except that:

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

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

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

9.1 (d) The net income of a real estate investment trust as defined and limited by section
 9.2 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust
 9.3 taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

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

9.7 (f) The Internal Revenue Code of 1986, as amended through December 31, 2018, ~~shall~~
 9.8 be in effect applies for taxable years beginning after December 31, 1996, except the sections
 9.9 of federal law in section 290.0111 shall also apply.

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

9.13 **EFFECTIVE DATE.** This section is effective the day following final enactment, except
 9.14 the changes incorporated by federal changes are effective retroactively at the same time as
 9.15 the changes were effective for federal purposes.

9.16 Sec. 5. Minnesota Statutes 2020, section 290.01, subdivision 31, is amended to read:

9.17 Subd. 31. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal
 9.18 Revenue Code" means the Internal Revenue Code of 1986, as amended through December
 9.19 31, 2018, except the sections of federal law in section 290.0111 shall also apply. Internal
 9.20 Revenue Code also includes any uncodified provision in federal law that relates to provisions
 9.21 of the Internal Revenue Code that are incorporated into Minnesota law.

9.22 **EFFECTIVE DATE.** This section is effective the day following final enactment, except
 9.23 the changes incorporated by federal changes are effective retroactively at the same time as
 9.24 the changes were effective for federal purposes.

9.25 Sec. 6. **[290.0111] TEMPORARY CONFORMITY TO CERTAIN FEDERAL TAX**
 9.26 **CHANGES.**

9.27 Subdivision 1. **Adopting Internal Revenue Code changes.** For the purposes of this
 9.28 chapter, "Internal Revenue Code," as defined in section 290.01, subdivisions 19 and 31,
 9.29 includes the sections of federal law specified in this section as enacted or amended through
 9.30 March 31, 2021.

10.1 Subd. 2. Further Consolidated Appropriations Act, 2020. (a) "Internal Revenue Code"
10.2 includes the following provisions of the Taxpayer Certainty and Disaster Tax Relief Act of
10.3 2019 in Public Law 116-94:

10.4 (1) section 101;

10.5 (2) section 116;

10.6 (3) section 117;

10.7 (4) section 130;

10.8 (5) section 131;

10.9 (6) section 132;

10.10 (7) section 144;

10.11 (8) section 201;

10.12 (9) section 202; and

10.13 (10) section 204.

10.14 (b) "Internal Revenue Code" includes section 301 of the Setting Every Community Up
10.15 for Retirement Enhancement Act of 2019 in Public Law 116-94.

10.16 Subd. 3. CARES Act. "Internal Revenue Code" includes the following sections of Public
10.17 Law 116-136:

10.18 (1) section 1106(i); and

10.19 (2) section 2202.

10.20 Subd. 4. Consolidated Appropriations Act, 2021. (a) "Internal Revenue Code" includes
10.21 the following provisions of the COVID-related Tax Relief Act of 2020 in Public Law
10.22 116-260:

10.23 (1) section 275;

10.24 (2) section 276; and

10.25 (3) section 277.

10.26 (b) For taxable years beginning after December 31, 2019, and before January 1, 2021,
10.27 "Internal Revenue Code" includes sections 278(b) and 278(c) of the COVID-related Tax
10.28 Relief Act of 2020 in Public Law 116-260.

11.1 Subd. 5. American Rescue Plan Act. "Internal Revenue Code" includes section 9042
 11.2 of Public Law 117-2.

11.3 EFFECTIVE DATE. (a) Except as specified in subdivision 4, paragraph (b), this section
 11.4 is effective the day following final enactment, except the changes incorporated by federal
 11.5 changes are effective retroactively at the same time as the changes were effective for federal
 11.6 purposes.

11.7 (b) Subdivision 4, paragraph (b), is effective retroactively for taxable years beginning
 11.8 after December 31, 2019, and before January 1, 2021.

11.9 Sec. 7. Minnesota Statutes 2020, section 290.0122, subdivision 8, is amended to read:

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

11.14 (1) losses described in section 165(c)(3) of the Internal Revenue Code, including the
 11.15 provisions of section 165(h) of the Internal Revenue Code, but disregarding the limitation
 11.16 on personal casualty losses in paragraph (h)(5); and

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

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

11.19 Sec. 8. Minnesota Statutes 2020, section 290.0132, is amended by adding a subdivision
 11.20 to read:

11.21 Subd. 30. Volunteer driver reimbursement. (a) A taxpayer is allowed a subtraction
 11.22 equal to the amount of mileage reimbursement paid by a charitable organization to the
 11.23 taxpayer for work as a volunteer driver. The subtraction is limited to amounts paid by the
 11.24 organization that:

11.25 (1) are in excess of the mileage rate for use of an automobile in rendering gratuitous
 11.26 services to a charitable organization under section 170(i) of the Internal Revenue Code; and

11.27 (2) do not exceed the standard mileage rate for businesses established under Code of
 11.28 Federal Regulations, title 26, section 1.274-5(j)(2).

11.29 (b) For the purposes of this section, "charitable organization" means an organization
 11.30 eligible for a charitable contribution under section 170(c) of the Internal Revenue Code.

12.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
12.2 31, 2020.

12.3 Sec. 9. Minnesota Statutes 2020, section 290.06, is amended by adding a subdivision to
12.4 read:

12.5 Subd. 39. **Film production credit.** (a) A taxpayer, including a taxpayer to whom a credit
12.6 has been assigned under section 116U.27, subdivision 3, may claim a credit against the tax
12.7 imposed by this chapter equal to the amount certified on a credit certificate under section
12.8 116U.27, subject to the limitations in this subdivision.

12.9 (b) The credit is limited to the liability for tax, as computed under this chapter, for the
12.10 taxable year. If the amount of the credit determined under this subdivision for any taxable
12.11 year exceeds this limitation, the excess is a film production credit carryover to each of the
12.12 five succeeding taxable years. The entire amount of the excess unused credit for the taxable
12.13 year is carried first to the earliest of the taxable years to which the credit may be carried
12.14 and then to each successive year to which the credit may be carried. The amount of the
12.15 unused credit that may be added under this paragraph must not exceed the taxpayer's liability
12.16 for tax, less any film production credit for the taxable year.

12.17 (c) Credits allowed to a partnership, a limited liability company taxed as a partnership,
12.18 or an S corporation are passed through to the partners, members, shareholders, or owners,
12.19 respectively, pro rata to each based on the partner's, member's, shareholder's, or owner's
12.20 share of the entity's assets, or as specially allocated in the organizational documents or any
12.21 other executed agreement, as of the last day of the taxable year.

12.22 (d) Notwithstanding the approval and certification by the commissioner of employment
12.23 and economic development under section 116U.27, the commissioner may utilize any audit
12.24 and examination powers under chapter 270C or 289A to the extent necessary to verify that
12.25 the taxpayer is eligible for the credit and to assess the amount of any improperly claimed
12.26 credit. The commissioner may only assess the original recipient of the credit certificate for
12.27 the amount of improperly claimed credits. The commissioner may not assess a credit
12.28 certificate assignee for any amount of improperly claimed credits, and an assignee's claim
12.29 for credit is not affected by the commissioner's assessment of improperly claimed credits
12.30 against the assignor.

12.31 (e) This subdivision expires January 1, 2025, for taxable years beginning after December
12.32 31, 2024, except that the expiration of this section does not affect the commissioner of
12.33 revenue's authority to audit or power of examination and assessment for credits claimed
12.34 under this subdivision.

13.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
13.2 31, 2020, and before January 1, 2025.

13.3 Sec. 10. Minnesota Statutes 2020, section 290.0671, subdivision 1, is amended to read:

13.4 Subdivision 1. **Credit allowed.** (a) An individual who is a resident of Minnesota is
13.5 allowed a credit against the tax imposed by this chapter equal to a percentage of earned
13.6 income. To receive a credit, a taxpayer must be eligible for a credit under section 32 of the
13.7 Internal Revenue Code, except that:

13.8 (1) a taxpayer with no qualifying children who has attained the age of ~~24~~ 19, but not
13.9 attained age 65 before the close of the taxable year and is otherwise eligible for a credit
13.10 under section 32 of the Internal Revenue Code may also receive a credit; and

13.11 (2) a taxpayer who is otherwise eligible for a credit under section 32 of the Internal
13.12 Revenue Code remains eligible for the credit even if the taxpayer's earned income or adjusted
13.13 gross income exceeds the income limitation under section 32 of the Internal Revenue Code.

13.14 (b) For individuals with no qualifying children, the credit equals 3.9 percent of the first
13.15 \$7,150 of earned income. The credit is reduced by 2.0 percent of earned income or adjusted
13.16 gross income, whichever is greater, in excess of the phaseout threshold, but in no case is
13.17 the credit less than zero.

13.18 (c) For individuals with one qualifying child, the credit equals 9.35 percent of the first
13.19 \$11,950 of earned income. The credit is reduced by 6.0 percent of earned income or adjusted
13.20 gross income, whichever is greater, in excess of the phaseout threshold, but in no case is
13.21 the credit less than zero.

13.22 (d) For individuals with two qualifying children, the credit equals 11 percent of the first
13.23 \$19,600 of earned income. The credit is reduced by 10.5 percent of earned income or adjusted
13.24 gross income, whichever is greater, in excess of the phaseout threshold, but in no case is
13.25 the credit less than zero.

13.26 (e) For individuals with three or more qualifying children, the credit equals 12.5 percent
13.27 of the first \$20,000 of earned income. The credit is reduced by 10.5 percent of earned income
13.28 or adjusted gross income, whichever is greater, in excess of the phaseout threshold, but in
13.29 no case is the credit less than zero.

13.30 (f) For a part-year resident, the credit must be allocated based on the percentage calculated
13.31 under section 290.06, subdivision 2c, paragraph (e).

14.1 (g) For a person who was a resident for the entire tax year and has earned income not
 14.2 subject to tax under this chapter, including income excluded under section 290.0132,
 14.3 subdivision 10, the credit must be allocated based on the ratio of federal adjusted gross
 14.4 income reduced by the earned income not subject to tax under this chapter over federal
 14.5 adjusted gross income. For purposes of this paragraph, the following clauses are not
 14.6 considered "earned income not subject to tax under this chapter":

14.7 (1) the subtractions for military pay under section 290.0132, subdivisions 11 and 12;

14.8 (2) the exclusion of combat pay under section 112 of the Internal Revenue Code; and

14.9 (3) income derived from an Indian reservation by an enrolled member of the reservation
 14.10 while living on the reservation.

14.11 (h) For the purposes of this section, the phaseout threshold equals:

14.12 (1) \$14,570 for married taxpayers filing joint returns with no qualifying children;

14.13 (2) \$8,730 for all other taxpayers with no qualifying children;

14.14 (3) \$28,610 for married taxpayers filing joint returns with one qualifying child;

14.15 (4) \$22,770 for all other taxpayers with one qualifying child;

14.16 (5) \$32,840 for married taxpayers filing joint returns with two qualifying children;

14.17 (6) \$27,000 for all other taxpayers with two qualifying children;

14.18 (7) \$33,140 for married taxpayers filing joint returns with three or more qualifying
 14.19 children; and

14.20 (8) \$27,300 for all other taxpayers with three or more qualifying children.

14.21 (i) The commissioner shall construct tables showing the amount of the credit at various
 14.22 income levels and make them available to taxpayers. The tables shall follow the schedule
 14.23 contained in this subdivision, except that the commissioner may graduate the transition
 14.24 between income brackets.

14.25 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
 14.26 31, 2020.

14.27 Sec. 11. Minnesota Statutes 2020, section 290.0681, subdivision 10, is amended to read:

14.28 Subd. 10. **Sunset.** This section expires after fiscal year ~~2021~~ 2022, except that the office's
 14.29 authority to issue credit certificates under subdivision 4 based on allocation certificates that
 14.30 were issued before fiscal year ~~2022~~ 2023 remains in effect through ~~2024~~ 2025, and the

15.1 reporting requirements in subdivision 9 remain in effect through the year following the year
15.2 in which all allocation certificates have either been canceled or resulted in issuance of credit
15.3 certificates, or ~~2025~~ 2026, whichever is earlier.

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

15.5 Sec. 12. Minnesota Statutes 2020, section 290.0682, is amended to read:

15.6 **290.0682 STUDENT LOAN CREDIT.**

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

15.9 (b) "Adjusted gross income" means federal adjusted gross income as defined in section
15.10 62 of the Internal Revenue Code.

15.11 (c) "Earned income" has the meaning given in section ~~32(e) of the Internal Revenue~~
15.12 ~~Code~~ 290.0675, subdivision 1, paragraph (b).

15.13 (d) "Eligible individual" means a resident individual with one or more qualified education
15.14 loans related to an undergraduate or graduate degree program at a postsecondary educational
15.15 institution.

15.16 (e) "Eligible loan payments" means the amount the eligible individual paid during the
15.17 taxable year in principal and interest on qualified education loans.

15.18 (f) "Postsecondary educational institution" means a public or nonprofit postsecondary
15.19 institution eligible for state student aid under section 136A.103 or, if the institution is not
15.20 located in this state, a public or nonprofit postsecondary institution participating in the
15.21 federal Pell Grant program under title IV of the Higher Education Act of 1965, Public Law
15.22 89-329, as amended.

15.23 (g) "Qualified education loan" has the meaning given in section 221 of the Internal
15.24 Revenue Code, but is limited to indebtedness incurred on behalf of the eligible individual.

15.25 Subd. 2. **Credit allowed.** (a) An eligible individual is allowed a credit against the tax
15.26 due under this chapter.

15.27 (b) The credit for an eligible individual equals the least of:

15.28 (1) eligible loan payments minus ten percent of an amount equal to adjusted gross income
15.29 in excess of \$10,000, but in no case less than zero;

15.30 (2) the earned income for the taxable year of the eligible individual, if any;

15.31 (3) the sum of:

16.1 (i) the interest portion of eligible loan payments made during the taxable year; and

16.2 (ii) ten percent of the original loan amount of all qualified education loans of the eligible
16.3 individual; or

16.4 (4) \$500.

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

16.7 (d) In the case of a married couple, each spouse is eligible for the credit in this section.
16.8 For the purposes of paragraph (b), for married taxpayers filing joint returns, each spouse's
16.9 adjusted gross income equals the spouse's percentage share of the couple's earned income,
16.10 multiplied by the couple's combined adjusted gross income.

16.11 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
16.12 31, 2020.

16.13 Sec. 13. **[290.0683] MINNESOTA HOUSING TAX CREDIT.**

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

16.16 (b) "Agency" means the Minnesota Housing Finance Agency.

16.17 (c) "Minnesota housing tax credit contribution account" or "account" means the account
16.18 established in section 462A.40.

16.19 (d) "Qualified project" means a project that qualifies for a grant or loan under section
16.20 462A.40.

16.21 (e) "Taxpayer" means a taxpayer as defined in section 290.01, subdivision 6, or a taxpayer
16.22 as defined in section 297I.01, subdivision 16.

16.23 Subd. 2. **Credit allowed.** (a) A taxpayer is allowed a credit against the tax imposed
16.24 under this chapter or the premiums tax under chapter 297I for contributions of no less than
16.25 \$1,000 and no more than \$2,000,000 to the Minnesota housing tax credit contribution
16.26 account. The credit equals 85 percent of the amount the taxpayer contributed to the account
16.27 during the taxable year.

16.28 (b) The credit may be claimed only after certification by the agency as provided in
16.29 subdivision 3.

17.1 (c) To receive the credit, a taxpayer must claim the credit in the manner prescribed by
17.2 the commissioner and file with the return a copy of the credit certificate issued by the agency
17.3 under subdivision 3, paragraph (c).

17.4 (d) The taxpayer must claim the credit for the taxable year in which the contribution
17.5 payment is received by the account.

17.6 (e) If the amount of the credit under this section exceeds the taxpayer's liability for tax
17.7 under this chapter, the excess is a credit carryover to each of the ten succeeding taxable
17.8 years. The entire amount of the excess unused credit for the taxable year must be carried
17.9 first to the earliest of the taxable years to which the credit may be carried and then to each
17.10 successive year to which the credit may be carried. The amount of the unused credit that
17.11 may be added under this paragraph may not exceed the taxpayer's liability for tax, less any
17.12 credit for the current taxable year.

17.13 (f) The contribution amount used to calculate the credit under this section may not be
17.14 used to calculate any other state income tax deduction or credit allowed by law.

17.15 (g) For nonresidents and part-year residents, the credit must be allocated based on the
17.16 percentage calculated under section 290.06, subdivision 2c, paragraph (e).

17.17 Subd. 3. **Allocation.** (a) To qualify for the credit, a taxpayer must contribute to the
17.18 Minnesota housing tax credit contribution account. A taxpayer may indicate that a
17.19 contribution is intended for a specific qualified project. A taxpayer is prohibited from
17.20 contributing to certain projects as provided in section 462A.40, subdivision 3.

17.21 (b) The aggregate amount of tax credits allowed to all eligible contributors is limited to
17.22 \$9,900,000 annually.

17.23 (c) Within 30 days after a taxpayer contributes to the account, the agency must file with
17.24 the contributing taxpayer a credit certificate statement or return any amounts to the taxpayer
17.25 as provided in this paragraph. The agency must send a copy of the credit certificate to the
17.26 commissioner. If there are insufficient credits to match the contribution, the agency must
17.27 not issue a credit certificate for the amount of the contribution for which there are insufficient
17.28 credits, and must return that amount to the taxpayer before issuing any credit certificate.

17.29 (d) The credit certificate must state the dollar amount of the contribution made by the
17.30 taxpayer, the date the payment was received by the account, and indicate if the contribution
17.31 was intended for a specific qualified project.

17.32 Subd. 4. **Partnerships; multiple owners.** Credits granted to a partnership, a limited
17.33 liability company taxed as a partnership, S corporation, or multiple owners of property are

18.1 passed through to the partners, members, shareholders, or owners, respectively, pro rata to
18.2 each partner, member, shareholder, or owner based on their share of the entity's assets or
18.3 as specially allocated in their organizational documents or any other executed document,
18.4 as of the last day of the taxable year.

18.5 Subd. 5. **Recapture.** (a) Credits claimed under this section are not subject to recapture.

18.6 (b) If a grant or loan made under section 462A.40 is canceled or recaptured, the grant
18.7 or loan is returned to the account. The agency is not required to return contributions to
18.8 taxpayers who indicated that a contribution was intended for a project for which the loan
18.9 or grant is recaptured or canceled.

18.10 Subd. 6. **Audit powers.** Notwithstanding the credit certificate issued by the commissioner
18.11 of the Minnesota Housing Finance Agency under subdivision 3, the commissioner may use
18.12 any audit and examination powers under chapter 270C or 289A to the extent necessary to
18.13 verify that the taxpayer is eligible for the credit and to assess for the amount of any
18.14 improperly claimed credit.

18.15 Subd. 7. **Sunset.** This section expires after December 31, 2028, except that the agency's
18.16 authority to issue credit certificates under subdivision 3 based on contributions received
18.17 before January 1, 2029, and allocation certificates that were issued before February 1, 2029,
18.18 remains in effect through January 1, 2030. The reporting requirements in section 462A.40,
18.19 subdivision 5, remain in effect through the year following the year in which all allocation
18.20 certificates have either been canceled or resulted in issuance of credit certificates, or January
18.21 1, 2031, whichever is earlier. The expiration of this section does not affect the commissioner's
18.22 authority to audit or power of examination and assessment for credits claimed under this
18.23 section.

18.24 Subd. 8. **Appropriation.** Beginning in fiscal year 2023, \$100,000 is annually appropriated
18.25 from the general fund to the commissioner of revenue for a transfer to the Minnesota Housing
18.26 Finance Agency for costs associated with personnel and administrative expenses related to
18.27 administering the credit. This subdivision expires on June 30, 2028.

18.28 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
18.29 31, 2022.

18.30 Sec. 14. Minnesota Statutes 2020, section 297I.20, is amended by adding a subdivision
18.31 to read:

18.32 Subd. 4. **Film production credit.** (a) A taxpayer may claim a credit against the premiums
18.33 tax imposed under this chapter equal to the amount indicated on the credit certificate

19.1 statement issued to the company under section 116U.27. If the amount of the credit exceeds
 19.2 the taxpayer's liability for tax under this chapter, the excess is a credit carryover to each of
 19.3 the five succeeding taxable years. The entire amount of the excess unused credit for the
 19.4 taxable year must be carried first to the earliest of the taxable years to which the credit may
 19.5 be carried and then to each successive year to which the credit may be carried. This credit
 19.6 does not affect the calculation of fire state aid under section 477B.03 and police state aid
 19.7 under section 477C.03.

19.8 (b) This subdivision expires January 1, 2025, for taxable years beginning after and
 19.9 premiums received after December 31, 2024.

19.10 **EFFECTIVE DATE.** This section is effective for taxable years beginning after and for
 19.11 premiums received after December 31, 2020, and before January 1, 2025.

19.12 Sec. 15. Minnesota Statutes 2020, section 297I.20, is amended by adding a subdivision
 19.13 to read:

19.14 Subd. 5. **Minnesota housing tax credit.** A taxpayer may claim a credit against the
 19.15 premiums tax imposed under this chapter equal to the amount indicated on the credit
 19.16 certificate statement issued to the taxpayer under section 290.0683. If the amount of the
 19.17 credit exceeds the liability for tax under this chapter, the excess is a credit carryover to each
 19.18 of the ten succeeding taxable years. The entire amount of the excess unused credit for the
 19.19 taxable year must be carried first to the earliest of the taxable years to which the credit may
 19.20 be carried and then to each successive year to which the credit may be carried. This credit
 19.21 does not affect the calculation of fire state aid under section 477B.03 and police state aid
 19.22 under section 477C.03.

19.23 **EFFECTIVE DATE.** This section is effective for taxable years beginning after and for
 19.24 premiums received after December 31, 2022, and before January 1, 2029.

19.25 Sec. 16. **[462A.40] MINNESOTA HOUSING TAX CREDIT CONTRIBUTION**
 19.26 **ACCOUNT.**

19.27 Subdivision 1. **Account created.** The Minnesota housing tax credit contribution account
 19.28 is created in the housing development fund in the state treasury. The account is administered
 19.29 by the Minnesota Housing Finance Agency. Amounts contributed to the account are
 19.30 appropriated to the agency. The agency may use the amounts appropriated to direct
 19.31 disbursements from the account as loans or grants to eligible recipients as provided in this
 19.32 section.

20.1 Subd. 2. Use of funds; grant and loan program. (a) The agency may award grants and
 20.2 loans to be used for multifamily and single family developments for persons and families
 20.3 of low and moderate income. Allowable use of the funds include: gap financing, as defined
 20.4 in section 462A.33, subdivision 1; new construction; acquisition; rehabilitation; demolition
 20.5 or removal of existing structures; construction financing; permanent financing; interest rate
 20.6 reduction; and refinancing.

20.7 (b) The agency may give preference for grants and loans to comparable proposals that
 20.8 include regulatory changes or waivers that result in identifiable cost avoidance or cost
 20.9 reductions, including but not limited to increased density, flexibility in site development
 20.10 standards, or zoning code requirements.

20.11 (c) The agency shall separately set aside:

20.12 (1) at least ten percent of the financing under this section for housing units located in a
 20.13 township or city with a population of 2,500 or less that is located outside the metropolitan
 20.14 area, as defined in section 473.121, subdivision 2;

20.15 (2) at least 35 percent of the financing under this section for housing for persons and
 20.16 families whose income is 50 percent or less of the area median income for the applicable
 20.17 county or metropolitan area as published by the Department of Housing and Urban
 20.18 Development, as adjusted for household size; and

20.19 (3) at least 25 percent of the financing under this section for single-family housing.

20.20 (d) If by September 1 of each year the agency does not receive requests to use all of the
 20.21 amounts set aside under paragraph (c), the agency may use any remaining financing for
 20.22 other projects eligible under this section.

20.23 Subd. 3. Eligible recipients; definitions; restrictions; use of funds. (a) The agency
 20.24 may award a loan to any recipient that qualifies under subdivision 2. The agency must not
 20.25 award a grant to a disqualified individual or disqualified business.

20.26 (b) For the purposes of this subdivision disqualified individual means an individual who:

20.27 (1) made a contribution to the account in the current or prior taxable year and received
 20.28 a credit certificate;

20.29 (2) owns the housing for which the grant or loan will be used and is using that housing
 20.30 as their domicile;

20.31 (3) meets the following criteria:

20.32 (i) the individual is an officer or principal of a business entity; and

21.1 (ii) that business entity made a contribution to the account in the current or previous
 21.2 taxable year and received a credit certificate; or

21.3 (4) meets the following criteria:

21.4 (i) the individual owns, controls, or holds the power to vote 20 percent or more of the
 21.5 outstanding securities of a business entity; and

21.6 (ii) that business entity made a contribution to the account in the current or previous
 21.7 taxable year and received a credit certificate.

21.8 (c) For the purposes of this subdivision disqualified business means a business entity
 21.9 that:

21.10 (1) made a contribution to the account in the current or prior taxable year and received
 21.11 a credit certificate;

21.12 (2) has an officer or principal who is an individual who made a contribution to the
 21.13 account in the current or previous taxable year and received a credit certificate; or

21.14 (3) meets the following criteria:

21.15 (i) the business entity is owned, controlled, or is subject to the power to vote 20 percent
 21.16 or more of the outstanding securities by an individual or business entity; and

21.17 (ii) that controlling individual or business entity made a contribution to the account in
 21.18 the current or previous taxable year and received a credit certificate.

21.19 (d) The disqualifications in paragraphs (b) and (c) apply if the taxpayer would be
 21.20 disqualified either individually or in combination with one or more members of the taxpayer's
 21.21 family, as defined in the Internal Revenue Code, section 267(c)(4). For a married couple
 21.22 filing a joint return, the limitations in this paragraph apply collectively to the taxpayer and
 21.23 spouse. For purposes of determining the ownership interest of a taxpayer under paragraph
 21.24 (a), clause (4), the rules under section 267(c) and 267(e) of the Internal Revenue Code apply.

21.25 (e) Before applying for a grant or loan, all recipients must sign a disclosure that the
 21.26 disqualifications under this subdivision do not apply. The Minnesota Housing Finance
 21.27 Agency must prescribe the form of the disclosure.

21.28 (f) The agency may award grants or loans to a city as defined in section 462A.03,
 21.29 subdivision 21; a federally recognized American Indian tribe or subdivision located in
 21.30 Minnesota; a tribal housing corporation; a private developer; a nonprofit organization; a
 21.31 housing and redevelopment authority under sections 469.001 to 469.047; a public housing
 21.32 authority or agency authorized by law to exercise any of the powers granted by sections

22.1 469.001 to 469.047; or the owner of the housing. The provisions of subdivision 2, and
 22.2 paragraphs (a) to (e) and (g) of this subdivision, regarding the use of funds and eligible
 22.3 recipients apply to grants and loans awarded under this paragraph.

22.4 (g) Except for the set-aside provided in subdivision 2, paragraph (d), eligible recipients
 22.5 must use the funds to serve households that meet the income limits as provided in section
 22.6 462A.33, subdivision 5.

22.7 Subd. 4. **Recapture.** A loan or grant awarded under this section is subject to repayment
 22.8 or recapture under rules adopted by the agency. Any amount of a loan or grant that is repaid
 22.9 or recaptured must be redeposited in the account and is not returned to the taxpayer who
 22.10 made the contribution.

22.11 Subd. 5. **Report.** The agency shall report by January 15 each year to the chairs and
 22.12 ranking minority members of the legislative policy and finance committees with jurisdiction
 22.13 over housing on the tax credits and financing provided in the previous fiscal year. The report
 22.14 shall provide a breakdown of the tax credits, grants, and loans by region of the state. The
 22.15 report shall also include information on planned financing in the current fiscal year.

22.16 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
 22.17 31, 2022.

22.18 Sec. 17. **CLARIFICATION OF SECTION 179 EXPENSING CONFORMITY.**

22.19 For taxable years beginning after December 31, 2019, no addition is required under
 22.20 Minnesota Statutes, sections 290.0131, subdivision 10, and 290.0133, subdivision 12, for
 22.21 property placed in service in taxable years beginning before January 1, 2020, including the
 22.22 following:

22.23 (1) the addition for carryover amounts pursuant to section 179(b)(3) of the Internal
 22.24 Revenue Code for property placed in service in taxable years beginning before January 1,
 22.25 2020; and

22.26 (2) the addition for property placed in service in taxable years beginning before January
 22.27 1, 2020, resulting from being a shareholder or partner in an S-corporation or partnership
 22.28 with a taxable year that began before January 1, 2020.

22.29 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
 22.30 after December 31, 2019.

23.1 **ARTICLE 2**

23.2 **PARTNERSHIP AUDITS**

23.3 Section 1. Minnesota Statutes 2020, section 270C.445, subdivision 6, is amended to read:

23.4 Subd. 6. **Enforcement; administrative order; penalties; cease and desist.** (a) The
23.5 commissioner may impose an administrative penalty of not more than \$1,000 per violation
23.6 of subdivision 3 or 5, or section 270C.4451, provided that a penalty may not be imposed
23.7 for any conduct for which a tax preparer penalty is imposed under section 289A.60,
23.8 subdivision 13. The commissioner may terminate a tax preparer's authority to transmit
23.9 returns electronically to the state, if the commissioner determines the tax preparer engaged
23.10 in a pattern and practice of violating this section. Imposition of a penalty under this paragraph
23.11 is subject to the contested case procedure under chapter 14. The commissioner shall collect
23.12 the penalty in the same manner as the income tax. There is no right to make a claim for
23.13 refund under section 289A.50 of the penalty imposed under this paragraph. Penalties imposed
23.14 under this paragraph are public data.

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

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

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

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

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

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

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

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

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

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

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

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

24.23 (l) The commissioner may impose an administrative penalty, in addition to the penalty
24.24 under paragraph (a), up to \$5,000 per violation of a cease and desist order issued under
24.25 paragraph (b). Imposition of a penalty under this paragraph is subject to the contested case
24.26 procedure under chapter 14. Within 30 days after the commissioner imposes a penalty under
24.27 this paragraph, the tax preparer assessed the penalty may request a hearing to review the
24.28 penalty order. The request for hearing must be made in writing and must be served on the
24.29 commissioner at the address specified in the order. The hearing request must specifically
24.30 state the reasons for seeking review of the order. The cease and desist order issued under
24.31 paragraph (b) is not subject to review in a proceeding to challenge the penalty order under
24.32 this paragraph. The date on which a request for hearing is served by mail is the postmark
24.33 date on the envelope in which the request for hearing is mailed. If the tax preparer does not
24.34 timely request a hearing, the penalty order becomes a final order of the commissioner and

25.1 is not subject to review by any court or agency. A penalty imposed by the commissioner
 25.2 under this paragraph may be collected and enforced by the commissioner as an income tax
 25.3 liability. There is no right to make a claim for refund under section 289A.50 of the penalty
 25.4 imposed under this paragraph. A penalty imposed under this paragraph is public data.

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

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

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

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

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

25.20 Sec. 2. Minnesota Statutes 2020, section 289A.31, subdivision 1, is amended to read:

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

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

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

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

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

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

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

26.12 (c) The taxes imposed under sections 289A.35, paragraph (b), 289A.382, subdivision
26.13 3, and 290.0922 on partnerships are the joint and several liability of the partnership and the
26.14 general partners.

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

26.19 Sec. 3. Minnesota Statutes 2020, section 289A.37, subdivision 2, is amended to read:

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

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

26.26 (1) any amount of a refund or credit paid pursuant to a claim for refund filed by a
26.27 taxpayer, including but not limited to refunds of claims made under section 290.06,
26.28 subdivision 23; 290.067; 290.0671; 290.0672; 290.0674; 290.0675; 290.0677; 290.068;
26.29 290.0681; or 290.0692; or chapter 290A; or

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

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

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

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

27.11 Sec. 4. Minnesota Statutes 2020, section 289A.38, subdivision 7, is amended to read:

27.12 Subd. 7. **Federal tax changes.** (a) If the amount of income, items of tax preference,
 27.13 deductions, or credits for any year of a taxpayer, or the wages paid by a taxpayer for any
 27.14 period, as reported to the Internal Revenue Service is changed or corrected by the
 27.15 commissioner of Internal Revenue or other officer of the United States or other competent
 27.16 authority, or where a renegotiation of a contract or subcontract with the United States results
 27.17 in a change in income, items of tax preference, deductions, credits, or withholding tax, or,
 27.18 in the case of estate tax, where there are adjustments to the taxable estate, the taxpayer shall
 27.19 report the ~~change or correction or renegotiation results~~ federal adjustments in writing to the
 27.20 commissioner. The federal adjustments report must be submitted within 180 days after the
 27.21 final determination date and must be in the form of either an amended Minnesota estate,
 27.22 withholding tax, corporate franchise tax, or income tax return conceding the accuracy of
 27.23 the federal ~~determination~~ adjustment or a letter detailing how the federal ~~determination~~
 27.24 adjustment is incorrect or does not change the Minnesota tax. An amended Minnesota
 27.25 income tax return must be accompanied by an amended property tax refund return, if
 27.26 necessary. A taxpayer filing an amended federal tax return must also file a copy of the
 27.27 amended return with the commissioner of revenue within 180 days after filing the amended
 27.28 return.

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

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

28.5 Sec. 5. Minnesota Statutes 2020, section 289A.38, subdivision 8, is amended to read:

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

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

28.16 Sec. 6. Minnesota Statutes 2020, section 289A.38, subdivision 9, is amended to read:

28.17 Subd. 9. **Report made of change or correction of federal return.** If a taxpayer is
28.18 required to make a federal adjustments report under subdivision 7 or section 289A.382, and
28.19 does report the change or files a copy of the amended return, the commissioner may
28.20 recompute and reassess the tax due, including a refund (1) within one year after the federal
28.21 adjustments report or amended return is filed with the commissioner, notwithstanding any
28.22 period of limitations to the contrary, or (2) within any other applicable period stated in this
28.23 section, whichever period is longer. The period provided for the carryback of any amount
28.24 of loss or credit is also extended as provided in this subdivision, notwithstanding any law
28.25 to the contrary. If the commissioner has completed a field audit of the taxpayer, and, but
28.26 for this subdivision, the commissioner's time period to adjust the tax has expired, the
28.27 additional tax due or refund is limited to only those changes that are required to be made
28.28 to the return which relate to the changes made on the federal return. This subdivision does
28.29 not apply to sales and use tax.

28.30 For purposes of this subdivision and section 289A.42, subdivision 2, a "field audit" is
28.31 the physical presence of examiners in the taxpayer's or taxpayer's representative's office
28.32 conducting an examination of the taxpayer with the intention of issuing an assessment or
28.33 notice of change in tax or which results in the issuing of an assessment or notice of change

29.1 in tax. The examination may include inspecting a taxpayer's place of business, tangible
 29.2 personal property, equipment, computer systems and facilities, pertinent books, records,
 29.3 papers, vouchers, computer printouts, accounts, and documents.

29.4 A taxpayer may make estimated payments to the commissioner of the tax expected to
 29.5 result from a pending audit by the Internal Revenue Service. The taxpayer may make
 29.6 estimated payments prior to the due date of the federal adjustments report without the
 29.7 taxpayer having to file the report with the commissioner. The commissioner must credit the
 29.8 estimated tax payments against any tax liability of the taxpayer ultimately found to be due
 29.9 to the commissioner. The estimated payments limit the accrual of further statutory interest
 29.10 on that amount. If the estimated tax payments exceed the final tax liability plus statutory
 29.11 interest ultimately determined to be due, the taxpayer is entitled to a refund or credit for the
 29.12 excess, provided the taxpayer files a federal adjustments report, or claim for refund or credit
 29.13 of tax, no later than one year following the final determination date.

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

29.18 Sec. 7. Minnesota Statutes 2020, section 289A.38, subdivision 10, is amended to read:

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

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

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

30.2 Subdivision 1. **Definitions relating to federal adjustments.** Unless otherwise specified,
30.3 the definitions in this section apply for the purposes of sections 289A.38, subdivisions 7 to
30.4 9, 289A.381, and 289A.382.

30.5 Subd. 2. **Administrative adjustment request.** "Administrative adjustment request"
30.6 means an administrative adjustment request filed by a partnership under section 6227 of
30.7 the Internal Revenue Code.

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

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

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

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

30.16 Subd. 7. **Federal adjustment.** "Federal adjustment" means any change in an amount
30.17 calculated under the Internal Revenue Code, whether to income, gross estate, a credit, an
30.18 item of preference, or any other item that is used by a taxpayer to compute a tax administered
30.19 under this chapter for the reviewed year whether that change results from action by the
30.20 Internal Revenue Service or other competent authority, including a partnership-level audit,
30.21 or from the filing of an amended federal return, federal refund claim, or an administrative
30.22 adjustment request by the taxpayer. A federal adjustment is positive to the extent that it
30.23 increases taxable income as determined under section 290.01, subdivision 29, and is negative
30.24 to the extent that it decreases taxable income as determined under section 290.01, subdivision
30.25 29.

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

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

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

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

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

31.10 (3) for a federal adjustment arising from the filing of an amended federal return, a federal
 31.11 refund claim, or the filing by a partnership of an administrative adjustment request, the date
 31.12 on which the amended return, refund claim, or administrative adjustment request was filed;
 31.13 or

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

31.16 Subd. 11. **Final federal adjustment.** "Final federal adjustment" means a federal
 31.17 adjustment after the final determination date for that federal adjustment has passed.

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

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

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

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

31.25 Subd. 14. **Partnership.** "Partnership" has the meaning provided under section 7701(a)(2)
 31.26 of the Internal Revenue Code.

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

31.31 Subd. 16. **Pass-through entity.** "Pass-through entity" means an entity, other than a
 31.32 partnership, that is not subject to the tax imposed under section 290.02. The term pass-through

32.1 entity includes but is not limited to S corporations, estates, and trusts other than grantor
 32.2 trusts.

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

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

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

32.10 Subd. 20. **Unrelated business taxable income.** "Unrelated business taxable income"
 32.11 has the meaning provided under section 512 of the Internal Revenue Code.

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

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

32.17 Subdivision 1. **State partnership representative.** (a) With respect to an action required
 32.18 or permitted to be taken by a partnership under this section, or in a proceeding under section
 32.19 270C.35 or 271.06, the state partnership representative for the reviewed year shall have the
 32.20 sole authority to act on behalf of the partnership, and its direct partners and indirect partners
 32.21 shall be bound by those actions.

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

32.25 Subd. 2. **Reporting and payment requirements for partnerships and tiered**
 32.26 **partners.** (a) Except for when an audited partnership makes the election in subdivision 3,
 32.27 and except for negative federal adjustments required under federal law taken into account
 32.28 by the partnership in the partnership return for the adjustment or other year, all final federal
 32.29 adjustments of an audited partnership must comply with paragraph (b) and each direct
 32.30 partner of the audited partnership, other than a tiered partner, must comply with paragraph
 32.31 (c).

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

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

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

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

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

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

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

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

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

33.25 (1) no later than 90 days after the final determination date:

33.26 (i) file a completed federal adjustments report, which includes the residency information
 33.27 for all individual, trust, and estate direct partners and information pertaining to all other
 33.28 direct partners as prescribed by the commissioner; and

33.29 (ii) notify the commissioner that it is making the election under this subdivision; and

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

34.1 (i) exclude from final federal adjustments the distributive share of these adjustments
34.2 made to a direct exempt partner that is not unrelated business taxable income;

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

34.7 (iii) assign and apportion at the partnership level using sections 290.17 to 290.20 the
34.8 total distributive share of the remaining final federal adjustments for the reviewed year
34.9 attributed to direct corporate partners and direct exempt partners; multiply the total by the
34.10 highest tax rate in section 290.06, subdivision 1, for the reviewed year; and calculate interest
34.11 and penalties as applicable under this chapter;

34.12 (iv) allocate at the partnership level using section 290.17, subdivision 1, the total
34.13 distributive share of all final federal adjustments attributable to individual resident direct
34.14 partners for the reviewed year; multiply the total by the highest tax rate in section 290.06,
34.15 subdivision 2c, for the reviewed year; and calculate interest and penalties as applicable
34.16 under this chapter;

34.17 (v) assign and apportion at the partnership level using sections 290.17 to 290.20 the total
34.18 distributive share of the remaining final federal adjustments attributable to nonresident
34.19 individual direct partners and direct partners who are an estate or a trust for the reviewed
34.20 year; multiply the total by the highest tax rate in section 290.06, subdivision 2c, for the
34.21 reviewed year; and calculate interest and penalties as applicable under this chapter;

34.22 (vi) for the total distributive share of the remaining final federal adjustments reported
34.23 to tiered partners:

34.24 (A) determine the amount of the adjustments that would be assigned using section 290.17,
34.25 subdivision 2, paragraphs (a) to (d), excluding income or gains from intangible personal
34.26 property not employed in the business of the recipient of the income or gains if the recipient
34.27 of the income or gains is a resident of this state or is a resident trust or estate under section
34.28 290.17, subdivision 2, paragraph (c), or apportioned using sections 290.17, subdivision 3,
34.29 290.191, and 290.20; and then determine the portion of the amount that would be allocated
34.30 to this state;

34.31 (B) determine the amount of the adjustments that are fully sourced to the taxpayer's state
34.32 of residency under section 290.17, subdivision 2, paragraph (e), and income or gains from
34.33 intangible personal property not employed in the business of the recipient of the income or

35.1 gains if the recipient of the income or gains is a resident of this state or is a resident trust
 35.2 or estate under section 290.17, subdivision 2, paragraph (c);

35.3 (C) determine the portion of the amount determined in subitem (B) that can be established
 35.4 to be properly allocable to nonresident indirect partners or other partners not subject to tax
 35.5 on the adjustments; and

35.6 (D) multiply the total of the amounts determined in subitems (A) and (B) reduced by
 35.7 the amount determined in subitem (C) by the highest tax rate in section 290.06, subdivision
 35.8 2c, for the reviewed year, and calculate interest and penalties as applicable under this chapter;
 35.9 and

35.10 (vii) add the amounts determined in items (iii) to (vi), and pay all applicable taxes,
 35.11 penalties, and interest to the commissioner.

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

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

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

35.16 (c) An audited partnership not otherwise subject to any reporting or payment obligation
 35.17 to this state may not make an election under this subdivision.

35.18 **Subd. 4. Tiered partners and indirect partners.** The direct and indirect partners of an
 35.19 audited partnership that are tiered partners, and all the partners of the tiered partners, that
 35.20 are subject to tax under chapter 290 are subject to the reporting and payment requirements
 35.21 contained in subdivision 2, and the tiered partners are entitled to make the elections provided
 35.22 in subdivision 3. The tiered partners or their partners shall make required reports and
 35.23 payments no later than 90 days after the time for filing and furnishing of statements to tiered
 35.24 partners and their partners as established under section 6226 of the Internal Revenue Code.

35.25 **Subd. 5. Effects of election by partnership or tiered partner and payment of amount**
 35.26 **due.** (a) Unless the commissioner determines otherwise, an election under subdivision 3 is
 35.27 irrevocable.

35.28 (b) If an audited partnership or tiered partner properly reports and pays an amount
 35.29 determined in subdivision 3, the amount must be treated as paid in lieu of taxes owed by
 35.30 the partnership's direct partners and indirect partners, to the extent applicable, on the same
 35.31 final federal adjustments. The direct partners or indirect partners of the partnership who are
 35.32 not resident partners may not take any deduction or credit for this amount or claim a refund
 35.33 of the amount in this state.

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

36.4 Subd. 6. **Failure of partnership or tiered partner to report or pay.** Nothing in this
 36.5 section prevents the commissioner from assessing direct partners or indirect partners for
 36.6 taxes they owe, using the best information available, in the event that, for any reason, a
 36.7 partnership or tiered partner fails to timely make any report or payment required by this
 36.8 section.

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

36.13 Sec. 10. Minnesota Statutes 2020, section 289A.42, is amended to read:

36.14 **289A.42 CONSENT TO EXTEND STATUTE.**

36.15 Subdivision 1. **Extension agreement.** If before the expiration of time prescribed in
 36.16 sections 289A.38 to 289A.382 and 289A.40 for the assessment of tax or the filing of a claim
 36.17 for refund, both the commissioner and the taxpayer have consented in writing to the
 36.18 assessment or filing of a claim for refund after that time, the tax may be assessed or the
 36.19 claim for refund filed at any time before the expiration of the agreed-upon period. The
 36.20 period may be extended by later agreements in writing before the expiration of the period
 36.21 previously agreed upon. The taxpayer and the commissioner may also agree to extend the
 36.22 period for collection of the tax.

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

36.27 (1) for the periods provided in ~~section~~ sections 289A.38, subdivisions 8 and 9, and
 36.28 289A.382, subdivisions 2 and 3;

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

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

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

37.7 Sec. 11. Minnesota Statutes 2020, section 289A.60, subdivision 24, is amended to read:

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

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

37.17 Sec. 12. Minnesota Statutes 2020, section 290.31, subdivision 1, is amended to read:

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

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

37.27 Sec. 13. Minnesota Statutes 2020, section 297F.17, subdivision 6, is amended to read:

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

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

38.5 Sec. 14. Minnesota Statutes 2020, section 297G.16, subdivision 7, is amended to read:

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

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

38.14 Sec. 15. Minnesota Statutes 2020, section 469.319, subdivision 4, is amended to read:

38.15 Subd. 4. **Repayment procedures.** (a) For the repayment of taxes imposed under chapter
 38.16 290 or 297A or local taxes collected pursuant to section 297A.99, a business must file an
 38.17 amended return with the commissioner of revenue and pay any taxes required to be repaid
 38.18 within 30 days after becoming subject to repayment under this section. The amount required
 38.19 to be repaid is determined by calculating the tax for the period or periods for which repayment
 38.20 is required without regard to the exemptions and credits allowed under section 469.315.

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

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

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

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

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

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

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

39.24 (h) A business is not entitled to any income tax or franchise tax benefits, including
39.25 refundable credits, for any part of the year in which the business becomes subject to
39.26 repayment under this section nor for any year thereafter. Property is not exempt from tax
39.27 under section 272.02, subdivision 64, for any taxes payable in the year following the year
39.28 in which the property became subject to repayment under this section nor for any year
39.29 thereafter. A business is not eligible for any sales tax benefits beginning with goods or
39.30 services purchased or first put to a taxable use on the day that the business becomes subject
39.31 to repayment under this section.

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

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

40.3 ARTICLE 3

40.4 PASS-THROUGH ENTITY TAX

40.5 Section 1. Minnesota Statutes 2020, section 289A.08, subdivision 7, is amended to read:

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

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

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

40.20 (d) The electing partner must not have any Minnesota source income other than the
40.21 income from the partnership ~~and~~, other electing partnerships, and other qualifying entities
40.22 electing to file and pay the pass-through entity tax under subdivision 7a. If it is determined
40.23 that the electing partner has other Minnesota source income, the inclusion of the income
40.24 and tax liability for that partner under this provision will not constitute a return to satisfy
40.25 the requirements of subdivision 1. The tax paid for the individual as part of the composite
40.26 return is allowed as a payment of the tax by the individual on the date on which the composite
40.27 return payment was made. If the electing nonresident partner has no other Minnesota source
40.28 income, filing of the composite return is a return for purposes of subdivision 1.

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

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

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

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

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

41.16 (j) For the purposes of this subdivision, "income" means the partner's share of federal
41.17 adjusted gross income from the partnership modified by the additions provided in section
41.18 290.0131, subdivisions 8 to 10 and 16, and the subtractions provided in: (1) section 290.0132,
41.19 subdivision 9, to the extent the amount is assignable or allocable to Minnesota under section
41.20 290.17; and (2) section 290.0132, subdivision 14. The subtraction allowed under section
41.21 290.0132, subdivision 9, is only allowed on the composite tax computation to the extent
41.22 the electing partner would have been allowed the subtraction.

41.23 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
41.24 31, 2020.

41.25 Sec. 2. Minnesota Statutes 2020, section 289A.08, is amended by adding a subdivision to
41.26 read:

41.27 **Subd. 7a. Pass-through entity tax.** (a) For the purposes of this subdivision, the following
41.28 terms have the meanings given:

41.29 (1) "income" has the meaning given in subdivision 7, paragraph (j), modified by the
41.30 addition provided in section 290.0131, subdivision 5, and the subtraction provided in section
41.31 290.0132, subdivision 3, except that the provisions that apply to a partnership apply to a
41.32 qualifying entity and the provisions that apply to a partner apply to a qualifying owner. The
41.33 income of both a resident and nonresident qualifying owner is allocated and assigned to

42.1 this state as provided for nonresident partners and shareholders under sections 290.17,
42.2 290.191, and 290.20;

42.3 (2) "qualifying entity" means a partnership, limited liability company, or S corporation
42.4 including a qualified subchapter S subsidiary organized under section 1361(b)(3)(B) of the
42.5 Internal Revenue Code. Qualifying entity does not include a partnership, limited liability
42.6 company, or corporation that has a partnership, limited liability company other than a
42.7 disregarded entity, or corporation as a partner, member, or shareholder; and

42.8 (3) "qualifying owner" means:

42.9 (i) a resident or nonresident individual or estate that is a partner, member, or shareholder
42.10 of a qualifying entity; or

42.11 (ii) a resident or nonresident trust that is a shareholder of a qualifying entity that is an
42.12 S corporation.

42.13 (b) For taxable years beginning after December 31, 2020, in which the taxes of a
42.14 qualifying owner are limited under section 164(b)(6)(B) of the Internal Revenue Code, a
42.15 qualifying entity may elect to file a return and pay the pass-through entity tax imposed under
42.16 paragraph (c). The election:

42.17 (1) must be made on or before the due date or extended due date of the qualifying entity's
42.18 pass-through entity tax return;

42.19 (2) may only be made by qualifying owners who collectively hold more than a 50 percent
42.20 ownership interest in the qualifying entity;

42.21 (3) is binding on all qualifying owners who have an ownership interest in the qualifying
42.22 entity; and

42.23 (4) once made is irrevocable for the taxable year.

42.24 (c) Subject to the election in paragraph (b), a pass-through entity tax is imposed on a
42.25 qualifying entity in an amount equal to the sum of the tax liability of each qualifying owner.

42.26 (d) The amount of a qualifying owner's tax liability under paragraph (c) is the amount
42.27 of the qualifying owner's income multiplied by the highest tax rate for individuals under
42.28 section 290.06, subdivision 2c. When making this determination:

42.29 (1) nonbusiness deductions, standard deductions, or personal exemptions are not allowed;
42.30 and

42.31 (2) a credit or deduction is allowed only to the extent allowed to the qualifying owner.

43.1 (e) The amount of each credit and deduction used to determine a qualifying owner's tax
43.2 liability under paragraph (d) must also be used to determine that qualifying owner's income
43.3 tax liability under chapter 290.

43.4 (f) This subdivision does not negate the requirement that a qualifying owner pay estimated
43.5 tax if the qualifying owner's tax liability would exceed the requirements set forth in section
43.6 289A.25. The qualifying owner's liability to pay estimated tax on the qualifying owner's
43.7 tax liability as determined under paragraph (d) is, however, satisfied when the qualifying
43.8 entity pays estimated tax in the manner prescribed in section 289A.25 for composite estimated
43.9 tax.

43.10 (g) A qualifying owner's adjusted basis in the interest in the qualifying entity, and the
43.11 treatment of distributions, is determined as if the election to pay the pass-through entity tax
43.12 under paragraph (b) is not made.

43.13 (h) To the extent not inconsistent with this subdivision, for purposes of this chapter, a
43.14 pass-through entity tax return must be treated as a composite return and a qualifying entity
43.15 filing a pass-through entity tax return must be treated as a partnership filing a composite
43.16 return.

43.17 (i) The provisions of subdivision 17 apply to the election to pay the pass-through entity
43.18 tax under this subdivision.

43.19 (j) If a nonresident qualifying owner of a qualifying entity making the election to file
43.20 and pay the tax under this subdivision has no other Minnesota source income, filing of the
43.21 pass-through entity tax return is a return for purposes of subdivision 1, provided that the
43.22 nonresident qualifying owner must not have any Minnesota source income other than the
43.23 income from the qualifying entity, other electing qualifying entities, and other partnerships
43.24 electing to file a composite return under subdivision 7. If it is determined that the nonresident
43.25 qualifying owner has other Minnesota source income, the inclusion of the income and tax
43.26 liability for that owner under this provision will not constitute a return to satisfy the
43.27 requirements of subdivision 1. The tax paid for the qualifying owner as part of the
43.28 pass-through entity tax return is allowed as a payment of the tax by the qualifying owner
43.29 on the date on which the pass-through entity tax return payment was made.

43.30 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
43.31 31, 2020.

44.1 Sec. 3. Minnesota Statutes 2020, section 289A.60, is amended by adding a subdivision to
44.2 read:

44.3 Subd. 22a. **Pass-through entity tax.** For the purposes of the penalties imposed by
44.4 subdivisions 1 and 2, the payment of a pass-through entity tax or filing of a pass-through
44.5 entity tax return pursuant to section 289A.08, subdivision 7a, is considered the payment
44.6 and filing of a corporate tax.

44.7 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
44.8 31, 2020.

44.9 Sec. 4. Minnesota Statutes 2020, section 290.06, subdivision 2c, is amended to read:

44.10 Subd. 2c. **Schedules of rates for individuals, estates, and trusts.** (a) The income taxes
44.11 imposed by this chapter upon married individuals filing joint returns and surviving spouses
44.12 as defined in section 2(a) of the Internal Revenue Code must be computed by applying to
44.13 their taxable net income the following schedule of rates:

44.14 (1) On the first \$38,770, 5.35 percent;

44.15 (2) On all over \$38,770, but not over \$154,020, 6.8 percent;

44.16 (3) On all over \$154,020, but not over \$269,010, 7.85 percent;

44.17 (4) On all over \$269,010, 9.85 percent.

44.18 Married individuals filing separate returns, estates, and trusts must compute their income
44.19 tax by applying the above rates to their taxable income, except that the income brackets
44.20 will be one-half of the above amounts after the adjustment required in subdivision 2d.

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

44.23 (1) On the first \$26,520, 5.35 percent;

44.24 (2) On all over \$26,520, but not over \$87,110, 6.8 percent;

44.25 (3) On all over \$87,110, but not over \$161,720, 7.85 percent;

44.26 (4) On all over \$161,720, 9.85 percent.

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

44.30 (1) On the first \$32,650, 5.35 percent;

45.1 (2) On all over \$32,650, but not over \$131,190, 6.8 percent;

45.2 (3) On all over \$131,190, but not over \$214,980, 7.85 percent;

45.3 (4) On all over \$214,980, 9.85 percent.

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

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

45.15 (1) the numerator is the individual's Minnesota source federal adjusted gross income as
45.16 defined in section 62 of the Internal Revenue Code and increased by:

45.17 (i) the additions required under sections 290.0131, subdivisions 2, 6, 8 to 10, 16, and
45.18 17, and 290.0137, paragraph (a); and reduced by

45.19 (ii) the Minnesota assignable portion of the subtraction for United States government
45.20 interest under section 290.0132, subdivision 2, the subtractions under sections 290.0132,
45.21 subdivisions 9, 10, 14, 15, 17, 18, and 27, and 290.0137, paragraph (c), after applying the
45.22 allocation and assignability provisions of section 290.081, clause (a), or 290.17; and

45.23 (2) the denominator is the individual's federal adjusted gross income as defined in section
45.24 62 of the Internal Revenue Code, increased by:

45.25 (i) the additions required under sections 290.0131, subdivisions 2, 6, 8 to 10, 16, and
45.26 17, and 290.0137, paragraph (a); and reduced by

45.27 (ii) the subtractions under sections 290.0132, subdivisions 2, 9, 10, 14, 15, 17, 18, and
45.28 27, and 290.0137, paragraph (c).

45.29 (f) If an individual who is not a Minnesota resident for the entire year is a qualifying
45.30 owner of a qualifying entity that elects to pay tax as provided in section 289A.08, subdivision
45.31 7a, paragraph (b), they must compute the individual's Minnesota income tax as provided in
45.32 paragraph (e), and also must include, to the extent attributed to the electing qualifying entity:

46.1 (1) in paragraph (e), clause (1), item (i), and paragraph (e), clause (2), item (i), the
46.2 addition under section 290.0131, subdivision 5; and

46.3 (2) in paragraph (e), clause (1), item (ii), and paragraph (e), clause (2), item (ii), the
46.4 subtraction under section 290.0132, subdivision 3.

46.5 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
46.6 31, 2020.

46.7 Sec. 5. Minnesota Statutes 2020, section 290.06, subdivision 22, is amended to read:

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

46.15 (b) For an individual, estate, or trust, the credit is determined by multiplying the tax
46.16 payable under this chapter by the ratio derived by dividing the income subject to tax in the
46.17 other state that is also subject to tax in Minnesota while a resident of Minnesota by the
46.18 taxpayer's federal adjusted gross income, as defined in section 62 of the Internal Revenue
46.19 Code, modified by the addition required by section 290.0131, subdivision 2, and the
46.20 subtraction allowed by section 290.0132, subdivision 2, to the extent the income is allocated
46.21 or assigned to Minnesota under sections 290.081 and 290.17.

46.22 (c) If the taxpayer is an athletic team that apportions all of its income under section
46.23 290.17, subdivision 5, the credit is determined by multiplying the tax payable under this
46.24 chapter by the ratio derived from dividing the total net income subject to tax in the other
46.25 state by the taxpayer's Minnesota taxable income.

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

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

46.32 (e) In the case of the tax assessed on a lump-sum distribution under section 290.032, the
46.33 credit allowed under paragraph (a) is the tax assessed by the other state on the lump-sum

47.1 distribution that is also subject to tax under section 290.032, and shall not exceed the tax
47.2 assessed under section 290.032. To the extent the total lump-sum distribution defined in
47.3 section 290.032, subdivision 1, includes lump-sum distributions received in prior years or
47.4 is all or in part an annuity contract, the reduction to the tax on the lump-sum distribution
47.5 allowed under section 290.032, subdivision 2, includes tax paid to another state that is
47.6 properly apportioned to that distribution.

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

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

47.19 (h) For the purposes of this subdivision, a resident partner of an entity taxed as a
47.20 partnership under the Internal Revenue Code must be considered to have paid a tax imposed
47.21 on the partner in an amount equal to the partner's pro rata share of any net income tax paid
47.22 by the partnership to another state. For purposes of the preceding sentence, the term "net
47.23 income" tax means any tax imposed on or measured by a partnership's net income. For
47.24 purposes of this paragraph, "partnership" includes a limited liability company and "partner"
47.25 includes a member of a limited liability company.

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

47.27 (1) includes:

47.28 (i) the District of Columbia; and

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

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

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

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

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

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

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

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

48.20 (3) For purposes of this paragraph, "preliminary credit" means the credit that a qualifying
 48.21 individual is eligible to receive under paragraphs (b) and (d) for tax paid to a qualifying
 48.22 state without regard to the limitation in paragraph (d), clause (2); "qualifying individual"
 48.23 means a Minnesota resident under section 290.01, subdivision 7, paragraph (a), who received
 48.24 compensation during the taxable year for the performance of personal or professional services
 48.25 within a qualifying state; and "qualifying state" means a state with which an agreement
 48.26 under section 290.081 is not in effect for the taxable year but was in effect for a taxable
 48.27 year beginning before January 1, 2010.

48.28 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
 48.29 31, 2020.

48.30 Sec. 6. Minnesota Statutes 2020, section 290.06, is amended by adding a subdivision to
 48.31 read:

48.32 **Subd. 40. Pass-through entity tax credit.** (a) A qualifying owner of a qualifying entity
 48.33 that elects to pay the pass-through entity tax under section 289A.08, subdivision 7a, may

49.1 claim a credit against the tax due under this chapter equal to the amount of the owner's tax
 49.2 liability as calculated under section 289A.08, subdivision 7a, paragraph (d).

49.3 (b) If the amount of the credit the taxpayer may claim under this subdivision exceeds
 49.4 the taxpayer's tax liability under this chapter, the commissioner of revenue shall refund the
 49.5 excess to the taxpayer. The amount necessary to pay the claim for the refund provided in
 49.6 this subdivision is appropriated from the general fund to the commissioner of revenue.

49.7 (c) For purposes of this subdivision, "qualifying entity," "qualifying owner," and "tax
 49.8 liability" have the meanings given in section 289A.08, subdivision 7a, paragraphs (a) and
 49.9 (d).

49.10 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
 49.11 31, 2020.

49.12 Sec. 7. Minnesota Statutes 2020, section 290.92, subdivision 4b, is amended to read:

49.13 Subd. 4b. **Withholding by partnerships.** (a) A partnership shall deduct and withhold
 49.14 a tax as provided in paragraph (b) for nonresident individual partners based on their
 49.15 distributive shares of partnership income for a taxable year of the partnership.

49.16 (b) The amount of tax withheld is determined by multiplying the partner's distributive
 49.17 share allocable to Minnesota under section 290.17, paid or credited during the taxable year
 49.18 by the highest rate used to determine the income tax liability for an individual under section
 49.19 290.06, subdivision 2c, except that the amount of tax withheld may be determined by the
 49.20 commissioner if the partner submits a withholding exemption certificate under subdivision
 49.21 5.

49.22 (c) The commissioner may reduce or abate the tax withheld under this subdivision if the
 49.23 partnership had reasonable cause to believe that no tax was due under this section.

49.24 (d) Notwithstanding paragraph (a), a partnership is not required to deduct and withhold
 49.25 tax for a nonresident partner if:

49.26 (1) the partner elects to have the tax due paid as part of the partnership's composite return
 49.27 under section 289A.08, subdivision 7;

49.28 (2) the partner has Minnesota assignable federal adjusted gross income from the
 49.29 partnership of less than \$1,000; or

49.30 (3) the partnership is liquidated or terminated, the income was generated by a transaction
 49.31 related to the termination or liquidation, and no cash or other property was distributed in
 49.32 the current or prior taxable year;

50.1 (4) the distributive shares of partnership income are attributable to:

50.2 (i) income required to be recognized because of discharge of indebtedness;

50.3 (ii) income recognized because of a sale, exchange, or other disposition of real estate,
50.4 depreciable property, or property described in section 179 of the Internal Revenue Code;

50.5 or

50.6 (iii) income recognized on the sale, exchange, or other disposition of any property that
50.7 has been the subject of a basis reduction pursuant to section 108, 734, 743, 754, or 1017 of
50.8 the Internal Revenue Code

50.9 to the extent that the income does not include cash received or receivable or, if there is cash
50.10 received or receivable, to the extent that the cash is required to be used to pay indebtedness
50.11 by the partnership or a secured debt on partnership property; ~~or~~

50.12 (5) the partnership is a publicly traded partnership, as defined in section 7704(b) of the
50.13 Internal Revenue Code; or

50.14 (6) the partnership has elected to pay the pass-through entity tax under section 289A.08,
50.15 subdivision 7a.

50.16 (e) For purposes of sections 270C.60, 289A.09, subdivision 2, 289A.20, subdivision 2,
50.17 paragraph (c), 289A.50, 289A.56, 289A.60, and 289A.63, a partnership is considered an
50.18 employer.

50.19 (f) To the extent that income is exempt from withholding under paragraph (d), clause
50.20 (4), the commissioner has a lien in an amount up to the amount that would be required to
50.21 be withheld with respect to the income of the partner attributable to the partnership interest,
50.22 but for the application of paragraph (d), clause (4). The lien arises under section 270C.63
50.23 from the date of assessment of the tax against the partner, and attaches to that partner's share
50.24 of the profits and any other money due or to become due to that partner in respect of the
50.25 partnership. Notice of the lien may be sent by mail to the partnership, without the necessity
50.26 for recording the lien. The notice has the force and effect of a levy under section 270C.67,
50.27 and is enforceable against the partnership in the manner provided by that section. Upon
50.28 payment in full of the liability subsequent to the notice of lien, the partnership must be
50.29 notified that the lien has been satisfied.

50.30 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
50.31 31, 2020.

51.1 Sec. 8. Minnesota Statutes 2020, section 290.92, subdivision 4c, is amended to read:

51.2 Subd. 4c. **Withholding by S corporations.** (a) A corporation having a valid election in
51.3 effect under section 290.9725 shall deduct and withhold a tax as provided in paragraph (b)
51.4 for nonresident individual shareholders their share of the corporation's income for the taxable
51.5 year.

51.6 (b) The amount of tax withheld is determined by multiplying the amount of income
51.7 allocable to Minnesota under section 290.17 by the highest rate used to determine the income
51.8 tax liability of an individual under section 290.06, subdivision 2c, except that the amount
51.9 of tax withheld may be determined by the commissioner if the shareholder submits a
51.10 withholding exemption certificate under subdivision 5.

51.11 (c) Notwithstanding paragraph (a), a corporation is not required to deduct and withhold
51.12 tax for a nonresident shareholder, if:

51.13 (1) the shareholder elects to have the tax due paid as part of the corporation's composite
51.14 return under section 289A.08, subdivision 7;

51.15 (2) the shareholder has Minnesota assignable federal adjusted gross income from the
51.16 corporation of less than \$1,000; ~~or~~

51.17 (3) the corporation is liquidated or terminated, the income was generated by a transaction
51.18 related to the termination or liquidation, and no cash or other property was distributed in
51.19 the current or prior taxable year; or

51.20 (4) the S corporation has elected to pay the pass-through entity tax under section 289A.08,
51.21 subdivision 7a.

51.22 (d) For purposes of sections 270C.60, 289A.09, subdivision 2, 289A.20, subdivision 2,
51.23 paragraph (c), 289A.50, 289A.56, 289A.60, and 289A.63, a corporation is considered an
51.24 employer.

51.25 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
51.26 31, 2020.

52.1

ARTICLE 4

52.2

SALES AND USE TAXES

52.3 Section 1. Minnesota Statutes 2020, section 16A.152, subdivision 2, as amended by Laws
52.4 2021, chapter 31, article 1, section 9, is amended to read:

52.5 Subd. 2. **Additional revenues; priority.** (a) If on the basis of a forecast of general fund
52.6 revenues and expenditures, the commissioner of management and budget determines that
52.7 there will be a positive unrestricted budgetary general fund balance at the close of the
52.8 biennium, the commissioner of management and budget must allocate money to the following
52.9 accounts and purposes in priority order:

52.10 (1) the cash flow account established in subdivision 1 until that account reaches
52.11 \$350,000,000;

52.12 (2) the budget reserve account established in subdivision 1a until that account reaches
52.13 \$1,596,522,000;

52.14 (3) the amount necessary to increase the aid payment schedule for school district aids
52.15 and credits payments in section 127A.45 to not more than 90 percent rounded to the nearest
52.16 tenth of a percent without exceeding the amount available and with any remaining funds
52.17 deposited in the budget reserve;

52.18 (4) the amount necessary to restore all or a portion of the net aid reductions under section
52.19 127A.441 and to reduce the property tax revenue recognition shift under section 123B.75,
52.20 subdivision 5, by the same amount; ~~and~~

52.21 (5) the amount necessary to increase the Minnesota 21st century fund by not more than
52.22 the difference between \$5,000,000 and the sum of the amounts credited and canceled to it
52.23 in the previous 12 months under Laws 2020, chapter 71, article 1, section 11, until the sum
52.24 of all transfers under this section and all amounts credited or canceled under Laws 2020,
52.25 chapter 71, article 1, section 11, equals \$20,000,000-; and

52.26 (6) for a forecast in November only, the amount remaining after the transfer under clause
52.27 (5) must be used to reduce the percentage of accelerated June liability sales tax payments
52.28 required under section 289A.20, subdivision 4, paragraph (b), until the percentage equals
52.29 zero, rounded to the nearest tenth of a percent. By March 15 following the November
52.30 forecast, the commissioner must provide the commissioner of revenue with the percentage
52.31 of accelerated June liability owed based on the reduction required by this clause. By April
52.32 15 each year, the commissioner of revenue must certify the percentage of June liability
52.33 owed by vendors based on the reduction required by this clause.

53.1 (b) The amounts necessary to meet the requirements of this section are appropriated
 53.2 from the general fund within two weeks after the forecast is released or, in the case of
 53.3 transfers under paragraph (a), clauses (3) and (4), as necessary to meet the appropriations
 53.4 schedules otherwise established in statute.

53.5 (c) The commissioner of management and budget shall certify the total dollar amount
 53.6 of the reductions under paragraph (a), clauses (3) and (4), to the commissioner of education.
 53.7 The commissioner of education shall increase the aid payment percentage and reduce the
 53.8 property tax shift percentage by these amounts and apply those reductions to the current
 53.9 fiscal year and thereafter.

53.10 **EFFECTIVE DATE.** This section is effective July 1, 2021.

53.11 Sec. 2. Minnesota Statutes 2020, section 289A.20, subdivision 4, is amended to read:

53.12 Subd. 4. **Sales and use tax.** (a) The taxes imposed by chapter 297A are due and payable
 53.13 pto the commissioner monthly on or before the 20th day of the month following the month
 53.14 in which the taxable event occurred, or following another reporting period as the
 53.15 commissioner prescribes or as allowed under section 289A.18, subdivision 4, paragraph (f)
 53.16 or (g), except that use taxes due on an annual use tax return as provided under section
 53.17 289A.11, subdivision 1, are payable by April 15 following the close of the calendar year.

53.18 (b) A vendor having a liability of \$250,000 or more during a fiscal year ending June 30,
 53.19 except a vendor of construction materials as defined in paragraph (e), must remit the June
 53.20 liability for the next year in the following manner:

53.21 (1) Two business days before June 30 of calendar year 2020 and 2021, the vendor must
 53.22 remit 87.5 percent of the estimated June liability to the commissioner. Two business days
 53.23 before June 30 of calendar year 2022 and thereafter, the vendor must remit 84.5 percent, or
 53.24 a reduced percentage as certified by the commissioner under section 16A.152, subdivision
 53.25 2, paragraph (a), clause (6), of the estimated June liability to the commissioner.

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

53.28 (c) A vendor having a liability of:

53.29 (1) \$10,000 or more, but less than \$250,000, ~~during a fiscal year ending June 30, 2013,~~
 53.30 ~~and fiscal years thereafter,~~ must remit by electronic means all liabilities on returns due for
 53.31 periods beginning in all subsequent calendar years on or before the 20th day of the month
 53.32 following the month in which the taxable event occurred, or on or before the 20th day of

54.1 the month following the month in which the sale is reported under section 289A.18,
54.2 subdivision 4; or

54.3 (2) \$250,000 or more; during a fiscal year ~~ending June 30, 2013, and fiscal years~~
54.4 ~~thereafter~~, must remit by electronic means all liabilities in the manner provided in paragraph
54.5 (a) on returns due for periods beginning in the subsequent calendar year, except ~~for~~ that a
54.6 vendor subject to the remittance requirements of paragraph (b) must remit 90 percent of the
54.7 estimated June liability, which is due two business days before June 30. The remaining
54.8 amount of the June liability is due on August 20.

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

54.16 (e) For the purposes of paragraph (b), "vendor of construction materials" means a retailer
54.17 that sells any of the following construction materials, if 50 percent or more of the retailer's
54.18 sales revenue for the fiscal year ending June 30 is from the sale of those materials:

54.19 (1) lumber, veneer, plywood, wood siding, wood roofing;

54.20 (2) millwork, including wood trim, wood doors, wood windows, wood flooring; or

54.21 (3) concrete, cement, and masonry.

54.22 (f) Paragraph (b) expires after the percentage of estimated payment is reduced to zero
54.23 in accordance with section 16A.152, subdivision 2, paragraph (a), clause (6).

54.24 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
54.25 30, 2021.

54.26 Sec. 3. Minnesota Statutes 2020, section 289A.60, subdivision 15, is amended to read:

54.27 **Subd. 15. Accelerated payment of June sales tax liability; penalty for**
54.28 **underpayment.** (a) For payments made after December 31, 2019 and before December 31,
54.29 2021, if a vendor is required by law to submit an estimation of June sales tax liabilities and
54.30 87.5 percent payment by a certain date, the vendor shall pay a penalty equal to ten percent
54.31 of the amount of actual June liability required to be paid in June less the amount remitted
54.32 in June. The penalty must not be imposed, however, if the amount remitted in June equals

55.1 the lesser of 87.5 percent of the preceding May's liability or 87.5 percent of the average
55.2 monthly liability for the previous calendar year.

55.3 (b) For payments made after December 31, 2021, the penalty must not be imposed if
55.4 the amount remitted in June equals the lesser of 84.5 percent, or a reduced percentage as
55.5 certified by the commissioner under section 16A.152, subdivision 2, paragraph (a), clause
55.6 (6), of the preceding May's liability or 84.5 percent of the average monthly liability for the
55.7 previous calendar year.

55.8 (c) This subdivision expires after the percentage of estimated payment is reduced to zero
55.9 in accordance with section 16A.152, subdivision 2, paragraph (a), clause (6).

55.10 **EFFECTIVE DATE.** This section is effective for estimate payments required to be
55.11 made after July 1, 2021.

55.12 Sec. 4. Minnesota Statutes 2020, section 297A.67, is amended by adding a subdivision to
55.13 read:

55.14 **Subd. 38. Season ticket purchasing rights to collegiate events.** The sale of a right to
55.15 purchase the privilege of admission to a college or university athletic event in a preferred
55.16 viewing location for a season of a particular athletic event is exempt provided that:

55.17 (1) the consideration paid for the right to purchase is used entirely to support student
55.18 scholarships, wellness, and academic costs;

55.19 (2) the consideration paid for the right to purchase is separately stated from the admission
55.20 price; and

55.21 (3) the admission price is equal to or greater than the highest priced general admission
55.22 ticket for the closest seat not in the preferred viewing location.

55.23 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases
55.24 made after June 30, 2021.

55.25 Sec. 5. Minnesota Statutes 2020, section 297A.70, subdivision 13, is amended to read:

55.26 Subd. 13. **Fund-raising sales by or for nonprofit groups.** (a) The following sales by
55.27 the specified organizations for fund-raising purposes are exempt, subject to the limitations
55.28 listed in paragraph (b):

55.29 (1) all sales made by a nonprofit organization that exists solely for the purpose of
55.30 providing educational or social activities for young people primarily age 18 and under;

56.1 (2) all sales made by an organization that is a senior citizen group or association of
 56.2 groups if (i) in general it limits membership to persons age 55 or older; (ii) it is organized
 56.3 and operated exclusively for pleasure, recreation, and other nonprofit purposes; and (iii) no
 56.4 part of its net earnings inures to the benefit of any private shareholders;

56.5 (3) the sale or use of tickets or admissions to a golf tournament held in Minnesota if the
 56.6 beneficiary of the tournament's net proceeds qualifies as a tax-exempt organization under
 56.7 section 501(c)(3) of the Internal Revenue Code; and

56.8 (4) sales of candy sold for fund-raising purposes by a nonprofit organization that provides
 56.9 educational and social activities primarily for young people age 18 and under.

56.10 (b) The exemptions listed in paragraph (a) are limited in the following manner:

56.11 (1) the exemption under paragraph (a), clauses (1) and (2), applies only to the first
 56.12 \$20,000 of the gross annual receipts of the organization from fund-raising; ~~and~~

56.13 (2) the exemption under paragraph (a), clause (1), does not apply if the sales are derived
 56.14 from admission charges or from activities for which the money must be deposited with the
 56.15 school district treasurer under section 123B.49, subdivision 2, ~~or~~; and

56.16 (3) the exemption under paragraph (a), clause (1), does not apply if the sales are derived
 56.17 from admission charges or from activities for which the money must be recorded in the
 56.18 same manner as other revenues or expenditures of the school district under section 123B.49,
 56.19 subdivision 4, unless the following conditions are both met:

56.20 (i) the sales are made for fund-raising purposes of a club, association, or other
 56.21 organization of elementary or secondary school students organized for the purpose of
 56.22 carrying on sports activities, educational activities, or other extracurricular activities; and

56.23 (ii) the school district reserves revenue raised for extracurricular activities, as provided
 56.24 in section 123B.49, subdivision 4, paragraph (e), and spends the revenue raised by a particular
 56.25 extracurricular activity only for that extracurricular activity.

56.26 (c) Sales of tangible personal property and services are exempt if the entire proceeds,
 56.27 less the necessary expenses for obtaining the property or services, will be contributed to a
 56.28 registered combined charitable organization described in section 43A.50, to be used
 56.29 exclusively for charitable, religious, or educational purposes, and the registered combined
 56.30 charitable organization has given its written permission for the sale. Sales that occur over
 56.31 a period of more than 24 days per year are not exempt under this paragraph.

56.32 (d) For purposes of this subdivision, a club, association, or other organization of
 56.33 elementary or secondary school students organized for the purpose of carrying on sports,

57.1 educational, or other extracurricular activities is a separate organization from the school
57.2 district or school for purposes of applying the \$20,000 limit.

57.3 **EFFECTIVE DATE.** This section is effective for sales and purchases made after the
57.4 date of final enactment.

57.5 Sec. 6. Minnesota Statutes 2020, section 297A.71, subdivision 52, is amended to read:

57.6 Subd. 52. **Construction; certain local government facilities.** (a) Materials and supplies
57.7 used in and equipment incorporated into the construction, reconstruction, upgrade, expansion,
57.8 or remodeling of the following local government owned facilities are exempt:

57.9 (1) a new fire station, which includes firefighting, emergency management, public safety
57.10 training, and other public safety facilities in the city of Monticello if materials, supplies,
57.11 and equipment are purchased after January 31, 2019, and before January 1, 2022;

57.12 (2) a new fire station, which includes firefighting and public safety training facilities
57.13 and public safety facilities, in the city of Inver Grove Heights if materials, supplies, and
57.14 equipment are purchased after June 30, 2018, and before January 1, 2021;

57.15 (3) a fire station and police station, including access roads, lighting, sidewalks, and
57.16 utility components, on or adjacent to the property on which the fire station or police station
57.17 are located that are necessary for safe access to and use of those buildings, in the city of
57.18 Minnetonka if materials, supplies, and equipment are purchased after May 23, 2019, and
57.19 before January 1, ~~2021~~ 2022;

57.20 (4) the school building in Independent School District No. 414, Minneota, if materials,
57.21 supplies, and equipment are purchased after January 1, 2018, and before January 1, 2021;

57.22 (5) a fire station in the city of Mendota Heights, if materials, supplies, and equipment
57.23 are purchased after December 31, 2018, and before January 1, 2021; and

57.24 (6) a Dakota County law enforcement collaboration center, also known as the Safety
57.25 and Mental Health Alternative Response Training (SMART) Center, if materials, supplies,
57.26 and equipment are purchased after June 30, 2019, and before July 1, 2021.

57.27 (b) The tax must be imposed and collected as if the rate under section 297A.62,
57.28 subdivision 1, applied and then refunded in the manner provided in section 297A.75.

57.29 (c) The total refund for the project listed in paragraph (a), clause (3), must not exceed
57.30 \$850,000.

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

58.1 Sec. 7. Minnesota Statutes 2020, section 297A.71, is amended by adding a subdivision to
58.2 read:

58.3 Subd. 53. **Public safety facilities.** (a) Materials and supplies used or consumed in and
58.4 equipment incorporated into the construction, remodeling, expansion, or improvement of
58.5 a fire station or police station, including related facilities, owned and operated by a local
58.6 government, as defined in section 297A.70, subdivision 2, paragraph (d), are exempt.

58.7 (b) For purposes of this subdivision, "related facilities" includes access roads, lighting,
58.8 sidewalks, and utility components on or adjacent to the property on which the fire station
58.9 or police station is located that are necessary for safe access to and use of those buildings.

58.10 (c) The tax must be imposed and collected as if the rate under section 297A.62,
58.11 subdivision 1, applied and then refunded in the manner provided in section 297A.75.

58.12 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases
58.13 made after June 30, 2021.

58.14 Sec. 8. Minnesota Statutes 2020, section 297A.75, subdivision 1, is amended to read:

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

58.18 (1) building materials for an agricultural processing facility exempt under section
58.19 297A.71, subdivision 13;

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

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

58.23 (4) building materials used in a residence for veterans with a disability exempt under
58.24 section 297A.71, subdivision 11;

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

58.26 (6) materials and supplies for qualified low-income housing under section 297A.71,
58.27 subdivision 23;

58.28 (7) materials, supplies, and equipment for municipal electric utility facilities under
58.29 section 297A.71, subdivision 35;

59.1 (8) equipment and materials used for the generation, transmission, and distribution of
 59.2 electrical energy and an aerial camera package exempt under section 297A.68, subdivision
 59.3 37;

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

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

59.8 (11) materials, supplies, and equipment for construction, improvement, or expansion of
 59.9 a biopharmaceutical manufacturing facility exempt under section 297A.71, subdivision 45;

59.10 (12) enterprise information technology equipment and computer software for use in a
 59.11 qualified data center exempt under section 297A.68, subdivision 42;

59.12 (13) materials, supplies, and equipment for qualifying capital projects under section
 59.13 297A.71, subdivision 44, paragraph (a), clause (1), and paragraph (b);

59.14 (14) items purchased for use in providing critical access dental services exempt under
 59.15 section 297A.70, subdivision 7, paragraph (c);

59.16 (15) items and services purchased under a business subsidy agreement for use or
 59.17 consumption primarily in greater Minnesota exempt under section 297A.68, subdivision
 59.18 44;

59.19 (16) building materials, equipment, and supplies for constructing or replacing real
 59.20 property exempt under section 297A.71, subdivisions 49; 50, paragraph (b); and 51; ~~and~~

59.21 (17) building materials, equipment, and supplies for qualifying capital projects under
 59.22 section 297A.71, subdivision 52; and

59.23 (18) building materials, equipment, and supplies for constructing, remodeling, expanding,
 59.24 or improving a fire station, police station, or related facilities exempt under section 297A.71,
 59.25 subdivision 53.

59.26 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases
 59.27 made after June 30, 2021.

59.28 Sec. 9. Minnesota Statutes 2020, section 297A.75, subdivision 2, is amended to read:

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

60.1 (1) for subdivision 1, clauses (1), (2), and (14), the applicant must be the purchaser;

60.2 (2) for subdivision 1, clause (3), the applicant must be the governmental subdivision;

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

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

60.7 (5) for subdivision 1, clause (6), the owner of the qualified low-income housing project;

60.8 (6) for subdivision 1, clause (7), the applicant must be a municipal electric utility or a
60.9 joint venture of municipal electric utilities;

60.10 (7) for subdivision 1, clauses (8), (11), (12), and (15), the owner of the qualifying
60.11 business;

60.12 (8) for subdivision 1, clauses (9), (10), (13), ~~and (17)~~, and (18), the applicant must be
60.13 the governmental entity that owns or contracts for the project or facility; and

60.14 (9) for subdivision 1, clause (16), the applicant must be the owner or developer of the
60.15 building or project.

60.16 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases
60.17 made after June 30, 2021.

60.18 Sec. 10. Minnesota Statutes 2020, section 297A.75, subdivision 3, is amended to read:

60.19 Subd. 3. **Application.** (a) The application must include sufficient information to permit
60.20 the commissioner to verify the tax paid. If the tax was paid by a contractor, subcontractor,
60.21 or builder, under subdivision 1, clauses (3) to (13) or (15) to ~~(17)~~ (18), the contractor,
60.22 subcontractor, or builder must furnish to the refund applicant a statement including the cost
60.23 of the exempt items and the taxes paid on the items unless otherwise specifically provided
60.24 by this subdivision. The provisions of sections 289A.40 and 289A.50 apply to refunds under
60.25 this section.

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

60.28 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases
60.29 made after June 30, 2021.

61.1 Sec. 11. Laws 2017, First Special Session chapter 1, article 3, section 32, the effective
 61.2 date, as amended by Laws 2019, First Special Session chapter 6, article 3, section 18, is
 61.3 amended to read:

61.4 **EFFECTIVE DATE.** Paragraph (a) is effective retroactively for sales and purchases
 61.5 made after September 30, 2016, and before ~~January~~ July 1, 2023. Paragraph (b) is effective
 61.6 for sales and purchases made (1) after September 30, 2016, and before July 1, 2017; and
 61.7 (2) after December 31, 2018, and before July 1, 2019.

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

61.9 Sec. 12. **PROPERTIES DESTROYED OR DAMAGED BY FIRE; CITY OF**
 61.10 **ALEXANDRIA.**

61.11 (a) The sale and purchase of the following items are exempt from sales and use tax
 61.12 imposed under Minnesota Statutes, chapter 297A, if the items are used to repair, replace,
 61.13 clean, or otherwise remediate damage to real and personal property damaged or destroyed
 61.14 in the February 25, 2020, fire in the city of Alexandria, if sales and purchases are made after
 61.15 February 24, 2020, and before February 28, 2023:

61.16 (1) building materials and supplies used or consumed in, and equipment incorporated
 61.17 into the construction, replacement, or repair of real property; and

61.18 (2) durable equipment used in a restaurant for food storage, preparation, and serving.

61.19 (b) Building cleaning and disinfecting services related to mitigating smoke damage to
 61.20 real property are exempt from sales and use tax imposed under Minnesota Statutes, chapter
 61.21 297A, if sales and purchases are made after February 24, 2020, and before January 1, 2021.

61.22 (c) For sales and purchases made after February 24, 2020, and before July 1, 2021, the
 61.23 tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62,
 61.24 subdivision 1, applied and then refunded in the manner provided in Minnesota Statutes,
 61.25 section 297A.75. The amount required to pay the refunds under this section is appropriated
 61.26 from the general fund to the commissioner of revenue. Refunds for eligible purchases must
 61.27 not be issued until after June 30, 2021.

61.28 **EFFECTIVE DATE.** This section is effective the day following final enactment and
 61.29 applies retroactively to sales and purchases made after February 24, 2020.

62.1 Sec. 13. CITY OF BUFFALO; SALES TAX EXEMPTION FOR CONSTRUCTION
 62.2 MATERIALS.

62.3 Subdivision 1. Exemption; refund. (a) Materials and supplies used in and equipment
 62.4 incorporated into the construction of a new fire station, which includes firefighting,
 62.5 emergency management, public safety training, and other public safety facilities in the city
 62.6 of Buffalo, are exempt from sales and use tax imposed under Minnesota Statutes, chapter
 62.7 297A, if materials, supplies, and equipment are purchased after March 31, 2020, and before
 62.8 July 1, 2021.

62.9 (b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section
 62.10 297A.62, subdivision 1, applied and then refunded in the same manner provided for projects
 62.11 under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible
 62.12 purchases must not be issued until after June 30, 2021.

62.13 Subd. 2. Appropriation. The amount required to pay the refunds under subdivision 1
 62.14 is appropriated from the general fund to the commissioner of revenue.

62.15 EFFECTIVE DATE. This section is effective retroactively from April 1, 2020, and
 62.16 applies to sales and purchases made after March 31, 2020, and before July 1, 2021.

62.17 Sec. 14. CITY OF MAPLEWOOD; SALES TAX EXEMPTION FOR
 62.18 CONSTRUCTION MATERIALS.

62.19 Subdivision 1. Exemption; refund. (a) Materials and supplies used in and equipment
 62.20 incorporated into the construction of a new fire station and emergency management
 62.21 operations center, including on-site infrastructure improvements of the parking lot, road
 62.22 access, lighting, sidewalks, and utility components in the city of Maplewood are exempt
 62.23 from sales and use tax imposed under Minnesota Statutes, chapter 297A, if materials,
 62.24 supplies, and equipment are purchased after September 30, 2020, and before July 1, 2021.

62.25 (b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section
 62.26 297A.62, subdivision 1, applied and then refunded in the same manner provided for projects
 62.27 under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible
 62.28 purchases must not be issued until after June 30, 2021.

62.29 Subd. 2. Appropriation. The amount required to pay the refunds under subdivision 1
 62.30 is appropriated from the general fund to the commissioner of revenue.

62.31 EFFECTIVE DATE. This section is effective retroactively from August 1, 2020, and
 62.32 applies to sales and purchases made after September 30, 2020, and before July 1, 2021.

63.1 Sec. 15. CITY OF PLYMOUTH; SALES TAX EXEMPTION FOR CONSTRUCTION
 63.2 MATERIALS.

63.3 Subdivision 1. Exemption; refund. (a) Materials and supplies used in and equipment
 63.4 incorporated into the following projects in the city of Plymouth are exempt from sales and
 63.5 use tax imposed under Minnesota Statutes, chapter 297A, if materials, supplies, and
 63.6 equipment are purchased after January 1, 2021, and before July 1, 2021:

63.7 (1) demolition and replacement of the existing Fire Station No. 2 on its existing site;
 63.8 and

63.9 (2) renovation and expansion of Fire Station No. 3.

63.10 (b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section
 63.11 297A.62, subdivision 1, applied and then refunded in the same manner provided for projects
 63.12 under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible
 63.13 purchases must not be issued until after June 30, 2021.

63.14 Subd. 2. Appropriation. The amount required to pay the refunds under subdivision 1
 63.15 is appropriated from the general fund to the commissioner of revenue.

63.16 EFFECTIVE DATE. This section is effective retroactively from January 2, 2021, and
 63.17 applies to sales and purchases made after January 1, 2021, and before July 1, 2021.

63.18 **ARTICLE 5**

63.19 **VAPOR AND TOBACCO TAXES**

63.20 Section 1. Minnesota Statutes 2020, section 297F.01, is amended by adding a subdivision
 63.21 to read:

63.22 Subd. 7a. Delivery sale. "Delivery sale" has the meaning given in section 325F.781,
 63.23 subdivision 1.

63.24 EFFECTIVE DATE. This section is effective January 1, 2022.

63.25 Sec. 2. Minnesota Statutes 2020, section 297F.01, subdivision 22b, is amended to read:

63.26 Subd. 22b. **Nicotine solution products.** (a) "Nicotine solution products" means any
 63.27 cartridge, bottle, or other package that contains nicotine made or derived from tobacco, that
 63.28 is in a solution that is consumed, or meant to be consumed, through the use of a heating
 63.29 element, power source, electronic circuit, or other electronic, chemical, or mechanical means
 63.30 that produces vapor or aerosol. This paragraph expires December 31, 2019.

64.1 (b) Beginning January 1, 2020, "nicotine solution products" means any cartridge, bottle,
 64.2 or other package that contains nicotine, including nicotine made or derived from tobacco
 64.3 or sources other than tobacco, that is in a solution that is consumed, or meant to be consumed,
 64.4 through the use of a heating element, power source, electronic circuit, or other electronic,
 64.5 chemical, or mechanical means that produces vapor or aerosol.

64.6 (c) Nicotine solution products includes any electronic cigarette, electronic cigar, electronic
 64.7 cigarillo, electronic pipe, electronic nicotine delivery system, electronic vaping device,
 64.8 electronic vape pen, electronic oral device, electronic delivery device, or similar product
 64.9 or device, and any batteries, heating elements, or other components, parts, or accessories
 64.10 sold with and meant to be used in the consumption of a solution containing nicotine.

64.11 **EFFECTIVE DATE.** This section is effective January 1, 2022.

64.12 Sec. 3. Minnesota Statutes 2020, section 297F.031, is amended to read:

64.13 **297F.031 REGISTRATION REQUIREMENT.**

64.14 Prior to making delivery sales ~~or shipping cigarettes or tobacco products in connection~~
 64.15 ~~with any sales,~~ an out-of-state retailer ~~shall~~ must file with the Department of Revenue a
 64.16 statement setting forth the out-of-state retailer's name, trade name, ~~and the address of the~~
 64.17 ~~out-of-state retailer's,~~ principal place of business, and any other place of business.

64.18 **EFFECTIVE DATE.** This section is effective for all delivery sales occurring after
 64.19 December 31, 2021.

64.20 Sec. 4. Minnesota Statutes 2020, section 297F.05, is amended by adding a subdivision to
 64.21 read:

64.22 **Subd. 4b. Retailer collection and remittance of use tax.** A retailer or out-of-state
 64.23 retailer must, for any delivery sale, collect and pay to the state any use tax imposed by this
 64.24 section. The retailer or out-of-state retailer must give the purchaser a receipt for the tax paid.

64.25 **EFFECTIVE DATE.** This section is effective for all delivery sales occurring after
 64.26 December 31, 2021.

64.27 Sec. 5. Minnesota Statutes 2020, section 297F.09, subdivision 3, is amended to read:

64.28 **Subd. 3. Use tax return; cigarette or tobacco products consumer and retailers**
 64.29 **making delivery sales.** (a) On or before the 18th day of each calendar month, a consumer
 64.30 who, during the preceding calendar month, has acquired title to or possession of cigarettes
 64.31 or tobacco products for use or storage in this state, upon which cigarettes or tobacco products

65.1 the tax imposed by this chapter has not been paid, shall file a return with the commissioner
 65.2 showing the quantity of cigarettes or tobacco products so acquired. The return must be made
 65.3 in the form and manner prescribed by the commissioner, and must contain any other
 65.4 information required by the commissioner. The return must be accompanied by a remittance
 65.5 for the full unpaid tax liability shown by it.

65.6 (b) On or before the 18th day of each calendar month, a retailer or out-of-state retailer
 65.7 who, during the preceding calendar month, made delivery sales must file a return with the
 65.8 commissioner showing the quantity of cigarettes or tobacco products so delivered. The
 65.9 commissioner shall prescribe the content, format, and manner of returns pursuant to section
 65.10 270C.30. The return must be accompanied by a remittance for the full unpaid tax liability.

65.11 **EFFECTIVE DATE.** This section is effective for all delivery sales occurring after
 65.12 December 31, 2021.

65.13 Sec. 6. Minnesota Statutes 2020, section 297F.09, subdivision 4a, is amended to read:

65.14 Subd. 4a. **Reporting requirements.** No later than the 18th day of each calendar month,
 65.15 ~~an a retailer or out-of-state retailer that has made a delivery of cigarettes or tobacco products~~
 65.16 ~~or shipped or delivered cigarettes or tobacco products into the state in a delivery sale in the~~
 65.17 previous calendar month shall file with the Department of Revenue ~~reports~~ a report in the
 65.18 form and in the manner prescribed by the commissioner of revenue that provides for each
 65.19 delivery sale, the name and address of the purchaser and the brand or brands and quantity
 65.20 of cigarettes or tobacco products sold. A ~~tobacco~~ retailer or out-of-state retailer that meets
 65.21 the requirements of United States Code, title 15, section 375 et seq. satisfies the requirements
 65.22 of this subdivision. The filing of a return under subdivision 3, paragraph (b), satisfies the
 65.23 requirements of this subdivision for the applicable month.

65.24 **EFFECTIVE DATE.** This section is effective for all delivery sales occurring after
 65.25 December 31, 2021.

65.26 Sec. 7. Minnesota Statutes 2020, section 297F.09, subdivision 7, is amended to read:

65.27 Subd. 7. **Electronic payment.** A cigarette ~~or~~ distributor, tobacco products distributor,
 65.28 retailer, or out-of-state retailer having a liability of \$10,000 or more during a fiscal year
 65.29 ending June 30 must remit all liabilities in all subsequent calendar years by electronic means.

65.30 **EFFECTIVE DATE.** This section is effective for all delivery sales occurring after
 65.31 December 31, 2021.

66.1 Sec. 8. Minnesota Statutes 2020, section 297F.09, subdivision 10, is amended to read:

66.2 Subd. 10. ~~Accelerated tax payment; cigarette or tobacco products distributor.~~ A
 66.3 cigarette or distributor, tobacco products distributor, retailer, or out-of-state retailer having
 66.4 a liability of \$250,000 or more during a fiscal year ending June 30, shall remit the June
 66.5 liability for the next year in the following manner:

66.6 (a) Two business days before June 30 of calendar years 2020 and 2021, the distributor
 66.7 shall remit the actual May liability and 87.5 percent of the estimated June liability to the
 66.8 commissioner and file the return in the form and manner prescribed by the commissioner.

66.9 (b) On or before August 18 of the year, the distributor, retailer, or out-of-state retailer
 66.10 shall submit a return showing the actual June liability and pay any additional amount of tax
 66.11 not remitted in June. A penalty is imposed equal to ten percent of the amount of June liability
 66.12 required to be paid in June, less the amount remitted in June. However, the penalty is not
 66.13 imposed if the amount remitted in June equals the lesser of:

66.14 (1) 87.5 percent of the actual June liability for the calendar year 2020 and 2021 June
 66.15 liabilities and 84.5 of the actual June liability for June 2022 and thereafter; or

66.16 (2) 87.5 percent of the preceding May liability for the calendar year 2020 and 2021 June
 66.17 liabilities and 84.5 percent of the preceding May liability for June 2022 and thereafter.

66.18 (c) For calendar year 2022 and thereafter, the percent of the estimated June liability the
 66.19 vendor must remit by two business days before June 30 is 84.5 percent.

66.20 **EFFECTIVE DATE.** This section is effective for all delivery sales occurring after
 66.21 December 31, 2021.

66.22 Sec. 9. Minnesota Statutes 2020, section 325F.781, subdivision 1, is amended to read:

66.23 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have
 66.24 the meanings given, unless the language or context clearly provides otherwise.

66.25 (b) "Consumer" means an individual who purchases, receives, or possesses tobacco
 66.26 products for personal consumption and not for resale.

66.27 (c) "Delivery sale" means:

66.28 (1) a sale of tobacco products to a consumer in this state when:

66.29 (i) the purchaser submits the order for the sale by means of a telephonic or other method
 66.30 of voice transmission, the mail or any other delivery service, or the Internet or other online
 66.31 service; or

67.1 (ii) the tobacco products are delivered by use of the mail or other delivery service; or

67.2 (2) a sale of tobacco products that satisfies the criteria in clause (1), item (i), regardless
67.3 of whether the seller is located inside or outside of the state.

67.4 A sale of tobacco products to an individual in this state must be treated as a sale to a
67.5 consumer, unless the individual is licensed as a distributor or retailer of tobacco products.

67.6 (d) "Delivery service" means a person, including the United States Postal Service, that
67.7 is engaged in the commercial delivery of letters, packages, or other containers.

67.8 (e) "Distributor" means a person, whether located inside or outside of this state, other
67.9 than a retailer, who sells or distributes tobacco products in the state. Distributor does not
67.10 include a tobacco products manufacturer, export warehouse proprietor, or importer with a
67.11 valid permit under United States Code, title 26, section 5712 (1997), if the person sells or
67.12 distributes tobacco products in this state only to distributors who hold valid and current
67.13 licenses under the laws of a state, or to an export warehouse proprietor or another
67.14 manufacturer. Distributor does not include a common or contract carrier that is transporting
67.15 tobacco products under a proper bill of lading or freight bill that states the quantity, source,
67.16 and destination of tobacco products, or a person who ships tobacco products through this
67.17 state by common or contract carrier under a bill of lading or freight bill.

67.18 (f) "Retailer" means a person, whether located inside or outside this state, who sells or
67.19 distributes tobacco products to a consumer in this state.

67.20 (g) "Tobacco products" means: cigarettes and tobacco products as defined in section
67.21 297F.01.

67.22 ~~(1) cigarettes, as defined in section 297F.01, subdivision 3;~~

67.23 ~~(2) smokeless tobacco as defined in section 325F.76; and~~

67.24 ~~(3) premium cigars as defined in section 297F.01, subdivision 13a.~~

67.25 **EFFECTIVE DATE.** This section is effective January 1, 2022.

67.26 Sec. 10. Minnesota Statutes 2020, section 325F.781, subdivision 5, is amended to read:

67.27 Subd. 5. **Registration requirement.** Prior to making delivery sales ~~or shipping tobacco~~
67.28 ~~products in connection with any sales,~~ an out-of-state retailer must ~~meet the requirements~~
67.29 ~~of~~ register with the commissioner of revenue as required under section 297F.031.

67.30 **EFFECTIVE DATE.** This section is effective for all delivery sales occurring after
67.31 December 31, 2021.

68.1 Sec. 11. Minnesota Statutes 2020, section 325F.781, subdivision 6, is amended to read:

68.2 Subd. 6. **Collection of taxes.** (a) ~~Prior to shipping any tobacco products to a purchaser~~
 68.3 ~~in this state, the out-of-state~~ A retailer shall comply with all requirements of making delivery
 68.4 sales must file all returns and reports, collect and pay all taxes, and maintain all records
 68.5 required under chapter 297F and shall ensure that all state excise taxes and fees that apply
 68.6 to such tobacco products have been collected and paid to the state and that all related state
 68.7 excise tax stamps or other indicators of state excise tax payment have been properly affixed
 68.8 to those tobacco products.

68.9 (b) In addition to any penalties under chapter 297F, ~~a distributor~~ a retailer making delivery
 68.10 sales who fails to pay any tax due according to paragraph (a) under chapter 297F, shall pay,
 68.11 in addition to any other penalty, a penalty of 50 percent of the tax due but unpaid.

68.12 **EFFECTIVE DATE.** This section is effective for all delivery sales occurring after
 68.13 December 31, 2021.

68.14 ARTICLE 6

68.15 PROPERTY TAXES

68.16 Section 1. Minnesota Statutes 2020, section 144F.01, is amended to read:

68.17 **144F.01 FIRE PROTECTION AND EMERGENCY MEDICAL SERVICES** 68.18 **SPECIAL TAXING DISTRICTS.**

68.19 Subdivision 1. ~~Political subdivision defined~~ **Definitions.** For purposes of this section,
 68.20 the following terms have the meanings given.

68.21 ~~In this section,~~ (a) "Political subdivision" means a county, a statutory or home rule charter
 68.22 city, or a township organized to provide town government.

68.23 (b) "Governing body" means a city council for a city, a county board for a county, and
 68.24 a board of supervisors for a town.

68.25 (c) "Emergency medical services" means supporting the providing of out-of-hospital
 68.26 emergency medical services including, but not limited to, first responder or rescue squads
 68.27 recognized by the district, ambulance services licensed under chapter 144E and recognized
 68.28 by the district, medical control functions set out in chapter 144E, communications equipment
 68.29 and systems, and programs of regional emergency medical services authorized by regional
 68.30 boards described in section 144E.52.

68.31 Subd. 2. ~~Who may~~ **Authority to establish.** (a) Two or more political subdivisions, or
 68.32 parts of them, may establish, by resolution of their governing bodies, a special taxing district

69.1 ~~for to provide fire protection or emergency medical services. The participating territory of~~
69.2 ~~a participating political subdivision need not abut any other participating territory to be in~~
69.3 ~~the special taxing district, or both, in the area of the district, comprising the jurisdiction of~~
69.4 ~~each of the political subdivisions forming the district. For a county that participates in~~
69.5 ~~establishing a district, the county's jurisdiction comprises the unorganized territory of the~~
69.6 ~~county that it designated in its resolution for inclusion in the district. The area of the special~~
69.7 ~~taxing district need not be contiguous or its boundaries continuous.~~

69.8 (b) Before establishing a district under this section, the participating political subdivisions
69.9 must enter into an agreement that specifies how any liabilities, other than debt issued under
69.10 subdivision 6, and assets of the district will be distributed if the district is dissolved. The
69.11 agreement may also include other terms, including a method for apportioning the levy of
69.12 the district among participating political subdivisions under subdivision 4, paragraph (b),
69.13 as the political subdivisions determine appropriate. The agreement must be adopted no later
69.14 than upon passage of the resolution establishing the district under paragraph (a), but may
69.15 be later amended by agreement of each of the political subdivisions participating in the
69.16 district.

69.17 (c) If two or more political subdivisions that currently operate separate fire departments
69.18 seek to merge fire departments into one fire department, or if a political subdivision with
69.19 an existing fire department requests to join a special taxing district with an established fire
69.20 department, the resolution under paragraph (a) or agreement under paragraph (b) must
69.21 specify which, if any, volunteer firefighter pension plan is associated with the district. A
69.22 special taxing district that operates a fire department under this section may be associated
69.23 with only one volunteer firefighting relief association or one account in the voluntary
69.24 statewide volunteer firefighting retirement plan at one time.

69.25 (d) If the special taxing district includes the operation of a fire department, it must file
69.26 its resolution establishing the fire protection special taxing district, and any agreements
69.27 required for the establishment of the special taxing district, with the commissioner of revenue,
69.28 including any subsequent amendments. If the resolution or agreement does not include
69.29 sufficient information defining the fire department service area of the fire protection special
69.30 taxing district, the secretary of the district board must file a written statement with the
69.31 commissioner defining the fire department service area.

69.32 Subd. 3. **Board.** The special taxing district established under this section is governed
69.33 by a board made up initially of representatives of each participating political subdivision
69.34 in the proportions set out in the establishing resolution, subject to change as provided in the
69.35 district's charter, if any, or in the district's bylaws. ~~If a township states in its resolution that~~

70.1 ~~less than the entire township will participate in the district, the partial townships shall be~~
 70.2 ~~represented on the board by only one member, appointed from among those townships so~~
 70.3 ~~participating. The method for appointment shall be governed by the bylaws of the district's~~
 70.4 ~~joint powers agreement. Each participant's representative serves at the pleasure of that~~
 70.5 ~~participant's governing body or bodies~~ Each participating political subdivision's representative
 70.6 must be an elected member of the governing body of the political subdivision and shall
 70.7 serve at the pleasure of that participant's governing body.

70.8 Subd. 4. **Property tax levy authority.** (a) The district's board may levy a tax on the
 70.9 taxable real and personal property in the district. ~~The ad valorem tax levy may not exceed~~
 70.10 ~~0.048 percent of the estimated market value of the district or \$550,000, whichever is less.~~
 70.11 The proceeds of the levy must be used as provided in subdivision 5. The board shall certify
 70.12 the levy at the times as provided under section 275.07. The board shall provide the county
 70.13 with whatever information is necessary to identify the property that is located within the
 70.14 district. If the boundaries include a part of a parcel, the entire parcel shall be included in
 70.15 the district. The county auditors must spread, collect, and distribute the proceeds of the tax
 70.16 at the same time and in the same manner as provided by law for all other property taxes.

70.17 (b) As an alternative to paragraph (a), the board may apportion its levy among the political
 70.18 subdivisions that are members of the district under a formula or method, with factors such
 70.19 as population, number of service calls, costs of providing service, the market value of
 70.20 improvements, or other measures approved by the governing body of each of the participating
 70.21 political subdivisions. The amount of the levy allocated to each political subdivision must
 70.22 be added to that political subdivision's levy and spread at the same time and in the same
 70.23 manner as provided by law for all other property taxes. The proceeds of the levy must be
 70.24 collected and remitted to the district and used as provided in subdivision 5.

70.25 Subd. 5. **Use of levy proceeds.** The proceeds of property taxes levied under this section
 70.26 must be used to ~~support the providing of out-of-hospital emergency medical services~~
 70.27 ~~including, but not limited to, first responder or rescue squads recognized by the district,~~
 70.28 ~~ambulance services licensed under chapter 144E and recognized by the district, medical~~
 70.29 ~~control functions set out in chapter 144E, communications equipment and systems, and~~
 70.30 ~~programs of regional emergency medical services authorized by regional boards described~~
 70.31 ~~in section 144E.52~~ provide fire protection, emergency medical services, or both, to residents
 70.32 of the district and property located in the district, as well as to pay debt issued under
 70.33 subdivision 6. Services may be provided by employees of the district or by contracting for
 70.34 services provided by other governmental or private entities.

71.1 Subd. 6. ~~Advisory committee Debt.~~ ~~A special taxing district board under this section~~
 71.2 ~~must have an advisory committee to advise the board on issues involving emergency medical~~
 71.3 ~~services and EMS communications. The committee's membership must be comprised of~~
 71.4 ~~representatives of first responders, ambulance services, ambulance medical directors, and~~
 71.5 ~~EMS communication experts. The advisory committee members serve at the pleasure of~~
 71.6 ~~the appointing board~~ (a) The district may incur debt under chapter 475 when the board
 71.7 determines doing so is necessary to accomplish its duties.

71.8 (b) In addition, the district board may issue certificates of indebtedness or capital notes
 71.9 under section 412.301 to purchase capital equipment. In applying section 412.301, paragraph
 71.10 (e), the following rules apply:

71.11 (1) the taxable property of the entire district must be used to calculate the percent of
 71.12 estimated market value; and

71.13 (2) "the number of voters at the last municipal election" means the sum of the number
 71.14 of voters at the last municipal election for each of the cities that is a member of the district
 71.15 plus the number of registered voters in each town that is a participating member of the
 71.16 district.

71.17 Subd. 7. **Powers.** (a) In addition to authority expressly granted in this section, a special
 71.18 taxing district established under this section may exercise any power that may be exercised
 71.19 by any of its participating political subdivisions, except that the board may not incur debt.
 71.20 The special taxing district may only use the power to do what that is necessary or reasonable
 71.21 to support the services set out in subdivision 5. These powers include the authority to
 71.22 participate in state programs and to enforce or carry out state laws related to fire protection
 71.23 or emergency medical services, including programs providing state aid, reimbursement or
 71.24 funding of employee benefits, and authorizing local enforcement of state standards including
 71.25 fire protection related programs and political subdivision powers or responsibilities under
 71.26 chapters 299A, 424A, and 477B; sections 6.495, 353.64, and 423A.022; and any other
 71.27 administrative rules related to the fire code, to the extent the special taxing district meets
 71.28 the qualification criteria and requirements of a program.

71.29 (b) Notwithstanding paragraph (a), to the extent the district's authority under this
 71.30 subdivision overlaps with or may conflict with the authority of the participating political
 71.31 subdivision, the agreement under subdivision 2, paragraph (b), must provide for allocation
 71.32 of those powers or responsibilities between the participating political subdivisions and the
 71.33 district, and may provide for resolution of conflicts in the exercise of those powers.

71.34 (c) The district may only levy the taxes tax authorized in this section subdivision 4.

72.1 Subd. 8. **Additions and withdrawals.** (a) Additional ~~eligible~~ political subdivisions may
 72.2 be added to a special taxing district established under this section as provided by the board
 72.3 of the district and agreed to in a resolution of the governing body of the political subdivision
 72.4 proposed to be added. The addition of a political subdivision to the district may not cause
 72.5 the district to be out of compliance with subdivision 2, paragraph (c).

72.6 (b) A political subdivision may withdraw from a special taxing district under this section
 72.7 by resolution of its governing body. The political subdivision must notify the board of the
 72.8 special taxing district of the withdrawal by providing a copy of the resolution at least ~~one~~
 72.9 ~~year~~ two years in advance of the proposed withdrawal. The taxable property of the
 72.10 withdrawing member is subject to the property tax levy under subdivision 4 for the two
 72.11 ~~taxes payable year~~ years following the notice of the withdrawal, unless the board and the
 72.12 withdrawing member agree otherwise by action of their governing bodies. If a political
 72.13 subdivision withdraws from a district for which debt was issued under subdivision 6 when
 72.14 the political subdivision was a participating member, and which is outstanding when the
 72.15 political subdivision withdraws from the district, the taxable property of the withdrawing
 72.16 political subdivision remains subject to the special taxing district levy until the outstanding
 72.17 debt has been paid or defeased. If the district's property tax levy to repay debt was
 72.18 apportioned among the political subdivisions under an alternative formula or method under
 72.19 subdivision 4, paragraph (b), the withdrawing political subdivision is subject to the same
 72.20 percentage of the debt levy as applied in the taxes payable year immediately preceding its
 72.21 withdrawal from the district.

72.22 (c) Notwithstanding subdivision 2, if the district is comprised of ~~only~~ two political
 72.23 subdivisions and one of the political subdivisions withdraws, the district can continue to
 72.24 exist.

72.25 Subd. 9. **Dissolution.** The special taxing district may be dissolved by resolution approved
 72.26 by a majority vote of the board. If the special taxing district is dissolved, the assets and
 72.27 liabilities may be assigned to a successor entity, if any, or otherwise disposed of for public
 72.28 purposes as provided by law in the agreement adopted under subdivision 2, paragraph (b),
 72.29 or otherwise agreed to by each participating political subdivision. A district may not be
 72.30 dissolved until all debt issued under subdivision 6 has been paid or defeased.

72.31 Subd. 10. **Reports.** (a) On or before March 15, ~~2005~~ 2024, and March 15, ~~2007~~ 2026,
 72.32 the special taxing district shall submit a levy and expenditure report to the commissioner
 72.33 of revenue and to the ~~chairs of the~~ house of representatives and senate committees with
 72.34 jurisdiction over taxes and property taxes. Each report must include the amount of the
 72.35 district's levies for taxes payable for each of the two previous years and its actual expenditures

73.1 of those revenues. Expenditures must be reported by general service category, ~~as listed in~~
 73.2 ~~subdivision 5~~, and include a separate category for administrative expenses.

73.3 (b) On or before March 15, 2024, and March 15, 2026, a political subdivision that has
 73.4 established or joined a special taxing district authorized under this section after June 30,
 73.5 2021, shall submit a levy and expenditure report to the commissioner of revenue and to the
 73.6 house of representatives and senate committees with jurisdiction over taxes and property
 73.7 taxes. The report must include:

73.8 (1) the amount of the political subdivision's levy, and its actual expenditure of the
 73.9 subdivision's levy revenues, including the amount attributable to fire protection and
 73.10 emergency medical services, for taxes payable in each of the two taxes payable years prior
 73.11 to establishing or joining a special taxing district authorized under this section;

73.12 (2) the political subdivision's levy, and its actual expenditure of the subdivision's levy
 73.13 revenues, for taxes payable in each of the taxes payable years after establishing or joining
 73.14 a special taxing district authorized under this section, up to, and including, taxes payable
 73.15 in 2024, and taxes payable in 2026; and

73.16 (3) a certification from the political subdivision that the subdivision's levy for each of
 73.17 the taxes payable years after establishing or joining a special taxing district authorized under
 73.18 this section, up to, and including, taxes payable in 2024, and taxes payable in 2026, does
 73.19 not include expenditures for fire protection, emergency medical services, or both, except
 73.20 as provided in subdivision 4, paragraph (b), or those necessary to establish, or join, a district
 73.21 as provided in this section.

73.22 **EFFECTIVE DATE.** This section is effective the day following final enactment and
 73.23 applies to districts established after June 30, 2021, except that districts established prior to
 73.24 June 30, 2021, are eligible for changes made to subdivisions 4 and 6 beginning with property
 73.25 taxes payable in 2022.

73.26 Sec. 2. Minnesota Statutes 2020, section 272.02, is amended by adding a subdivision to
 73.27 read:

73.28 Subd. 104. **Certain property owned by an Indian Tribe.** (a) Property is exempt that:

73.29 (1) is located in a county with a population greater than 28,000 but less than 29,000 as
 73.30 of the 2010 federal census;

73.31 (2) was on January 2, 2018, and is for the current assessment owned by a federally
 73.32 recognized Indian Tribe or its instrumentality, that is located in Minnesota;

74.1 (3) was on January 2, 2018, erroneously treated as exempt under subdivision 7; and

74.2 (4) is used for the same purpose as the property was used on January 2, 2018.

74.3 (b) The owner of property exempt under paragraph (a) may apply to the county for a
74.4 refund of any state general tax paid for property taxes payable in 2020 and 2021. The county
74.5 may prescribe the form and manner of the application. The county auditor must certify to
74.6 the commissioner of revenue the amount needed for refunds under this section, which the
74.7 commissioner must pay to the county. An amount necessary for refunds under this paragraph
74.8 is appropriated from the general fund to the commissioner of revenue in fiscal year 2022.
74.9 This paragraph expires June 30, 2022.

74.10 **EFFECTIVE DATE.** (a) Paragraph (a) is effective beginning with assessment year
74.11 2021. For assessment year 2021, an exemption application under this section must be filed
74.12 with the county assessor by August 1, 2021.

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

74.14 Sec. 3. Minnesota Statutes 2020, section 273.124, subdivision 1, is amended to read:

74.15 Subdivision 1. **General rule.** (a) Residential real estate that is occupied and used for
74.16 the purposes of a homestead by its owner, who must be a Minnesota resident, is a residential
74.17 homestead.

74.18 Agricultural land, as defined in section 273.13, subdivision 23, that is occupied and used
74.19 as a homestead by its owner, who must be a Minnesota resident, is an agricultural homestead.

74.20 Dates for establishment of a homestead and homestead treatment provided to particular
74.21 types of property are as provided in this section.

74.22 Property held by a trustee under a trust is eligible for homestead classification if the
74.23 requirements under this chapter are satisfied.

74.24 The assessor shall require proof, as provided in subdivision 13, of the facts upon which
74.25 classification as a homestead may be determined. Notwithstanding any other law, the assessor
74.26 may at any time require a homestead application to be filed in order to verify that any
74.27 property classified as a homestead continues to be eligible for homestead status.

74.28 Notwithstanding any other law to the contrary, the Department of Revenue may, upon
74.29 request from an assessor, verify whether an individual who is requesting or receiving
74.30 homestead classification has filed a Minnesota income tax return as a resident for the most
74.31 recent taxable year for which the information is available.

75.1 When there is a name change or a transfer of homestead property, the assessor may
75.2 reclassify the property in the next assessment unless a homestead application is filed to
75.3 verify that the property continues to qualify for homestead classification.

75.4 (b) For purposes of this section, homestead property shall include property which is used
75.5 for purposes of the homestead but is separated from the homestead by a road, street, lot,
75.6 waterway, or other similar intervening property. The term "used for purposes of the
75.7 homestead" shall include but not be limited to uses for gardens, garages, or other outbuildings
75.8 commonly associated with a homestead, but shall not include vacant land held primarily
75.9 for future development. In order to receive homestead treatment for the noncontiguous
75.10 property, the owner must use the property for the purposes of the homestead, and must apply
75.11 to the assessor, both by the deadlines given in subdivision 9. After initial qualification for
75.12 the homestead treatment, additional applications for subsequent years are not required.

75.13 (c) Residential real estate that is occupied and used for purposes of a homestead by a
75.14 relative of the owner is a homestead but only to the extent of the homestead treatment that
75.15 would be provided if the related owner occupied the property. For purposes of this paragraph
75.16 and paragraph (g), "relative" means a parent, stepparent, child, stepchild, grandparent,
75.17 grandchild, brother, sister, uncle, aunt, nephew, or niece. This relationship may be by blood
75.18 or marriage. Property that has been classified as seasonal residential recreational property
75.19 at any time during which it has been owned by the current owner or spouse of the current
75.20 owner will not be reclassified as a homestead unless it is occupied as a homestead by the
75.21 owner; this prohibition also applies to property that, in the absence of this paragraph, would
75.22 have been classified as seasonal residential recreational property at the time when the
75.23 residence was constructed. Neither the related occupant nor the owner of the property may
75.24 claim a property tax refund under chapter 290A for a homestead occupied by a relative. In
75.25 the case of a residence located on agricultural land, only the house, garage, and immediately
75.26 surrounding one acre of land shall be classified as a homestead under this paragraph, except
75.27 as provided in paragraph (d).

75.28 (d) Agricultural property that is occupied and used for purposes of a homestead by a
75.29 relative of the owner, is a homestead, only to the extent of the homestead treatment that
75.30 would be provided if the related owner occupied the property, and only if all of the following
75.31 criteria are met:

75.32 (1) the relative who is occupying the agricultural property is a grandchild, child, sibling,
75.33 ~~or~~ parent, grandparent, stepparent, stepchild, uncle, aunt, nephew, or niece of the owner of
75.34 the agricultural property or of the spouse of the owner;

76.1 (2) the owner of the agricultural property must be a Minnesota resident;

76.2 (3) the owner of the agricultural property must not receive homestead treatment on any
76.3 other agricultural property in Minnesota; and

76.4 (4) the owner of the agricultural property is limited to only one agricultural homestead
76.5 per family under this paragraph.

76.6 Neither the related occupant nor the owner of the property may claim a property tax
76.7 refund under chapter 290A for a homestead occupied by a relative qualifying under this
76.8 paragraph. For purposes of this paragraph, "agricultural property" means the house, garage,
76.9 other farm buildings and structures, and agricultural land.

76.10 Application must be made to the assessor by the owner of the agricultural property to
76.11 receive homestead benefits under this paragraph. The assessor may require the necessary
76.12 proof that the requirements under this paragraph have been met.

76.13 (e) In the case of property owned by a property owner who is married, the assessor must
76.14 not deny homestead treatment in whole or in part if only one of the spouses occupies the
76.15 property and the other spouse is absent due to: (1) marriage dissolution proceedings, (2)
76.16 legal separation, (3) employment or self-employment in another location, or (4) other
76.17 personal circumstances causing the spouses to live separately, not including an intent to
76.18 obtain two homestead classifications for property tax purposes. To qualify under clause (3),
76.19 the spouse's place of employment or self-employment must be at least 50 miles distant from
76.20 the other spouse's place of employment, and the homesteads must be at least 50 miles distant
76.21 from each other.

76.22 (f) The assessor must not deny homestead treatment in whole or in part if:

76.23 (1) in the case of a property owner who is not married, the owner is absent due to
76.24 residence in a nursing home, boarding care facility, or an elderly assisted living facility
76.25 property as defined in section 273.13, subdivision 25a, and the property is not otherwise
76.26 occupied; or

76.27 (2) in the case of a property owner who is married, the owner or the owner's spouse or
76.28 both are absent due to residence in a nursing home, boarding care facility, or an elderly
76.29 assisted living facility property as defined in section 273.13, subdivision 25a, and the property
76.30 is not occupied or is occupied only by the owner's spouse.

76.31 (g) If an individual is purchasing property with the intent of claiming it as a homestead
76.32 and is required by the terms of the financing agreement to have a relative shown on the deed
76.33 as a co-owner, the assessor shall allow a full homestead classification. This provision only

77.1 applies to first-time purchasers, whether married or single, or to a person who had previously
77.2 been married and is purchasing as a single individual for the first time. The application for
77.3 homestead benefits must be on a form prescribed by the commissioner and must contain
77.4 the data necessary for the assessor to determine if full homestead benefits are warranted.

77.5 (h) If residential or agricultural real estate is occupied and used for purposes of a
77.6 homestead by a child of a deceased owner and the property is subject to jurisdiction of
77.7 probate court, the child shall receive relative homestead classification under paragraph (c)
77.8 or (d) to the same extent they would be entitled to it if the owner was still living, until the
77.9 probate is completed. For purposes of this paragraph, "child" includes a relationship by
77.10 blood or by marriage.

77.11 (i) If a single-family home, duplex, or triplex classified as either residential homestead
77.12 or agricultural homestead is also used to provide licensed child care, the portion of the
77.13 property used for licensed child care must be classified as a part of the homestead property.

77.14 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable
77.15 in 2022 and thereafter.

77.16 Sec. 4. Minnesota Statutes 2020, section 273.124, subdivision 9, is amended to read:

77.17 Subd. 9. **Homestead established after assessment date.** Any property that was not
77.18 used for the purpose of a homestead on the assessment date, but which was used for the
77.19 purpose of a homestead on December ~~1~~ 31 of a year, constitutes class 1 or class 2a.

77.20 Any taxpayer meeting the requirements of this subdivision must notify the county
77.21 assessor, or the assessor who has the powers of the county assessor under section 273.063,
77.22 in writing, by December ~~15~~ 31 of the year of occupancy in order to qualify under this
77.23 subdivision. The assessor must not deny full homestead treatment to a property that is
77.24 partially homesteaded on January 2 but occupied for the purpose of a full homestead on
77.25 December ~~1~~ 31 of a year.

77.26 The county assessor and the county auditor may make the necessary changes on their
77.27 assessment and tax records to provide for proper homestead classification as provided in
77.28 this subdivision.

77.29 If homestead classification has not been requested as of December ~~15~~ 31, the assessor
77.30 will classify the property as nonhomestead for the current assessment year for taxes payable
77.31 in the following year, provided that the owner of any property qualifying under this
77.32 subdivision, which has not been accorded the benefits of this subdivision, may be entitled
77.33 to receive homestead classification by proper application as provided in section 375.192.

78.1 The county assessor may publish in a newspaper of general circulation within the county
78.2 a notice requesting the public to file an application for homestead as soon as practicable
78.3 after acquisition of a homestead, but no later than December ~~15~~ 31.

78.4 The county assessor shall publish in a newspaper of general circulation within the county
78.5 no later than December 1 of each year a notice informing the public of the requirement to
78.6 file an application for homestead by December ~~15~~ 31.

78.7 In the case of manufactured homes assessed as personal property, the homestead must
78.8 be established, and a homestead classification requested, by May 29 of the assessment year.
78.9 The assessor may include information on these deadlines for manufactured homes assessed
78.10 as personal property in the published notice or notices.

78.11 **EFFECTIVE DATE.** This section is effective beginning with assessments in 2021.

78.12 Sec. 5. Minnesota Statutes 2020, section 273.124, subdivision 13, is amended to read:

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

78.16 (b) The commissioner shall prescribe the content, format, and manner of the homestead
78.17 application required to be filed under this chapter pursuant to section 270C.30. The
78.18 application must clearly inform the taxpayer that this application must be signed by all
78.19 owners who occupy the property or by the qualifying relative and returned to the county
78.20 assessor in order for the property to receive homestead treatment.

78.21 (c) Every property owner applying for homestead classification must furnish to the
78.22 county assessor the Social Security number of each occupant who is listed as an owner of
78.23 the property on the deed of record, the name and address of each owner who does not occupy
78.24 the property, and the name and Social Security number of the spouse of each occupying
78.25 owner. The application must be signed by each owner who occupies the property and by
78.26 each owner's spouse who occupies the property, or, in the case of property that qualifies as
78.27 a homestead under subdivision 1, paragraph (c), by the qualifying relative.

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

78.32 Owners or spouses occupying residences owned by their spouses and previously occupied
78.33 with the other spouse, either of whom fail to include the other spouse's name and Social

79.1 Security number on the homestead application or provide the affidavits or other proof
79.2 requested, will be deemed to have elected to receive only partial homestead treatment of
79.3 their residence. The remainder of the residence will be classified as nonhomestead residential.
79.4 When an owner or spouse's name and Social Security number appear on homestead
79.5 applications for two separate residences and only one application is signed, the owner or
79.6 spouse will be deemed to have elected to homestead the residence for which the application
79.7 was signed.

79.8 (d) If residential real estate is occupied and used for purposes of a homestead by a relative
79.9 of the owner and qualifies for a homestead under subdivision 1, paragraph (c), in order for
79.10 the property to receive homestead status, a homestead application must be filed with the
79.11 assessor. The Social Security number of each relative occupying the property and the name
79.12 and Social Security number of the spouse of a relative occupying the property shall be
79.13 required on the homestead application filed under this subdivision. If a different relative of
79.14 the owner subsequently occupies the property, the owner of the property must notify the
79.15 assessor within 30 days of the change in occupancy. The Social Security number of a relative
79.16 occupying the property or the spouse of a relative occupying the property is private data on
79.17 individuals as defined by section 13.02, subdivision 12, but may be disclosed to the
79.18 commissioner of revenue, or, for the purposes of proceeding under the Revenue Recapture
79.19 Act to recover personal property taxes owing, to the county treasurer.

79.20 (e) The homestead application shall also notify the property owners that if the property
79.21 is granted homestead status for any assessment year, that same property shall remain
79.22 classified as homestead until the property is sold or transferred to another person, or the
79.23 owners, the spouse of the owner, or the relatives no longer use the property as their
79.24 homestead. Upon the sale or transfer of the homestead property, a certificate of value must
79.25 be timely filed with the county auditor as provided under section 272.115. Failure to notify
79.26 the assessor within 30 days that the property has been sold, transferred, or that the owner,
79.27 the spouse of the owner, or the relative is no longer occupying the property as a homestead,
79.28 shall result in the penalty provided under this subdivision and the property will lose its
79.29 current homestead status.

79.30 (f) If a homestead application has not been filed with the county by December ~~15~~ 31,
79.31 the assessor shall classify the property as nonhomestead for the current assessment year for
79.32 taxes payable in the following year, provided that the owner may be entitled to receive the
79.33 homestead classification by proper application under section 375.192.

79.34 **EFFECTIVE DATE.** This section is effective beginning with assessments in 2021.

80.1 Sec. 6. Minnesota Statutes 2020, section 273.13, subdivision 23, is amended to read:

80.2 Subd. 23. **Class 2.** (a) An agricultural homestead consists of class 2a agricultural land
80.3 that is homesteaded, along with any class 2b rural vacant land that is contiguous to the class
80.4 2a land under the same ownership. The market value of the house and garage and immediately
80.5 surrounding one acre of land has the same classification rates as class 1a or 1b property
80.6 under subdivision 22. The value of the remaining land including improvements up to the
80.7 first tier valuation limit of agricultural homestead property has a classification rate of 0.5
80.8 percent of market value. The remaining property over the first tier has a classification rate
80.9 of one percent of market value. For purposes of this subdivision, the "first tier valuation
80.10 limit of agricultural homestead property" and "first tier" means the limit certified under
80.11 section 273.11, subdivision 23.

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

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

80.22 (c) Class 2b rural vacant land consists of parcels of property, or portions thereof, that
80.23 are unplatted real estate, rural in character and not used for agricultural purposes, including
80.24 land used for growing trees for timber, lumber, and wood and wood products, that is not
80.25 improved with a structure. The presence of a minor, ancillary nonresidential structure as
80.26 defined by the commissioner of revenue does not disqualify the property from classification
80.27 under this paragraph. Any parcel of 20 acres or more improved with a structure that is not
80.28 a minor, ancillary nonresidential structure must be split-classified, and ten acres must be
80.29 assigned to the split parcel containing the structure. If a parcel of 20 acres or more is enrolled
80.30 in the sustainable forest management incentive program under chapter 290C, the number
80.31 of acres assigned to the split parcel improved with a structure that is not a minor, ancillary
80.32 nonresidential structure must equal three acres or the number of acres excluded from the
80.33 sustainable forest incentive act covenant due to the structure, whichever is greater. Class
80.34 2b property has a classification rate of one percent of market value unless it is part of an
80.35 agricultural homestead under paragraph (a), or qualifies as class 2c under paragraph (d).

81.1 (d) Class 2c managed forest land consists of no less than 20 and no more than 1,920
81.2 acres statewide per taxpayer that is being managed under a forest management plan that
81.3 meets the requirements of chapter 290C, but is not enrolled in the sustainable forest resource
81.4 management incentive program. It has a classification rate of .65 percent, provided that the
81.5 owner of the property must apply to the assessor in order for the property to initially qualify
81.6 for the reduced rate and provide the information required by the assessor to verify that the
81.7 property qualifies for the reduced rate. If the assessor receives the application and information
81.8 before May 1 in an assessment year, the property qualifies beginning with that assessment
81.9 year. If the assessor receives the application and information after April 30 in an assessment
81.10 year, the property may not qualify until the next assessment year. The commissioner of
81.11 natural resources must concur that the land is qualified. The commissioner of natural
81.12 resources shall annually provide county assessors verification information on a timely basis.
81.13 The presence of a minor, ancillary nonresidential structure as defined by the commissioner
81.14 of revenue does not disqualify the property from classification under this paragraph.

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

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

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

81.21 "Agricultural purposes" as used in this section means the raising, cultivation, drying, or
81.22 storage of agricultural products for sale, or the storage of machinery or equipment used in
81.23 support of agricultural production by the same farm entity. For a property to be classified
81.24 as agricultural based only on the drying or storage of agricultural products, the products
81.25 being dried or stored must have been produced by the same farm entity as the entity operating
81.26 the drying or storage facility. "Agricultural purposes" also includes (i) enrollment in a local
81.27 conservation program or the Reinvest in Minnesota program under sections 103F.501 to
81.28 103F.535 or the federal Conservation Reserve Program as contained in Public Law 99-198
81.29 or a similar state or federal conservation program if the property was classified as agricultural
81.30 (A) under this subdivision for taxes payable in 2003 because of its enrollment in a qualifying
81.31 program and the land remains enrolled or (B) in the year prior to its enrollment, or (ii) use
81.32 of land, not to exceed three acres, to provide environmental benefits such as buffer strips,
81.33 old growth forest restoration or retention, or retention ponds to prevent soil erosion. For
81.34 purposes of this section, a "local conservation program" means a program administered by
81.35 a town, statutory or home rule charter city, or county, including a watershed district, water

82.1 management organization, or soil and water conservation district, in which landowners
82.2 voluntarily enroll land and receive incentive payments equal to at least \$50 per acre in
82.3 exchange for use or other restrictions placed on the land. In order for property to qualify
82.4 under the local conservation program provision, a taxpayer must apply to the assessor by
82.5 February 1 of the assessment year and must submit the information required by the assessor,
82.6 including but not limited to a copy of the program requirements, the specific agreement
82.7 between the land owner and the local agency, if applicable, and a map of the conservation
82.8 area. Agricultural classification shall not be based upon the market value of any residential
82.9 structures on the parcel or contiguous parcels under the same ownership.

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

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

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

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

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

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

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

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

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

83.1 Classification under this subdivision is not determinative for qualifying under section
83.2 273.111.

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

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

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

83.11 (2) aquacultural products for sale and consumption, as defined under section 17.47, if
83.12 the aquaculture occurs on land zoned for agricultural use;

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

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

83.18 (5) game birds and waterfowl bred and raised (i) on a game farm licensed under section
83.19 97A.105, provided that the annual licensing report to the Department of Natural Resources,
83.20 which must be submitted annually by March 30 to the assessor, indicates that at least 500
83.21 birds were raised or used for breeding stock on the property during the preceding year and
83.22 that the owner provides a copy of the owner's most recent schedule F; or (ii) for use on a
83.23 shooting preserve licensed under section 97A.115;

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

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

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

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

83.31 (1) wholesale and retail sales;

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

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

84.2 (4) office facilities for the support of the activities enumerated in clauses (1), (2), and
84.3 (3),

84.4 the assessor shall classify the part of the parcel used for agricultural purposes as class
84.5 1b, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its use.
84.6 The grading, sorting, and packaging of raw agricultural products for first sale is considered
84.7 an agricultural purpose. A greenhouse or other building where horticultural or nursery
84.8 products are grown that is also used for the conduct of retail sales must be classified as
84.9 agricultural if it is primarily used for the growing of horticultural or nursery products from
84.10 seed, cuttings, or roots and occasionally as a showroom for the retail sale of those products.
84.11 Use of a greenhouse or building only for the display of already grown horticultural or nursery
84.12 products does not qualify as an agricultural purpose.

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

84.17 (l) Class 2d airport landing area consists of a landing area or public access area of a
84.18 privately owned public use airport. It has a classification rate of one percent of market value.
84.19 To qualify for classification under this paragraph, a privately owned public use airport must
84.20 be licensed as a public airport under section 360.018. For purposes of this paragraph, "landing
84.21 area" means that part of a privately owned public use airport properly cleared, regularly
84.22 maintained, and made available to the public for use by aircraft and includes runways,
84.23 taxiways, aprons, and sites upon which are situated landing or navigational aids. A landing
84.24 area also includes land underlying both the primary surface and the approach surfaces that
84.25 comply with all of the following:

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

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

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

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

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

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

85.11 (1) a legal description of the property;

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

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

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

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

85.24 (n) When any portion of the property under this subdivision or subdivision 22 begins to
85.25 be actively mined, the owner must file a supplemental affidavit within 60 days from the
85.26 day any aggregate is removed stating the number of acres of the property that is actively
85.27 being mined. The acres actively being mined must be (1) valued and classified under
85.28 subdivision 24 in the next subsequent assessment year, and (2) removed from the aggregate
85.29 resource preservation property tax program under section 273.1115, if the land was enrolled
85.30 in that program. Copies of the original affidavit and all supplemental affidavits must be
85.31 filed with the county assessor, the local zoning administrator, and the Department of Natural
85.32 Resources, Division of Land and Minerals. A supplemental affidavit must be filed each
85.33 time a subsequent portion of the property is actively mined, provided that the minimum

86.1 acreage change is five acres, even if the actual mining activity constitutes less than five
86.2 acres.

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

86.6 **EFFECTIVE DATE.** This section is effective for assessment year 2022 and thereafter.

86.7 Sec. 7. Minnesota Statutes 2020, section 273.13, subdivision 25, is amended to read:

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

86.15 (b) Class 4b includes:

86.16 (1) residential real estate containing less than four units, including property rented as a
86.17 short-term rental property for more than 14 days in the preceding year, that does not qualify
86.18 as class 4bb, other than seasonal residential recreational property;

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

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

86.22 (4) unimproved property that is classified residential as determined under subdivision
86.23 33.

86.24 For the purposes of this paragraph, "short-term rental property" means nonhomestead
86.25 residential real estate rented for periods of less than 30 consecutive days.

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

86.27 (c) Class 4bb includes:

86.28 (1) nonhomestead residential real estate containing one unit, other than seasonal
86.29 residential recreational property;

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

87.1 (3) a condominium-type storage unit having an individual property identification number
87.2 that is not used for a commercial purpose.

87.3 Class 4bb property has the same classification rates as class 1a property under subdivision
87.4 22.

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

87.8 (d) Class 4c property includes:

87.9 (1) except as provided in subdivision 22, paragraph (c), real and personal property
87.10 devoted to commercial temporary and seasonal residential occupancy for recreation purposes,
87.11 for not more than 250 days in the year preceding the year of assessment. For purposes of
87.12 this clause, property is devoted to a commercial purpose on a specific day if any portion of
87.13 the property is used for residential occupancy, and a fee is charged for residential occupancy.
87.14 Class 4c property under this clause must contain three or more rental units. A "rental unit"
87.15 is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site
87.16 equipped with water and electrical hookups for recreational vehicles. A camping pad offered
87.17 for rent by a property that otherwise qualifies for class 4c under this clause is also class 4c
87.18 under this clause regardless of the term of the rental agreement, as long as the use of the
87.19 camping pad does not exceed 250 days. In order for a property to be classified under this
87.20 clause, either (i) the business located on the property must provide recreational activities,
87.21 at least 40 percent of the annual gross lodging receipts related to the property must be from
87.22 business conducted during 90 consecutive days, and either (A) at least 60 percent of all paid
87.23 bookings by lodging guests during the year must be for periods of at least two consecutive
87.24 nights; or (B) at least 20 percent of the annual gross receipts must be from charges for
87.25 providing recreational activities, or (ii) the business must contain 20 or fewer rental units,
87.26 and must be located in a township or a city with a population of 2,500 or less located outside
87.27 the metropolitan area, as defined under section 473.121, subdivision 2, that contains a portion
87.28 of a state trail administered by the Department of Natural Resources. For purposes of item
87.29 (i)(A), a paid booking of five or more nights shall be counted as two bookings. Class 4c
87.30 property also includes commercial use real property used exclusively for recreational
87.31 purposes in conjunction with other class 4c property classified under this clause and devoted
87.32 to temporary and seasonal residential occupancy for recreational purposes, up to a total of
87.33 two acres, provided the property is not devoted to commercial recreational use for more
87.34 than 250 days in the year preceding the year of assessment and is located within two miles
87.35 of the class 4c property with which it is used. In order for a property to qualify for

88.1 classification under this clause, the owner must submit a declaration to the assessor
88.2 designating the cabins or units occupied for 250 days or less in the year preceding the year
88.3 of assessment by January 15 of the assessment year. Those cabins or units and a proportionate
88.4 share of the land on which they are located must be designated class 4c under this clause
88.5 as otherwise provided. The remainder of the cabins or units and a proportionate share of
88.6 the land on which they are located will be designated as class 3a. The owner of property
88.7 desiring designation as class 4c property under this clause must provide guest registers or
88.8 other records demonstrating that the units for which class 4c designation is sought were not
88.9 occupied for more than 250 days in the year preceding the assessment if so requested. The
88.10 portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center
88.11 or meeting room, and (5) other nonresidential facility operated on a commercial basis not
88.12 directly related to temporary and seasonal residential occupancy for recreation purposes
88.13 does not qualify for class 4c. For the purposes of this paragraph, "recreational activities"
88.14 means renting ice fishing houses, boats and motors, snowmobiles, downhill or cross-country
88.15 ski equipment; providing marina services, launch services, or guide services; or selling bait
88.16 and fishing tackle;

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

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

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

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

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

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

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

89.1 For purposes of this clause:

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

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

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

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

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

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

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

89.31 (5)(i) manufactured home parks as defined in section 327.14, subdivision 3, excluding
89.32 manufactured home parks described in items (ii) and (iii), (ii) manufactured home parks as
89.33 defined in section 327.14, subdivision 3, that are described in section 273.124, subdivision

90.1 3a, and (iii) class I manufactured home parks as defined in section 327C.01, subdivision
90.2 13;

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

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

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

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

90.12 If a hangar classified under this clause is sold after June 30, 2000, a bill of sale must be
90.13 filed by the new owner with the assessor of the county where the property is located within
90.14 60 days of the sale;

90.15 (8) a privately owned noncommercial aircraft storage hangar not exempt under section
90.16 272.01, subdivision 2, and the land on which it is located, provided that:

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

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

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

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

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

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

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

90.30 The market value subject to the 4c classification under this clause is limited to five rental
90.31 units. Any rental units on the property in excess of five, must be valued and assessed as

91.1 class 3a. The portion of the property used for purposes of a homestead by the owner must
91.2 be classified as class 1a property under subdivision 22;

91.3 (10) real property up to a maximum of three acres and operated as a restaurant as defined
91.4 under section 157.15, subdivision 12, provided it: (i) is located on a lake as defined under
91.5 section 103G.005, subdivision 15, paragraph (a), clause (3); and (ii) is either devoted to
91.6 commercial purposes for not more than 250 consecutive days, or receives at least 60 percent
91.7 of its annual gross receipts from business conducted during four consecutive months. Gross
91.8 receipts from the sale of alcoholic beverages must be included in determining the property's
91.9 qualification under item (ii). The property's primary business must be as a restaurant and
91.10 not as a bar. Gross receipts from gift shop sales located on the premises must be excluded.
91.11 Owners of real property desiring 4c classification under this clause must submit an annual
91.12 declaration to the assessor by February 1 of the current assessment year, based on the
91.13 property's relevant information for the preceding assessment year;

91.14 (11) lakeshore and riparian property and adjacent land, not to exceed six acres, used as
91.15 a marina, as defined in section 86A.20, subdivision 5, which is made accessible to the public
91.16 and devoted to recreational use for marina services. The marina owner must annually provide
91.17 evidence to the assessor that it provides services, including lake or river access to the public
91.18 by means of an access ramp or other facility that is either located on the property of the
91.19 marina or at a publicly owned site that abuts the property of the marina. No more than 800
91.20 feet of lakeshore may be included in this classification. Buildings used in conjunction with
91.21 a marina for marina services, including but not limited to buildings used to provide food
91.22 and beverage services, fuel, boat repairs, or the sale of bait or fishing tackle, are classified
91.23 as class 3a property; and

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

91.26 Class 4c property has a classification rate of 1.5 percent of market value, except that (i)
91.27 each parcel of noncommercial seasonal residential recreational property under clause (12)
91.28 has the same classification rates as class 4bb property, (ii) manufactured home parks assessed
91.29 under clause (5), item (i), have the same classification rate as class 4b property, the market
91.30 value of manufactured home parks assessed under clause (5), item (ii), have a classification
91.31 rate of 0.75 percent if more than 50 percent of the lots in the park are occupied by
91.32 shareholders in the cooperative corporation or association and a classification rate of one
91.33 percent if 50 percent or less of the lots are so occupied, and class I manufactured home
91.34 parks as defined in section 327C.01, subdivision 13, have a classification rate of 1.0 percent,
91.35 (iii) commercial-use seasonal residential recreational property and marina recreational land

92.1 as described in clause (11), has a classification rate of one percent for the first \$500,000 of
 92.2 market value, and 1.25 percent for the remaining market value, (iv) the market value of
 92.3 property described in clause (4) has a classification rate of one percent, (v) the market value
 92.4 of property described in clauses (2), (6), and (10) has a classification rate of 1.25 percent,
 92.5 (vi) that portion of the market value of property in clause (9) qualifying for class 4c property
 92.6 has a classification rate of 1.25 percent, and (vii) property qualifying for classification under
 92.7 clause (3) that is owned or operated by a congressionally chartered veterans organization
 92.8 has a classification rate of one percent. The commissioner of veterans affairs must provide
 92.9 a list of congressionally chartered veterans organizations to the commissioner of revenue
 92.10 by June 30, 2017, and by January 1, 2018, and each year thereafter.

92.11 (e) Class 4d property is qualifying low-income rental housing certified to the assessor
 92.12 by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion of
 92.13 the units in the building qualify as low-income rental housing units as certified under section
 92.14 273.128, subdivision 3, only the proportion of qualifying units to the total number of units
 92.15 in the building qualify for class 4d. The remaining portion of the building shall be classified
 92.16 by the assessor based upon its use. Class 4d also includes the same proportion of land as
 92.17 the qualifying low-income rental housing units are to the total units in the building. For all
 92.18 properties qualifying as class 4d, the market value determined by the assessor must be based
 92.19 on the normal approach to value using normal unrestricted rents.

92.20 (f) The first tier of market value of class 4d property has a classification rate of 0.75
 92.21 percent. The remaining value of class 4d property has a classification rate of 0.25 percent.
 92.22 For the purposes of this paragraph, the "first tier of market value of class 4d property" means
 92.23 the market value of each housing unit up to the first tier limit. For the purposes of this
 92.24 paragraph, all class 4d property value must be assigned to individual housing units. The
 92.25 first tier limit is \$100,000 for assessment ~~year 2014~~ years 2022 and 2023. For subsequent
 92.26 assessment years, the limit is adjusted each year by the average statewide change in estimated
 92.27 market value of property classified as class 4a and 4d under this section for the previous
 92.28 assessment year, excluding valuation change due to new construction, rounded to the nearest
 92.29 \$1,000, provided, however, that the limit may never be less than \$100,000. Beginning with
 92.30 assessment year 2015, the commissioner of revenue must certify the limit for each assessment
 92.31 year by November 1 of the previous year.

92.32 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2022.

93.1 Sec. 8. Minnesota Statutes 2020, section 273.13, subdivision 34, is amended to read:

93.2 Subd. 34. **Homestead of veteran with a disability or family caregiver.** (a) All or a
93.3 portion of the market value of property owned by a veteran and serving as the veteran's
93.4 homestead under this section is excluded in determining the property's taxable market value
93.5 if the veteran has a service-connected disability of 70 percent or more as certified by the
93.6 United States Department of Veterans Affairs. To qualify for exclusion under this subdivision,
93.7 the veteran must have been honorably discharged from the United States armed forces, as
93.8 indicated by United States Government Form DD214 or other official military discharge
93.9 papers.

93.10 (b)(1) For a disability rating of 70 percent or more, \$150,000 of market value is excluded,
93.11 except as provided in clause (2); and

93.12 (2) for a total (100 percent) and permanent disability, \$300,000 of market value is
93.13 excluded.

93.14 (c) If a veteran with a disability qualifying for a valuation exclusion under paragraph
93.15 (b), clause (2), predeceases the veteran's spouse, and if upon the death of the veteran the
93.16 spouse holds the legal or beneficial title to the homestead and permanently resides there,
93.17 the exclusion shall carry over to the benefit of the veteran's spouse until such time as the
93.18 spouse remarries, or sells, transfers, or otherwise disposes of the property, except as otherwise
93.19 provided in paragraph (n). Qualification under this paragraph requires an application under
93.20 paragraph (h), and a spouse must notify the assessor if there is a change in the spouse's
93.21 marital status, ownership of the property, or use of the property as a permanent residence.

93.22 (d) If the spouse of a member of any branch or unit of the United States armed forces
93.23 who dies due to a service-connected cause while serving honorably in active service, as
93.24 indicated on United States Government Form DD1300 or DD2064, holds the legal or
93.25 beneficial title to a homestead and permanently resides there, the spouse is entitled to the
93.26 benefit described in paragraph (b), clause (2), until such time as the spouse remarries or
93.27 sells, transfers, or otherwise disposes of the property, except as otherwise provided in
93.28 paragraph (n).

93.29 (e) If a veteran meets the disability criteria of paragraph (a) but does not own property
93.30 classified as homestead in the state of Minnesota, then the homestead of the veteran's primary
93.31 family caregiver, if any, is eligible for the exclusion that the veteran would otherwise qualify
93.32 for under paragraph (b).

94.1 (f) In the case of an agricultural homestead, only the portion of the property consisting
 94.2 of the house and garage and immediately surrounding one acre of land qualifies for the
 94.3 valuation exclusion under this subdivision.

94.4 (g) A property qualifying for a valuation exclusion under this subdivision is not eligible
 94.5 for the market value exclusion under subdivision 35, or classification under subdivision 22,
 94.6 paragraph (b).

94.7 (h) To qualify for a valuation exclusion under this subdivision a property owner must
 94.8 apply to the assessor by December ~~15~~ 31 of the first assessment year for which the exclusion
 94.9 is sought. ~~For an application received after December 15, the exclusion shall become effective~~
 94.10 ~~for the following assessment year.~~ Except as provided in paragraph (c), the owner of a
 94.11 property that has been accepted for a valuation exclusion must notify the assessor if there
 94.12 is a change in ownership of the property or in the use of the property as a homestead.

94.13 (i) A first-time application by a qualifying spouse for the market value exclusion under
 94.14 paragraph (d) must be made any time within two years of the death of the service member.

94.15 (j) For purposes of this subdivision:

94.16 (1) "active service" has the meaning given in section 190.05;

94.17 (2) "own" means that the person's name is present as an owner on the property deed;

94.18 (3) "primary family caregiver" means a person who is approved by the secretary of the
 94.19 United States Department of Veterans Affairs for assistance as the primary provider of
 94.20 personal care services for an eligible veteran under the Program of Comprehensive Assistance
 94.21 for Family Caregivers, codified as United States Code, title 38, section 1720G; and

94.22 (4) "veteran" has the meaning given the term in section 197.447.

94.23 (k) If a veteran dying after December 31, 2011, did not apply for or receive the exclusion
 94.24 under paragraph (b), clause (2), before dying, the veteran's spouse is entitled to the benefit
 94.25 under paragraph (b), clause (2), until the spouse remarries or sells, transfers, or otherwise
 94.26 disposes of the property, except as otherwise provided in paragraph (n), if:

94.27 (1) the spouse files a first-time application within two years of the death of the service
 94.28 member or by June 1, 2019, whichever is later;

94.29 (2) upon the death of the veteran, the spouse holds the legal or beneficial title to the
 94.30 homestead and permanently resides there;

94.31 (3) the veteran met the honorable discharge requirements of paragraph (a); and

94.32 (4) the United States Department of Veterans Affairs certifies that:

95.1 (i) the veteran met the total (100 percent) and permanent disability requirement under
95.2 paragraph (b), clause (2); or

95.3 (ii) the spouse has been awarded dependency and indemnity compensation.

95.4 (l) The purpose of this provision of law providing a level of homestead property tax
95.5 relief for veterans with a disability, their primary family caregivers, and their surviving
95.6 spouses is to help ease the burdens of war for those among our state's citizens who bear
95.7 those burdens most heavily.

95.8 (m) By July 1, the county veterans service officer must certify the disability rating and
95.9 permanent address of each veteran receiving the benefit under paragraph (b) to the assessor.

95.10 (n) A spouse who received the benefit in paragraph (c), (d), or (k) but no longer holds
95.11 the legal or beneficial title to the property may continue to receive the exclusion for a
95.12 property other than the property for which the exclusion was initially granted until the spouse
95.13 remarries or sells, transfers, or otherwise disposes of the property, provided that:

95.14 (1) the spouse applies under paragraph (h) for the continuation of the exclusion allowed
95.15 under this paragraph;

95.16 (2) the spouse holds the legal or beneficial title to the property for which the continuation
95.17 of the exclusion is sought under this paragraph, and permanently resides there;

95.18 (3) the estimated market value of the property for which the exclusion is sought under
95.19 this paragraph is less than or equal to the estimated market value of the property that first
95.20 received the exclusion, based on the value of each property on the date of the sale of the
95.21 property that first received the exclusion; and

95.22 (4) the spouse has not previously received the benefit under this paragraph for a property
95.23 other than the property for which the exclusion is sought.

95.24 **EFFECTIVE DATE.** This section is effective beginning with assessments in 2021.

95.25 Sec. 9. Minnesota Statutes 2020, section 275.025, subdivision 1, is amended to read:

95.26 Subdivision 1. **Levy amount.** The state general levy is levied against
95.27 commercial-industrial property and seasonal residential recreational property, as defined
95.28 in this section. The state general levy for commercial-industrial property is ~~\$737,090,000~~
95.29 \$716,990,000 for taxes payable in ~~2020~~ 2023 and thereafter. The state general levy for
95.30 seasonal-recreational property is \$41,690,000 for taxes payable in 2020 and thereafter. The
95.31 tax under this section is not treated as a local tax rate under section 469.177 and is not the
95.32 levy of a governmental unit under chapters 276A and 473F.

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

96.6 (1) an erroneous report of taxable value by a local official;

96.7 (2) an erroneous calculation by the commissioner; and

96.8 (3) an increase or decrease in taxable value for commercial-industrial or seasonal
 96.9 residential recreational property reported to the commissioner under section 270C.85,
 96.10 subdivision 2, clause (4), for the same year.

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

96.13 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable
 96.14 in 2023 and thereafter.

96.15 Sec. 10. Minnesota Statutes 2020, section 275.025, subdivision 2, is amended to read:

96.16 Subd. 2. **Commercial-industrial tax capacity.** For the purposes of this section,
 96.17 "commercial-industrial tax capacity" means the tax capacity of all taxable property classified
 96.18 as class 3 or class 5(1) under section 273.13, excluding:

96.19 (1) the tax capacity attributable to the first ~~\$100,000~~ \$150,000 of market value of each
 96.20 parcel of commercial-industrial property as defined under section 273.13, subdivision 24,
 96.21 clauses (1) and (2);

96.22 (2) electric generation attached machinery under class 3; and

96.23 (3) property described in section 473.625.

96.24 County commercial-industrial tax capacity amounts are not adjusted for the captured
 96.25 net tax capacity of a tax increment financing district under section 469.177, subdivision 2,
 96.26 the net tax capacity of transmission lines deducted from a local government's total net tax
 96.27 capacity under section 273.425, or fiscal disparities contribution and distribution net tax
 96.28 capacities under chapter 276A or 473F. For purposes of this subdivision, the procedures
 96.29 for determining eligibility for tier 1 under section 273.13, subdivision 24, clauses (1) and
 96.30 (2), shall apply in determining the portion of a property eligible to be considered within the
 96.31 first ~~\$100,000~~ \$150,000 of market value.

97.1 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable
97.2 in 2023 and thereafter.

97.3 Sec. 11. Minnesota Statutes 2020, section 275.065, subdivision 3, is amended to read:

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

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

97.11 (c) The notice must inform taxpayers that it contains the amount of property taxes each
97.12 taxing authority proposes to collect for taxes payable the following year. In the case of a
97.13 town, or in the case of the state general tax, the final tax amount will be its proposed tax.
97.14 The notice must clearly state for each city that has a population over 500, county, school
97.15 district, regional library authority established under section 134.201, ~~and~~ metropolitan taxing
97.16 districts as defined in paragraph (i), and fire protection and emergency medical services
97.17 special taxing districts established under section 144F.01, the time and place of a meeting
97.18 for each taxing authority in which the budget and levy will be discussed and public input
97.19 allowed, prior to the final budget and levy determination. The taxing authorities must provide
97.20 the county auditor with the information to be included in the notice on or before the time it
97.21 certifies its proposed levy under subdivision 1. The public must be allowed to speak at that
97.22 meeting, which must occur after November 24 and must not be held before 6:00 p.m. It
97.23 must provide a telephone number for the taxing authority that taxpayers may call if they
97.24 have questions related to the notice and an address where comments will be received by
97.25 mail, except that no notice required under this section shall be interpreted as requiring the
97.26 printing of a personal telephone number or address as the contact information for a taxing
97.27 authority. If a taxing authority does not maintain public offices where telephone calls can
97.28 be received by the authority, the authority may inform the county of the lack of a public
97.29 telephone number and the county shall not list a telephone number for that taxing authority.

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

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

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

98.3 (2) the items listed below, shown separately by county, city or town, and state general
98.4 tax, agricultural homestead credit under section 273.1384, school building bond agricultural
98.5 credit under section 273.1387, voter approved school levy, other local school levy, and the
98.6 sum of the special taxing districts, and as a total of all taxing authorities:

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

98.8 (ii) the proposed tax amount.

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

98.12 In the case of a town or the state general tax, the final tax shall also be its proposed tax
98.13 unless the town changes its levy at a special town meeting under section 365.52. If a school
98.14 district has certified under section 126C.17, subdivision 9, that a referendum will be held
98.15 in the school district at the November general election, the county auditor must note next
98.16 to the school district's proposed amount that a referendum is pending and that, if approved
98.17 by the voters, the tax amount may be higher than shown on the notice. In the case of the
98.18 city of Minneapolis, the levy for Minneapolis Park and Recreation shall be listed separately
98.19 from the remaining amount of the city's levy. In the case of the city of St. Paul, the levy for
98.20 the St. Paul Library Agency must be listed separately from the remaining amount of the
98.21 city's levy. In the case of Ramsey County, any amount levied under section 134.07 may be
98.22 listed separately from the remaining amount of the county's levy. In the case of a parcel
98.23 where tax increment or the fiscal disparities areawide tax under chapter 276A or 473F
98.24 applies, the proposed tax levy on the captured value or the proposed tax levy on the tax
98.25 capacity subject to the areawide tax must each be stated separately and not included in the
98.26 sum of the special taxing districts; and

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

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

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

99.1 (1) special assessments;

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

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

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

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

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

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

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

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

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

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

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

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

100.1 (1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325, 473.446,
100.2 473.521, 473.547, or 473.834;

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

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

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

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

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

100.17 (2) population growth and decline;

100.18 (3) state or federal government action; and

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

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

100.25 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable
100.26 in 2022.

100.27 Sec. 12. Minnesota Statutes 2020, section 275.065, is amended by adding a subdivision
100.28 to read:

100.29 **Subd. 3b. Notice of proposed property taxes required supplemental information. (a)**
100.30 **The county auditor must prepare a separate statement to be delivered with the notice of**
100.31 **proposed taxes described in subdivision 3. The statement must fit on one sheet of paper and**
100.32 **contain for each parcel:**

101.1 (1) for the county, city or township, and school district in which the parcel lies, the
101.2 certified levy for the current taxes payable year, the proposed levy for taxes payable in the
101.3 following year, and the increase or decrease between these two amounts, expressed as a
101.4 percentage; and

101.5 (2) summary budget information listed in paragraph (b).

101.6 (b) Summary budget information must contain budget data from the county, city, and
101.7 school district that proposes a property tax levy on the parcel for taxes payable the following
101.8 year. For the school district, the summary budget data must include the information provided
101.9 to the public under section 123B.10, subdivision 1, paragraph (b), for the current year and
101.10 prior year. For the county and city, the reported summary budget data must contain the same
101.11 information, in the same categories, and in the same format as provided to the Office of the
101.12 State Auditor as required by section 6.745. The statement must provide the governmental
101.13 revenues and current expenditures information in clauses (1) and (2) for the taxing authority's
101.14 budget for taxes payable the following year and the taxing authority's budget from taxes
101.15 payable in the current year, as well as the percent change between the two years. The city
101.16 must provide the county auditor with the summary budget data at the same time as the
101.17 information required under subdivision 3. Only cities with a population of at least 500 are
101.18 required to report the data described in this paragraph. If a city with a population over 500
101.19 fails to report the required information to the county auditor, the county auditor must list
101.20 the city as "budget information not reported" on the portion of the statement dedicated to
101.21 the city's budget information. The statement may take the same format as the annual summary
101.22 budget report for cities and counties issued by the Office of the State Auditor. The summary
101.23 budget data must include:

101.24 (1) a governmental revenues category, including and separately stating:

101.25 (i) "property taxes" defined as property taxes levied on an assessed valuation of real
101.26 property and personal property, if applicable, by the city and county, including fiscal
101.27 disparities;

101.28 (ii) "special assessments" defined as levies made against certain properties to defray all
101.29 or part of the costs of a specific improvement, such as new sewer and water mains, deemed
101.30 to benefit primarily those properties;

101.31 (iii) "state general purpose aid" defined as aid received from the state that has no
101.32 restrictions on its use, including local government aid, county program aid, and market
101.33 value credits; and

- 102.1 (iv) "state categorical aid" defined as revenues received for a specific purpose, such as
102.2 streets and highways, fire relief, and flood control, including but not limited to police and
102.3 fire state aid and out-of-home placement aid; and
- 102.4 (2) a current expenditures category, including and separately stating:
- 102.5 (i) "general government" defined as administration costs of city or county governments,
102.6 including salaries of officials and maintenance of buildings;
- 102.7 (ii) "public safety" defined as costs related to the protection of persons and property,
102.8 such as police, fire, ambulance services, building inspections, animal control, and flood
102.9 control;
- 102.10 (iii) "streets and highways" defined as costs associated with the maintenance and repair
102.11 of local highways, streets, bridges, and street equipment, such as patching, seal coating,
102.12 street lighting, street cleaning, and snow removal;
- 102.13 (iv) "sanitation" defined as costs of refuse collection and disposal, recycling, and weed
102.14 and pest control;
- 102.15 (v) "human services" defined as activities designed to provide public assistance and
102.16 institutional care for individuals economically unable to provide for themselves;
- 102.17 (vi) "health" defined as costs of the maintenance of vital statistics, restaurant inspection,
102.18 communicable disease control, and various health services and clinics;
- 102.19 (vii) "culture and recreation" defined as costs of libraries, park maintenance, mowing,
102.20 planting, removal of trees, festivals, bands, museums, community centers, cable television,
102.21 baseball fields, and organized recreation activities;
- 102.22 (viii) "conservation of natural resources" defined as the conservation and development
102.23 of natural resources, including agricultural and forestry programs and services, weed
102.24 inspection services, and soil and water conservation services;
- 102.25 (ix) "economic development and housing" defined as costs for development and
102.26 redevelopment activities in blighted or otherwise economically disadvantaged areas, including
102.27 low-interest loans, cleanup of hazardous sites, rehabilitation of substandard housing and
102.28 other physical facilities, and other assistance to those wanting to provide housing and
102.29 economic opportunity within a disadvantaged area; and
- 102.30 (x) "all other current expenditures" defined as costs not classified elsewhere, such as
102.31 airport expenditures, cemeteries, unallocated insurance costs, unallocated pension costs,
102.32 and public transportation costs.

103.1 (c) If a taxing authority reporting this data does not have revenues or expenditures in a
 103.2 category listed in paragraph (b), then the taxing authority must designate the amount as "0"
 103.3 for that specific category.

103.4 (d) The supplemental statement provided under this subdivision must be sent in electronic
 103.5 form or by e-mail if the taxpayer requests an electronic version the notice of proposed
 103.6 property taxes under subdivision 3, paragraph (a).

103.7 **EFFECTIVE DATE.** This section is effective for property taxes payable in 2023 and
 103.8 thereafter.

103.9 Sec. 13. Minnesota Statutes 2020, section 275.066, is amended to read:

103.10 **275.066 SPECIAL TAXING DISTRICTS; DEFINITION.**

103.11 For the purposes of property taxation and property tax state aids, the term "special taxing
 103.12 districts" includes the following entities:

103.13 (1) watershed districts under chapter 103D;

103.14 (2) sanitary districts under sections 442A.01 to 442A.29;

103.15 (3) regional sanitary sewer districts under sections 115.61 to 115.67;

103.16 (4) regional public library districts under section 134.201;

103.17 (5) park districts under chapter 398;

103.18 (6) regional railroad authorities under chapter 398A;

103.19 (7) hospital districts under sections 447.31 to 447.38;

103.20 (8) St. Cloud Metropolitan Transit Commission under sections 458A.01 to 458A.15;

103.21 (9) Duluth Transit Authority under sections 458A.21 to 458A.37;

103.22 (10) regional development commissions under sections 462.381 to 462.398;

103.23 (11) housing and redevelopment authorities under sections 469.001 to 469.047;

103.24 (12) port authorities under sections 469.048 to 469.068;

103.25 (13) economic development authorities under sections 469.090 to 469.1081;

103.26 (14) Metropolitan Council under sections 473.123 to 473.549;

103.27 (15) Metropolitan Airports Commission under sections 473.601 to 473.679;

103.28 (16) Metropolitan Mosquito Control Commission under sections 473.701 to 473.716;

104.1 (17) Morrison County Rural Development Financing Authority under Laws 1982, chapter
104.2 437, section 1;

104.3 (18) Croft Historical Park District under Laws 1984, chapter 502, article 13, section 6;

104.4 (19) East Lake County Medical Clinic District under Laws 1989, chapter 211, sections
104.5 1 to 6;

104.6 (20) Floodwood Area Ambulance District under Laws 1993, chapter 375, article 5,
104.7 section 39;

104.8 (21) Middle Mississippi River Watershed Management Organization under sections
104.9 103B.211 and 103B.241;

104.10 (22) fire protection and emergency medical services special taxing districts under section
104.11 144F.01;

104.12 (23) a county levying under the authority of section 103B.241, 103B.245, or 103B.251;

104.13 (24) Southern St. Louis County Special Taxing District; Chris Jensen Nursing Home
104.14 under Laws 2003, First Special Session chapter 21, article 4, section 12;

104.15 (25) an airport authority created under section 360.0426; and

104.16 (26) any other political subdivision of the state of Minnesota, excluding counties, school
104.17 districts, cities, and towns, that has the power to adopt and certify a property tax levy to the
104.18 county auditor, as determined by the commissioner of revenue.

104.19 **EFFECTIVE DATE.** This section is effective the day following final enactment and
104.20 applies to districts established after June 30, 2021.

104.21 Sec. 14. Minnesota Statutes 2020, section 290A.03, subdivision 3, is amended to read:

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

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

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

104.25 (i) all nontaxable income;

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

- 105.1 (iii) an amount equal to the total of any discharge of qualified farm indebtedness of a
105.2 solvent individual excluded from gross income under section 108(g) of the Internal Revenue
105.3 Code;
- 105.4 (iv) cash public assistance and relief;
- 105.5 (v) any pension or annuity (including railroad retirement benefits, all payments received
105.6 under the federal Social Security Act, Supplemental Security Income, and veterans benefits),
105.7 which was not exclusively funded by the claimant or spouse, or which was funded exclusively
105.8 by the claimant or spouse and which funding payments were excluded from federal adjusted
105.9 gross income in the years when the payments were made;
- 105.10 (vi) interest received from the federal or a state government or any instrumentality or
105.11 political subdivision thereof;
- 105.12 (vii) workers' compensation;
- 105.13 (viii) nontaxable strike benefits;
- 105.14 (ix) the gross amounts of payments received in the nature of disability income or sick
105.15 pay as a result of accident, sickness, or other disability, whether funded through insurance
105.16 or otherwise;
- 105.17 (x) a lump-sum distribution under section 402(e)(3) of the Internal Revenue Code of
105.18 1986, as amended through December 31, 1995;
- 105.19 (xi) contributions made by the claimant to an individual retirement account, including
105.20 a qualified voluntary employee contribution; simplified employee pension plan;
105.21 self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of
105.22 the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal
105.23 Revenue Code, to the extent the sum of amounts exceeds the retirement base amount for
105.24 the claimant and spouse;
- 105.25 (xii) to the extent not included in federal adjusted gross income, distributions received
105.26 by the claimant or spouse from a traditional or Roth style retirement account or plan;
- 105.27 (xiii) nontaxable scholarship or fellowship grants;
- 105.28 (xiv) alimony received to the extent not included in the recipient's income;
- 105.29 (xv) the amount of deduction allowed under section 220 or 223 of the Internal Revenue
105.30 Code;
- 105.31 (xvi) the amount deducted for tuition expenses under section 222 of the Internal Revenue
105.32 Code; and

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

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

106.8 (b) "Income" does not include:

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

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

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

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

106.18 (5) relief granted under this chapter;

106.19 (6) child support payments received under a temporary or final decree of dissolution or
106.20 legal separation;

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

106.24 (8) alimony paid; or

106.25 (9) veterans disability compensation paid under title 38 of the United States Code.

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

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

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

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

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

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

107.2 (6) if the claimant or claimant's spouse had a disability or attained the age of 65 on or
107.3 before December 31 of the year for which the taxes were levied or rent paid, the exemption
107.4 amount.

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

107.6 (1) "exemption amount" means the exemption amount under section 290.0121,
107.7 subdivision 1, paragraph (b), for the taxable year for which the income is reported;

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

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

107.14 **EFFECTIVE DATE.** This section is effective for refund claims based on property taxes
107.15 payable in 2022 and rent paid in 2021 and thereafter.

107.16 Sec. 15. Minnesota Statutes 2020, section 429.021, subdivision 1, is amended to read:

107.17 Subdivision 1. **Improvements authorized.** The council of a municipality shall have
107.18 power to make the following improvements:

107.19 (1) To acquire, open, and widen any street, and to improve the same by constructing,
107.20 reconstructing, and maintaining sidewalks, pavement, gutters, curbs, and vehicle parking
107.21 strips of any material, or by grading, graveling, oiling, or otherwise improving the same,
107.22 including the beautification thereof and including storm sewers or other street drainage and
107.23 connections from sewer, water, or similar mains to curb lines.

107.24 (2) To acquire, develop, construct, reconstruct, extend, and maintain storm and sanitary
107.25 sewers and systems, including outlets, holding areas and ponds, treatment plants, pumps,
107.26 lift stations, service connections, and other appurtenances of a sewer system, within and
107.27 without the corporate limits.

107.28 (3) To construct, reconstruct, extend, and maintain steam heating mains.

107.29 (4) To install, replace, extend, and maintain street lights and street lighting systems and
107.30 special lighting systems.

108.1 (5) To acquire, improve, construct, reconstruct, extend, and maintain water works systems,
108.2 including mains, valves, hydrants, service connections, wells, pumps, reservoirs, tanks,
108.3 treatment plants, and other appurtenances of a water works system, within and without the
108.4 corporate limits.

108.5 (6) To acquire, improve and equip parks, open space areas, playgrounds, and recreational
108.6 facilities within or without the corporate limits.

108.7 (7) To plant trees on streets and provide for their trimming, care, and removal.

108.8 (8) To abate nuisances and to drain swamps, marshes, and ponds on public or private
108.9 property and to fill the same.

108.10 (9) To construct, reconstruct, extend, and maintain dikes and other flood control works.

108.11 (10) To construct, reconstruct, extend, and maintain retaining walls and area walls.

108.12 (11) To acquire, construct, reconstruct, improve, alter, extend, operate, maintain, and
108.13 promote a pedestrian skyway system. Such improvement may be made upon a petition
108.14 pursuant to section 429.031, subdivision 3.

108.15 (12) To acquire, construct, reconstruct, extend, operate, maintain, and promote
108.16 underground pedestrian concourses.

108.17 (13) To acquire, construct, improve, alter, extend, operate, maintain, and promote public
108.18 malls, plazas or courtyards.

108.19 (14) To construct, reconstruct, extend, and maintain district heating systems.

108.20 (15) To construct, reconstruct, alter, extend, operate, maintain, and promote fire protection
108.21 systems in existing buildings, but only upon a petition pursuant to section 429.031,
108.22 subdivision 3.

108.23 (16) To acquire, construct, reconstruct, improve, alter, extend, and maintain highway
108.24 sound barriers.

108.25 (17) To improve, construct, reconstruct, extend, and maintain gas and electric distribution
108.26 facilities owned by a municipal gas or electric utility.

108.27 (18) To purchase, install, and maintain signs, posts, and other markers for addressing
108.28 related to the operation of enhanced 911 telephone service.

108.29 (19) To improve, construct, extend, and maintain facilities for Internet access and other
108.30 communications purposes, if the council finds that:

109.1 (i) the facilities are necessary to make available Internet access or other communications
109.2 services that are not and will not be available through other providers or the private market
109.3 in the reasonably foreseeable future; and

109.4 (ii) the service to be provided by the facilities will not compete with service provided
109.5 by private entities.

109.6 (20) To assess affected property owners for all or a portion of the costs agreed to with
109.7 an electric utility, telecommunications carrier, or cable system operator to bury or alter a
109.8 new or existing distribution system within the public right-of-way that exceeds the utility's
109.9 design and construction standards, or those set by law, tariff, or franchise, but only upon
109.10 petition under section 429.031, subdivision 3.

109.11 (21) To assess affected property owners for repayment of voluntary energy improvement
109.12 financings under section 216C.436, subdivision 7, or 216C.437, subdivision 28.

109.13 (22) To construct, reconstruct, alter, extend, operate, maintain, and promote energy
109.14 improvement projects in existing buildings, provided that:

109.15 (i) a petition for the improvement is made by a property owner under section 429.031,
109.16 subdivision 3;

109.17 (ii) the municipality funds and administers the energy improvement project;

109.18 (iii) project funds are only used for the installation of improvements to heating,
109.19 ventilation, and air conditioning equipment and building envelope and for the installation
109.20 of renewable energy systems;

109.21 (iv) each property owner petitioning for the improvement receives notice that free or
109.22 low-cost energy improvements may be available under federal, state, or utility programs;

109.23 (v) for energy improvement projects on residential property, only residential property
109.24 having five or more units may obtain financing for projects under this clause; and

109.25 (vi) prior to financing an energy improvement project or imposing an assessment for a
109.26 project, written notice is provided to the mortgage lender of any mortgage encumbering or
109.27 otherwise secured by the property proposed to be improved.

109.28 **EFFECTIVE DATE.** This section is effective for special assessments payable in 2022
109.29 and thereafter.

110.1 Sec. 16. Minnesota Statutes 2020, section 429.031, subdivision 3, is amended to read:

110.2 Subd. 3. **Petition by all owners.** Whenever all owners of real property abutting upon
110.3 any street named as the location of any improvement shall petition the council to construct
110.4 the improvement and to assess the entire cost against their property, the council may, without
110.5 a public hearing, adopt a resolution determining such fact and ordering the improvement.
110.6 The validity of the resolution shall not be questioned by any taxpayer or property owner or
110.7 the municipality unless an action for that purpose is commenced within 30 days after adoption
110.8 of the resolution as provided in section 429.036. Nothing herein prevents any property
110.9 owner from questioning the amount or validity of the special assessment against the owner's
110.10 property pursuant to section 429.081. In the case of a petition for the municipality to own
110.11 and install a fire protection system, energy improvement projects, a pedestrian skyway
110.12 system, or on-site water contaminant improvements, the petition must contain or be
110.13 accompanied by an undertaking satisfactory to the city by the petitioner that the petitioner
110.14 will grant the municipality the necessary property interest in the building to permit the city
110.15 to enter upon the property and the building to construct, maintain, and operate the fire
110.16 protection system, energy improvement projects, pedestrian skyway system, or on-site water
110.17 contaminant improvements. In the case of a petition for the installation of a privately owned
110.18 fire protection system, energy improvement projects, a privately owned pedestrian skyway
110.19 system, or privately owned on-site water contaminant improvements, the petition shall
110.20 contain the plans and specifications for the improvement, the estimated cost of the
110.21 improvement and a statement indicating whether the city or the owner will contract for the
110.22 construction of the improvement. If the owner is contracting for the construction of the
110.23 improvement, the city shall not approve the petition until it has reviewed and approved the
110.24 plans, specifications, and cost estimates contained in the petition. The construction cost
110.25 financed under section 429.091 shall not exceed the amount of the cost estimate contained
110.26 in the petition. In the case of a petition for the installation of a fire protection system, energy
110.27 improvement projects, a pedestrian skyway system, or on-site water contaminant
110.28 improvements, the petitioner may request abandonment of the improvement at any time
110.29 after it has been ordered pursuant to subdivision 1 and before contracts have been awarded
110.30 for the construction of the improvement under section 429.041, subdivision 2. If such a
110.31 request is received, the city council shall abandon the proceedings but in such case the
110.32 petitioner shall reimburse the city for any and all expenses incurred by the city in connection
110.33 with the improvement.

110.34 **EFFECTIVE DATE.** This section is effective for special assessments payable in 2022
110.35 and thereafter.

111.1 Sec. 17. Laws 2009, chapter 88, article 2, section 46, subdivision 3, as amended by Laws
 111.2 2013, chapter 143, article 4, section 37, and Laws 2019, First Special Session chapter 6,
 111.3 article 4, section 34, is amended to read:

111.4 Subd. 3. **Tax.** The district board may impose a property tax on taxable property as
 111.5 provided in this subdivision to pay the costs of providing fire or ambulance services, or
 111.6 both, throughout the district. The board shall annually determine the total amount of the
 111.7 levy that is attributable to the cost of providing fire services and the cost of providing
 111.8 ambulance services within the primary service area. ~~For those municipalities that only
 111.9 receive ambulance services, the costs for the provision of ambulance services shall be levied
 111.10 against taxable property within those municipalities at a rate necessary not to exceed 0.019
 111.11 percent of the estimated market value. For those municipalities that receive both fire and
 111.12 ambulance services, the tax shall be imposed at a rate that does not exceed 0.2835 percent
 111.13 of estimated market value.~~

111.14 When a member municipality opts to receive fire service from the district or an additional
 111.15 municipality becomes a member of the district, the cost of providing fire services to that
 111.16 community shall be determined by the board ~~and added to the maximum levy amount.~~

111.17 Each county auditor of a county that contains a municipality subject to the tax under
 111.18 this section must collect the tax and pay it to the Fire and Ambulance Special Taxing District.
 111.19 The district may also impose other fees or charges as allowed by law for the provision of
 111.20 fire and ambulance services.

111.21 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
 111.22 Cloquet Area Fire and Ambulance Special Taxing District and its chief clerical officer
 111.23 comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and
 111.24 3.

111.25 Sec. 18. **SUSTAINABLE FOREST INCENTIVE ACT; VIOLATIONS.**

111.26 Land that was split-classified under Minnesota Statutes 2018, section 273.13, subdivision
 111.27 23, paragraph (c), while enrolled in the sustainable forest incentive act management program
 111.28 under Minnesota Statutes, chapter 290C, is not in violation of the conditions of enrollment
 111.29 under Minnesota Statutes, sections 290C.03 and 290C.11, if, at the time of enrollment, a
 111.30 structure that is not a minor, ancillary nonresidential structure, or an excluded area three
 111.31 acres or larger that now contains a structure that is not a minor, ancillary nonresidential
 111.32 structure, was identified on the covenant required under Minnesota Statutes, section 290C.04,
 111.33 and appropriate acreage was excluded in accordance with Minnesota Statutes, section
 111.34 290C.03.

112.1 **EFFECTIVE DATE.** This section is effective for determinations of violations of the
112.2 conditions of enrollment after June 30, 2021.

112.3 Sec. 19. **4D AFFORDABLE HOUSING PROGRAMS REPORT.**

112.4 (a) No later than January 15, 2022, the commissioner of revenue, in consultation with
112.5 the Minnesota Housing Finance Agency, must produce a report on class 4d property, as
112.6 defined in Minnesota Statutes, section 273.13, subdivision 25, and on local 4d affordable
112.7 housing programs. The commissioner must provide a copy of the report to the chairs and
112.8 ranking minority members of the legislative committees with jurisdiction over property
112.9 taxation. The report must comply with the requirements of Minnesota Statutes, sections
112.10 3.195 and 3.197. The report must include the following to the extent available:

112.11 (1) for properties classified in part or in whole as 4d qualifying under Minnesota Statutes,
112.12 section 273.128, subdivision 1, clauses (1) to (4), with separate amounts given for properties
112.13 under each clause:

112.14 (i) the number of units classified as 4d in each property in the previous assessment year
112.15 as reported by each county;

112.16 (ii) the number of units not classified as 4d in each property in the previous assessment
112.17 year;

112.18 (iii) the property tax paid in 2021;

112.19 (iv) the property tax reduction in 2021 resulting from the property being classified as
112.20 4d rather than 4a; and

112.21 (v) the total number of 4d units in each of the last ten years; and

112.22 (2) for properties classified in part or in whole as 4d qualifying under Minnesota Statutes,
112.23 section 273.128, subdivision 1, clauses (1) to (4):

112.24 (i) the percent change in each political subdivision's net tax capacity if the first-tier class
112.25 rate of the 4d classification was reduced from 0.75 percent to 0.25 percent;

112.26 (ii) the number of 4d properties located within tax increment financing districts, and the
112.27 impact on increment generation in those districts as a result of these properties being
112.28 classified as 4d rather than 4a;

112.29 (iii) the impact that a 4d class rate reduction from 0.75 percent to 0.25 percent for the
112.30 entire valuation would have on the property tax burden for homestead property;

113.1 (iv) the total number of 4d units whose value qualifies for the second tier in each year
 113.2 since 2019;

113.3 (v) the impact that a reduction of the 4d class rate from 0.75 percent to 0.25 percent for
 113.4 the entire valuation would have on property tax refunds received by renters and on property
 113.5 tax refunds received by homeowners in jurisdictions that contain 4d property; and

113.6 (vi) a profile of income limits and area median incomes used in Minnesota by the United
 113.7 States Department of Housing and Urban Development to determine the eligibility for
 113.8 assisted housing programs.

113.9 (b) Counties must report to the commissioner of revenue any data required by paragraph
 113.10 (a), clauses (1) and (2), by November 1, 2021.

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

113.12 **Sec. 20. REVIEW OF UTILITY AND PIPELINE VALUATION PROCESS.**

113.13 The commissioner of revenue shall initiate a review of the framework for valuations of
 113.14 property described in Minnesota Statutes, sections 273.33, 273.35, 273.36, and 273.37,
 113.15 including the methodology for valuations prescribed in Minnesota Rules, chapter 8100.

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

113.17 **ARTICLE 7**

113.18 **AIDS AND CREDITS**

113.19 Section 1. Minnesota Statutes 2020, section 477A.03, subdivision 2b, is amended to read:

113.20 Subd. 2b. **Counties.** (a) For aids payable in 2018 and 2019, the total aid payable under
 113.21 section 477A.0124, subdivision 3, is \$103,795,000, of which \$3,000,000 shall be allocated
 113.22 as required under Laws 2014, chapter 150, article 4, section 6. For aids payable in 2020,
 113.23 the total aid payable under section 477A.0124, subdivision 3, is \$116,795,000, of which
 113.24 \$3,000,000 shall be allocated as required under Laws 2014, chapter 150, article 4, section
 113.25 6. For aids payable in 2021 through 2024, the total aid payable under section 477A.0124,
 113.26 subdivision 3, is \$118,795,000, of which \$3,000,000 shall be allocated as required under
 113.27 Laws 2014, chapter 150, article 4, section 6. For aids payable in 2025 and thereafter, the
 113.28 total aid payable under section 477A.0124, subdivision 3, is \$115,795,000. ~~Each calendar~~
 113.29 ~~year~~ On or before the first installment date provided in section 477A.015, paragraph (a),
 113.30 \$500,000 of this appropriation shall be ~~retained~~ transferred each year by the commissioner
 113.31 of revenue to ~~make reimbursements to the commissioner of management and budget the~~
 113.32 Board of Public Defense for ~~payments made~~ the payment of services under section 611.27.

114.1 ~~The reimbursements shall be to defray the additional costs associated with court-ordered~~
 114.2 ~~counsel under section 611.27. Any retained~~ transferred amounts not used for reimbursement
 114.3 ~~in a year~~ expended or encumbered in a fiscal year shall be certified by the board of public
 114.4 defense to the commissioner of revenue on or before October 1 and shall be included in the
 114.5 next distribution certification of county need aid that is certified to the county auditors for
 114.6 the purpose of property tax reduction for the next taxes payable year.

114.7 (b) For aids payable in 2018 and 2019, the total aid under section 477A.0124, subdivision
 114.8 4, is \$130,873,444. For aids payable in 2020, the total aid under section 477A.0124,
 114.9 subdivision 4, is \$143,873,444. For aids payable in 2021 and thereafter, the total aid under
 114.10 section 477A.0124, subdivision 4, is \$145,873,444. The commissioner of revenue shall
 114.11 transfer to the commissioner of management and budget \$207,000 annually for the cost of
 114.12 preparation of local impact notes as required by section 3.987, and other local government
 114.13 activities. The commissioner of revenue shall transfer to the commissioner of education
 114.14 \$7,000 annually for the cost of preparation of local impact notes for school districts as
 114.15 required by section 3.987. The commissioner of revenue shall deduct the amounts transferred
 114.16 under this paragraph from the appropriation under this paragraph. The amounts transferred
 114.17 are appropriated to the commissioner of management and budget and the commissioner of
 114.18 education respectively.

114.19 Sec. 2. Minnesota Statutes 2020, section 477A.17, is amended to read:

114.20 **477A.17 LAKE VERMILION-SOUDAN UNDERGROUND MINE STATE PARK;**
 114.21 **ANNUAL PAYMENTS.**

114.22 (a) Except as provided in paragraph (b), in lieu of the payment amount provided under
 114.23 section 477A.12, subdivision 1, clause (1), the county shall receive an annual payment for
 114.24 state-owned land within the boundary of Lake Vermilion-Soudan Underground Mine State
 114.25 Park, established in section 85.012, subdivision 38a, equal to 1.5 percent of the appraised
 114.26 value of the state-owned land.

114.27 ~~(b)~~ For the purposes of this ~~section~~ paragraph, the appraised value of the land acquired for
 114.28 Lake Vermilion-Soudan Underground Mine State Park for the first five years after acquisition
 114.29 shall be the purchase price of the land, plus the value of any portion of the land that is
 114.30 acquired by donation. Thereafter, the appraised value of the state-owned land shall be as
 114.31 determined under section 477A.12, subdivision 3, except that the appraised value of the
 114.32 state-owned land within the park shall not be reduced below the 2010 appraised value of
 114.33 the land.

115.1 ~~(e)~~ The annual payments under this ~~section~~ paragraph shall be distributed to the taxing
 115.2 jurisdictions containing the property as follows: one-third to the school districts; one-third
 115.3 to the town; and one-third to the county. The payment to school districts is not a county
 115.4 apportionment under section 127A.34 and is not subject to aid recapture. Each of those
 115.5 taxing jurisdictions may use the payments for their general purposes.

115.6 (b) Beginning with aids payable in 2022, for land within the boundary of Lake
 115.7 Vermilion-Soudan Underground Mine State Park designated as the Granelda Unit under
 115.8 section 85.012, subdivision 38a, the county shall receive an annual payment equal to 1.5
 115.9 percent of the appraised value of all parcels comprising the Granelda Unit as determined
 115.10 for assessment year 2021. In each subsequent year, the county shall receive an annual
 115.11 payment equal to 1.5 percent of the appraised value of all parcels comprising the Granelda
 115.12 Unit for the most recent assessment year except that the appraised value of the parcels shall
 115.13 not be reduced below the assessment year 2021 appraised value of the parcels.

115.14 The annual payments under this paragraph shall be distributed to the taxing jurisdictions
 115.15 containing the property as follows: one-third to the school districts; one-third to the town;
 115.16 and one-third to the county, except that the annual payment distributed to the county on
 115.17 behalf of unorganized Township 63, Range 17, shall be transferred by the county to the
 115.18 governing body of the public safety facility located in Section 32 in Township 63, Range
 115.19 17, to be used for ongoing operations and maintenance of the facility. The payment to school
 115.20 districts is not a county apportionment under section 127A.34 and is not subject to aid
 115.21 recapture. Unless otherwise noted, each of those taxing jurisdictions may use the payments
 115.22 for their general purposes.

115.23 ~~(d)~~ (c) Except as provided in this section, the payments shall be made as provided in
 115.24 sections 477A.11 to 477A.13.

115.25 **EFFECTIVE DATE.** This section is effective beginning with aids payable in 2022.

115.26 **Sec. 3. [477A.30] LOCAL HOMELESS PREVENTION AID.**

115.27 **Subdivision 1. Definitions.** For purposes of this section, the following terms have the
 115.28 meanings given:

115.29 (1) "city" means a statutory or home rule charter city;

115.30 (2) "distribution factor" means the total number of students experiencing homelessness
 115.31 in a county in the current school year and the previous two school years divided by the total
 115.32 number of students experiencing homelessness in all counties in the current school year and
 115.33 the previous two school years; and

116.1 (3) "families" means families and persons 24 years of age or younger.

116.2 Subd. 2. **Purpose.** The purpose of this section is to help local governments ensure no
116.3 child is homeless within a local jurisdiction by keeping families from losing housing and
116.4 helping those experiencing homelessness find housing.

116.5 Subd. 3. **Distribution.** (a) A county's initial local homeless prevention aid amount equals
116.6 the greater of: (1) \$5,000; or (2)(i) five percent of the money appropriated to local homeless
116.7 prevention aid under this section, times (ii) the ratio of the population of the county to the
116.8 population of all counties. For the purpose of this paragraph, "population" means the
116.9 population estimate used to calculate aid under section 477A.0124 for the same aid payable
116.10 year.

116.11 (b) The amount of the appropriation remaining after the allocation under paragraph (a)
116.12 must be allocated to counties by multiplying each county's distribution factor by the total
116.13 distribution available under this paragraph. Distribution factors must be based on the most
116.14 recent counts of students experiencing homelessness in each county, as certified by the
116.15 commissioner of education to the commissioner of revenue by July 1 of the year the aid is
116.16 certified to the counties under subdivision 5.

116.17 (c) A county's total local homeless prevention aid equals the sum of the amounts under
116.18 paragraphs (a) and (b).

116.19 Subd. 4. **Use of proceeds.** (a) Counties that receive a distribution under this section must
116.20 use the proceeds to fund new or existing family homeless prevention and assistance projects
116.21 or programs. These projects or programs may be administered by a county, a group of
116.22 contiguous counties jointly acting together, a city, a group of contiguous cities jointly acting
116.23 together, a Tribe, a group of Tribes, or a community-based nonprofit organization. Each
116.24 project or program must include plans for:

116.25 (1) targeting families with children who are eligible for a prekindergarten through grade
116.26 12 academic program and are:

116.27 (i) living in overcrowded conditions in their current housing;

116.28 (ii) paying more than 50 percent of their income for rent; or

116.29 (iii) lacking a fixed, regular, and adequate nighttime residence;

116.30 (2) targeting unaccompanied youth in need of an alternative residential setting;

117.1 (3) connecting families with the social services necessary to maintain the families'
117.2 stability in their homes, including but not limited to housing navigation, legal representation,
117.3 and family outreach; and

117.4 (4) one or more of the following:

117.5 (i) providing rental assistance for a specified period of time which may exceed 24 months;
117.6 or

117.7 (ii) providing support and case management services to improve housing stability,
117.8 including but not limited to housing navigation and family outreach.

117.9 (b) Counties may choose not to spend all or a portion of the distribution under this
117.10 section. Any unspent funds must be returned to the commissioner of revenue by December
117.11 31 of the year following the year that the aid was received. Any funds returned to the
117.12 commissioner under this paragraph must be added to the overall distribution of aids certified
117.13 under this section in the following year. Any unspent funds returned to the commissioner
117.14 after the expiration under subdivision 8 are canceled to the general fund.

117.15 Subd. 5. **Payments.** The commissioner of revenue must compute the amount of local
117.16 homeless prevention aid payable to each county under this section. On or before August 1
117.17 of each year, the commissioner shall certify the amount to be paid to each county in the
117.18 following year. The commissioner shall pay local homeless prevention aid annually at the
117.19 times provided in section 477A.015.

117.20 Subd. 6. **Appropriation.** \$20,000,000 is annually appropriated from the general fund
117.21 to the commissioner of revenue to make payments required under this section.

117.22 Subd. 7. **Report.** (a) No later than January 15, 2025, the commissioner of revenue must
117.23 produce a report on projects and programs funded by counties under this section. The report
117.24 must include a list of the projects and programs, the number of people served by each, and
117.25 an assessment of how each project and program impacts people who are currently
117.26 experiencing homelessness or who are at risk of experiencing homelessness, as reported by
117.27 the counties to the commissioner by December 31 each year on a form prescribed by the
117.28 commissioner. The commissioner must provide a copy of the report to the chairs and ranking
117.29 minority members of the legislative committees with jurisdiction over property taxes and
117.30 services for persons experiencing homelessness.

117.31 (b) The report in paragraph (a) must be updated every two years and the commissioner
117.32 of revenue must provide copies of the updated reports to the chairs and ranking minority
117.33 members of the legislative committees with jurisdiction over property taxes and services

118.1 for persons experiencing homelessness by January 15 of the year the report is due. Report
 118.2 requirements under this subdivision expire following the report which includes the final
 118.3 distribution preceding the expiration in subdivision 8.

118.4 Subd. 8. **Expiration.** Distributions under this section expire after aids payable in 2028
 118.5 have been distributed.

118.6 **EFFECTIVE DATE.** This section is effective beginning with aids payable in 2023 and
 118.7 thereafter.

118.8 Sec. 4. **ADDITION TO STATE PARK.**

118.9 **[85.012] [Subd. 38a.] Lake Vermilion-Soudan Underground Mine State Park, St.**
 118.10 **Louis County.** The following areas are added to Lake Vermilion-Soudan Underground
 118.11 Mine State Park, St. Louis County, and are designated as the Granelda Unit:

118.12 (1) Lot 3 of Section 28 and Lot 5 of Section 29 in Township 63 North of Range 17, all
 118.13 West of the 4th Principal Meridian, according to the United States Government Survey
 118.14 thereof;

118.15 (2) the Northeast Quarter of the Southwest Quarter, the Northwest Quarter, the Southeast
 118.16 Quarter of the Northeast Quarter, the Northeast Quarter of the Northeast Quarter, and Lots
 118.17 numbered 1, 2, 3, and 4 of Section 29 in Township 63 North of Range 17, all West of the
 118.18 4th Principal Meridian, according to the United States Government Survey thereof;

118.19 (3) Lots 1 and 2 of Section 32 in Township 63 North of Range 17, all West of the 4th
 118.20 Principal Meridian, according to the United States Government Survey thereof; and

118.21 (4) Lot 4 of Section 23 in Township 63 North of Range 18, all West of the 4th Principal
 118.22 Meridian, according to the United States Government Survey thereof.

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

118.24 Sec. 5. **SUPPLEMENTAL 2022 CITY AID DISTRIBUTION.**

118.25 (a) Supplemental aid for a city equals the greater of: (1) zero; or (2) the difference
 118.26 between the local government aid amount under Minnesota Statutes, section 477A.013,
 118.27 subdivision 9, certified for the city for aid payable in 2021, minus the local government aid
 118.28 amount under Minnesota Statutes, section 477A.013, subdivision 9, certified for the city
 118.29 for aid payable in 2022.

119.1 (b) The commissioner of revenue must notify a city of its supplemental aid amount
119.2 before August 1, 2021, and must pay the aid in calendar year 2022 in two installments on
119.3 the dates specified in Minnesota Statutes, section 477A.015.

119.4 (c) Supplemental aid under this section must not be included for any calculations under
119.5 Minnesota Statutes, section 477A.013, that rely on prior year aid amounts.

119.6 (d) An amount sufficient to pay supplemental aid under this section is appropriated in
119.7 fiscal year 2023 from the general fund to the commissioner of revenue. This is a onetime
119.8 appropriation.

119.9 **EFFECTIVE DATE.** This section is effective for aid payable in calendar year 2022.

119.10 **Sec. 6. CITY OF FLOODWOOD; GRANT.**

119.11 (a) \$250,000 in fiscal year 2022 is appropriated from the general fund to the commissioner
119.12 of revenue for a grant to the city of Floodwood. This is a onetime appropriation. The grant
119.13 shall be paid by July 15, 2021.

119.14 (b) The grant must be used by the city of Floodwood to pay the capital and administrative
119.15 costs of the Floodwood City-wide Street and Infrastructure Project.

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

119.17 **Sec. 7. LOCAL GOVERNMENT GRANTS.**

119.18 (a) \$29,354,688 in fiscal year 2022 only is appropriated from the general fund to the
119.19 commissioner of revenue for grants to counties identified in this section to pay a portion of
119.20 the refund to a taxpayer under Minnesota Statutes, chapter 271, or Minnesota Statutes,
119.21 section 278.12, for a final judgment that is the result of an appeal filed by a fluid pipeline
119.22 company under Minnesota Statutes, section 273.372, based on assessment years 2012
119.23 through 2018. These grants must be used by each county to pay refund amounts owed by
119.24 the county and other taxing districts within the county. The grants are exempt from the
119.25 requirements of Minnesota Statutes, section 16B.98, and must be paid to the counties by
119.26 August 15, 2021, and allocated as follows:

119.27 (1) \$91,781 to Aitkin County;

119.28 (2) \$2,225,319 to Beltrami County;

119.29 (3) \$2,573,615 to Carlton County;

119.30 (4) \$2,631,052 to Cass County;

- 120.1 (5) \$3,690,961 to Clearwater County;
- 120.2 (6) \$549,582 to Hubbard County;
- 120.3 (7) \$5,591,840 to Itasca County;
- 120.4 (8) \$1,189,765 to Kittson County;
- 120.5 (9) \$2,404,267 to Marshall County;
- 120.6 (10) \$2,551,225 to Pennington County;
- 120.7 (11) \$1,166,654 to Polk County;
- 120.8 (12) \$1,904,685 to Red Lake County; and
- 120.9 (13) \$2,783,942 to Saint Louis County.
- 120.10 (b) The appropriation under this section is onetime.
- 120.11 **EFFECTIVE DATE.** This section is effective the day following final enactment.

120.12 **ARTICLE 8**

120.13 **LOCAL TAXES**

120.14 Section 1. Minnesota Statutes 2020, section 297A.99, subdivision 2, is amended to read:

120.15 Subd. 2. **Local resolution before application for authority.** (a) Before the governing
 120.16 body of a political subdivision requests legislative approval to impose a local sales tax
 120.17 authorized by a special law, it shall adopt a resolution indicating its approval of the tax. The
 120.18 resolution must include the following information:

120.19 (1) the proposed tax rate;

120.20 (2) a detailed description of no more than five capital projects that will be funded with
 120.21 revenue from the tax;

120.22 (3) documentation of the regional significance of each project, including the share of
 120.23 the economic benefit to or use of each project by persons residing, or businesses located,
 120.24 outside of the jurisdiction;

120.25 (4) the amount of local sales tax revenue that would be used for each project and the
 120.26 estimated time needed to raise that amount of revenue; and

120.27 (5) the total revenue that will be raised for all projects before the tax expires, and the
 120.28 estimated length of time that the tax will be in effect if all proposed projects are funded.

121.1 (b) The jurisdiction seeking authority to impose a local sales tax by special law must
 121.2 submit the resolution in paragraph (a) along with underlying documentation indicating how
 121.3 the benefits under paragraph (a), clause (3), were determined, to the chairs and ranking
 121.4 minority members of the legislative committees with jurisdiction over taxes no later than
 121.5 January 31 of the year in which the jurisdiction is seeking a special law authorizing the tax.

121.6 (c) The special legislation granting local sales tax authority is not required to allow
 121.7 funding for all projects listed in the resolution with the revenue from the local sales tax, but
 121.8 must not include any projects not contained in the resolution.

121.9 (d) For purposes of this section, a "capital project" or "project" means:

121.10 (1) a single building or structure including associated infrastructure needed to safely
 121.11 access or use the building or structure;

121.12 (2) improvements within a single park or named recreation area; or

121.13 (3) a contiguous trail.

121.14 **EFFECTIVE DATE.** This section is effective for local sales tax proposals submitted
 121.15 for approval after the day following final enactment.

121.16 Sec. 2. Laws 2019, First Special Session chapter 6, article 6, section 27, is amended to
 121.17 read:

121.18 **Sec. 27. CITY OF SARTELL; LOCAL TAXES AUTHORIZED.**

121.19 Subdivision 1. **Food and beverage tax authorized.** Notwithstanding Minnesota Statutes,
 121.20 section 297A.99 or 477A.016, or any ordinance or other provision of law, and if approved
 121.21 by voters at ~~the November 3, 2020, a general election,~~ or at a special election held before
 121.22 ~~November 3, 2020~~ pursuant to a resolution adopted by its governing body, the city of Sartell
 121.23 may, by ordinance, impose a sales tax of up to 1-1/2 percent on the gross receipts of all food
 121.24 and beverages sold by a restaurant or place of refreshment, as defined by ordinance of the
 121.25 city, that is located within the city. For purposes of this section, "food and beverages" include
 121.26 retail on-sale of intoxicating liquor and fermented malt beverages.

121.27 Subd. 2. **Use of proceeds from authorized taxes.** The proceeds of the taxes imposed
 121.28 under subdivision 1 must be used by the city to fund capital or operational costs for new
 121.29 and existing recreational facilities and related amenities within the city. Authorized expenses
 121.30 include securing or paying debt service on bonds or other obligations issued to finance
 121.31 construction and improvement projects.

122.1 ~~Subd. 3. **Termination of taxes.** The tax imposed under subdivision 1 expires five years~~
122.2 ~~after the tax is first imposed.~~

122.3 Subd. 4. **Collection, administration, and enforcement.** The city may enter into an
122.4 agreement with the commissioner of revenue to administer, collect, and enforce the taxes
122.5 under subdivision 1. If the commissioner agrees to collect the tax, the provisions of Minnesota
122.6 Statutes, sections 270C.171 and 297A.99, related to collection, administration, and
122.7 enforcement apply.

122.8 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
122.9 city of Sartell and its chief clerical officer comply with Minnesota Statutes, section 645.021,
122.10 subdivisions 2 and 3.

122.11 Sec. 3. **CARLTON COUNTY; LOCAL SALES AND USE TAX AUTHORIZED.**

122.12 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
122.13 sections 297A.99, subdivision 2, paragraph (b), and 477A.016, or any other law or ordinance,
122.14 and if approved by the voters at a general election as required under Minnesota Statutes,
122.15 section 297A.99, subdivision 3, Carlton County may impose, by ordinance, a sales and use
122.16 tax of one-half of one percent for the purposes specified in subdivision 2. Except as otherwise
122.17 provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the
122.18 imposition, administration, collection, and enforcement of the tax authorized under this
122.19 subdivision. The tax imposed under this subdivision is in addition to any local sales and
122.20 use tax imposed under any other special law.

122.21 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
122.22 under subdivision 1 must be used by Carlton County to pay the costs of collecting and
122.23 administering the tax, and to finance up to \$60,000,000 for the construction of a new building
122.24 consisting of a law enforcement center, judicial center, and jail serving a regional female
122.25 offender program. Authorized costs include related parking, design, construction,
122.26 reconstruction, mechanical upgrades, and engineering costs, as well as the associated bond
122.27 costs for any bonds issued under subdivision 3.

122.28 Subd. 3. **Bonding authority.** (a) Carlton County may issue bonds under Minnesota
122.29 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in
122.30 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may
122.31 not exceed \$60,000,000, plus an amount applied to the payment of costs of issuing the
122.32 bonds. The bonds may be paid from or secured by any funds available to the county,
122.33 including the tax authorized under subdivision 1. The issuance of bonds under this
122.34 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

123.1 (b) The bonds are not included in computing any debt limitation applicable to the county.
 123.2 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest
 123.3 on the bonds is not subject to any levy limitation. A separate election to approve the bonds
 123.4 under Minnesota Statutes, section 475.58, is not required.

123.5 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
 123.6 earlier of: (1) 30 years after the tax is first imposed; or (2) when the county determines that
 123.7 it has received from this tax \$60,000,000 to fund the project listed in subdivision 2, plus an
 123.8 amount sufficient to pay costs related to issuance of any bonds authorized under subdivision
 123.9 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes,
 123.10 section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the
 123.11 allowed costs due to timing of the termination of the tax under Minnesota Statutes, section
 123.12 297A.99, subdivision 12, shall be placed in the county's general fund. The tax imposed
 123.13 under subdivision 1 may expire at an earlier time if the county determines by ordinance.

123.14 **EFFECTIVE DATE.** This section is effective the day after the governing body of
 123.15 Carlton County and its chief clerical officer comply with Minnesota Statutes, section 645.021,
 123.16 subdivisions 2 and 3.

123.17 Sec. 4. **CITY OF CLOQUET; TAXES AUTHORIZED.**

123.18 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
 123.19 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,
 123.20 and if approved by the voters at a general election as required under Minnesota Statutes,
 123.21 section 297A.99, subdivision 3, the city of Cloquet may impose by ordinance a sales and
 123.22 use tax of one-half of one percent for the purposes specified in subdivision 2. Except as
 123.23 otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,
 123.24 govern the imposition, administration, collection, and enforcement of the tax authorized
 123.25 under this subdivision. The tax imposed under this subdivision is in addition to any local
 123.26 sales and use tax imposed under any other special law.

123.27 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
 123.28 under subdivision 1 must be used by the city of Cloquet to pay the costs of collecting and
 123.29 administering the tax and the capital and administrative costs of any or all of the projects
 123.30 listed in this subdivision. The amount spent on each project is limited to the amount set
 123.31 forth below plus an amount equal to interest on and the costs of issuing any bonds:

123.32 (1) construction, reconstruction, expansion, or improvement related to the Pine Valley
 123.33 Regional Park Project, including ski jump repairs, chalet replacement, and parking and
 123.34 lighting improvements, in an amount not to exceed \$2,124,700; and

124.1 (2) restoration, repair, and upgrading of the Cloquet Ice Arena in an amount not to exceed
124.2 \$6,025,500.

124.3 Subd. 3. **Bonding authority.** (a) The city of Cloquet may issue bonds under Minnesota
124.4 Statutes, chapter 475, to finance up to \$8,150,200 of the portion of the costs of the facilities
124.5 authorized in subdivision 2 and approved by the voters as required under Minnesota Statutes,
124.6 section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds
124.7 issued under this subdivision may not exceed \$8,150,200 plus an amount to be applied to
124.8 the payment of the costs of issuing the bonds. The bonds may be paid from or secured by
124.9 any funds available to the city of Cloquet, including the tax authorized under subdivision
124.10 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections
124.11 275.60 and 275.61.

124.12 (b) The bonds are not included in computing any debt limitation applicable to the city
124.13 of Cloquet, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal
124.14 and interest on the bonds is not subject to any levy limitation. A separate election to approve
124.15 the bonds under Minnesota Statutes, section 475.58, is not required.

124.16 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,
124.17 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of: (1) ten years
124.18 after the tax is first imposed; or (2) when the city council determines that the amount received
124.19 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for
124.20 projects approved by voters as required under Minnesota Statutes, section 297A.99,
124.21 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance
124.22 of any bonds authorized under subdivision 3, including interest on the bonds. Except as
124.23 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),
124.24 any funds remaining after payment of the allowed costs due to the timing of the termination
124.25 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the
124.26 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time
124.27 if the city so determines by ordinance.

124.28 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
124.29 city of Cloquet and its chief clerical officer comply with Minnesota Statutes, section 645.021,
124.30 subdivisions 2 and 3.

124.31 Sec. 5. **CITY OF EDINA; TAXES AUTHORIZED.**

124.32 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
124.33 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,
124.34 and if approved by the voters at a general election as required under Minnesota Statutes,

125.1 section 297A.99, subdivision 3, the city of Edina may impose by ordinance a sales and use
125.2 tax of one-half of one percent for the purposes specified in subdivision 2. Except as otherwise
125.3 provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the
125.4 imposition, administration, collection, and enforcement of the tax authorized under this
125.5 subdivision. The tax imposed under this subdivision is in addition to any local sales and
125.6 use tax imposed under any other special law.

125.7 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
125.8 under subdivision 1 must be used by the city of Edina to pay the costs of collecting and
125.9 administering the tax and paying for the following projects in the city, including securing
125.10 and paying debt service on bonds issued to finance all or part of the following projects:

125.11 (1) \$17,700,000 plus associated bonding costs for development of Fred Richards Park
125.12 as identified in the Fred Richards Park Master Plan; and

125.13 (2) \$21,600,000 plus associated bonding costs for improvements to Braemar Park as
125.14 identified in the Braemar Park Master Plan.

125.15 Subd. 3. **Bonding authority.** (a) The city of Edina may issue bonds under Minnesota
125.16 Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in
125.17 subdivision 2 and approved by the voters as required under Minnesota Statutes, section
125.18 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued
125.19 under this subdivision may not exceed: (1) \$17,700,000 for the project listed in subdivision
125.20 2, clause (1), plus an amount to be applied to the payment of the costs of issuing the bonds;
125.21 and (2) \$21,600,000 for the project listed in subdivision 2, clause (2), plus an amount to be
125.22 applied to the payment of the costs of issuing the bonds. The bonds may be paid from or
125.23 secured by any funds available to the city of Edina, including the tax authorized under
125.24 subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota
125.25 Statutes, sections 275.60 and 275.61.

125.26 (b) The bonds are not included in computing any debt limitation applicable to the city
125.27 of Edina, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal
125.28 and interest on the bonds is not subject to any levy limitation. A separate election to approve
125.29 the bonds under Minnesota Statutes, section 475.58, is not required.

125.30 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,
125.31 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 19 years
125.32 after the tax is first imposed, or (2) when the city council determines that the amount received
125.33 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for
125.34 projects approved by voters as required under Minnesota Statutes, section 297A.99,

126.1 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance
 126.2 of any bonds authorized under subdivision 3, including interest on the bonds. Except as
 126.3 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),
 126.4 any funds remaining after payment of the allowed costs due to the timing of the termination
 126.5 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, must be placed in the
 126.6 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time
 126.7 if the city so determines by ordinance.

126.8 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
 126.9 city of Edina and its chief clerical officer comply with Minnesota Statutes, section 645.021,
 126.10 subdivisions 2 and 3.

126.11 **Sec. 6. CITY OF FERGUS FALLS; TAXES AUTHORIZED.**

126.12 Subdivision 1. **Sales and use tax; authorization.** Notwithstanding Minnesota Statutes,
 126.13 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,
 126.14 the city of Fergus Falls may, if approved by the voters at a general election as required under
 126.15 Minnesota Statutes, section 297A.99, subdivision 3, impose, by ordinance, a sales and use
 126.16 tax of one-half of one percent for the purposes specified in subdivision 2. Except as otherwise
 126.17 provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the
 126.18 imposition, administration, collection, and enforcement of the tax authorized under this
 126.19 subdivision. The tax imposed under this subdivision is in addition to any local sales and
 126.20 use tax imposed under any other special law.

126.21 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
 126.22 under subdivision 1 must be used by the city of Fergus Falls to pay the costs of collecting
 126.23 and administering the tax and for the following projects in the city, including securing and
 126.24 paying debt service, on bonds issued to finance all or part of the following projects:

126.25 (1) \$7,800,000 for an aquatics center; and

126.26 (2) \$5,200,000 for the DeLagoon Improvement Project.

126.27 Subd. 3. **Bonding authority.** (a) The city of Fergus Falls may issue bonds under
 126.28 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities
 126.29 authorized in subdivision 2, and approved by the voters as required under Minnesota Statutes,
 126.30 section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds
 126.31 issued under this subdivision may not exceed:

127.1 (1) \$7,800,000 for the project listed in subdivision 2, clause (1), plus an amount needed
127.2 to pay capitalized interest and an amount to be applied to the payment of the costs of issuing
127.3 the bonds; and

127.4 (2) \$5,200,000 for the project listed in subdivision 2, clause (2), plus an amount needed
127.5 to pay capitalized interest and an amount to be applied to the payment of the costs of issuing
127.6 the bonds.

127.7 (b) The bonds may be paid from or secured by any funds available to the city of Fergus
127.8 Falls, including the tax authorized under subdivision 1. The issuance of bonds under this
127.9 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

127.10 (c) The bonds are not included in computing any debt limitation applicable to the city
127.11 of Fergus Falls, and any levy of taxes under Minnesota Statutes, section 475.61, to pay
127.12 principal and interest on the bonds is not subject to any levy limitation. A separate election
127.13 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

127.14 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,
127.15 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) December
127.16 31, 2037, or (2) when the city council determines that the amount received from the tax is
127.17 sufficient to pay for the project costs authorized under subdivision 2 for projects approved
127.18 by voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph
127.19 (a), plus an amount sufficient to pay the costs related to issuance of any bonds authorized
127.20 under subdivision 3, including interest on the bonds. Except as otherwise provided in
127.21 Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining
127.22 after payment of the allowed costs due to the timing of the termination of the tax under
127.23 Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of
127.24 the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so
127.25 determines by ordinance.

127.26 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
127.27 city of Fergus Falls and its chief clerical officer comply with Minnesota Statutes, section
127.28 645.021, subdivisions 2 and 3.

127.29 Sec. 7. **CITY OF GRAND RAPIDS; TAXES AUTHORIZED.**

127.30 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
127.31 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,
127.32 and if approved by the voters at a general election as required under Minnesota Statutes,
127.33 section 297A.99, subdivision 3, the city of Grand Rapids may impose by ordinance a sales

128.1 and use tax of one-half of one percent for the purposes specified in subdivision 2. Except
128.2 as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,
128.3 govern the imposition, administration, collection, and enforcement of the tax authorized
128.4 under this subdivision. The tax imposed under this subdivision is in addition to any local
128.5 sales and use tax imposed under any other special law.

128.6 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
128.7 under subdivision 1 must be used by the city of Grand Rapids to pay the costs of collecting
128.8 and administering the tax including securing and paying debt service on bonds issued and
128.9 to finance up to \$5,980,000 for reconstruction, remodeling, and upgrades to the Grand
128.10 Rapids IRA Civic Center. Authorized costs include design, construction, reconstruction,
128.11 mechanical upgrades, and engineering costs, as well as the associated bond costs for any
128.12 bonds issued under subdivision 3.

128.13 Subd. 3. **Bonding authority.** (a) The city of Grand Rapids may issue bonds under
128.14 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities
128.15 authorized in subdivision 2. The aggregate principal amount of bonds issued under this
128.16 subdivision may not exceed \$5,980,000, plus an amount to be applied to the payment of
128.17 the costs of issuing the bonds. The bonds may be paid from or secured by any funds available
128.18 to the city of Grand Rapids, including the tax authorized under subdivision 1. The issuance
128.19 of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and
128.20 275.61.

128.21 (b) The bonds are not included in computing any debt limitation applicable to the city
128.22 of Grand Rapids, and any levy of taxes under Minnesota Statutes, section 475.61, to pay
128.23 principal and interest on the bonds is not subject to any levy limitation. A separate election
128.24 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

128.25 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
128.26 earlier of: (1) seven years after the tax is first imposed; or (2) when the city council
128.27 determines that it has received from this tax \$5,980,000 to fund the project listed in
128.28 subdivision 2 for projects approved by the voters as required under Minnesota Statutes,
128.29 section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs
128.30 related to issuance of any bonds authorized under subdivision 3, including interest on the
128.31 bonds. Any funds remaining after payment of all such costs and retirement or redemption
128.32 of the bonds shall be placed in the general fund of the city, except for funds required to be
128.33 retained in the state general fund under Minnesota Statutes, section 297A.99, subdivision
128.34 3. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines
128.35 by ordinance.

129.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
129.2 city of Grand Rapids and its chief clerical officer comply with Minnesota Statutes, section
129.3 645.021, subdivisions 2 and 3.

129.4 Sec. 8. **CITY OF HERMANTOWN; TAXES AUTHORIZED.**

129.5 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
129.6 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,
129.7 and if approved by the voters at a general election as required under Minnesota Statutes,
129.8 section 297A.99, subdivision 3, the city of Hermantown may impose by ordinance a sales
129.9 and use tax of one-half of one percent for the purposes specified in subdivision 2. Except
129.10 as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,
129.11 govern the imposition, administration, collection, and enforcement of the tax authorized
129.12 under this subdivision. The tax imposed under this subdivision is in addition to any local
129.13 sales and use tax imposed under any other special law.

129.14 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
129.15 under subdivision 1 must be used by the city of Hermantown to pay the costs of collecting
129.16 and administering the tax and paying for the following projects in the city related to a
129.17 Community Recreational Initiative, including securing and paying debt service on bonds
129.18 issued to finance all or part of the following projects:

129.19 (1) \$10,840,000 for an addition of a second ice sheet with locker rooms and other facilities
129.20 and upgrades to the Hermantown Hockey Arena;

129.21 (2) \$4,570,000 for construction of the Hermantown-Proctor trail running from the Essentia
129.22 Wellness Center to the border with Proctor and eventually connecting to the Munger Trail;
129.23 and

129.24 (3) \$3,900,000 for improvements and upgrades to Fichtner Park.

129.25 Subd. 3. **Bonding authority.** (a) The city of Hermantown may issue bonds under
129.26 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities
129.27 authorized in subdivision 2 and approved by the voters as required under Minnesota Statutes,
129.28 section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds
129.29 issued under this subdivision may not exceed:

129.30 (1) \$10,840,000 for the project listed in subdivision 2, clause (1), plus an amount to be
129.31 applied to the payment of the costs of issuing the bonds;

129.32 (2) \$4,570,000 for the project listed in subdivision 2, clause (2), plus an amount to be
129.33 applied to the payment of the costs of issuing the bonds; and

130.1 (3) \$3,900,000 for the project listed in subdivision 2, clause (3), plus an amount to be
130.2 applied to the payment of the costs of issuing the bonds.

130.3 The bonds may be paid from or secured by any funds available to the city of Hermantown,
130.4 including the tax authorized under subdivision 1. The issuance of bonds under this
130.5 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

130.6 (b) The bonds are not included in computing any debt limitation applicable to the city
130.7 of Hermantown, and any levy of taxes under Minnesota Statutes, section 475.61, to pay
130.8 principal and interest on the bonds is not subject to any levy limitation. A separate election
130.9 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

130.10 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,
130.11 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 20 years
130.12 after being first imposed, or (2) when the city council determines that the amount received
130.13 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for
130.14 projects approved by voters as required under Minnesota Statutes, section 297A.99,
130.15 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance
130.16 of any bonds authorized under subdivision 3, including interest on the bonds. Except as
130.17 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),
130.18 any funds remaining after payment of the allowed costs due to the timing of the termination
130.19 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the
130.20 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time
130.21 if the city so determines by ordinance.

130.22 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
130.23 city of Hermantown and its chief clerical officer comply with Minnesota Statutes, section
130.24 645.021, subdivisions 2 and 3.

130.25 Sec. 9. **ITASCA COUNTY; TAXES AUTHORIZED.**

130.26 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
130.27 section 297A.99, subdivision 1, or 477A.016, or any other law or ordinance and if approved
130.28 by the voters at a general election as required under Minnesota Statutes, section 297A.99,
130.29 subdivision 3, Itasca County may impose by ordinance a sales and use tax of one percent
130.30 for the purposes specified in subdivision 2. Except as otherwise provided in this section,
130.31 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,
130.32 collection, and enforcement of the tax authorized under this subdivision. The tax imposed
130.33 under this subdivision is in addition to any local sales and use tax imposed under any other
130.34 special law.

131.1 Subd. 2. Use of sales and use tax revenues. The revenues derived from the tax authorized
 131.2 under subdivision 1 must be used by Itasca County to pay the costs of collecting and
 131.3 administering the tax and paying for up to \$75,000,000 for new construction of or upgrades
 131.4 to correctional facilities, new construction of or upgrades to court facilities including ancillary
 131.5 support accommodations, and new construction of or upgrades to county offices, plus an
 131.6 amount needed for securing and paying debt service on bonds issued for the project.

131.7 Subd. 3. Bonding authority. (a) Itasca County may issue bonds under Minnesota Statutes,
 131.8 chapter 475, to finance the costs of the facility authorized in subdivision 2. The aggregate
 131.9 principal amount of bonds issued under this subdivision may not exceed \$75,000,000 for
 131.10 the project listed in subdivision 2, plus an amount to be applied to the payment of the costs
 131.11 of issuing the bonds. The bonds may be paid from or secured by any funds available to the
 131.12 county, including the tax authorized under subdivision 1. The issuance of bonds under this
 131.13 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

131.14 (b) The bonds are not included in computing any debt limitation applicable to the county,
 131.15 and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest
 131.16 on the bonds is not subject to any levy limitation. A separate election to approve the bonds
 131.17 under Minnesota Statutes, section 475.58, is not required.

131.18 Subd. 4. Termination of taxes. Subject to Minnesota Statutes, section 297A.99,
 131.19 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of: (1) 30 years
 131.20 after the tax is first imposed; or (2) when the county board determines that the amount
 131.21 received from the tax is sufficient to pay \$75,000,000 in project costs authorized under
 131.22 subdivision 2, plus an amount sufficient to pay the costs related to issuance of any bonds
 131.23 authorized under subdivision 3, including interest on the bonds. Except as otherwise provided
 131.24 in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining
 131.25 after payment of the allowed costs due to the timing of the termination of the tax under
 131.26 Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of
 131.27 the county. The tax imposed under subdivision 1 may expire at an earlier time if the county
 131.28 so determines by ordinance.

131.29 EFFECTIVE DATE. This section is effective the day after the governing body of Itasca
 131.30 County and its chief clerical officer comply with Minnesota Statutes, section 645.021,
 131.31 subdivisions 2 and 3.

131.32 Sec. 10. CITY OF LITCHFIELD; TAXES AUTHORIZED.

131.33 Subdivision 1. Sales and use tax authorization. Notwithstanding Minnesota Statutes,
 131.34 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,

132.1 and if approved by the voters at a general election as required under Minnesota Statutes,
132.2 section 297A.99, subdivision 3, the city of Litchfield may impose by ordinance a sales and
132.3 use tax of one-half of one percent for the purposes specified in subdivision 2. Except as
132.4 otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,
132.5 govern the imposition, administration, collection, and enforcement of the tax authorized
132.6 under this subdivision. The tax imposed under this subdivision is in addition to any local
132.7 sales and use tax imposed under any other special law.

132.8 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
132.9 under subdivision 1 must be used by the city of Litchfield to pay the costs of collecting and
132.10 administering the tax and for up to \$10,000,000 for the cost of constructing a community
132.11 wellness/recreation center that will include a gymnasium and general fitness spaces, a
132.12 dedicated walking section, a community room, and any locker rooms and mechanical
132.13 equipment needed for future additions to the facility.

132.14 Subd. 3. **Bonding authority.** (a) The city of Litchfield may issue bonds under Minnesota
132.15 Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in
132.16 subdivision 2 and approved by the voters as required under Minnesota Statutes, section
132.17 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued
132.18 under this subdivision may not exceed \$10,000,000 for the project listed in subdivision 2
132.19 plus an amount to be applied to the payment of the costs of issuing the bonds. The bonds
132.20 may be paid from or secured by any funds available to the city of Litchfield, including the
132.21 tax authorized under subdivision 1. The issuance of bonds under this subdivision is not
132.22 subject to Minnesota Statutes, sections 275.60 and 275.61.

132.23 (b) The bonds are not included in computing any debt limitation applicable to the city
132.24 of Litchfield and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal
132.25 and interest on the bonds is not subject to any levy limitation. A separate election to approve
132.26 the bonds under Minnesota Statutes, section 475.58, is not required.

132.27 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,
132.28 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of: (1) 20 years
132.29 after being first imposed; or (2) when the city council determines that the amount received
132.30 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for
132.31 projects approved by voters as required under Minnesota Statutes, section 297A.99,
132.32 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance
132.33 of any bonds authorized under subdivision 3, including interest on the bonds. Except as
132.34 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),
132.35 any funds remaining after payment of the allowed costs due to the timing of the termination

133.1 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the
133.2 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time
133.3 if the city so determines by ordinance.

133.4 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
133.5 city of Litchfield and its chief clerical officer comply with Minnesota Statutes, section
133.6 645.021, subdivisions 2 and 3.

133.7 **Sec. 11. CITY OF LITTLE FALLS; TAXES AUTHORIZED.**

133.8 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
133.9 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,
133.10 and if approved by the voters at a general election as required under Minnesota Statutes,
133.11 section 297A.99, subdivision 3, the city of Little Falls may impose by ordinance a sales and
133.12 use tax of one-half of one percent for the purposes specified in subdivision 2. Except as
133.13 otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,
133.14 govern the imposition, administration, collection, and enforcement of the tax authorized
133.15 under this subdivision. The tax imposed under this subdivision is in addition to any local
133.16 sales and use tax imposed under any other special law.

133.17 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
133.18 under subdivision 1 must be used by the city of Little Falls to pay the costs of collecting
133.19 and administering the tax and for up to \$17,000,000 for the cost of constructing a community
133.20 recreational facility that includes a gymnasium with an indoor track, multipurpose rooms
133.21 for meeting and educational spaces, office and storage space, and outdoor recreational
133.22 facilities for aquatic recreation with a master plan to incorporate future additions to the
133.23 facility.

133.24 Subd. 3. **Bonding authority.** (a) The city of Little Falls may issue bonds under Minnesota
133.25 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in
133.26 subdivision 2 and approved by the voters as required under Minnesota Statutes, section
133.27 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued
133.28 under this subdivision may not exceed \$17,000,000 for the project listed in subdivision 2
133.29 plus an amount needed to pay capitalized interest and an amount to be applied to the payment
133.30 of the costs of issuing the bonds. The bonds may be paid from or secured by any funds
133.31 available to the city of Little Falls, including the tax authorized under subdivision 1. The
133.32 issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60
133.33 and 275.61.

134.1 (b) The bonds are not included in computing any debt limitation applicable to the city
 134.2 of Little Falls, and any levy of taxes under Minnesota Statutes, section 475.61, to pay
 134.3 principal and interest on the bonds is not subject to any levy limitation. A separate election
 134.4 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

134.5 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,
 134.6 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of: (1) 30 years
 134.7 after being first imposed; or (2) when the city council determines that the amount received
 134.8 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for the
 134.9 project if approved by voters as required under Minnesota Statutes, section 297A.99,
 134.10 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance
 134.11 of any bonds authorized under subdivision 3, including interest on the bonds. Except as
 134.12 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),
 134.13 any funds remaining after payment of the allowed costs due to the timing of the termination
 134.14 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the
 134.15 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time
 134.16 if the city so determines by ordinance.

134.17 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
 134.18 city of Little Falls and its chief clerical officer comply with Minnesota Statutes, section
 134.19 645.021, subdivisions 2 and 3.

134.20 **Sec. 12. CITY OF MAPLE GROVE; TAXES AUTHORIZED.**

134.21 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
 134.22 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters
 134.23 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,
 134.24 the city of Maple Grove may impose by ordinance a sales and use tax of one-half of one
 134.25 percent for the purposes specified in subdivision 2. Except as otherwise provided in this
 134.26 section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition,
 134.27 administration, collection, and enforcement of the tax authorized under this subdivision.
 134.28 The tax imposed under this subdivision is in addition to any local sales and use tax imposed
 134.29 under any other special law.

134.30 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
 134.31 under subdivision 1 must be used by the city of Maple Grove to pay the costs of collecting
 134.32 and administering the tax, and to finance up to \$90,000,000 for the expansion and renovation
 134.33 of the Maple Grove Community Center, plus an amount needed for securing and paying
 134.34 debt service on bonds issued to finance the project.

135.1 Subd. 3. **Bonding authority.** (a) The city of Maple Grove may issue bonds under
 135.2 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the project
 135.3 authorized in subdivision 2, and approved by the voters as required under Minnesota Statutes,
 135.4 section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds
 135.5 issued under this subdivision may not exceed \$90,000,000, plus an amount applied to the
 135.6 payment of the costs of issuing the bonds. The bonds may be paid from or secured by any
 135.7 funds available to the city, including the tax authorized under subdivision 1. The issuance
 135.8 of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and
 135.9 275.61.

135.10 (b) The bonds are not included in computing any debt limitation applicable to the city.
 135.11 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest
 135.12 on the bonds is not subject to any levy limitation. A separate election to approve the bonds
 135.13 under Minnesota Statutes, section 475.58, is not required.

135.14 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
 135.15 earlier of: (1) 20 years after the tax is first imposed; or (2) when the city council determines
 135.16 that the amount received from the tax is sufficient to pay for the project costs authorized
 135.17 under subdivision 2 for the project approved by voters as required under Minnesota Statutes,
 135.18 section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs
 135.19 related to issuance of any bonds authorized under subdivision 3, including interest on the
 135.20 bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision
 135.21 3, paragraph (f), any funds remaining after payment of allowed costs due to the timing of
 135.22 the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall
 135.23 be placed in the general fund of the city. The tax imposed under subdivision 1 may expire
 135.24 at an earlier time if the city so determines by ordinance.

135.25 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
 135.26 city of Maple Grove and its chief clerical officer comply with Minnesota Statutes, section
 135.27 645.021, subdivisions 2 and 3.

135.28 Sec. 13. **MILLE LACS COUNTY; LOCAL SALES AND USE TAX AUTHORIZED.**

135.29 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
 135.30 section 477A.016, or any other law or ordinance, and if approved by the voters at a general
 135.31 election as required under Minnesota Statutes, section 297A.99, subdivision 3, Mille Lacs
 135.32 County may impose by ordinance a sales and use tax of one-half of one percent for the
 135.33 purposes specified in subdivision 2. Except as otherwise provided in this section, the
 135.34 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,

136.1 collection, and enforcement of the tax authorized under this subdivision. The tax imposed
136.2 under this subdivision is in addition to any local sales and use tax imposed under any other
136.3 special law.

136.4 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
136.5 under subdivision 1 must be used by Mille Lacs County to pay the costs of collecting and
136.6 administering the tax, and to finance up to \$10,000,000 for the construction of a public
136.7 works building in Mille Lacs County, plus an amount needed for securing and paying debt
136.8 service on bonds issued to finance the project.

136.9 Subd. 3. **Bonding authority.** (a) Mille Lacs County may issue bonds under Minnesota
136.10 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in
136.11 subdivision 2, and approved by the voters as required under Minnesota Statutes, section
136.12 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued
136.13 under this subdivision may not exceed \$10,000,000, plus an amount applied to the payment
136.14 of the costs of issuing the bonds. The bonds may be paid from or secured by any funds
136.15 available to the county, including the tax authorized under subdivision 1. The issuance of
136.16 bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and
136.17 275.61.

136.18 (b) The bonds are not included in computing any debt limitation applicable to the county.
136.19 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest
136.20 on the bonds is not subject to any levy limitation. A separate election to approve the bonds
136.21 under Minnesota Statutes, section 475.58, is not required.

136.22 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
136.23 earlier of: (1) eight years after the tax is first imposed; or (2) when the county board
136.24 determines that the amount received from the tax is sufficient to pay for the project costs
136.25 authorized under subdivision 2 for the project approved by voters as required under
136.26 Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient
136.27 to pay the costs related to issuance of any bonds authorized under subdivision 3, including
136.28 interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99,
136.29 subdivision 3, paragraph (f), any funds remaining after payment of allowed costs due to the
136.30 timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision
136.31 12, shall be placed in the general fund of the county. The tax imposed under subdivision 1
136.32 may expire at an earlier time if the county so determines by ordinance.

137.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of Mille
137.2 Lacs County and its chief clerical officer comply with Minnesota Statutes, section 645.021,
137.3 subdivisions 2 and 3.

137.4 Sec. 14. **CITY OF MOORHEAD; TAXES AUTHORIZED.**

137.5 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
137.6 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters
137.7 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,
137.8 the city of Moorhead may impose by ordinance a sales and use tax of one-half of one percent
137.9 for the purposes specified in subdivision 2. Except as otherwise provided in this section,
137.10 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,
137.11 collection, and enforcement of the tax authorized under this subdivision. The tax imposed
137.12 under this subdivision is in addition to any local sales and use tax imposed under any other
137.13 special law.

137.14 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
137.15 under subdivision 1 must be used by the city of Moorhead to pay the costs of collecting and
137.16 administering the tax, and to finance up to \$31,590,000 for the construction of a regional
137.17 library and community center in the city of Moorhead, plus an amount needed for securing
137.18 and paying debt service on bonds issued to finance the project.

137.19 Subd. 3. **Bonding authority.** (a) The city of Moorhead may issue bonds under Minnesota
137.20 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in
137.21 subdivision 2, and approved by the voters as required under Minnesota Statutes, section
137.22 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued
137.23 under this subdivision may not exceed \$31,590,000, plus an amount applied to the payment
137.24 of the costs of issuing the bonds. The bonds may be paid from or secured by any funds
137.25 available to the city, including the tax authorized under subdivision 1. The issuance of bonds
137.26 under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

137.27 (b) The bonds are not included in computing any debt limitation applicable to the city.
137.28 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest
137.29 on the bonds is not subject to any levy limitation. A separate election to approve the bonds
137.30 under Minnesota Statutes, section 475.58, is not required.

137.31 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
137.32 earlier of: (1) 22 years after the tax is first imposed; or (2) when the city council determines
137.33 that the amount received from the tax is sufficient to pay for the project costs authorized
137.34 under subdivision 2 for the project approved by voters as required under Minnesota Statutes,

138.1 section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs
 138.2 related to issuance of any bonds authorized under subdivision 3, including interest on the
 138.3 bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision
 138.4 3, paragraph (f), any funds remaining after payment of allowed costs due to the timing of
 138.5 the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall
 138.6 be placed in the general fund of the city. The tax imposed under subdivision 1 may expire
 138.7 at an earlier time if the city so determines by ordinance.

138.8 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
 138.9 city of Moorhead and its chief clerical officer comply with Minnesota Statutes, section
 138.10 645.021, subdivisions 2 and 3.

138.11 **Sec. 15. CITY OF OAKDALE; TAXES AUTHORIZED.**

138.12 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
 138.13 section 477A.016, or any other ordinance or city charter, and if approved by the voters at
 138.14 a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,
 138.15 the city of Oakdale may impose, by ordinance, a sales and use tax of one-half of one percent
 138.16 for the purposes specified in subdivision 2. Except as otherwise provided in this section,
 138.17 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,
 138.18 collection, and enforcement of the tax authorized under this subdivision. The tax imposed
 138.19 under this subdivision is in addition to any local sales and use tax imposed under any other
 138.20 special law.

138.21 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
 138.22 under subdivision 1 must be used by the city of Oakdale to pay the costs of collecting and
 138.23 administering the tax and paying for the following projects in the city, including securing
 138.24 and paying debt service on bonds issued to finance all or part of the following projects:

138.25 (1) \$22,000,000 plus associated bonding costs for construction of a new public works
 138.26 facility; and

138.27 (2) \$15,000,000 plus associated bonding costs for construction and rehabilitation, and
 138.28 associated building costs of the police department facility.

138.29 Subd. 3. **Bonding authority.** (a) The city of Oakdale may issue bonds under Minnesota
 138.30 Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in
 138.31 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may
 138.32 not exceed: (1) \$22,000,000 for the project listed in subdivision 2, clause (1), plus an amount
 138.33 applied to the payment of costs of issuing the bonds; and (2) \$15,000,000 for the projects

139.1 listed in subdivision 2, clause (2), plus an amount applied to the payment of costs of issuing
 139.2 the bonds. The bonds may be paid from or secured by any funds available to the city of
 139.3 Oakdale, including the tax authorized under subdivision 1. The issuance of bonds under
 139.4 this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

139.5 (b) The bonds are not included in computing any debt limitation applicable to the city.
 139.6 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest
 139.7 on the bonds is not subject to any levy limitation. A separate election to approve the bonds
 139.8 under Minnesota Statutes, section 475.58, is not required.

139.9 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
 139.10 earlier of: (1) 25 years after the tax is first imposed; or (2) when the city council determines
 139.11 that the city has received from this tax \$37,000,000 to fund the projects listed in subdivision
 139.12 2, plus an amount sufficient to pay costs related to issuance of any bonds authorized in
 139.13 subdivision 3, including interest on the bonds. Except as otherwise provided under Minnesota
 139.14 Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment
 139.15 of the allowed costs due to timing of the termination under Minnesota Statutes, section
 139.16 297A.99, shall be placed in the city's general fund. The tax imposed under subdivision 1
 139.17 may expire at an earlier time if the city so determines by ordinance.

139.18 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
 139.19 city of Oakdale and its chief clerical officer comply with Minnesota Statutes, section 645.021,
 139.20 subdivisions 2 and 3.

139.21 Sec. 16. **CITY OF ST. CLOUD; TAXES AUTHORIZED.**

139.22 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
 139.23 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters
 139.24 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,
 139.25 the city of St. Cloud may impose, by ordinance, a sales and use tax of one-half of one percent
 139.26 for the purposes specified in subdivision 2. Except as otherwise provided in this section,
 139.27 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,
 139.28 collection, and enforcement of the tax authorized under this subdivision. The tax imposed
 139.29 under this subdivision is in addition to any local sales and use tax imposed under any other
 139.30 special law.

139.31 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
 139.32 under subdivision 1 must be used by the city of St. Cloud to pay the costs of collecting and
 139.33 administering the tax, including securing and paying debt service on bonds issued, and to

140.1 finance up to \$21,100,000 plus associated bonding costs for expansion and improvement
140.2 of St. Cloud's Municipal Athletic Complex.

140.3 Subd. 3. **Bonding authority.** (a) The city of St. Cloud may issue bonds under Minnesota
140.4 Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in
140.5 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may
140.6 not exceed \$21,100,000 plus an amount applied to the payment of costs of issuing the bonds.
140.7 The bonds may be paid from or secured by any funds available to the city of St. Cloud,
140.8 including the tax authorized under subdivision 1. The issuance of bonds under this
140.9 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

140.10 (b) The bonds are not included in computing any debt limitation applicable to the city.
140.11 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest
140.12 on the bonds is not subject to any levy limitation. A separate election to approve the bonds
140.13 under Minnesota Statutes, section 475.58, is not required.

140.14 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
140.15 earlier of: (1) five years after the tax is first imposed; or (2) when the city council determines
140.16 that the amount received from the tax is sufficient to pay for the project costs authorized
140.17 under subdivision 2, and approved by the voters as required under Minnesota Statutes,
140.18 section 297A.99, subdivision 3, plus an amount sufficient to pay costs related to issuance
140.19 of any bonds authorized in subdivision 3, including interest on the bonds. Any funds
140.20 remaining after payment of the allowed costs due to timing of the termination under
140.21 Minnesota Statutes, section 297A.99, shall be placed in the city's general fund. The tax
140.22 imposed under subdivision 1 may expire at an earlier time if the city so determines by
140.23 ordinance.

140.24 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
140.25 city of St. Cloud and its chief clerical officer comply with Minnesota Statutes, section
140.26 645.021, subdivisions 2 and 3.

140.27 Sec. 17. **CITY OF ST. PETER; TAXES AUTHORIZED.**

140.28 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
140.29 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,
140.30 and if approved by the voters at a general election as required under Minnesota Statutes,
140.31 section 297A.99, subdivision 3, the city of St. Peter may impose by ordinance a sales and
140.32 use tax of one-half of one percent for the purposes specified in subdivision 2. Except as
140.33 otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,
140.34 govern the imposition, administration, collection, and enforcement of the tax authorized

141.1 under this subdivision. The tax imposed under this subdivision is in addition to any local
141.2 sales and use tax imposed under any other special law.

141.3 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
141.4 under subdivision 1 must be used by the city of St. Peter to pay the costs of collecting and
141.5 administering the tax and paying for up to \$9,121,000 for construction of a new fire station,
141.6 plus an amount needed for securing and paying debt service on bonds issued to finance the
141.7 project.

141.8 Subd. 3. **Bonding authority.** (a) The city of St. Peter may issue bonds under Minnesota
141.9 Statutes, chapter 475, to finance the costs of the facility authorized in subdivision 2. The
141.10 aggregate principal amount of bonds issued under this subdivision may not exceed \$9,121,000
141.11 for the project listed in subdivision 2, plus an amount to be applied to the payment of the
141.12 costs of issuing the bonds. The bonds may be paid from or secured by any funds available
141.13 to the city of St. Peter, including the tax authorized under subdivision 1. The issuance of
141.14 bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and
141.15 275.61.

141.16 (b) The bonds are not included in computing any debt limitation applicable to the city
141.17 of St. Peter; and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal
141.18 and interest on the bonds is not subject to any levy limitation. A separate election to approve
141.19 the bonds under Minnesota Statutes, section 475.58, is not required.

141.20 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,
141.21 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of: (1) 40 years
141.22 after the tax is first imposed; or (2) when the city council determines that the amount received
141.23 from the tax is sufficient to pay for \$9,121,000 in project costs authorized under subdivision
141.24 2, plus an amount sufficient to pay the costs related to issuance of any bonds authorized
141.25 under subdivision 3, including interest on the bonds. Except as otherwise provided in
141.26 Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining
141.27 after payment of the allowed costs due to the timing of the termination of the tax under
141.28 Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of
141.29 the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so
141.30 determines by ordinance.

141.31 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
141.32 city of St. Peter and its chief clerical officer comply with Minnesota Statutes, section 645.021,
141.33 subdivisions 2 and 3.

142.1 **Sec. 18. CITY OF STAPLES; LOCAL SALES AND USE TAXES AUTHORIZED.**

142.2 **Subdivision 1. Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
142.3 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters
142.4 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,
142.5 the city of Staples may impose by ordinance a sales and use tax of one-half of one percent
142.6 for the purposes specified in subdivision 2. Except as otherwise provided in this section,
142.7 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,
142.8 collection, and enforcement of the tax authorized under this subdivision. The tax imposed
142.9 under this subdivision is in addition to any local sales and use tax imposed under any other
142.10 special law.

142.11 **Subd. 2. Use of sales and use tax revenues.** The revenues derived from the tax authorized
142.12 under subdivision 1 must be used by the city of Staples to pay the costs of collecting and
142.13 administering the tax, and to finance up to \$1,600,000 for the renovation of the Staples
142.14 Community Center, plus an amount needed for securing and paying debt service on bonds
142.15 issued to finance the project.

142.16 **Subd. 3. Bonding authority.** (a) The city of Staples may issue bonds under Minnesota
142.17 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in
142.18 subdivision 2, and approved by the voters as required under Minnesota Statutes, section
142.19 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued
142.20 under this subdivision may not exceed \$1,600,000, plus an amount applied to the payment
142.21 of the costs of issuing the bonds. The bonds may be paid from or secured by any funds
142.22 available to the city, including the tax authorized under subdivision 1. The issuance of bonds
142.23 under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

142.24 (b) The bonds are not included in computing any debt limitation applicable to the city.
142.25 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest
142.26 on the bonds is not subject to any levy limitation. A separate election to approve the bonds
142.27 under Minnesota Statutes, section 475.58, is not required.

142.28 **Subd. 4. Termination of taxes.** The tax imposed under subdivision 1 expires at the
142.29 earlier of: (1) 25 years after the tax is first imposed; or (2) when the city council determines
142.30 that the amount received from the tax is sufficient to pay for the project costs authorized
142.31 under subdivision 2 for the project approved by voters as required under Minnesota Statutes,
142.32 section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs
142.33 related to issuance of any bonds authorized under subdivision 3, including interest on the
142.34 bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision

143.1 3, paragraph (f), any funds remaining after payment of allowed costs due to the timing of
143.2 the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall
143.3 be placed in the general fund of the city. The tax imposed under subdivision 1 may expire
143.4 at an earlier time if the city so determines by ordinance.

143.5 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
143.6 city of Staples and its chief clerical officer comply with Minnesota Statutes, section 645.021,
143.7 subdivisions 2 and 3.

143.8 **Sec. 19. CITY OF WADENA; TAXES AUTHORIZED.**

143.9 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
143.10 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters
143.11 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,
143.12 the city of Wadena may impose by ordinance a sales and use tax of one-quarter of one
143.13 percent for the purposes specified in subdivision 2. Except as otherwise provided in this
143.14 section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition,
143.15 administration, collection, and enforcement of the tax authorized under this subdivision.
143.16 The tax imposed under this subdivision is in addition to any local sales and use tax imposed
143.17 under any other special law.

143.18 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
143.19 under subdivision 1 must be used by the city of Wadena to pay the costs of collecting and
143.20 administering the tax and to finance up to \$3,000,000, plus associated bonding costs including
143.21 securing and paying debt service on bonds issued, for the Wadena Library Rehabilitation
143.22 Project.

143.23 Subd. 3. **Bonding authority.** (a) The city of Wadena may issue bonds under Minnesota
143.24 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in
143.25 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may
143.26 not exceed \$3,000,000, plus an amount applied to the payment of costs of issuing the bonds.
143.27 The bonds may be paid from or secured by any funds available to the city of Wadena,
143.28 including the tax authorized under subdivision 1. The issuance of bonds under this
143.29 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

143.30 (b) The bonds are not included in computing any debt limitation applicable to the city.
143.31 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest
143.32 on the bonds is not subject to any levy limitation. A separate election to approve the bonds
143.33 under Minnesota Statutes, section 475.58, is not required.

144.1 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
144.2 earlier of: (1) 20 years after the tax is first imposed; or (2) when the city council determines
144.3 that the amount received from the tax is sufficient to pay for the project costs authorized
144.4 under subdivision 2, and approved by the voters as required under Minnesota Statutes,
144.5 section 297A.99, subdivision 3, plus an amount sufficient to pay costs related to issuance
144.6 of any bonds authorized in subdivision 3, including interest on the bonds. Any funds
144.7 remaining after payment of the allowed costs due to timing of the termination under
144.8 Minnesota Statutes, section 297A.99, shall be placed in the city's general fund. The tax
144.9 imposed under subdivision 1 may expire at an earlier time if the city so determines by
144.10 ordinance.

144.11 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
144.12 city of Wadena and its chief clerical officer comply with Minnesota Statutes, section 645.021,
144.13 subdivisions 2 and 3.

144.14 Sec. 20. **CITY OF WAITE PARK; TAXES AUTHORIZED.**

144.15 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
144.16 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,
144.17 and if approved by the voters at a general election as required under Minnesota Statutes,
144.18 section 297A.99, subdivision 3, the city of Waite Park may impose by ordinance a sales
144.19 and use tax of one-half of one percent for the purposes specified in subdivision 2. Except
144.20 as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,
144.21 govern the imposition, administration, collection, and enforcement of the tax authorized
144.22 under this subdivision. The tax imposed under this subdivision is in addition to any local
144.23 sales and use tax imposed under any other special law.

144.24 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
144.25 under subdivision 1 must be used by the city of Waite Park to pay the costs of collecting
144.26 and administering the tax and for the following projects in the city, including securing and
144.27 paying debt service on bonds issued to finance all or part of the following projects:

144.28 (1) up to \$7,500,000 plus associated bonding costs for regional trail connections; and
144.29 (2) up to \$20,000,000 plus associated bonding costs for construction and equipping of
144.30 a public safety facility.

144.31 Subd. 3. **Bonding authority.** (a) The city of Waite Park may issue bonds under Minnesota
144.32 Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in
144.33 subdivision 2 and approved by the voters as required under Minnesota Statutes, section

145.1 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued
145.2 under this subdivision may not exceed:

145.3 (1) \$7,500,000 for the project listed in subdivision 2, clause (1), plus an amount needed
145.4 to pay capitalized interest and an amount to be applied to the payment of the costs of issuing
145.5 the bonds; and

145.6 (2) \$20,000,000 for the project listed in subdivision 2, clause (2), plus an amount needed
145.7 to pay capitalized interest and an amount to be applied to the payment of the costs of issuing
145.8 the bonds.

145.9 The bonds may be paid from or secured by any funds available to the city of Waite Park,
145.10 including the tax authorized under subdivision 1. The issuance of bonds under this
145.11 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

145.12 (b) The bonds are not included in computing any debt limitation applicable to the city
145.13 of Waite Park, and any levy of taxes under Minnesota Statutes, section 475.61, to pay
145.14 principal and interest on the bonds is not subject to any levy limitation. A separate election
145.15 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

145.16 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,
145.17 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 19 years
145.18 after the tax is first imposed, or (2) when the city council determines that the amount received
145.19 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for
145.20 projects approved by voters as required under Minnesota Statutes, section 297A.99,
145.21 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance
145.22 of any bonds authorized under subdivision 3, including interest on the bonds. Except as
145.23 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),
145.24 any funds remaining after payment of the allowed costs due to the timing of the termination
145.25 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the
145.26 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time
145.27 if the city so determines by ordinance.

145.28 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
145.29 city of Waite Park and its chief clerical officer comply with Minnesota Statutes, section
145.30 645.021, subdivisions 2 and 3.

145.31 Sec. 21. **CITY OF WARREN; LOCAL SALES AND USE TAXES AUTHORIZED.**

145.32 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
145.33 section 477A.016, or any other law or ordinance, and if approved by the voters at a general

146.1 election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of
146.2 Warren may impose by ordinance a sales and use tax of one-half of one percent for the
146.3 purposes specified in subdivision 2. Except as otherwise provided in this section, the
146.4 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,
146.5 collection, and enforcement of the tax authorized under this subdivision. The tax imposed
146.6 under this subdivision is in addition to any local sales and use tax imposed under current
146.7 law.

146.8 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
146.9 under subdivision 1 must be used by the city of Warren to pay the costs of collecting and
146.10 administering the tax, and to finance up to \$1,600,000 for the construction of a new child
146.11 care facility. Authorized costs include related parking, design, and construction costs, as
146.12 well as payment of debt service on bonds issued to finance the project listed in this
146.13 subdivision.

146.14 Subd. 3. **Bonding authority.** (a) The city of Warren may issue bonds under Minnesota
146.15 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in
146.16 subdivision 2, and approved by the voters as required under Minnesota Statutes, section
146.17 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued
146.18 under this subdivision may not exceed \$1,600,000, plus an amount needed to pay capitalized
146.19 interest and an amount to be applied to the payment of the costs of issuing the bonds. The
146.20 bonds may be paid from or secured by any funds available to the city, including the tax
146.21 authorized under subdivision 1. The issuance of bonds under this subdivision is not subject
146.22 to Minnesota Statutes, sections 275.60 and 275.61.

146.23 (b) The bonds are not included in computing any debt limitation applicable to the city.
146.24 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest
146.25 on the bonds is not subject to any levy limitation. A separate election to approve the bonds
146.26 under Minnesota Statutes, section 475.58, is not required.

146.27 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,
146.28 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of: (1) 20 years
146.29 after the tax is first imposed; or (2) when the city council determines that the amount received
146.30 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for the
146.31 project approved by voters as required under Minnesota Statutes, section 297A.99,
146.32 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance
146.33 of any bonds authorized under subdivision 3, including interest on the bonds. Except as
146.34 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),
146.35 any funds remaining after payment of allowed costs due to the timing of the termination of

147.1 the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the
147.2 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time
147.3 if the city so determines by ordinance.

147.4 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
147.5 city of Warren and its chief clerical officer comply with Minnesota Statutes, section 645.021,
147.6 subdivisions 2 and 3.

147.7 **ARTICLE 9**

147.8 **TAX INCREMENT FINANCING**

147.9 Section 1. Minnesota Statutes 2020, section 469.176, is amended by adding a subdivision
147.10 to read:

147.11 Subd. 4n. **Temporary use of increment authorized.** (a) Notwithstanding any other
147.12 provision of this section or any other law to the contrary, except the requirements to pay
147.13 bonds to which increments are pledged, the authority may elect, by resolution, to transfer
147.14 unobligated increment for one or more of the following purposes:

147.15 (1) to provide improvements, loans, interest rate subsidies, or assistance in any form to
147.16 private development consisting of the construction or substantial rehabilitation of buildings
147.17 and ancillary facilities, if doing so will create or retain jobs in the state, including construction
147.18 jobs, and the construction commences before December 31, 2025, and would not have
147.19 commenced before that date without the assistance; or

147.20 (2) to make an equity or similar investment in a corporation, partnership, or limited
147.21 liability company that the authority determines is necessary to make construction of a
147.22 development that meets the requirement of clause (1) financially feasible.

147.23 (b) For each calendar year for which transfers are permitted under this subdivision, the
147.24 maximum transfer equals the excess of the district's unobligated increment which includes
147.25 any increment not required for payments of obligations due during six months following
147.26 the transfer on outstanding bonds, binding contracts, and other outstanding financial
147.27 obligations of the district to which the district's increment is pledged.

147.28 (c) The authority may transfer increments permitted under this subdivision after creating
147.29 a written spending plan that authorizes the authority to take the action described in paragraph
147.30 (a) and details the use of transferred increment. Additionally, the municipality must approve
147.31 the authority's spending plan after holding a public hearing. The municipality must publish
147.32 notice of the hearing in a newspaper of general circulation in the municipality and on the

148.1 municipality's public website at least ten days, but not more than 30 days, prior to the date
148.2 of the hearing.

148.3 (d) Increment that is improperly retained, received, spent, or transferred is not eligible
148.4 for transfer under this subdivision.

148.5 (e) An authority making a transfer under this subdivision must provide to the Office of
148.6 the State Auditor a copy of the spending plan approved and signed by the municipality.

148.7 (f) The authority to transfer increments under this subdivision expires on December 31,
148.8 2022. All transferred increments must be spent by December 31, 2025. Increment not spent
148.9 by December 31, 2025, must be returned to the district. If the district has already been
148.10 decertified, the increment shall be treated as excess increment and distributed as provided
148.11 in subdivision 2, paragraph (c), clause (4).

148.12 **EFFECTIVE DATE.** This section is effective the day following final enactment and
148.13 applies to increments from any district that are unobligated as of the date of final enactment
148.14 regardless of when the request for certification was made.

148.15 Sec. 2. Minnesota Statutes 2020, section 469.1763, subdivision 2, is amended to read:

148.16 Subd. 2. **Expenditures outside district.** (a) For each tax increment financing district,
148.17 an amount equal to at least 75 percent of the total revenue derived from tax increments paid
148.18 by properties in the district must be expended on activities in the district or to pay bonds,
148.19 to the extent that the proceeds of the bonds were used to finance activities in the district or
148.20 to pay, or secure payment of, debt service on credit enhanced bonds. For districts, other
148.21 than redevelopment districts for which the request for certification was made after June 30,
148.22 1995, the in-district percentage for purposes of the preceding sentence is 80 percent. Not
148.23 more than 25 percent of the total revenue derived from tax increments paid by properties
148.24 in the district may be expended, through a development fund or otherwise, on activities
148.25 outside of the district but within the defined geographic area of the project except to pay,
148.26 or secure payment of, debt service on credit enhanced bonds. For districts, other than
148.27 redevelopment districts for which the request for certification was made after June 30, 1995,
148.28 the pooling percentage for purposes of the preceding sentence is 20 percent. The revenues
148.29 derived from tax increments paid by properties in the district that are expended on costs
148.30 under section 469.176, subdivision 4h, paragraph (b), may be deducted first before calculating
148.31 the percentages that must be expended within and without the district.

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

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

149.5 (d) The authority may elect, in the tax increment financing plan for the district, to increase
149.6 by up to ten percentage points the permitted amount of expenditures for activities located
149.7 outside the geographic area of the district under paragraph (a). As permitted by section
149.8 469.176, subdivision 4k, the expenditures, including the permitted expenditures under
149.9 paragraph (a), need not be made within the geographic area of the project. Expenditures
149.10 that meet the requirements of this paragraph are legally permitted expenditures of the district,
149.11 notwithstanding section 469.176, subdivisions 4b, 4c, and 4j. To qualify for the increase
149.12 under this paragraph, the expenditures must:

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

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

149.18 (3) be used to:

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

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

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

149.22 (4) be used to develop housing:

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

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

149.25 or

149.26 (B) \$200,000 for municipalities located in the metropolitan area, as defined in section
149.27 473.121, or \$125,000 for all other municipalities; and

149.28 (ii) if the expenditures are used to pay the cost of site acquisition, relocation, demolition
149.29 of existing structures, site preparation, and pollution abatement on one or more parcels, if
149.30 the parcel contains a residence containing one to four family dwelling units that has been
149.31 vacant for six or more months and is in foreclosure as defined in section 325N.10, subdivision

150.1 7, but without regard to whether the residence is the owner's principal residence, and only
150.2 after the redemption period has expired; or

150.3 (5) to assist owner-occupied housing that meets the requirements of section 469.1761,
150.4 subdivision 2.

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

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

150.11 Sec. 3. Minnesota Statutes 2020, section 469.1763, subdivision 3, is amended to read:

150.12 Subd. 3. **Five-year rule.** (a) Revenues derived from tax increments paid by properties
150.13 in the district are considered to have been expended on an activity within the district under
150.14 subdivision 2 only if one of the following occurs:

150.15 (1) before or within five years after certification of the district, the revenues are actually
150.16 paid to a third party with respect to the activity;

150.17 (2) bonds, the proceeds of which must be used to finance the activity, are issued and
150.18 sold to a third party before or within five years after certification, the revenues are spent to
150.19 repay the bonds, and the proceeds of the bonds either are, on the date of issuance, reasonably
150.20 expected to be spent before the end of the later of (i) the five-year period, or (ii) a reasonable
150.21 temporary period within the meaning of the use of that term under section 148(c)(1) of the
150.22 Internal Revenue Code, or are deposited in a reasonably required reserve or replacement
150.23 fund;

150.24 (3) binding contracts with a third party are entered into for performance of the activity
150.25 before or within five years after certification of the district and the revenues are spent under
150.26 the contractual obligation;

150.27 (4) costs with respect to the activity are paid before or within five years after certification
150.28 of the district and the revenues are spent to reimburse a party for payment of the costs,
150.29 including interest on unreimbursed costs; or

150.30 (5) expenditures are made for housing purposes as permitted by subdivision 2, paragraphs
150.31 (b) and (d), or for public infrastructure purposes within a zone as permitted by subdivision
150.32 2, paragraph (e).

151.1 (b) For purposes of this subdivision, bonds include subsequent refunding bonds if the
151.2 original refunded bonds meet the requirements of paragraph (a), clause (2).

151.3 (c) For a redevelopment district or a renewal and renovation district certified after June
151.4 30, 2003, and before April 20, 2009, the five-year periods described in paragraph (a) are
151.5 extended to ten years after certification of the district. For a redevelopment district certified
151.6 after April 20, 2009, and before June 30, 2012, the five-year periods described in paragraph
151.7 (a) are extended to eight years after certification of the district. This extension is provided
151.8 primarily to accommodate delays in development activities due to unanticipated economic
151.9 circumstances.

151.10 (d) For a redevelopment district that was certified after December 31, 2017, and before
151.11 June 30, 2020, the five-year periods described in paragraph (a) are extended to eight years
151.12 after certification of the district.

151.13 **EFFECTIVE DATE.** This section is effective for districts for which the request for
151.14 certification was made after December 31, 2017.

151.15 Sec. 4. Minnesota Statutes 2020, section 469.1763, subdivision 4, is amended to read:

151.16 Subd. 4. **Use of revenues for decertification.** (a) In each year beginning with the sixth
151.17 year following certification of the district, or beginning with the ninth year following
151.18 certification of the district for districts whose five-year rule is extended to eight years under
151.19 subdivision 3, paragraph (d), if the applicable in-district percent of the revenues derived
151.20 from tax increments paid by properties in the district exceeds the amount of expenditures
151.21 that have been made for costs permitted under subdivision 3, an amount equal to the
151.22 difference between the in-district percent of the revenues derived from tax increments paid
151.23 by properties in the district and the amount of expenditures that have been made for costs
151.24 permitted under subdivision 3 must be used and only used to pay or defease the following
151.25 or be set aside to pay the following:

151.26 (1) outstanding bonds, as defined in subdivision 3, paragraphs (a), clause (2), and (b);

151.27 (2) contracts, as defined in subdivision 3, paragraph (a), clauses (3) and (4);

151.28 (3) credit enhanced bonds to which the revenues derived from tax increments are pledged,
151.29 but only to the extent that revenues of the district for which the credit enhanced bonds were
151.30 issued are insufficient to pay the bonds and to the extent that the increments from the
151.31 applicable pooling percent share for the district are insufficient; or

151.32 (4) the amount provided by the tax increment financing plan to be paid under subdivision
151.33 2, paragraphs (b), (d), and (e).

152.1 (b) The district must be decertified and the pledge of tax increment discharged when
 152.2 the outstanding bonds have been defeased and when sufficient money has been set aside to
 152.3 pay, based on the increment to be collected through the end of the calendar year, the following
 152.4 amounts:

152.5 (1) contractual obligations as defined in subdivision 3, paragraph (a), clauses (3) and
 152.6 (4);

152.7 (2) the amount specified in the tax increment financing plan for activities qualifying
 152.8 under subdivision 2, paragraph (b), that have not been funded with the proceeds of bonds
 152.9 qualifying under paragraph (a), clause (1); and

152.10 (3) the additional expenditures permitted by the tax increment financing plan for housing
 152.11 activities under an election under subdivision 2, paragraph (d), that have not been funded
 152.12 with the proceeds of bonds qualifying under paragraph (a), clause (1).

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

152.14 Sec. 5. **CITIES OF MINNETONKA, RICHFIELD, AND ST. LOUIS PARK;**
 152.15 **TEMPORARY TRANSFER OF INCREMENT AUTHORIZED.**

152.16 **Subdivision 1. Transfer of increment.** (a) The city of Minnetonka, or its economic
 152.17 development authority, may transfer tax increment accumulated for housing development
 152.18 purposes under Minnesota Statutes, section 469.1763, subdivision 2, paragraph (b) or (d),
 152.19 to the housing trust fund established by the city of Minnetonka under Minnesota Statutes,
 152.20 section 462C.16. Increment transferred under this paragraph must be used as provided in
 152.21 subdivision 2.

152.22 (b) The city of Richfield, or its housing and redevelopment authority, may transfer tax
 152.23 increment accumulated for housing development purposes under Minnesota Statutes, section
 152.24 469.1763, subdivision 2, paragraph (b) or (d), to the housing trust fund established by the
 152.25 city of Richfield under Minnesota Statutes, section 462C.16. Increment transferred under
 152.26 this paragraph must be used as provided in subdivision 2.

152.27 (c) The city of St. Louis Park, or its economic development authority, may transfer tax
 152.28 increment accumulated for housing development purposes under Minnesota Statutes, section
 152.29 469.1763, subdivision 2, paragraph (b) or (d), to the housing trust fund established by the
 152.30 city of St. Louis Park under Minnesota Statutes, section 462C.16. Increment transferred
 152.31 under this paragraph must be used as provided in subdivision 2.

152.32 **Subd. 2. Allowable use.** Tax increment transferred under subdivision 1 must be used
 152.33 only to:

153.1 (1) make grants, loans, and loan guarantees for the development, rehabilitation, or
 153.2 financing of housing; or

153.3 (2) match other funds from federal, state, or private resources for housing projects.

153.4 Subd. 3. **Annual financial reporting.** Tax increment transferred under this section is
 153.5 subject to the annual reporting requirements under Minnesota Statutes, section 469.175,
 153.6 subdivision 6.

153.7 Subd. 4. **Legislative report.** By February 1, 2024, and February 1, 2026, each city must
 153.8 issue a report to the chairs and ranking minority members of the legislative committees with
 153.9 jurisdiction over taxes and property taxes. The report must include detailed information
 153.10 relating to each housing project financed with increment transferred under this section,
 153.11 including, when applicable, the percentage of area median income relative to each housing
 153.12 project, the total cost per housing project, the number of units per housing project, and
 153.13 income and rent limitations required under federal, state, or local law for each housing
 153.14 project.

153.15 Subd. 5. **Expiration.** The authority to make transfers under subdivision 1 expires
 153.16 December 31, 2026.

153.17 **EFFECTIVE DATE.** (a) Subdivision 1, paragraph (a), is effective the day after the
 153.18 governing body of the city of Minnetonka and its chief clerical officer comply with the
 153.19 requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

153.20 (b) Subdivision 1, paragraph (b), is effective the day after the governing body of the city
 153.21 of Richfield and its chief clerical officer comply with the requirements of Minnesota Statutes,
 153.22 section 645.021, subdivisions 2 and 3.

153.23 (c) Subdivision 1, paragraph (c), is effective the day after the governing body of the city
 153.24 of St. Louis Park and its chief clerical officer comply with the requirements of Minnesota
 153.25 Statutes, section 645.021, subdivisions 2 and 3.

153.26 Sec. 6. **CITY OF BLOOMINGTON; TIF AUTHORITY; AMERICAN BOULEVARD.**

153.27 Subdivision 1. **Establishment.** Pursuant to the special rules established in subdivision
 153.28 2, the housing and redevelopment authority of the city of Bloomington or the city of
 153.29 Bloomington may establish a redevelopment district within the city of Bloomington, limited
 153.30 to the following parcels, identified by tax identification numbers, together with adjacent
 153.31 roads and rights-of-way: 04-027-24-11-0032, 04-027-24-11-0033, and 04-027-24-11-0034.

154.1 Subd. 2. **Special rules.** If the city or authority establishes a tax increment financing
154.2 district under this section, the following special rules apply:

154.3 (1) the district meets all the requirements of Minnesota Statutes, section 469.174,
154.4 subdivision 10;

154.5 (2) expenditures incurred in connection with the development of the property described
154.6 in subdivision 1 meet the requirements of Minnesota Statutes, section 469.176, subdivision
154.7 4j; and

154.8 (3) increments generated from the district may be expended on undergrounding or
154.9 overhead power lines, transformers, and related utility infrastructure within the project area
154.10 and all such expenditures are deemed expended on activities within the district for purposes
154.11 of Minnesota Statutes, section 469.1763.

154.12 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
154.13 city of Bloomington and its chief clerical officer comply with the requirements of Minnesota
154.14 Statutes, section 645.021, subdivisions 2 and 3.

154.15 Sec. 7. **CITY OF BLOOMINGTON; TIF AUTHORITY; 98TH AND ALDRICH.**

154.16 Subdivision 1. **Establishment.** Pursuant to the special rules established in subdivision
154.17 2, the housing and redevelopment authority of the city of Bloomington or the city of
154.18 Bloomington may establish a redevelopment district within the city of Bloomington, limited
154.19 to the following parcels, identified by tax identification numbers, together with adjacent
154.20 roads and rights-of-way: 16-027-24-41-0010, 16-027-24-41-0011, and 16-027-24-41-0012.

154.21 Subd. 2. **Special rules.** If the city or authority establishes a tax increment financing
154.22 district under this section, the following special rules apply:

154.23 (1) the district meets all the requirements of Minnesota Statutes, section 469.174,
154.24 subdivision 10; and

154.25 (2) expenditures incurred in connection with the development of the property described
154.26 in subdivision 1 meet the requirements of Minnesota Statutes, section 469.176, subdivision
154.27 4j.

154.28 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
154.29 city of Bloomington and its chief clerical officer comply with the requirements of Minnesota
154.30 Statutes, section 645.021, subdivisions 2 and 3.

155.1 **Sec. 8. CITY OF BURNSVILLE; TIF AUTHORITY; BURNSVILLE CENTER**
 155.2 **MALL.**

155.3 **Subdivision 1. Establishment.** Under the special rules established in subdivision 2, the
 155.4 economic development authority of the city of Burnsville or the city of Burnsville may
 155.5 establish one or more redevelopment districts located wholly within the area of the city of
 155.6 Burnsville limited to the parcels comprising the Burnsville Center mall together with adjacent
 155.7 roads and rights-of-way.

155.8 **Subd. 2. Special rules.** If the city or authority establishes a tax increment financing
 155.9 district under this section, the following special rules apply:

155.10 (1) the districts are deemed to meet all the requirements of Minnesota Statutes, section
 155.11 469.174, subdivision 10;

155.12 (2) expenditures incurred in connection with the development of the property described
 155.13 in subdivision 1 are deemed to meet the requirements of Minnesota Statutes, section 469.176,
 155.14 subdivision 4j; and

155.15 (3) increments generated from the districts may be expended for the construction and
 155.16 acquisition of property for a bridge, tunnel, or other connector from the property described
 155.17 in subdivision 1 across adjacent roads and rights-of-way and all such expenditures are
 155.18 deemed expended on activities within the district for purposes of Minnesota Statutes, section
 155.19 469.1763.

155.20 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
 155.21 city of Burnsville and its chief clerical officer comply with the requirements of Minnesota
 155.22 Statutes, section 645.021, subdivisions 2 and 3.

155.23 **Sec. 9. CITY OF MOUNTAIN LAKE; TIF DISTRICT NO. 1-8; FIVE-YEAR RULE**
 155.24 **EXTENSION.**

155.25 (a) The requirement of Minnesota Statutes, section 469.1763, subdivision 3, that activities
 155.26 must be undertaken within a five-year period from the date of certification of a tax increment
 155.27 financing district, is extended by a five-year period for Tax Increment Financing District
 155.28 No. 1-8, administered by the city of Mountain Lake or its economic development authority.

155.29 (b) The requirement of Minnesota Statutes, section 469.1763, subdivision 4, relating to
 155.30 the use of increment after the expiration of the five-year period under Minnesota Statutes,
 155.31 section 469.1763, subdivision 3, is extended to the 11th year for Tax Increment Financing
 155.32 District No. 1-8.

156.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
 156.2 city of Mountain Lake and its chief clerical officer comply with the requirements of
 156.3 Minnesota Statutes, section 645.021, subdivisions 2 and 3.

156.4 Sec. 10. **CITY OF WAYZATA; TIF DISTRICT NO. 6; EXPENDITURES**
 156.5 **ALLOWED.**

156.6 Notwithstanding Minnesota Statutes, section 469.1763, subdivision 2, the city of Wayzata
 156.7 may expend increments generated from Tax Increment Financing District No. 6 for the
 156.8 design and construction of the lakefront pedestrian walkway and community transient lake
 156.9 public access infrastructure related to the Panoway on Wayzata Bay project, and all such
 156.10 expenditures are deemed expended on activities within the district.

156.11 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
 156.12 city of Wayzata and its chief clerical officer comply with the requirements of Minnesota
 156.13 Statutes, section 645.021, subdivisions 2 and 3.

156.14 Sec. 11. **CITY OF WINDOM; TIF DISTRICT NO. 1-22; FIVE-YEAR RULE**
 156.15 **EXTENSION; DURATION EXTENSION.**

156.16 (a) The requirement of Minnesota Statutes, section 469.1763, subdivision 3, that activities
 156.17 must be undertaken within a five-year period from the date of certification of a tax increment
 156.18 financing district, is considered to be met for Tax Increment Financing District No. 1-22,
 156.19 administered by the city of Windom or its economic development authority, if activities are
 156.20 undertaken within ten years of the district's certification.

156.21 (b) The requirements of Minnesota Statutes, section 469.1763, subdivision 4, relating
 156.22 to the use of increment after the expiration of the five-year period under Minnesota Statutes,
 156.23 section 469.1763, subdivision 3, is extended to the 11th year for Tax Increment Financing
 156.24 District No. 1-22.

156.25 (c) Notwithstanding Minnesota Statutes, section 469.176, subdivision 1b, the city of
 156.26 Windom, or its economic development authority, may elect to extend the duration of Tax
 156.27 Increment Financing District No. 1-22 by five years.

156.28 **EFFECTIVE DATE.** Paragraphs (a) and (b) are effective the day after the governing
 156.29 body of the city of Windom and its chief clerical officer comply with the requirements of
 156.30 Minnesota Statutes, section 645.021, subdivisions 2 and 3. Paragraph (c) is effective upon
 156.31 compliance by the city of Windom, Cottonwood County, and Independent School District

157.1 No. 177 with the requirements of Minnesota Statutes, sections 469.1782, subdivision 2, and
 157.2 645.021, subdivisions 2 and 3.

157.3 **ARTICLE 10**

157.4 **PUBLIC FINANCE**

157.5 Section 1. Minnesota Statutes 2020, section 297A.993, subdivision 2, is amended to read:

157.6 Subd. 2. **Allocation; termination.** The proceeds of the taxes must be dedicated
 157.7 exclusively to: (1) payment of the capital cost of a specific transportation project or
 157.8 improvement; (2) payment of the costs, which may include both capital and operating costs,
 157.9 of a specific transit project or improvement; (3) payment of the capital costs of a safe routes
 157.10 to school program under section 174.40; ~~or~~ (4) payment of transit operating costs; or (5)
 157.11 payment of the capital cost of constructing buildings and other facilities for maintaining
 157.12 transportation or transit projects or improvements. The transportation or transit project or
 157.13 improvement must be designated by the board of the county, or more than one county acting
 157.14 under a joint powers agreement. Except for taxes for operating costs of a transit project or
 157.15 improvement, or for transit operations, the taxes must terminate when revenues raised are
 157.16 sufficient to finance the project. Nothing in this subdivision prohibits the exclusive dedication
 157.17 of the proceeds of the taxes to payments for more than one project or improvement. After
 157.18 a public hearing a county may, by resolution, dedicate the proceeds of the tax for a new
 157.19 enumerated project.

157.20 Sec. 2. Minnesota Statutes 2020, section 453A.04, subdivision 21, is amended to read:

157.21 Subd. 21. ~~All other powers~~ **Exercising powers of a municipal power agency.** ~~It may~~
 157.22 ~~exercise all other powers not inconsistent with the Constitution of the state of Minnesota~~
 157.23 ~~or the United States Constitution, which powers may be reasonably necessary or appropriate~~
 157.24 ~~for or incidental to the effectuation of its authorized purposes or to the exercise of any of~~
 157.25 ~~the powers enumerated in this section, and generally may exercise in connection with its~~
 157.26 ~~property and affairs, and in connection with property within its control, any and all powers~~
 157.27 ~~which might be exercised by a natural person or a private corporation in connection with~~
 157.28 ~~similar property and affairs.~~ It may exercise the powers of a municipal power agency under
 157.29 chapter 453, for the limited purpose of engaging in tax-exempt prepayments and related
 157.30 transactions as described in section 148(b)(4) of the Internal Revenue Code of 1986, as
 157.31 amended, and the Code of Federal Regulations, title 26, part 1, section 1.148-1(e)(2)(iii),
 157.32 both as may be amended from time to time, or as may otherwise be authorized by statute
 157.33 or the Commissioner of Internal Revenue.

158.1 Sec. 3. Minnesota Statutes 2020, section 453A.04, is amended by adding a subdivision to
 158.2 read:

158.3 Subd. 22. All other powers. It may exercise all other powers not inconsistent with the
 158.4 Constitution of the state of Minnesota or the United States Constitution, which powers may
 158.5 be reasonably necessary or appropriate for or incidental to the effectuation of its authorized
 158.6 purposes or to the exercise of any of the powers enumerated in this section, and generally
 158.7 may exercise in connection with its property and affairs, and in connection with property
 158.8 within its control, any and all powers which might be exercised by a natural person or a
 158.9 private corporation in connection with similar property and affairs.

158.10 Sec. 4. Minnesota Statutes 2020, section 465.71, is amended to read:

158.11 **465.71 INSTALLMENT, LEASE PURCHASE; CITY, COUNTY, TOWN,**
 158.12 **SCHOOL.**

158.13 A home rule charter city, statutory city, county, town, or school district may purchase
 158.14 personal property under an installment contract, or lease real or personal property with an
 158.15 option to purchase under a lease-purchase agreement, by which contract or agreement title
 158.16 is retained by the seller or vendor or assigned to a third party as security for the purchase
 158.17 price, including interest, if any, but such purchases are subject to statutory and charter
 158.18 provisions applicable to the purchase of real or personal property. For purposes of the bid
 158.19 requirements contained in section 471.345, "the amount of the contract" shall include the
 158.20 total of all lease payments for the entire term of the lease under a lease-purchase agreement.
 158.21 The obligation created by an installment contract or a lease-purchase agreement for personal
 158.22 property, or an installment contract or a lease-purchase agreement for real property if the
 158.23 amount of the contract for purchase of the real property is less than \$1,000,000, shall not
 158.24 be included in the calculation of net debt for purposes of section 475.53, and shall not
 158.25 constitute debt under any other statutory provision. No election shall be required in
 158.26 connection with the execution of an installment contract or a lease-purchase agreement
 158.27 authorized by this section. The city, county, town, or school district must have the right to
 158.28 terminate a lease-purchase agreement at the end of any fiscal year during its term.

158.29 Sec. 5. Minnesota Statutes 2020, section 475.56, is amended to read:

158.30 **475.56 INTEREST RATE.**

158.31 (a) Any municipality issuing obligations under any law may issue obligations bearing
 158.32 interest at a single rate or at rates varying from year to year which may be lower or higher
 158.33 in later years than in earlier years. ~~Such higher rate for any period prior to maturity may be~~

159.1 ~~represented in part by separate coupons designated as additional coupons, extra coupons,~~
 159.2 ~~or B coupons, but the~~ The highest aggregate rate of interest contracted to be so paid for any
 159.3 period shall not exceed the maximum rate authorized by law. ~~Such higher rate may also be~~
 159.4 ~~represented in part by the issuance of additional obligations of the same series, over and~~
 159.5 ~~above but not exceeding two percent of the amount otherwise authorized to be issued, and~~
 159.6 ~~the amount of such additional obligations shall not be included in the amount required by~~
 159.7 ~~section 475.59 to be stated in any bond resolution, notice, or ballot, or in the sale price~~
 159.8 ~~required by section 475.60 or any other law to be paid; but if the principal amount of the~~
 159.9 ~~entire series exceeds its cash sale price, such excess shall not, when added to the total amount~~
 159.10 ~~of interest payable on all obligations of the series to their stated maturity dates, cause and~~
 159.11 ~~the average annual rate of such interest to~~ may not exceed the maximum rate authorized by
 159.12 law. This section does not authorize a provision in any such obligations for the payment of
 159.13 a higher rate of interest after maturity than before.

159.14 (b) Any municipality issuing obligations under any law may sell original issue discount
 159.15 or premium obligations having a stated principal amount in excess of the authorized amount
 159.16 and the sale price, provided that: To determine the average annual rate of interest on the
 159.17 obligations, any discount shall be added to, and any premium subtracted from, the total
 159.18 amount of interest on the obligations to their stated maturity dates.

159.19 ~~(1) the sale price does not exceed by more than two percent the amount of obligations~~
 159.20 ~~otherwise authorized to be issued;~~

159.21 ~~(2) the underwriting fee, discount, or other sales or underwriting commission does not~~
 159.22 ~~exceed two percent of the sale price; and~~

159.23 ~~(3) the discount rate necessary to present value total principal and interest payments~~
 159.24 ~~over the term of the issue to the sale price does not exceed the lesser of the maximum rate~~
 159.25 ~~permitted by law for municipal obligations or ten percent.~~

159.26 (c) Any obligation may bear interest at a rate varying periodically at the time or times
 159.27 and on the terms, including convertibility to a fixed rate of interest, determined by the
 159.28 governing body of the municipality, but the rate of interest for any period shall not exceed
 159.29 any maximum rate of interest for the obligations established by law. For purposes of section
 159.30 475.61, subdivisions 1 and 3, the interest payable on variable rate obligations for their term
 159.31 shall be determined as if their rate of interest is the lesser of the maximum rate of interest
 159.32 payable on the obligations in accordance with their terms or the rate estimated for such
 159.33 purpose by the governing body, but if the interest rate is subsequently converted to a fixed
 159.34 rate the levy may be modified to provide at least five percent in excess of amounts necessary

160.1 to pay principal of and interest at the fixed rate on the obligations when due. For purposes
160.2 of computing debt service or interest pursuant to section 475.67, subdivision 12, interest
160.3 throughout the term of bonds issued pursuant to this subdivision is deemed to accrue at the
160.4 rate of interest first borne by the bonds. The provisions of this paragraph do not apply to
160.5 general obligations issued by a statutory or home rule charter city with a population of less
160.6 than 7,500, as defined in section 477A.011, subdivision 3, or to general obligations that are
160.7 not rated A or better, or an equivalent subsequently established rating, by Standard and
160.8 Poor's Corporation, Moody's Investors Service or other similar nationally recognized rating
160.9 agency, except that any statutory or home rule charter city, regardless of population or bond
160.10 rating, may issue variable rate obligations as a participant in a bond pooling program
160.11 established by the League of Minnesota Cities that meets this bond rating requirement.

160.12 Sec. 6. Minnesota Statutes 2020, section 475.58, subdivision 3b, is amended to read:

160.13 Subd. 3b. **Street reconstruction and bituminous overlays.** (a) A municipality may,
160.14 without regard to the election requirement under subdivision 1, issue and sell obligations
160.15 for street reconstruction or bituminous overlays, if the following conditions are met:

160.16 (1) the streets are reconstructed or overlaid under a street reconstruction or overlay plan
160.17 that describes the street reconstruction or overlay to be financed, the estimated costs, and
160.18 any planned reconstruction or overlay of other streets in the municipality over the next five
160.19 years, and the plan and issuance of the obligations has been approved by a vote of a two-thirds
160.20 majority of the members of the governing body present at the meeting following a public
160.21 hearing for which notice has been published in the official newspaper at least ten days but
160.22 not more than 28 days prior to the hearing; and

160.23 (2) if a petition requesting a vote on the issuance is signed by voters equal to five percent
160.24 of the votes cast in the last municipal general election and is filed with the municipal clerk
160.25 within 30 days of the public hearing, the municipality may issue the bonds only after
160.26 obtaining the approval of a majority of the voters voting on the question of the issuance of
160.27 the obligations. If the municipality elects not to submit the question to the voters, the
160.28 municipality shall not propose the issuance of bonds under this section for the same purpose
160.29 and in the same amount for a period of 365 days from the date of receipt of the petition. If
160.30 the question of issuing the bonds is submitted and not approved by the voters, the provisions
160.31 of section 475.58, subdivision 1a, shall apply.

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

161.1 (c) For purposes of this subdivision, street reconstruction and bituminous overlays
 161.2 ~~includes~~ include but are not limited to: utility replacement and relocation and other activities
 161.3 incidental to the street reconstruction; the addition or reconstruction of turn lanes, bicycle
 161.4 lanes, sidewalks, paths, and other improvements having a substantial public safety function;;
 161.5 realignments; and other modifications to intersect with state and county roads;; and the local
 161.6 share of state and county road projects. For purposes of this subdivision, "street
 161.7 reconstruction" includes expenditures for street reconstruction that have been incurred by
 161.8 a municipality before approval of a street reconstruction plan, if such expenditures are
 161.9 included in a street reconstruction plan approved on or before the date of the public hearing
 161.10 under paragraph (a), clause (1), regarding issuance of bonds for such expenditures.

161.11 (d) Except in the case of turn lanes, bicycle lanes, sidewalks, paths, and other safety
 161.12 improvements; realignments; intersection modifications; and the local share of state and
 161.13 county road projects, street reconstruction and bituminous overlays does not include the
 161.14 portion of project cost allocable to widening a street or adding curbs and gutters where none
 161.15 previously existed.

161.16 Sec. 7. Minnesota Statutes 2020, section 475.60, subdivision 1, is amended to read:

161.17 Subdivision 1. **Advertisement.** All obligations shall be negotiated and sold by the
 161.18 governing body, except when authority therefor is delegated by the governing body or by
 161.19 the charter of the municipality to a board, department, or officers of the municipality. ~~Except~~
 161.20 ~~as provided in section 475.56, obligations shall be sold at not less than par value plus accrued~~
 161.21 ~~interest to date of delivery and not greater than two percent greater than the amount~~
 161.22 ~~authorized to be issued plus accrued interest.~~ Except as provided in subdivision 2 all
 161.23 obligations shall be sold at competitive sale after notice given as provided in subdivision
 161.24 3.

161.25 Sec. 8. Minnesota Statutes 2020, section 475.67, subdivision 8, is amended to read:

161.26 Subd. 8. **Escrow account securities.** Securities purchased for the escrow account shall
 161.27 be limited to:

161.28 (1) general obligations of the United States, securities whose principal and interest
 161.29 payments are guaranteed by the United States, including but not limited to Resolution
 161.30 Funding Corporation Interest Separate Trading of Registered Interest and Principal of
 161.31 Securities and United States Agency for International Development Bonds, and securities
 161.32 issued by ~~the following agencies of the United States: Banks for Cooperatives,~~ United States
 161.33 government-sponsored enterprises including but not limited to Federal Home Loan Banks,

162.1 ~~Federal Intermediate Credit Banks, Federal Land Banks, and the Federal Farm Credit System,~~
 162.2 ~~the Federal National Mortgage Association, or the Federal Home Loan Mortgage Corporation;~~
 162.3 or

162.4 (2) obligations issued or guaranteed by any state or any political subdivision of a state,
 162.5 which at the date of purchase are rated in the highest or the next highest rating category by
 162.6 Standard and Poor's Corporation, Moody's Investors Service, or a similar nationally
 162.7 recognized rating agency, but not less than the rating on the refunded bonds immediately
 162.8 prior to the refunding.

162.9 "Rating category," as used in this subdivision, means a generic securities rating category,
 162.10 without regard in the case of a long-term rating category to any refinement or gradation of
 162.11 such long-term rating category by a numerical modifier or otherwise.

162.12 Sec. 9. **REPEALER.**

162.13 Minnesota Statutes 2020, section 469.055, subdivision 7, is repealed.

162.14 **ARTICLE 11**
 162.15 **MISCELLANEOUS**

162.16 Section 1. Minnesota Statutes 2020, section 3.192, is amended to read:

162.17 **3.192 REQUIREMENTS FOR NEW OR RENEWED TAX EXPENDITURES.**

162.18 (a) Any bill that creates, renews, or continues a tax expenditure must include a statement
 162.19 of intent that clearly provides the purpose of the tax expenditure and a standard or goal
 162.20 against which its effectiveness may be measured.

162.21 (b) For purposes of this section, "tax expenditure" has the meaning given in section
 162.22 270C.11, subdivision 6.

162.23 (c) Any bill that creates a new tax expenditure or continues an expiring tax expenditure
 162.24 must include an expiration date for the tax expenditure that is no more than eight years from
 162.25 the day the provision takes effect.

162.26 **EFFECTIVE DATE.** This section is effective beginning with the 2022 legislative
 162.27 session.

162.28 Sec. 2. Minnesota Statutes 2020, section 3.8853, subdivision 2, is amended to read:

162.29 Subd. 2. **Director; staff.** (a) The Legislative Budget Office Oversight Commission must
 162.30 appoint a director and establish the director's duties. The director may hire staff necessary

163.1 to do the work of the office. The director serves in the unclassified service for a term of six
163.2 years and may not be removed during a term except for cause after a public hearing.

163.3 (b) The director and staff hired under this section must provide professional and technical
163.4 assistance to the Tax Expenditure Review Commission under section 3.8855.

163.5 Sec. 3. [3.8855] TAX EXPENDITURE REVIEW COMMISSION.

163.6 Subdivision 1. Establishment. The Tax Expenditure Review Commission is created to
163.7 review Minnesota's tax expenditures and evaluate their effectiveness and fiscal impact.

163.8 Subd. 2. Definitions. For the purposes of this section, "significant tax expenditure,"
163.9 "tax," and "tax expenditure" have the meanings given in section 270C.11, subdivision 6.

163.10 Subd. 3. Membership. (a) The commission consists of:

163.11 (1) two senators appointed by the senate majority leader;

163.12 (2) two senators appointed by the senate minority leader;

163.13 (3) two representatives appointed by the speaker of the house;

163.14 (4) two representatives appointed by the minority leader of the house of representatives;

163.15 and

163.16 (5) the commissioner of revenue or the commissioner's designee.

163.17 (b) Each appointing authority must make appointments by January 31 of the regular
163.18 legislative session in the odd-numbered year.

163.19 (c) If the chair of the house or senate committee with primary jurisdiction over taxes is
163.20 not an appointed member, the chair is an ex officio, nonvoting member of the commission.

163.21 Subd. 4. Duties. (a) In the first three years after the commission is established, the
163.22 commission must complete an initial review of the state's tax expenditures. The initial review
163.23 must identify the purpose of each of the state's tax expenditures, if none was identified in
163.24 the enacting legislation in accordance with section 3.192. The commission may also identify
163.25 metrics for evaluating the effectiveness of an expenditure.

163.26 (b) In each year following the initial review under paragraph (a), the commission must
163.27 review and evaluate Minnesota's tax expenditures on a regular, rotating basis. The
163.28 commission must establish a review schedule that ensures each tax expenditure will be
163.29 reviewed by the commission at least once every ten years. The commission may review
163.30 expenditures affecting similar constituencies or policy areas in the same year, but the
163.31 commission must review a subset of the tax expenditures within each tax type each year.

164.1 To the extent possible, the commission must review a similar number of tax expenditures
164.2 within each tax type each year. The commission may decide not to review a tax expenditure
164.3 that is adopted by reference to federal law.

164.4 (c) Before December 1 of the year a tax expenditure is included in a commission report,
164.5 the commission must hold a public hearing on the expenditure, including but not limited to
164.6 a presentation of the review components in subdivision 5.

164.7 Subd. 5. **Components of review.** (a) When reviewing a tax expenditure, the commission
164.8 must at a minimum:

164.9 (1) provide an estimate of the annual revenue lost as a result of the expenditure;

164.10 (2) identify the purpose of the tax expenditure if none was identified in the enacting
164.11 legislation in accordance with section 3.192;

164.12 (3) estimate the measurable impacts and efficiency of the tax expenditure in
164.13 accomplishing the purpose of the expenditure;

164.14 (4) compare the effectiveness of the tax expenditure and a direct expenditure with the
164.15 same purpose;

164.16 (5) identify potential modifications to the tax expenditure to increase its efficiency or
164.17 effectiveness;

164.18 (6) estimate the amount by which the tax rate for the relevant tax could be reduced if
164.19 the revenue lost due to the tax expenditure were applied to a rate reduction;

164.20 (7) if the tax expenditure is a significant tax expenditure, estimate the incidence of the
164.21 tax expenditure and the effect of the expenditure on the incidence of the state's tax system;

164.22 (8) consider the cumulative fiscal impacts of other state and federal taxes providing
164.23 benefits to taxpayers for similar activities; and

164.24 (9) recommend whether the expenditure be continued, repealed, or modified.

164.25 (b) The commission may omit a component in paragraph (a) if the commission determines
164.26 it is not feasible due to the lack of available data, third-party research, staff resources, or
164.27 lack of a majority support for a recommendation.

164.28 Subd. 6. **Department of Revenue; research support.** (a) The research division of the
164.29 Department of Revenue must provide the commission with the summary data required to
164.30 complete the review components in subdivision 5, paragraph (a), clauses (1), (6), (7), and
164.31 (8).

165.1 (b) At the request of the commission, the research division of the Department of Revenue
165.2 must provide the commission with summary data on a tax expenditure in support of a review.

165.3 (c) Data shared under this section must comply with the rules governing statistical studies
165.4 under section 270B.04, subdivision 2.

165.5 Subd. 7. **Report to legislature.** (a) By December 15 of each year, the commission must
165.6 submit a written report to the legislative committees with jurisdiction over tax policy. The
165.7 report must detail the results of the commission's review of tax expenditures in the previous
165.8 calendar year, including the review components detailed in subdivision 5.

165.9 (b) Notwithstanding paragraph (a), during the period of initial review under subdivision
165.10 4, the report may be limited to the purpose statements and metrics for evaluating the
165.11 effectiveness of expenditures, as identified by the commission. The report may also include
165.12 relevant publicly available data on an expenditure.

165.13 (c) The report may include any additional information the commission deems relevant
165.14 to the review of an expenditure.

165.15 (d) The legislative committees with jurisdiction over tax policy must hold a public
165.16 hearing on the report during the regular legislative session in the year following the year in
165.17 which the report was submitted.

165.18 Subd. 8. **Terms; vacancies.** (a) Members of the commission serve a term beginning
165.19 upon appointment and ending at the beginning of the regular legislative session in the next
165.20 odd-numbered year. The appropriate appointing authority must fill a vacancy for a seat of
165.21 a current legislator for the remainder of the unexpired term. Members may be removed or
165.22 replaced at the pleasure of the appointing authority.

165.23 (b) If a commission member ceases to be a member of the legislative body from which
165.24 the member was appointed, the member vacates membership on the commission.

165.25 Subd. 9. **Officers.** The commission shall elect a chair and vice-chair as presiding officers.
165.26 The chair and vice-chair must alternate every two years between members of the house of
165.27 representatives and senate. The chair and vice-chair may not be from the same legislative
165.28 chamber.

165.29 Subd. 10. **Staff.** Legislative Budget Office staff hired under section 3.8853, subdivision
165.30 2, must provide professional and technical assistance to the commission as the commission
165.31 deems necessary, including assistance with the report under subdivision 7.

165.32 Subd. 11. **Expenses.** The members of the commission and its staff shall be reimbursed
165.33 for all expenses actually and necessarily incurred in the performance of their duties.

166.1 Reimbursement for expenses incurred shall be made in accordance with policies adopted
 166.2 by the Legislative Coordinating Commission.

166.3 **EFFECTIVE DATE; SPECIAL PROVISIONS.** (a) This section is effective the day
 166.4 following final enactment.

166.5 (b) Appointing authorities for the commission must make initial appointments by January
 166.6 15, 2022. The speaker of the house must designate one member of the commission to convene
 166.7 the first meeting of the commission by July 1, 2022. The first report of the commission
 166.8 under Minnesota Statutes, section 3.8855, subdivision 7, is due on December 15, 2022.

166.9 **Sec. 4. [10.65] GOVERNMENT-TO-GOVERNMENT RELATIONSHIP WITH**
 166.10 **TRIBAL GOVERNMENTS.**

166.11 **Subdivision 1. Recognition of Tribal status and relationship with the state of**
 166.12 **Minnesota.** (a) The state of Minnesota is home to 11 federally recognized Indian Tribes
 166.13 with elected Tribal government officials. The state of Minnesota acknowledges and supports
 166.14 the unique status of the Minnesota Tribes and their absolute right to existence,
 166.15 self-governance, and self-determination.

166.16 (b) The United States and the state of Minnesota have a unique relationship with federally
 166.17 recognized Indian Tribes, formed by the Constitution of the United States, treaties, statutes,
 166.18 case law, and agreements.

166.19 (c) The state of Minnesota and the Minnesota Tribal governments significantly benefit
 166.20 from working together, learning from one another, and partnering where possible.

166.21 (d) Timely and meaningful consultation between the state of Minnesota and Minnesota
 166.22 Tribal governments will facilitate better understanding and informed decision-making by
 166.23 allowing for communication on matters of mutual interest and help to establish mutually
 166.24 respectful and beneficial relationships between the state and Minnesota Tribal governments.

166.25 **Subd. 2. Definitions.** (a) As used in this section, the following terms have the meanings
 166.26 given:

166.27 (1) "agency" means the Department of Administration, Department of Agriculture,
 166.28 Department of Commerce, Department of Corrections, Department of Education, Department
 166.29 of Employment and Economic Development, Department of Health, Office of Higher
 166.30 Education, Housing Finance Agency, Department of Human Rights, Department of Human
 166.31 Services, Office of MN.IT Services, Department of Iron Range Resources and Rehabilitation,
 166.32 Department of Labor and Industry, Minnesota Management and Budget, Bureau of Mediation
 166.33 Services, Department of Military Affairs, Metropolitan Council, Department of Natural

167.1 Resources, Pollution Control Agency, Department of Public Safety, Department of Revenue,
 167.2 Department of Transportation, Department of Veterans Affairs, Gambling Control Board,
 167.3 Racing Commission, the Minnesota Lottery, the Animal Health Board, and the Board of
 167.4 Water and Soil Resources;

167.5 (2) "consultation" means the direct and interactive involvement of the Minnesota Tribal
 167.6 governments in the development of policy on matters that have Tribal implications.
 167.7 Consultation is the proactive, affirmative process of identifying and seeking input from
 167.8 appropriate Tribal governments and considering their interest as a necessary and integral
 167.9 part of the decision-making process. This definition adds to statutorily mandated notification
 167.10 procedures. During a consultation, the burden is on the agency to show that it has made a
 167.11 good faith effort to elicit feedback. Consultation is a formal engagement between agency
 167.12 officials and the governing body or bodies of an individual Minnesota Tribal government
 167.13 that the agency or an individual Tribal government may initiate. Formal meetings or
 167.14 communication between top agency officials and the governing body of a Minnesota Tribal
 167.15 government is a necessary element of consultation;

167.16 (3) "matters that have Tribal implications" means rules, legislative proposals, policy
 167.17 statements, or other actions that have substantial direct effects on one or more Minnesota
 167.18 Tribal governments, or on the distribution of power and responsibilities between the state
 167.19 and Minnesota Tribal governments;

167.20 (4) "Minnesota Tribal governments" means the federally recognized Indian Tribes located
 167.21 in Minnesota including: Bois Forte Band; Fond Du Lac Band; Grand Portage Band; Leech
 167.22 Lake Band; Mille Lacs Band; White Earth Band; Red Lake Nation; Lower Sioux Indian
 167.23 Community; Prairie Island Indian Community; Shakopee Mdewakanton Sioux Community;
 167.24 and Upper Sioux Community; and

167.25 (5) "timely and meaningful" means done or occurring at a favorable or useful time that
 167.26 allows the result of consultation to be included in the agency's decision-making process for
 167.27 a matter that has Tribal implications.

167.28 Subd. 3. **Consultation duties.** (a) An agency must recognize the unique legal relationship
 167.29 between the state of Minnesota and the Minnesota Tribal governments, respect the
 167.30 fundamental principles that establish and maintain this relationship, and accord Tribal
 167.31 governments the same respect accorded to other governments.

167.32 (b) An agency must, in consultation with Minnesota Tribal governments, implement
 167.33 Tribal consultation policies to comply with this section and guide the agency's work with
 167.34 Minnesota Tribal governments, and must submit these policies to the governor and lieutenant

168.1 governor. Tribal consultation policies should address the communication protocols for each
168.2 Minnesota Tribal government, which should be developed in coordination with
168.3 representatives of each Minnesota Tribal government. An agency must update the Tribal
168.4 consultation policies as often as required in order to facilitate timely and meaningful
168.5 consultation, but no less than biannually.

168.6 (c) Consultation under this section is a duty of an agency to consult with the governing
168.7 body or bodies of each individual Minnesota Tribal government. Coordination with groups
168.8 or entities that have representation on some or all of the governing bodies of the Minnesota
168.9 Tribal governments, such as the Minnesota Indian Affairs Council or the Minnesota
168.10 Chippewa Tribe, is encouraged but does not satisfy an agency's duty to consult with
168.11 individual Minnesota Tribal governments on matters that have Tribal implications. If a
168.12 matter has implications for one Minnesota Tribal government, but not others, the agency's
168.13 duty is to only consult those Minnesota Tribal governments affected.

168.14 (d) An agency must consult with each Minnesota Tribal government at least annually,
168.15 and as often as is required to address matters that have Tribal implications.

168.16 (e) An agency must consult with Minnesota Tribal governments on legislative and fiscal
168.17 matters that affect one or all Minnesota Tribal governments or their members to identify
168.18 priority issues in order to allow agencies to proactively engage Minnesota Tribal governments
168.19 in the agency's development of legislative and fiscal proposals in time for submission into
168.20 the governor's recommended budget and legislative proposals each year.

168.21 (f) An agency must develop and maintain ongoing consultation with the Minnesota
168.22 Tribal governments related to matters that have Tribal implications. Agencies must consider
168.23 the input gathered from Tribal consultation into their decision-making processes, with the
168.24 goal of achieving mutually beneficial solutions.

168.25 (g) An agency and a Minnesota Tribal government may agree that a formal consultation
168.26 is not necessary for a given year on a given matter that has Tribal implications, and the
168.27 agency must keep a written record of this decision.

168.28 (h) The prospective duty to consult does not apply to action on a matter that has Tribal
168.29 implications if immediate action is required to address a present and immediate threat to
168.30 the health, safety, or welfare of Minnesota citizens. For these actions, every effort should
168.31 be made to communicate, and formal consultation should occur as soon as possible. The
168.32 duty to consult also does not apply to criminal proceedings or other investigations or legal
168.33 proceedings that prohibit an agency from disclosure.

169.1 (i) An agency must designate a Tribal liaison to assume responsibility for implementation
169.2 of the Tribal consultation policy and to serve as the principal point of contact for Minnesota
169.3 Tribal governments. The Tribal liaison must be able to directly and regularly meet and
169.4 communicate with the agency's commissioner and deputy and assistant commissioners in
169.5 order to appropriately conduct government-to-government consultation and cooperation.

169.6 (j) The state has instituted Tribal-state government relations training, which is the
169.7 foundation and basis of all other Tribal government relations training sources. All agencies
169.8 must direct certain staff to complete available training to foster a collaborative relationship
169.9 between the state of Minnesota and Minnesota Tribal governments, and to facilitate timely
169.10 and meaningful consultation. In addition to all commissioners, deputy commissioners, and
169.11 assistant commissioners, at a minimum all agency employees whose work is likely to include
169.12 matters that have Tribal implications must attend Tribal-state relations training. Tribal
169.13 liaisons must actively support and participate in the Tribal-state relations training.

169.14 (k) Any agency or board that is not listed in the definition of agency in subdivision 2 is
169.15 encouraged to and may engage in consultation and communication with the Minnesota
169.16 Tribal governments for all matters that have Tribal implications.

169.17 Subd. 4. **Applicability.** Nothing in this section requires the state or an agency to violate
169.18 or ignore any laws, rules, directives, or other legal requirements or obligations imposed by
169.19 state or federal law or set forth in agreements or compact between one or more Minnesota
169.20 Tribal governments or any other Tribal government and the state or its agencies. This section
169.21 is not intended to, and does not, create any right to administrative or judicial review, or any
169.22 other right, benefit, or responsibility, substantive or procedural, enforceable against the state
169.23 of Minnesota, its agencies or instrumentalities, its officers or employees, or its subdivisions
169.24 or any other persons. Nothing in this section prohibits or limits any agency from asserting
169.25 any rights or pursuing any administrative or judicial action under state or federal law to
169.26 effectuate the interests of the state of Minnesota or any of its agencies. Nothing in this
169.27 section is intended to alter or reduce the state's duties to individual Minnesota citizens
169.28 including those of Native American descent.

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

169.30 Sec. 5. Minnesota Statutes 2020, section 16A.152, subdivision 2, as amended by Laws
169.31 2021, chapter 31, article 1, section 9, is amended to read:

169.32 Subd. 2. **Additional revenues; priority.** (a) If on the basis of a forecast of general fund
169.33 revenues and expenditures, the commissioner of management and budget determines that
169.34 there will be a positive unrestricted budgetary general fund balance at the close of the

170.1 biennium, the commissioner of management and budget must allocate money to the following
170.2 accounts and purposes in priority order:

170.3 (1) the cash flow account established in subdivision 1 until that account reaches
170.4 \$350,000,000;

170.5 (2) the budget reserve account established in subdivision 1a until that account reaches
170.6 ~~\$1,596,522,000~~ \$2,377,399,000;

170.7 (3) the amount necessary to increase the aid payment schedule for school district aids
170.8 and credits payments in section 127A.45 to not more than 90 percent rounded to the nearest
170.9 tenth of a percent without exceeding the amount available and with any remaining funds
170.10 deposited in the budget reserve;

170.11 (4) the amount necessary to restore all or a portion of the net aid reductions under section
170.12 127A.441 and to reduce the property tax revenue recognition shift under section 123B.75,
170.13 subdivision 5, by the same amount; and

170.14 (5) the amount necessary to increase the Minnesota 21st century fund by not more than
170.15 the difference between \$5,000,000 and the sum of the amounts credited and canceled to it
170.16 in the previous 12 months under Laws 2020, chapter 71, article 1, section 11, until the sum
170.17 of all transfers under this section and all amounts credited or canceled under Laws 2020,
170.18 chapter 71, article 1, section 11, equals \$20,000,000.

170.19 (b) The amounts necessary to meet the requirements of this section are appropriated
170.20 from the general fund within two weeks after the forecast is released or, in the case of
170.21 transfers under paragraph (a), clauses (3) and (4), as necessary to meet the appropriations
170.22 schedules otherwise established in statute.

170.23 (c) The commissioner of management and budget shall certify the total dollar amount
170.24 of the reductions under paragraph (a), clauses (3) and (4), to the commissioner of education.
170.25 The commissioner of education shall increase the aid payment percentage and reduce the
170.26 property tax shift percentage by these amounts and apply those reductions to the current
170.27 fiscal year and thereafter.

170.28 **EFFECTIVE DATE.** This section is effective July 1, 2021.

170.29 Sec. 6. Minnesota Statutes 2020, section 41A.19, is amended to read:

170.30 **41A.19 REPORT; INCENTIVE PROGRAMS.**

170.31 By January 15 each year, the commissioner shall report on the incentive programs under
170.32 sections 41A.16, 41A.17, ~~and~~ 41A.18, 41A.20, and 41A.21 to the legislative committees

171.1 with jurisdiction over environment and agriculture policy and finance. The report shall
171.2 include information on production and incentive expenditures under the programs.

171.3 **Sec. 7. [41A.21] ORIENTED STRAND BOARD PRODUCTION INCENTIVE.**

171.4 **Subdivision 1. Definitions.** (a) For the purposes of this section, the terms defined in this
171.5 subdivision have the meanings given them.

171.6 (b) "Commissioner" means the commissioner of agriculture.

171.7 (c) "Forest resources" means raw wood logs and material primarily made up of cellulose,
171.8 hemicellulose, or lignin, or a combination of those ingredients.

171.9 (d) "Oriented strand board" or "OSB" means a material manufactured into panels using
171.10 forest resources.

171.11 **Subd. 2. Eligibility.** (a) A facility eligible for payment under this section must source
171.12 at least 80 percent of its forest resources raw materials from Minnesota. The facility must
171.13 be located in Minnesota; must begin construction activities by December 31, 2022, for a
171.14 specific location; must begin production at a specific location by June 30, 2025; and must
171.15 not begin operating before January 1, 2022. Eligible facilities must be new OSB construction
171.16 sites with total capital investment in excess of \$250,000,000. Eligible OSB production
171.17 facilities must produce at least 200,000,000 OSB square feet on a 3/8 inch nominal basis
171.18 of OSB each year. At least one product produced at the facility should be a wood-based
171.19 wall or roof structural sheathing panel that has an integrated, cellulose-based paper overlay
171.20 that serves as a water resistive barrier.

171.21 (b) No payments shall be made for OSB production that occurs after June 30, 2036, for
171.22 those eligible producers under paragraph (a).

171.23 (c) An eligible producer of OSB shall not transfer the producer's eligibility for payments
171.24 under this section to a facility at a different location.

171.25 (d) A producer that ceases production for any reason is ineligible to receive payments
171.26 under this section until the producer resumes production.

171.27 **Subd. 3. Payment amounts; limits.** (a) The commissioner shall make payments to
171.28 eligible producers of OSB. The amount of the payment for each eligible producer's annual
171.29 production is \$7.50 per 1,000 OSB square feet on a 3/8 inch nominal basis of OSB produced
171.30 at a specific location for ten years starting after the first calendar year in which production
171.31 begins.

172.1 (b) Total payments under this section to an eligible OSB producer in a fiscal year may
172.2 not exceed the amount necessary for 400,000,000 OSB square feet on a 3/8 inch nominal
172.3 basis of OSB produced. Total payments under this section to all eligible OSB producers in
172.4 a fiscal year may not exceed the amount necessary for 400,000,000 OSB square feet on a
172.5 3/8 inch nominal basis of OSB produced. If the total amount for which all producers are
172.6 eligible in a quarter exceeds the amount available for payments, the commissioner shall
172.7 make the payments on a pro rata basis.

172.8 (c) For purposes of this section, an entity that holds a controlling interest in more than
172.9 one OSB facility is considered a single eligible producer.

172.10 Subd. 4. **Forest resources requirements.** Forest resources that are purchased to be used
172.11 at the facility must be in compliance with one or more of the following: the Sustainable
172.12 Forestry Initiative Fiber Sourcing Standard, the Forest Stewardship Council Chain of Custody
172.13 Standard, or the Forest Stewardship Controlled Wood Standard. For forest resources that
172.14 come from land parcels greater than 160 acres, all efforts must be made to procure from
172.15 land that is certified by one or more of the following: the Forest Stewardship Council Forest
172.16 Management Standard, the Sustainable Forestry Initiative Forest Management Standard, or
172.17 the American Tree Farm System.

172.18 Subd. 5. **Claims.** (a) By the last day of October, January, April, and July, each eligible
172.19 OSB producer shall file a claim for payment for OSB production during the preceding three
172.20 calendar months. An eligible OSB producer that files a claim under this subdivision shall
172.21 include a statement of the eligible producer's total board feet of OSB produced during the
172.22 quarter covered by the claim. For each claim and statement of total board feet of OSB filed
172.23 under this subdivision, the board feet of OSB produced must be examined by a certified
172.24 public accounting firm with a valid permit to practice under chapter 326A, in accordance
172.25 with Statements on Standards for Attestation Engagements established by the American
172.26 Institute of Certified Public Accountants.

172.27 (b) The commissioner must issue payments by November 15, February 15, May 15, and
172.28 August 15. A separate payment must be made for each claim filed.

172.29 Subd. 6. **Appropriation.** (a) In fiscal year 2025, a sum sufficient to make the payments
172.30 required by this section, not to exceed \$1,500,000, is appropriated from the general fund to
172.31 the commissioner. This is a onetime appropriation.

172.32 (b) From fiscal year 2026 through fiscal year 2034, a sum sufficient to make the payments
172.33 required by this section, not to exceed \$3,000,000 in a fiscal year, is annually appropriated
172.34 from the general fund to the commissioner.

173.1 Sec. 8. [116J.9924] CAPITAL IMPROVEMENT PROJECT GRANTS FOR
173.2 NONPROFITS AND LOCAL GOVERNMENTS FOR ECONOMICALLY
173.3 DISADVANTAGED PEOPLE AND AREAS.

173.4 Subdivision 1. Definitions. For purposes of this section, the following terms have the
173.5 meanings given:

173.6 (1) "capital improvement project" means betterment of land, buildings, or other fixed
173.7 assets that will primarily serve people who are economically disadvantaged or are located
173.8 in an economically disadvantaged area. A capital improvement project must have a useful
173.9 life of at least ten years;

173.10 (2) "governing body of a local governmental unit" means the city council, board of
173.11 county commissioners, town board of supervisors, board of trustees, board of regents, or
173.12 other body charged with governing a political subdivision of the state;

173.13 (3) "governing body of a nonprofit organization" means the board of directors of the
173.14 organization;

173.15 (4) "local unit of government" means a county, city, town, special district, public higher
173.16 education institution, American Indian Tribal government entity located within a federally
173.17 recognized American Indian reservation, or other political subdivision or public corporation;
173.18 and

173.19 (5) "nonprofit organization" means an organization organized under section 501(c)(3)
173.20 of the Internal Revenue Code or a Tribal nonprofit under section 7871 of the Internal Revenue
173.21 Code.

173.22 Subd. 2. Grant program. (a) The commissioner must award grants to local units of
173.23 government and nonprofit organizations for capital improvement projects, in an amount not
173.24 to exceed \$1,000,000 per grant and subject to the nonstate match requirement in subdivision
173.25 3, from appropriations for this purpose. A determination of whether to make a grant is within
173.26 the discretion of the commissioner, subject to requirements in this section, based on
173.27 availability of funds for the program and the prioritization of applications under subdivision
173.28 4. In selecting projects for grants, the commissioner must make an appropriate balance
173.29 between metropolitan areas and greater Minnesota.

173.30 (b) The commissioner shall develop forms and procedures for soliciting and reviewing
173.31 applications for capital improvement projects grants from nonprofit organizations and local
173.32 units of government.

174.1 (c) The commissioner must require an applicant for a grant under this section to provide
174.2 the following information in an application:

174.3 (1) a description of the capital project to be funded by the grant;

174.4 (2) the rationale for the project, including a description of the services provided and
174.5 populations served by the applicant, and a description of the services and populations that
174.6 will be served by the project;

174.7 (3) the total cost of the project and the cost of individual phases of the project, including
174.8 predesign, design, construction, engineering, furnishing, and equipping;

174.9 (4) the requested grant amount;

174.10 (5) the property owner of the facility to be constructed or improved;

174.11 (6) the public purpose achieved by the project;

174.12 (7) an estimated timeline for completion of individual phases of the project;

174.13 (8) an estimate of the annual operating costs for the completed project;

174.14 (9) for an applicant that is a local governmental unit, a resolution of its governing body,
174.15 documenting that money from nonstate sources in an amount sufficient to complete the
174.16 project is available and committed to the project;

174.17 (10) for an applicant that is a nonprofit organization, a letter of the governing body for
174.18 the nonprofit organization, documenting that the money from nonstate sources in an amount
174.19 sufficient to complete the project is available and committed to the project;

174.20 (11) the applicant's plan for capital improvements and plans for funding its capital
174.21 improvements; and

174.22 (12) any additional information or material the commissioner prescribes.

174.23 Subd. 3. **Match.** The commissioner may not award a grant for which the applicant does
174.24 not provide nonstate funds for the project. The commissioner may not award a grant that
174.25 exceeds one-half the total cost of the project, unless the project is located in an area with a
174.26 very low average net tax capacity, the applicant demonstrates that the applicant is
174.27 experiencing hardship, or the applicant represents or serves underserved communities. For
174.28 purposes of this section, "very low net tax capacity" means a city below the median net tax
174.29 capacity per capita.

174.30 Subd. 4. **Prioritizing applications.** (a) The commissioner shall evaluate and prioritize
174.31 eligible projects based on the following characteristics:

- 175.1 (1) the degree to which the project addresses needs for an underserved community, an
175.2 economically disadvantaged area, or people who are economically disadvantaged;
- 175.3 (2) the degree to which the project provides health or life safety benefits;
- 175.4 (3) demonstration of local support;
- 175.5 (4) the degree to which the project provides necessary repairs or replacement of existing
175.6 capital assets; and
- 175.7 (5) the applicant's demonstrated commitment to the project, as indicated by the percentage
175.8 of the cost of the project to be funded with nonstate money and whether the project is
175.9 consistent with the applicant's capital improvement plans.
- 175.10 (b) The factors in paragraph (a) are not listed in a rank order of priority; rather, the
175.11 commissioner may weigh each factor as the commissioner considers appropriate.
- 175.12 Subd. 5. **Availability of funds.** Money granted under this section is available subject
175.13 to section 16A.642.
- 175.14 Subd. 6. **Repayment on sale or conveyance.** (a) A recipient of a grant under this section
175.15 may only sell or convey property that is acquired or bettered with a grant under this section
175.16 for fair market value.
- 175.17 (b) If a recipient of a grant under this section sells or conveys the property acquired or
175.18 improved solely with money granted under this section within 20 years of the grant
175.19 agreement, the grant recipient must pay the net proceeds of the sale to the commissioner of
175.20 management and budget and the commissioner must deposit the money in the state treasury.
- 175.21 (c) If a recipient of a grant under this section sells or conveys the property acquired or
175.22 improved partly with money granted under this section within 20 years of the grant
175.23 agreement, the net proceeds of sale must be used: first, to pay the state the amount of the
175.24 grant used to acquire or better the property; second, to pay in full any outstanding public
175.25 or private debt incurred to acquire or better the property; and third, to pay interested public
175.26 and private entities, other than any public officer or agency or any private lender already
175.27 paid in full, the amount of money contributed to the acquisition or betterment of the property.
175.28 Any excess over the amount needed for those purposes must be divided in proportion to the
175.29 shares contributed to the acquisition or betterment of the property and paid to the interested
175.30 public and private entities, other than any private lender already paid in full, and the proceeds
175.31 are appropriated for this purpose. In calculating the share contributed by each entity, the
175.32 amount to be attributed to the owner of the property shall be the fair market value of the
175.33 property that was bettered by the grant money at the time the betterment began.

176.1 (d) For purposes of this subdivision, "public officer or agency" means a state officer or
176.2 agency; the University of Minnesota; the Minnesota Historical Society; and any county,
176.3 home rule charter or statutory city, school district, special purpose district, or other public
176.4 entity, or any officer or employee thereof. For the purposes of this subdivision, "fair market
176.5 value," with respect to the sale of state bond-financed property, means the price that would
176.6 be paid by a willing and qualified buyer to a willing and qualified seller as determined by
176.7 an appraisal of the property, or the price bid by a purchaser under a public-bid procedure
176.8 after reasonable public notice.

176.9 Subd. 7. **Report to legislature.** The commissioner must submit a report annually on
176.10 January 15 to the chairs and ranking minority members of the legislative committees with
176.11 jurisdiction over capital investment and economic development that details the grants
176.12 awarded under this section, including the total grants distributed, the recipients of the grants,
176.13 the services supported by the grants, and other information the commissioner deems pertinent.

176.14 **EFFECTIVE DATE.** This section is effective August 1, 2021.

176.15 Sec. 9. Minnesota Statutes 2020, section 270A.04, is amended by adding a subdivision to
176.16 read:

176.17 Subd. 5. **Private nonprofit hospital.** A private nonprofit hospital that leases its building
176.18 from the county or city in which it is located must annually provide the commissioner with
176.19 a copy of the lease agreement.

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

176.21 Sec. 10. Minnesota Statutes 2020, section 270B.13, is amended by adding a subdivision
176.22 to read:

176.23 Subd. 3. **Background check; access to federal tax information.** An individual
176.24 performing services for an independent contractor or a vendor under subdivision 1 who has
176.25 or will have access to federal tax information is subject to the requirements of section
176.26 299C.76.

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

176.28 Sec. 11. Minnesota Statutes 2020, section 270C.11, subdivision 2, is amended to read:

176.29 Subd. 2. **Preparation; submission.** The commissioner shall prepare a tax expenditure
176.30 budget for the state. The tax expenditure budget report shall be submitted to the legislature
176.31 by ~~February~~ November 1 of each even-numbered year.

177.1 **EFFECTIVE DATE.** This section is effective for tax expenditure budgets due on or
 177.2 after November 1, 2023.

177.3 Sec. 12. Minnesota Statutes 2020, section 270C.11, subdivision 4, is amended to read:

177.4 Subd. 4. **Contents.** (a) The report shall detail for each tax expenditure item:

177.5 (1) the amount of tax revenue forgone;

177.6 (2) a citation of the statutory or other legal authority for the expenditure, and;

177.7 (3) the year in which it was enacted or the tax year in which it became effective;

177.8 (4) the purpose of the expenditure, as identified in the enacting legislation in accordance
 177.9 with section 3.192 or by the Tax Expenditure Review Commission;

177.10 (5) the incidence of the expenditure, if it is a significant sales or income tax expenditure;

177.11 and

177.12 (6) the revenue-neutral amount by which the relevant tax rate could be reduced if the
 177.13 expenditure were repealed.

177.14 (b) The report may contain additional information which the commissioner considers
 177.15 relevant to the legislature's consideration and review of individual tax expenditure items.

177.16 This may include, but is not limited to, ~~statements of the intended purpose of the tax~~

177.17 ~~expenditure,~~ analysis of whether the expenditure is achieving that objective, and the effect

177.18 of the expenditure ~~device~~ on the ~~distribution of the tax burden~~ and administration of the tax

177.19 system.

177.20 **EFFECTIVE DATE.** This section is effective for tax expenditure budgets due on or
 177.21 after November 1, 2023.

177.22 Sec. 13. Minnesota Statutes 2020, section 270C.11, subdivision 6, is amended to read:

177.23 Subd. 6. **Definitions.** For purposes of this section, the following terms have the meanings
 177.24 given:

177.25 (1) "business tax credit" means:

177.26 (i) a credit against the corporate franchise tax claimed by a C corporation; or

177.27 (ii) a credit against the individual or fiduciary income tax claimed by a pass-through

177.28 entity that is allocated to its partners, members, or shareholders;

177.29 (2) "pass-through entity" means a partnership, limited liability corporation, or S

177.30 corporation;

178.1 (3) "significant tax expenditure" means a tax expenditure, but excluding any tax
 178.2 expenditure that:

178.3 (i) is incorporated into state law by reference to a federal definition of income;

178.4 (ii) results in a revenue reduction of less than \$10,000,000 per biennium; or

178.5 (iii) is a business tax credit;

178.6 (4) "tax expenditure" means a tax provision which provides a gross income definition,
 178.7 deduction, exemption, credit, or rate for certain persons, types of income, transactions, or
 178.8 property that results in reduced tax revenue, but excludes provisions used to mitigate tax
 178.9 pyramiding; and

178.10 ~~(2)~~ (5) "tax" means any tax of statewide application or any tax authorized by state law
 178.11 to be levied by local governments generally. It does not include a special local tax levied
 178.12 pursuant to special law or to a special local tax levied pursuant to general authority that is
 178.13 no longer applicable to local governments generally; and

178.14 (6) "tax pyramiding" means imposing sales taxes under chapter 297A on intermediate
 178.15 business-to-business transactions rather than sales to final consumers.

178.16 **EFFECTIVE DATE.** This section is effective for tax expenditure budgets due on or
 178.17 after November 1, 2023.

178.18 Sec. 14. Minnesota Statutes 2020, section 270C.13, subdivision 1, is amended to read:

178.19 Subdivision 1. **Biennial report.** (a) The commissioner shall report to the legislature ~~by~~
 178.20 ~~March 1 of each odd-numbered year~~ on the overall incidence of the income tax, sales and
 178.21 excise taxes, and property tax.

178.22 (b) The commissioner must submit the report:

178.23 (1) by March 1, 2021; and

178.24 (2) by March 1, 2024, and each even-numbered year thereafter.

178.25 (c) The report shall present information on the distribution of the tax burden as follows:

178.26 (1) for the overall income distribution, using a systemwide incidence measure such as the
 178.27 Suits index or other appropriate measures of equality and inequality; (2) by income classes,
 178.28 including at a minimum deciles of the income distribution; and (3) by other appropriate
 178.29 taxpayer characteristics.

178.30 **EFFECTIVE DATE.** This section is effective for tax incidence reports due on or after
 178.31 March 1, 2021.

179.1 Sec. 15. Minnesota Statutes 2020, section 297H.04, subdivision 2, is amended to read:

179.2 Subd. 2. **Rate.** (a) Commercial generators that generate nonmixed municipal solid waste
179.3 shall pay a solid waste management tax of 60 cents per noncompacted cubic yard of periodic
179.4 waste collection capacity purchased by the generator, based on the size of the container for
179.5 the nonmixed municipal solid waste, the actual volume, or the weight-to-volume conversion
179.6 schedule in paragraph (c). However, the tax must be calculated by the waste management
179.7 service provider using the same method for calculating the waste management service fee
179.8 so that both are calculated according to container capacity, actual volume, or weight.

179.9 (b) Notwithstanding section 297H.02, a residential generator that generates nonmixed
179.10 municipal solid waste shall pay a solid waste management tax in the same manner as provided
179.11 in paragraph (a).

179.12 (c) The ~~weight-to-volume conversion schedule~~ tax for:

179.13 (1) construction debris as defined in section 115A.03, subdivision 7, is equal to 60 cents
179.14 per cubic yard. The commissioner of revenue, after consultation with the commissioner of
179.15 the Pollution Control Agency, shall determine and ~~may~~ publish by notice a weight-to-volume
179.16 conversion schedule for construction debris;

179.17 (2) industrial waste as defined in section 115A.03, subdivision 13a, is equal to 60 cents
179.18 per cubic yard. The commissioner of revenue after consultation with the commissioner of
179.19 the Pollution Control Agency, shall determine, and ~~may~~ publish by notice, a
179.20 weight-to-volume conversion schedule for various industrial wastes; and

179.21 (3) infectious waste as defined in section 116.76, subdivision 12, and pathological waste
179.22 as defined in section 116.76, subdivision 14, is 150 pounds equals one cubic yard, or 60
179.23 cents per 150 pounds.

179.24 **EFFECTIVE DATE.** This section is effective July 1, 2021.

179.25 Sec. 16. Minnesota Statutes 2020, section 297H.05, is amended to read:

179.26 **297H.05 SELF-HAULERS.**

179.27 (a) A self-hauler of mixed municipal solid waste shall pay the tax to the operator of the
179.28 waste management facility to which the waste is delivered at the rate imposed under section
179.29 297H.03, based on the sales price of the waste management services.

179.30 (b) A self-hauler of nonmixed municipal solid waste shall pay the tax to the operator of
179.31 the waste management facility to which the waste is delivered at the rate imposed under
179.32 section 297H.04.

180.1 (c) The tax imposed on the self-hauler of nonmixed municipal solid waste may be based
 180.2 either on the capacity of the container, the actual volume, or the weight-to-volume conversion
 180.3 schedule in paragraph (d). However, the tax must be calculated by the operator using the
 180.4 same method for calculating the tipping fee so that both are calculated according to container
 180.5 capacity, actual volume, or weight.

180.6 (d) The ~~weight-to-volume conversion schedule~~ tax for:

180.7 (1) construction debris as defined in section 115A.03, subdivision 7, is ~~one ton equals~~
 180.8 ~~3.33 cubic yards, or \$2 per ton~~ equal to 60 cents per cubic yard. The commissioner of
 180.9 revenue, after consultation with the commissioner of the Pollution Control Agency, shall
 180.10 determine and publish by notice a weight-to-volume conversion schedule for construction
 180.11 debris;

180.12 (2) industrial waste as defined in section 115A.03, subdivision 13a, is equal to 60 cents
 180.13 per cubic yard. The commissioner of revenue, after consultation with the commissioner of
 180.14 the Pollution Control Agency, shall determine, and ~~may~~ publish by notice, a
 180.15 weight-to-volume conversion schedule for various industrial wastes; and

180.16 (3) infectious waste as defined in section 116.76, subdivision 12, and pathological waste
 180.17 as defined in section 116.76, subdivision 14, is 150 pounds equals one cubic yard, or 60
 180.18 cents per 150 pounds.

180.19 (e) For mixed municipal solid waste the tax is imposed upon the difference between the
 180.20 market price and the tip fee at a processing or disposal facility if the tip fee is less than the
 180.21 market price and the political subdivision subsidizes the cost of service at the facility. The
 180.22 political subdivision is liable for the tax.

180.23 **EFFECTIVE DATE.** This section is effective July 1, 2021, except the new rate for
 180.24 construction debris applies to waste delivered after June 30, 2021.

180.25 Sec. 17. Minnesota Statutes 2020, section 298.001, is amended by adding a subdivision
 180.26 to read:

180.27 **Subd. 13. Merchantable iron ore concentrate.** "Merchantable iron ore concentrate"
 180.28 means iron-bearing material that has been treated in Minnesota by any means of beneficiation,
 180.29 separation, concentration, or refinement for the purpose of making it salable for its iron ore
 180.30 content.

180.31 **EFFECTIVE DATE.** This section is effective for taxes payable in 2022 and thereafter.

181.1 Sec. 18. Minnesota Statutes 2020, section 298.24, subdivision 1, is amended to read:

181.2 Subdivision 1. **Imposed; calculation.** (a) For concentrate produced in 2013, there is
181.3 imposed upon taconite and iron sulphides, and upon the mining and quarrying thereof, and
181.4 upon the production of iron ore concentrate therefrom, and upon the concentrate so produced,
181.5 a tax of \$2.56 per gross ton of merchantable iron ore concentrate produced therefrom.

181.6 (b) For concentrates produced in 2014 and subsequent years, the tax rate shall be equal
181.7 to the preceding year's tax rate plus an amount equal to the preceding year's tax rate multiplied
181.8 by the percentage increase in the implicit price deflator from the fourth quarter of the second
181.9 preceding year to the fourth quarter of the preceding year. "Implicit price deflator" means
181.10 the implicit price deflator for the gross domestic product prepared by the Bureau of Economic
181.11 Analysis of the United States Department of Commerce.

181.12 (c) An additional tax is imposed equal to three cents per gross ton of merchantable iron
181.13 ore concentrate for each one percent that the iron content of the product exceeds 72 percent,
181.14 when dried at 212 degrees Fahrenheit.

181.15 (d) The tax on taconite and iron sulphides shall be imposed on the average of the
181.16 production for the current year and the previous two years. The rate of the tax imposed will
181.17 be the current year's tax rate. This clause shall not apply in the case of the closing of a
181.18 taconite facility if the property taxes on the facility would be higher if this clause and section
181.19 298.25 were not applicable.

181.20 (e) The tax under paragraph (a) is also imposed upon other iron-bearing material as
181.21 described in section 298.405 on the tonnage of merchantable iron ore concentrate produced
181.22 therefrom. The tax on other iron-bearing material shall be imposed on the current year
181.23 production. The rate of the tax imposed is the current year's tax rate.

181.24 (f) If the tax or any part of the tax imposed by this subdivision is held to be
181.25 unconstitutional, a tax of \$2.56 per gross ton of merchantable iron ore concentrate produced
181.26 shall be imposed.

181.27 (g) Consistent with the intent of this subdivision to impose a tax based upon the weight
181.28 of merchantable iron ore concentrate, the commissioner of revenue may indirectly determine
181.29 the weight of merchantable iron ore concentrate included in fluxed pellets by subtracting
181.30 the weight of the limestone, dolomite, or olivine derivatives or other basic flux additives
181.31 included in the pellets from the weight of the pellets. For purposes of this paragraph, "fluxed
181.32 pellets" are pellets produced in a process in which limestone, dolomite, olivine, or other
181.33 basic flux additives are combined with merchantable iron ore concentrate. No subtraction

182.1 from the weight of the pellets shall be allowed for binders, mineral and chemical additives
182.2 other than basic flux additives, or moisture.

182.3 (h)(1) Notwithstanding any other provision of this subdivision, for the first two years
182.4 of a plant's commercial production of direct reduced ore from ore mined in this state, no
182.5 tax is imposed under this section. For the third year of a plant's commercial production of
182.6 direct reduced ore, the rate to be applied to direct reduced ore is 25 percent of the rate
182.7 otherwise determined under this subdivision. For the fourth commercial production year,
182.8 the rate is 50 percent of the rate otherwise determined under this subdivision; for the fifth
182.9 commercial production year, the rate is 75 percent of the rate otherwise determined under
182.10 this subdivision; and for all subsequent commercial production years, the full rate is imposed.

182.11 (2) Subject to clause (1), production of direct reduced ore in this state is subject to the
182.12 tax imposed by this section, but if that production is not produced by a producer of taconite,
182.13 iron sulfides, or other iron-bearing material, the production of taconite, iron sulfides, or
182.14 other iron-bearing material, that is consumed in the production of direct reduced ore in this
182.15 state is not subject to the tax imposed by this section on taconite, iron sulfides, or other
182.16 iron-bearing material.

182.17 (3) Notwithstanding any other provision of this subdivision, no tax is imposed on direct
182.18 reduced ore under this section during the facility's noncommercial production of direct
182.19 reduced ore. The taconite or iron sulphides consumed in the noncommercial production of
182.20 direct reduced ore is subject to the tax imposed by this section on taconite and iron sulphides.
182.21 Three-year average production of direct reduced ore does not include production of direct
182.22 reduced ore in any noncommercial year.

182.23 (4) Three-year average production for a direct reduced ore facility that has noncommercial
182.24 production is the average of the commercial production of direct reduced ore for the current
182.25 year and the previous two commercial years.

182.26 (5) As used in this paragraph, "commercial production" means production of more than
182.27 50,000 tons of direct reduced ore in the current year or in any prior year, and "noncommercial
182.28 production" means production of 50,000 tons or less of direct reduced ore in any year.

182.29 (6) This paragraph applies only to plants for which all environmental permits have been
182.30 obtained and construction has begun before July 1, 2008.

182.31 **EFFECTIVE DATE.** This section is effective for taxes payable in 2022 and thereafter.

183.1 Sec. 19. Minnesota Statutes 2020, section 298.285, is amended to read:

183.2 **298.285 STATE AID AMOUNT; APPROPRIATION.**

183.3 (a) The commissioner of revenue shall determine a state aid amount equal to a tax of 33
 183.4 cents per taxable ton of iron ore concentrates for production year 2001 and 22 cents per
 183.5 taxable ton of iron ore concentrates for production years 2002 and thereafter, except as
 183.6 provided in paragraph (b). There is appropriated from the general fund to the commissioner
 183.7 an amount equal to the state aid determined under this section. It must be distributed under
 183.8 section 298.28, as if the aid were production tax revenues.

183.9 (b) Other iron-bearing material, as defined in section 298.001, subdivision 9, must not
 183.10 be included in the determination of state aid amounts under paragraph (a) until distribution
 183.11 year 2024.

183.12 (c) There is appropriated from the general fund to the commissioner an amount equal
 183.13 to the state aid determined under this section. The appropriation must be distributed under
 183.14 section 298.28, as if the aid were production tax revenues.

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

183.16 Sec. 20. Minnesota Statutes 2020, section 298.405, subdivision 1, is amended to read:

183.17 Subdivision 1. **Definition.** Iron-bearing material, other than taconite and semitaconite,
 183.18 having not more than 46.5 percent natural iron content on the average, is subject to taxation
 183.19 under section 298.24. The tax under that section applies to material that is:

183.20 ~~(1) finer than or ground to 90 percent passing 20 mesh; and~~

183.21 ~~(2) treated in Minnesota for the purpose of separating the iron particles from silica,~~
 183.22 ~~alumina, or other detrimental compounds or elements unless used in a direct reduction~~

183.23 ~~process; making the iron-bearing material merchantable by any means of beneficiation,~~
 183.24 separation, concentration, or refinement. The tax under section 298.24 does not apply to
 183.25 unmined iron ore and low-grade iron-bearing formations as described in section 273.13,
 183.26 subdivision 31, clause (1).

183.27 ~~(i) by electrostatic separation, roasting and magnetic separation, or flotation;~~

183.28 ~~(ii) by a direct reduction process;~~

183.29 ~~(iii) by any combination of such processes; or~~

184.1 ~~(iv) by any other process or method not presently employed in gravity separation plants~~
 184.2 ~~employing only crushing, screening, washing, jigging, heavy media separation, spirals,~~
 184.3 ~~eyelones, drying or any combination thereof.~~

184.4 **EFFECTIVE DATE.** This section is effective for taxes payable in 2022 and thereafter.

184.5 Sec. 21. **[299C.76] BACKGROUND CHECK; ACCESS TO FEDERAL TAX**
 184.6 **INFORMATION.**

184.7 Subdivision 1. **Definitions.** (a) For the purposes of this section, the following definitions
 184.8 apply.

184.9 (b) "Federal tax information" means federal tax returns and return information or
 184.10 information derived or created from federal tax returns, in possession of or control by the
 184.11 requesting agency, that is covered by the safeguarding provisions of section 6103(p)(4) of
 184.12 the Internal Revenue Code.

184.13 (c) "IRS Publication 1075" means Internal Revenue Service Publication 1075 that
 184.14 provides guidance and requirements for the protection and confidentiality of federal tax
 184.15 information as required in section 6103(p)(4) of the Internal Revenue Code.

184.16 (d) "National criminal history record information" means the Federal Bureau of
 184.17 Investigation identification records as defined in Code of Federal Regulations, title 28,
 184.18 section 20.3(d).

184.19 (e) "Requesting agency" means the Department of Revenue, Department of Employment
 184.20 and Economic Development, Department of Human Services, board of directors of MNsure,
 184.21 the Office of MN.IT Services, and counties.

184.22 Subd. 2. **National criminal history record information check.** As required by IRS
 184.23 Publication 1075, a requesting agency shall require fingerprints for a national criminal
 184.24 history record information check from the following individuals who have or will have
 184.25 access to federal tax information:

184.26 (1) a current or prospective permanent or temporary employee of the requesting agency;

184.27 (2) an independent contractor or vendor of the requesting agency;

184.28 (3) an employee or agent of an independent contractor or vendor of the requesting agency;

184.29 or

184.30 (4) any other individual authorized to access federal tax information by the requesting
 184.31 agency.

185.1 Subd. 3. **Fingerprint submission and written statement of understanding.** An
 185.2 individual subject to this section must provide fingerprints and a written statement of
 185.3 understanding that the fingerprints will be used for a background check to the requesting
 185.4 agency. The requesting agency must submit the fingerprints and written statement of
 185.5 understanding, along with the processing fees, to the superintendent of the Bureau of Criminal
 185.6 Apprehension. The fingerprints must only be used for the purposes described in this section.

185.7 Subd. 4. **Bureau of Criminal Apprehension requirements.** (a) After the superintendent
 185.8 of the Bureau of Criminal Apprehension notifies requesting agencies that the United States
 185.9 Attorney General has approved the request for submission under Public Law 92-544, a
 185.10 requesting agency may submit information under subdivision 3.

185.11 (b) Upon receipt of the information under subdivision 3, the superintendent of the Bureau
 185.12 of Criminal Apprehension must:

185.13 (1) perform a state criminal history record information search;

185.14 (2) exchange the fingerprints to the Federal Bureau of Investigation to facilitate a search
 185.15 of the national criminal history record information;

185.16 (3) compile the results of the state and national criminal history record information
 185.17 searches; and

185.18 (4) provide the results to the requesting agency.

185.19 Subd. 5. **Classification of data.** (a) All data collected, created, received, maintained, or
 185.20 disseminated by the requesting agency under this section is classified as private data on
 185.21 individuals as defined in section 13.02, subdivision 12.

185.22 (b) Notwithstanding any law to the contrary, a requesting agency must not further
 185.23 disseminate the results received under subdivision 4.

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

185.25 Sec. 22. Laws 2020, Fifth Special Session chapter 3, article 3, section 5, subdivision 10,
 185.26 is amended to read:

185.27 **Subd. 10. Victoria Theater, St. Paul** 1,400,000

185.28 ~~For a grant to the city of St. Paul to acquire~~
 185.29 ~~property located at 825 University Avenue~~
 185.30 ~~West, and to predesign, design, construct,~~
 185.31 ~~furnish, and equip the renovation of the~~
 185.32 ~~historic Victoria Theater, to serve as a regional~~

186.1 ~~multicultural community and event center.~~
186.2 ~~This appropriation includes money for:~~
186.3 ~~demolition work; improvements to or~~
186.4 ~~replacement of the mechanical, electrical,~~
186.5 ~~plumbing, heating, ventilating, and air~~
186.6 ~~conditioning systems; renovate the exterior~~
186.7 ~~envelope, and prepare the site of the historic~~
186.8 Victoria Theater. This appropriation includes
186.9 money for: building acquisition; predesign
186.10 and design costs; project management fees;
186.11 repairs and improvement to the existing roof
186.12 and exterior enclosure; and site improvements;
186.13 ~~construction or renovation of interior spaces;~~
186.14 ~~and other improvements of a capital nature to~~
186.15 the historic Victoria Theater, to serve as a
186.16 regional multicultural community and event
186.17 center.

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

186.19 Sec. 23. **FRONTLINE WORKER PAY WORKING GROUP.**

186.20 Subdivision 1. **Establishment.** A working group is established to make recommendations
186.21 to the legislature on the disbursement of \$250,000,000 in direct financial support to frontline
186.22 workers.

186.23 Subd. 2. **Membership.** (a) The working group consists of nine members:

186.24 (1) two members of the house of representatives appointed by the speaker of the house
186.25 of representatives;

186.26 (2) one member of the house of representatives appointed by the minority leader of the
186.27 house of representatives;

186.28 (3) two members of the senate appointed by the senate majority leader;

186.29 (4) one member of the senate appointed by the minority leader of the senate; and

186.30 (5) three members representing the executive branch appointed by the governor.

186.31 (b) All appointments under this subdivision must be made by July 15, 2021. The working
186.32 group must elect a chair and vice-chair from among its members.

187.1 Subd. 3. **Duties.** The working group must make a recommendation for the disbursement
187.2 of \$250,000,000 in direct financial support to frontline workers, including but not limited
187.3 to long-term care workers. In developing its recommendation, the working group must
187.4 consider factors including a frontline worker's increased financial burden and increased risk
187.5 of virus exposure due to the nature of their work.

187.6 Subd. 4. **Meetings; administrative support.** The speaker of the house must designate
187.7 one member to convene the first meeting. Meetings of the working group must be open to
187.8 the public. The Legislative Coordinating Commission must provide physical or electronic
187.9 meeting space and other administrative support as requested by the working group.

187.10 Subd. 5. **Submission of legislation.** (a) The working group must submit proposed
187.11 legislative language implementing its recommendations to the governor, speaker of the
187.12 house, and senate majority leader by September 6, 2021. For the working group to adopt a
187.13 recommendation, seven of nine members must vote to approve it.

187.14 (b) If seven of nine members do not approve a single recommendation, then the working
187.15 group may present not more than three drafts of legislation implementing potential options.

187.16 Subd. 6. **Expiration.** The working group expires upon submission of the proposed
187.17 legislation required by subdivision 5.

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

187.19 Sec. 24. **APPROPRIATION; DEPARTMENT OF EMPLOYMENT AND**
187.20 **ECONOMIC DEVELOPMENT; CAPITAL PROJECT GRANTS.**

187.21 \$24,000,000 in fiscal year 2022 is appropriated from the general fund to the commissioner
187.22 of employment and economic development for capital improvement project grants under
187.23 section 8. Of this amount, up to five percent is for the commissioner's administration and
187.24 monitoring of the capital project grants. This appropriation is available subject to Minnesota
187.25 Statutes, section 16A.642.

187.26 **EFFECTIVE DATE.** This section is effective August 1, 2021.

187.27 Sec. 25. **2008 DISTRIBUTION TRANSFER; CITY OF BIWABIK STREET AND**
187.28 **HIGHWAY IMPROVEMENTS.**

187.29 Notwithstanding any law to the contrary, by July 1, 2021, St. Louis County shall transfer
187.30 \$1,500,000 from the appropriation in Laws 2006, chapter 259, article 12, section 12,
187.31 subdivision 4, to the city of Biwabik for deposit in its general fund account to be used for
187.32 the preservation and reconstruction of existing streets and highways in the city of Biwabik

188.1 or the construction of new streets in the city of Biwabik. Any remaining unspent money
188.2 from the appropriation in Laws 2006, chapter 259, article 12, section 12, subdivision 4,
188.3 shall be retained by St. Louis County for road improvements to County Road 138, north of
188.4 Giants Ridge.

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

188.6 **Sec. 26. APPROPRIATIONS; TAX EXPENDITURE REVIEW.**

188.7 (a) \$36,000 in fiscal year 2022 and \$628,000 in fiscal year 2023 are appropriated from
188.8 the general fund to the Legislative Coordinating Commission for the Tax Expenditure
188.9 Review Commission under Minnesota Statutes, section 3.8855. The base for this
188.10 appropriation is \$607,000 in fiscal year 2024 and \$658,000 in fiscal year 2025.

188.11 (b) \$148,000 in fiscal year 2023 is appropriated from the general fund to the commissioner
188.12 of revenue to provide research support to the Tax Expenditure Review Commission under
188.13 Minnesota Statutes, section 3.8855.

188.14 **Sec. 27. ADMINISTRATIVE APPROPRIATION.**

188.15 \$3,000,000 in fiscal year 2022 is appropriated from the general fund to the commissioner
188.16 of revenue to administer this act. This appropriation is available until June 30, 2023. The
188.17 base for this appropriation is \$1,000,000 in fiscal year 2024 and \$0 in fiscal year 2025.

188.18 **Sec. 28. APPROPRIATION; DEPARTMENT OF TRANSPORTATION.**

188.19 \$6,200,000 in fiscal year 2022 is appropriated from the general fund to the commissioner
188.20 of transportation for project development of a land bridge freeway lid over marked Interstate
188.21 Highway 94 in a portion of the segment from Lexington Avenue to Rice Street in St. Paul.
188.22 This amount is available to match federal funds and for project planning and development,
188.23 including area planning, community and land use planning, economic development planning,
188.24 design, and project management and analysis. From this amount, the commissioner may
188.25 make grants to Reconnect Rondo to perform any eligible project development activities.
188.26 This is a onetime appropriation and is available until June 30, 2025.

188.27 **Sec. 29. RECOVERY GRANT; GRAND PORTAGE BAND.**

188.28 If a bill styled as Senate File 20, the first engrossment, is enacted in 2021, the first Special
188.29 Session, \$250,000 of the amount appropriated to Explore Minnesota Tourism in article 1,
188.30 section 9, paragraph (d), is for a grant to the Grand Portage Band to focus tourism to Grand
188.31 Portage.

189.1 **Sec. 30. APPROPRIATIONS; FIRE REMEDIATION GRANTS.**

189.2 Subdivision 1. **City of Melrose.** \$643,729 in fiscal year 2022 is appropriated from the
 189.3 general fund to the commissioner of revenue for a grant to the city of Melrose to remediate
 189.4 the effects of fires in the city on September 8, 2016. This appropriation represents the
 189.5 amounts that lapsed by the terms of the appropriation in Laws 2017, First Special Session
 189.6 chapter 1, article 4, section 31. The commissioner of revenue must remit the funds to the
 189.7 city of Melrose by July 20, 2021. The city must use the funds to administer grants to public
 189.8 or private entities for use in accordance with subdivision 3.

189.9 Subd. 2. **City of Alexandria.** \$120,000 in fiscal year 2022 is appropriated from the
 189.10 general fund to the commissioner of revenue for a grant to the city of Alexandria to remediate
 189.11 the effects of the fire in the city on February 25, 2020. The commissioner of revenue must
 189.12 remit the funds to the city of Alexandria by July 20, 2021. The city must use the funds to
 189.13 administer grants to public or private entities for use in accordance with subdivision 3.

189.14 Subd. 3. **Allowed use.** A grant recipient must use the money appropriated under this
 189.15 section for remediation costs, including disaster recovery, infrastructure, reimbursement
 189.16 for emergency personnel costs, reimbursement for equipment costs, and reimbursements
 189.17 for property tax abatements, incurred by public or private entities as a result of the fires.
 189.18 These appropriations are onetime and are available until June 30, 2023.

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

189.20 **ARTICLE 12**

189.21 **DEPARTMENT OF REVENUE POLICY AND TECHNICAL: INCOME AND**
 189.22 **CORPORATE FRANCHISE TAXES**

189.23 Section 1. Minnesota Statutes 2020, section 289A.08, subdivision 7, is amended to read:

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

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

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

190.5 (d) The electing partner must not have any Minnesota source income other than the
190.6 income from the partnership and other electing partnerships. If it is determined that the
190.7 electing partner has other Minnesota source income, the inclusion of the income and tax
190.8 liability for that partner under this provision will not constitute a return to satisfy the
190.9 requirements of subdivision 1. The tax paid for the individual as part of the composite return
190.10 is allowed as a payment of the tax by the individual on the date on which the composite
190.11 return payment was made. If the electing nonresident partner has no other Minnesota source
190.12 income, filing of the composite return is a return for purposes of subdivision 1.

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

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

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

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

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

190.32 (j) For the purposes of this subdivision, "income" means the partner's share of federal
190.33 adjusted gross income from the partnership modified by the additions provided in section
190.34 290.0131, subdivisions 8 to 10 ~~and~~ 16, and 17, and the subtractions provided in: (1) section

191.1 290.0132, ~~subdivision~~ subdivisions 9, 27, and 28, to the extent the amount is assignable or
191.2 allocable to Minnesota under section 290.17; and (2) section 290.0132, subdivision 14. The
191.3 subtraction allowed under section 290.0132, subdivision 9, is only allowed on the composite
191.4 tax computation to the extent the electing partner would have been allowed the subtraction.

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

191.7 Sec. 2. Minnesota Statutes 2020, section 289A.09, subdivision 2, is amended to read:

191.8 Subd. 2. **Withholding statement.** (a) A person required to deduct and withhold from
191.9 an employee a tax under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, or
191.10 who would have been required to deduct and withhold a tax under section 290.92, subdivision
191.11 2a or 3, or persons required to withhold tax under section 290.923, subdivision 2, determined
191.12 without regard to section 290.92, subdivision 19, if the employee or payee had claimed no
191.13 more than one withholding ~~exemption~~ allowance, or who paid wages or made payments
191.14 not subject to withholding under section 290.92, subdivision 2a or 3, or 290.923, subdivision
191.15 2, to an employee or person receiving royalty payments in excess of \$600, or who has
191.16 entered into a voluntary withholding agreement with a payee under section 290.92,
191.17 subdivision 20, must give every employee or person receiving royalty payments in respect
191.18 to the remuneration paid by the person to the employee or person receiving royalty payments
191.19 during the calendar year, on or before January 31 of the succeeding year, or, if employment
191.20 is terminated before the close of the calendar year, within 30 days after the date of receipt
191.21 of a written request from the employee if the 30-day period ends before January 31, a written
191.22 statement showing the following:

191.23 (1) name of the person;

191.24 (2) the name of the employee or payee and the employee's or payee's Social Security
191.25 account number;

191.26 (3) the total amount of wages as that term is defined in section 290.92, subdivision 1,
191.27 paragraph (1); the total amount of remuneration subject to withholding under section 290.92,
191.28 subdivision 20; the amount of sick pay as required under section 6051(f) of the Internal
191.29 Revenue Code; and the amount of royalties subject to withholding under section 290.923,
191.30 subdivision 2; and

191.31 (4) the total amount deducted and withheld as tax under section 290.92, subdivision 2a
191.32 or 3, or 290.923, subdivision 2.

192.1 (b) The statement required to be furnished by paragraph (a) with respect to any
192.2 remuneration must be furnished at those times, must contain the information required, and
192.3 must be in the form the commissioner prescribes.

192.4 (c) The commissioner may prescribe rules providing for reasonable extensions of time,
192.5 not in excess of 30 days, to employers or payers required to give the statements to their
192.6 employees or payees under this subdivision.

192.7 (d) A duplicate of any statement made under this subdivision and in accordance with
192.8 rules prescribed by the commissioner must be filed with the commissioner on or before
192.9 January 31 of the year after the payments were made.

192.10 (e) If an employer cancels the employer's Minnesota withholding account number required
192.11 by section 290.92, subdivision 24, the information required by paragraph (d), must be filed
192.12 with the commissioner within 30 days of the end of the quarter in which the employer
192.13 cancels its account number.

192.14 (f) The employer must submit the statements required to be sent to the commissioner.
192.15 The commissioner shall prescribe the content, format, and manner of the statement pursuant
192.16 to section 270C.30.

192.17 (g) A "third-party bulk filer" as defined in section 290.92, subdivision 30, paragraph
192.18 (a), clause (2), must submit the returns required by this subdivision and subdivision 1,
192.19 paragraph (a), with the commissioner by electronic means.

192.20 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
192.21 31, 2020.

192.22 Sec. 3. Minnesota Statutes 2020, section 290.0121, subdivision 3, is amended to read:

192.23 Subd. 3. **Inflation adjustment.** For taxable years beginning after December 31, 2019,
192.24 the commissioner must adjust for inflation the exemption amount in subdivision 1, paragraph
192.25 (b), and the threshold amounts in subdivision 2, as provided in section 270C.22. The statutory
192.26 year is taxable year 2019. The amounts as adjusted must be rounded down to the nearest
192.27 \$50 amount. ~~If the amount ends in \$25, the amount is rounded down to the nearest \$50~~
192.28 ~~amount.~~ The threshold amount for married individuals filing separate returns must be one-half
192.29 of the adjusted amount for married individuals filing joint returns.

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

193.1 Sec. 4. Minnesota Statutes 2020, section 290.92, subdivision 1, is amended to read:

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

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

193.10 (3) **Employee.** For purposes of this section the term "employee" means any resident
193.11 individual performing services for an employer, either within or without, or both within and
193.12 without the state of Minnesota, and every nonresident individual performing services within
193.13 the state of Minnesota, the performance of which services constitute, establish, and determine
193.14 the relationship between the parties as that of employer and employee. As used in the
193.15 preceding sentence, the term "employee" includes an officer of a corporation, and an officer,
193.16 employee, or elected official of the United States, a state, or any political subdivision thereof,
193.17 or the District of Columbia, or any agency or instrumentality of any one or more of the
193.18 foregoing.

193.19 (4) **Employer.** For purposes of this section the term "employer" means any person,
193.20 including individuals, fiduciaries, estates, trusts, partnerships, limited liability companies,
193.21 and corporations transacting business in or deriving any income from sources within the
193.22 state of Minnesota for whom an individual performs or performed any service, of whatever
193.23 nature, as the employee of such person, except that if the person for whom the individual
193.24 performs or performed the services does not have control of the payment of the wages for
193.25 such services, the term "employer," except for purposes of paragraph (1), means the person
193.26 having control of the payment of such wages. As used in the preceding sentence, the term
193.27 "employer" includes any corporation, individual, estate, trust, or organization which is
193.28 exempt from taxation under section 290.05 and further includes, but is not limited to, officers
193.29 of corporations who have control, either individually or jointly with another or others, of
193.30 the payment of the wages.

193.31 (5) **Number of withholding ~~exemptions~~ allowances claimed.** For purposes of this
193.32 section, the term "number of withholding ~~exemptions~~ allowances claimed" means the number
193.33 of withholding ~~exemptions~~ allowances claimed in a withholding ~~exemption~~ allowances

194.1 certificate in effect under subdivision 5, except that if no such certificate is in effect, the
194.2 number of withholding ~~exemptions~~ allowances claimed shall be considered to be zero.

194.3 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
194.4 31, 2020.

194.5 Sec. 5. Minnesota Statutes 2020, section 290.92, subdivision 2a, is amended to read:

194.6 Subd. 2a. **Collection at source. (1) Deductions.** Every employer making payment of
194.7 wages shall deduct and withhold upon such wages a tax as provided in this section.

194.8 (2) **Withholding on payroll period.** The employer shall withhold the tax on the basis
194.9 of each payroll period or as otherwise provided in this section.

194.10 (3) **Withholding tables.** Unless the amount of tax to be withheld is determined as
194.11 provided in subdivision 3, the amount of tax to be withheld for each individual shall be
194.12 based upon tables to be prepared and distributed by the commissioner. The tables shall be
194.13 computed for the several permissible withholding periods and shall take account of
194.14 ~~exemptions~~ allowances allowed under this section; and the amounts computed for withholding
194.15 shall be such that the amount withheld for any individual during the individual's taxable
194.16 year shall approximate in the aggregate as closely as possible the tax which is levied and
194.17 imposed under this chapter for that taxable year, upon the individual's salary, wages, or
194.18 compensation for personal services of any kind for the employer.

194.19 (4) **Miscellaneous payroll period.** If wages are paid with respect to a period which is
194.20 not a payroll period, the amount to be deducted and withheld shall be that applicable in the
194.21 case of a miscellaneous payroll period containing a number of days, including Sundays and
194.22 holidays, equal to the number of days in the period with respect to which such wages are
194.23 paid.

194.24 (5) **Miscellaneous payroll period. (a)** In any case in which wages are paid by an
194.25 employer without regard to any payroll period or other period, the amount to be deducted
194.26 and withheld shall be that applicable in the case of a miscellaneous payroll period containing
194.27 a number of days equal to the number of days, including Sundays and holidays, which have
194.28 elapsed since the date of the last payment of such wages by such employer during the
194.29 calendar year, or the date of commencement of employment with such employer during
194.30 such year, or January 1 of such year, whichever is the later.

194.31 (b) In any case in which the period, or the time described in clause (a), in respect of any
194.32 wages is less than one week, the commissioner, under rules prescribed by the commissioner,
194.33 may authorize an employer to determine the amount to be deducted and withheld under the

195.1 tables applicable in the case of a weekly payroll period, in which case the aggregate of the
195.2 wages paid to the employee during the calendar week shall be considered the weekly wages.

195.3 (6) **Wages computed to nearest dollar.** If the wages exceed the highest bracket, in
195.4 determining the amount to be deducted and withheld under this subdivision, the wages may,
195.5 at the election of the employer, be computed to the nearest dollar.

195.6 (7) **Rules on withholding.** The commissioner may, by rule, authorize employers:

195.7 (a) to estimate the wages which will be paid to any employee in any quarter of the
195.8 calendar year;

195.9 (b) to determine the amount to be deducted and withheld upon each payment of wages
195.10 to such employee during such quarter as if the appropriate average of the wages so estimated
195.11 constituted the actual wages paid; and

195.12 (c) to deduct and withhold upon any payment of wages to such employee during such
195.13 quarter such amount as may be necessary to adjust the amount actually deducted and withheld
195.14 upon wages of such employee during such quarter to the amount required to be deducted
195.15 and withheld during such quarter without regard to this paragraph (7).

195.16 (8) **Additional withholding.** The commissioner is authorized to provide by rule for
195.17 increases or decreases in the amount of withholding otherwise required under this section
195.18 in cases where the employee requests the changes. Such additional withholding shall for
195.19 all purposes be considered tax required to be deducted and withheld under this section.

195.20 (9) **Tips.** In the case of tips which constitute wages, this subdivision shall be applicable
195.21 only to such tips as are included in a written statement furnished to the employer pursuant
195.22 to section 6053 of the Internal Revenue Code and only to the extent that the tax can be
195.23 deducted and withheld by the employer, at or after the time such statement is so furnished
195.24 and before the close of the calendar year in which such statement is furnished, from such
195.25 wages of the employee (excluding tips, but including funds turned over by the employee to
195.26 the employer for the purpose of such deduction and withholding) as are under the control
195.27 of the employer; and an employer who is furnished by an employee a written statement of
195.28 tips (received in a calendar month) pursuant to section 6053 of the Internal Revenue Code
195.29 to which subdivision 1 is applicable may deduct and withhold the tax with respect to such
195.30 tips from any wages of the employee (excluding tips) under the employer's control, even
195.31 though at the time such statement is furnished the total amount of the tips included in
195.32 statements furnished to the employer as having been received by the employee in such
195.33 calendar month in the course of employment by such employer is less than \$20. Such tax
195.34 shall not at any time be deducted and withheld in an amount which exceeds the aggregate

196.1 of such wages and funds as are under the control of the employer minus any tax required
196.2 by other provisions of state or federal law to be collected from such wages and funds.

196.3 (10) **Vehicle fringe benefits.** An employer shall not deduct and withhold any tax under
196.4 this section with respect to any vehicle fringe benefit provided to an employee if the employer
196.5 has so elected for federal purposes and the requirement of and the definition contained in
196.6 section 3402(s) of the Internal Revenue Code are complied with.

196.7 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
196.8 31, 2020.

196.9 Sec. 6. Minnesota Statutes 2020, section 290.92, subdivision 3, is amended to read:

196.10 Subd. 3. **Withholding, irregular period.** If payment of wages is made to an employee
196.11 by an employer

196.12 (a) With respect to a payroll period or other period, any part of which is included in a
196.13 payroll period or other period with respect to which wages are also paid to such employees
196.14 by such employer, or

196.15 (b) Without regard to any payroll period or other period, but on or prior to the expiration
196.16 of a payroll period or other period with respect to which wages are also paid to such employee
196.17 by such employer, or

196.18 (c) With respect to a period beginning in one and ending in another calendar year, or

196.19 (d) Through an agent, fiduciary, or other person who also has the control, receipt, custody,
196.20 or disposal of or pays, the wages payable by another employer to such employee.

196.21 The manner of withholding and the amount to be deducted and withheld under subdivision
196.22 2a shall be determined in accordance with rules prescribed by the commissioner under which
196.23 the withholding ~~exemption~~ allowance allowed to the employee in any calendar year shall
196.24 approximate the withholding ~~exemption~~ allowance allowable with respect to an annual
196.25 payroll period, except that if supplemental wages are not paid concurrent with a payroll
196.26 period the employer shall withhold tax on the supplemental payment at the rate of 6.25
196.27 percent as if no ~~exemption~~ allowance had been claimed.

196.28 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
196.29 31, 2020.

197.1 Sec. 7. Minnesota Statutes 2020, section 290.92, subdivision 4b, is amended to read:

197.2 Subd. 4b. **Withholding by partnerships.** (a) A partnership shall deduct and withhold
197.3 a tax as provided in paragraph (b) for nonresident individual partners based on their
197.4 distributive shares of partnership income for a taxable year of the partnership.

197.5 (b) The amount of tax withheld is determined by multiplying the partner's distributive
197.6 share allocable to Minnesota under section 290.17, paid or credited during the taxable year
197.7 by the highest rate used to determine the income tax liability for an individual under section
197.8 290.06, subdivision 2c, except that the amount of tax withheld may be determined by the
197.9 commissioner if the partner submits a withholding ~~exemption~~ allowance certificate under
197.10 subdivision 5.

197.11 (c) The commissioner may reduce or abate the tax withheld under this subdivision if the
197.12 partnership had reasonable cause to believe that no tax was due under this section.

197.13 (d) Notwithstanding paragraph (a), a partnership is not required to deduct and withhold
197.14 tax for a nonresident partner if:

197.15 (1) the partner elects to have the tax due paid as part of the partnership's composite return
197.16 under section 289A.08, subdivision 7;

197.17 (2) the partner has Minnesota assignable federal adjusted gross income from the
197.18 partnership of less than \$1,000; or

197.19 (3) the partnership is liquidated or terminated, the income was generated by a transaction
197.20 related to the termination or liquidation, and no cash or other property was distributed in
197.21 the current or prior taxable year;

197.22 (4) the distributive shares of partnership income are attributable to:

197.23 (i) income required to be recognized because of discharge of indebtedness;

197.24 (ii) income recognized because of a sale, exchange, or other disposition of real estate,
197.25 depreciable property, or property described in section 179 of the Internal Revenue Code;

197.26 or

197.27 (iii) income recognized on the sale, exchange, or other disposition of any property that
197.28 has been the subject of a basis reduction pursuant to section 108, 734, 743, 754, or 1017 of
197.29 the Internal Revenue Code

197.30 to the extent that the income does not include cash received or receivable or, if there is cash
197.31 received or receivable, to the extent that the cash is required to be used to pay indebtedness
197.32 by the partnership or a secured debt on partnership property; or

198.1 (5) the partnership is a publicly traded partnership, as defined in section 7704(b) of the
198.2 Internal Revenue Code.

198.3 (e) For purposes of sections 270C.60, 289A.09, subdivision 2, 289A.20, subdivision 2,
198.4 paragraph (c), 289A.50, 289A.56, 289A.60, and 289A.63, a partnership is considered an
198.5 employer.

198.6 (f) To the extent that income is exempt from withholding under paragraph (d), clause
198.7 (4), the commissioner has a lien in an amount up to the amount that would be required to
198.8 be withheld with respect to the income of the partner attributable to the partnership interest,
198.9 but for the application of paragraph (d), clause (4). The lien arises under section 270C.63
198.10 from the date of assessment of the tax against the partner, and attaches to that partner's share
198.11 of the profits and any other money due or to become due to that partner in respect of the
198.12 partnership. Notice of the lien may be sent by mail to the partnership, without the necessity
198.13 for recording the lien. The notice has the force and effect of a levy under section 270C.67,
198.14 and is enforceable against the partnership in the manner provided by that section. Upon
198.15 payment in full of the liability subsequent to the notice of lien, the partnership must be
198.16 notified that the lien has been satisfied.

198.17 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
198.18 31, 2020.

198.19 Sec. 8. Minnesota Statutes 2020, section 290.92, subdivision 4c, is amended to read:

198.20 Subd. 4c. **Withholding by S corporations.** (a) A corporation having a valid election in
198.21 effect under section 290.9725 shall deduct and withhold a tax as provided in paragraph (b)
198.22 for nonresident individual shareholders their share of the corporation's income for the taxable
198.23 year.

198.24 (b) The amount of tax withheld is determined by multiplying the amount of income
198.25 allocable to Minnesota under section 290.17 by the highest rate used to determine the income
198.26 tax liability of an individual under section 290.06, subdivision 2c, except that the amount
198.27 of tax withheld may be determined by the commissioner if the shareholder submits a
198.28 withholding ~~exemption~~ allowance certificate under subdivision 5.

198.29 (c) Notwithstanding paragraph (a), a corporation is not required to deduct and withhold
198.30 tax for a nonresident shareholder, if:

198.31 (1) the shareholder elects to have the tax due paid as part of the corporation's composite
198.32 return under section 289A.08, subdivision 7;

199.1 (2) the shareholder has Minnesota assignable federal adjusted gross income from the
199.2 corporation of less than \$1,000; or

199.3 (3) the corporation is liquidated or terminated, the income was generated by a transaction
199.4 related to the termination or liquidation, and no cash or other property was distributed in
199.5 the current or prior taxable year.

199.6 (d) For purposes of sections 270C.60, 289A.09, subdivision 2, 289A.20, subdivision 2,
199.7 paragraph (c), 289A.50, 289A.56, 289A.60, and 289A.63, a corporation is considered an
199.8 employer.

199.9 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
199.10 31, 2020.

199.11 Sec. 9. Minnesota Statutes 2020, section 290.92, subdivision 5, is amended to read:

199.12 Subd. 5. **Exemptions Allowances.** (1) ~~Entitlement.~~ An employee receiving wages shall
199.13 on any day be entitled to claim withholding ~~exemptions~~ allowances in a number not to
199.14 exceed the number of withholding ~~exemptions~~ allowances that the employee claims and
199.15 that are allowable pursuant to section 3402(f)(1), ~~(m), and (n)~~ of the Internal Revenue Code
199.16 for federal withholding purposes, except:

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

199.19 (ii) the ~~exemption~~ allowance amount for the purposes of section 3402(f)(1)(A) of the
199.20 Internal Revenue Code shall be the amount calculated under section 290.0121, subdivision
199.21 1;

199.22 (iii) withholding allowances under sections 3402(f)(1)(C) and (D) of the Internal Revenue
199.23 Code are not allowed;

199.24 (iv) estimated itemized deductions allowable under section 290.0122, but only if the
199.25 employee's spouse does not have in effect a withholding certificate electing this allowance;
199.26 and

199.27 (v) any additional allowances, at the discretion of the commissioner, that are in the best
199.28 interests of determining the proper amount to withhold for the payment of taxes under this
199.29 chapter.

199.30 (2) **Withholding exemption allowance certificate.** The provisions concerning ~~exemption~~
199.31 allowance certificates contained in section 3402(f)(2) and (3) of the Internal Revenue Code
199.32 shall apply.

200.1 (3) **Form of certificate.** Withholding ~~exemption~~ allowance certificates shall be in such
200.2 form and contain such information as the commissioner may by rule prescribe.

200.3 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
200.4 31, 2020.

200.5 Sec. 10. Minnesota Statutes 2020, section 290.92, subdivision 5a, is amended to read:

200.6 Subd. 5a. **Verification of withholding ~~exemptions~~ allowances; appeal.** (a) An employer
200.7 shall submit to the commissioner a copy of any withholding ~~exemption~~ allowance certificate
200.8 or any affidavit of residency received from an employee on which the employee claims any
200.9 of the following:

200.10 (1) a total number of withholding ~~exemptions~~ allowances in excess of ten or a number
200.11 prescribed by the commissioner, or

200.12 (2) a status that would exempt the employee from Minnesota withholding, including
200.13 where the employee is a nonresident exempt from withholding under subdivision 4a, clause
200.14 (3), except where the employer reasonably expects, at the time that the certificate is received,
200.15 that the employee's wages under subdivision 1 from the employer will not then usually
200.16 exceed \$200 per week, or

200.17 (3) any number of withholding ~~exemptions~~ allowances which the employer has reason
200.18 to believe is in excess of the number to which the employee is entitled.

200.19 (b) Copies of ~~exemption~~ allowance certificates and affidavits of residency required to
200.20 be submitted by paragraph (a) shall be submitted to the commissioner within 30 days after
200.21 receipt by the employer unless the employer is also required by federal law to submit copies
200.22 to the Internal Revenue Service, in which case the employer may elect to submit the copies
200.23 to the commissioner at the same time that the employer is required to submit them to the
200.24 Internal Revenue Service.

200.25 (c) An employer who submits a copy of a withholding ~~exemption~~ allowance certificate
200.26 in accordance with paragraph (a) shall honor the certificate until notified by the commissioner
200.27 that the certificate is invalid. The commissioner shall mail a copy of any such notice to the
200.28 employee. Upon notification that a particular certificate is invalid, the employer shall not
200.29 honor that certificate or any subsequent certificate unless instructed to do so by the
200.30 commissioner. The employer shall allow the employee the number of ~~exemptions~~ allowances
200.31 and compute the withholding tax as instructed by the commissioner in accordance with
200.32 paragraph (d).

201.1 (d) The commissioner may require an employee to verify entitlement to the number of
201.2 ~~exemptions~~ allowances or to the exempt status claimed on the withholding ~~exemption~~
201.3 allowance certificate or, to verify nonresidency. The employee shall be allowed at least 30
201.4 days to submit the verification, after which time the commissioner shall, on the basis of the
201.5 best information available to the commissioner, determine the employee's status and allow
201.6 the employee the maximum number of withholding ~~exemptions~~ allowances allowable under
201.7 this chapter. The commissioner shall mail a notice of this determination to the employee at
201.8 the address listed on the ~~exemption~~ allowance certificate in question or to the last known
201.9 address of the employee. Pursuant to section 270B.06, the commissioner may notify the
201.10 employer of this determination and instruct the employer to withhold tax in accordance with
201.11 the determination.

201.12 However, where the commissioner has reasonable grounds for believing that the employee
201.13 is about to leave the state or that the collection of any tax due under this chapter will be
201.14 jeopardized by delay, the commissioner may immediately notify the employee and the
201.15 employer, pursuant to section 270B.06, that the certificate is invalid, and the employer must
201.16 not honor that certificate or any subsequent certificate unless instructed to do so by the
201.17 commissioner. The employer shall allow the employee the number of ~~exemptions~~ allowances
201.18 and compute the withholding tax as instructed by the commissioner.

201.19 (e) The commissioner's determination under paragraph (d) shall be appealable to Tax
201.20 Court in accordance with section 271.06, and shall remain in effect for withholding tax
201.21 purposes pending disposition of any appeal.

201.22 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
201.23 31, 2020.

201.24 Sec. 11. Minnesota Statutes 2020, section 290.92, subdivision 19, is amended to read:

201.25 Subd. 19. **Employees incurring no income tax liability.** Notwithstanding any other
201.26 provision of this section, except the provisions of subdivision 5a, an employer is not required
201.27 to deduct and withhold any tax under this chapter from wages paid to an employee if:

201.28 (1) the employee furnished the employer with a withholding ~~exemption~~ allowance
201.29 certificate that:

201.30 (i) certifies the employee incurred no liability for income tax imposed under this chapter
201.31 for the employee's preceding taxable year;

201.32 (ii) certifies the employee anticipates incurring no liability for income tax imposed under
201.33 this chapter for the current taxable year; and

202.1 (iii) is in a form and contains any other information prescribed by the commissioner; or
 202.2 (2)(i) the employee is not a resident of Minnesota when the wages were paid; and
 202.3 (ii) the employer reasonably expects that the employer will not pay the employee enough
 202.4 wages assignable to Minnesota under section 290.17, subdivision 2, paragraph (a)(1), to
 202.5 meet the nonresident requirement to file a Minnesota individual income tax return for the
 202.6 taxable year under section 289A.08, subdivision 1, paragraph (a).

202.7 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
 202.8 31, 2020.

202.9 Sec. 12. Minnesota Statutes 2020, section 290.92, subdivision 20, is amended to read:

202.10 Subd. 20. ~~Voluntary withholding agreements~~ **Miscellaneous withholding**
 202.11 **arrangements.** (a) For purposes of this section, any payment ~~of an annuity to an individual,~~
 202.12 ~~if at the time the payment is made a request that such annuity be subject to withholding~~
 202.13 ~~under this section is in effect,~~ distribution to an individual as defined under section
 202.14 3405(e)(2) or (3) of the Internal Revenue Code shall be treated as if it were a payment of
 202.15 wages by an employer to an employee for a payroll period. Any payment to an individual
 202.16 of sick pay which does not constitute wages, determined without regard to this subdivision,
 202.17 shall be treated as if it were a payment of wages by an employer to an employee for a payroll
 202.18 period, if, at the time the payment is made a request that such sick pay be subject to
 202.19 withholding under this section is in effect. Sick pay means any amount which:

202.20 (1) is paid to an employee pursuant to a plan to which the employer is a party, and

202.21 (2) constitutes remuneration or a payment in lieu of remuneration for any period during
 202.22 which the employee is temporarily absent from work on account of sickness or personal
 202.23 injuries.

202.24 (b) A request for withholding, the amount withheld, and sick pay paid pursuant to certain
 202.25 collective bargaining agreements shall conform with the provisions of section 3402(o)(3),
 202.26 (4), and (5) of the Internal Revenue Code.

202.27 (c) The commissioner is authorized by rules to provide for withholding:

202.28 (1) from remuneration for services performed by an employee for the employer which,
 202.29 without regard to this subdivision, does not constitute wages, and

202.30 (2) from any other type of payment with respect to which the commissioner finds that
 202.31 withholding would be appropriate under the provisions of this section, if the employer and
 202.32 the employee, or in the case of any other type of payment the person making and the person

203.1 receiving the payment, agree to such withholding. Such agreement shall be made in such
203.2 form and manner as the commissioner may by rules provide. For purposes of this section
203.3 remuneration or other payments with respect to which such agreement is made shall be
203.4 treated as if they were wages paid by an employer to an employee to the extent that such
203.5 remuneration is paid or other payments are made during the period for which the agreement
203.6 is in effect.

203.7 (d) An individual receiving a payment or distribution under paragraph (a) may elect to
203.8 have paragraph (a) not apply to the payment or distribution as follows.

203.9 (1) For payments defined under section 3405(e)(2) of the Internal Revenue Code, an
203.10 election remains in effect until revoked by such individual.

203.11 (2) For distributions defined under section 3405(e)(3) of the Internal Revenue Code, the
203.12 election is on a distribution-by-distribution basis.

203.13 **EFFECTIVE DATE.** This section is effective for payments and distributions made
203.14 after December 31, 2021.

203.15 Sec. 13. Minnesota Statutes 2020, section 290.923, subdivision 9, is amended to read:

203.16 Subd. 9. **Payees incurring no income tax liability.** Notwithstanding any other provision
203.17 of this section a payor shall not be required to deduct and withhold any tax under this chapter
203.18 upon a payment of royalties to a payee if there is in effect with respect to the payment a
203.19 withholding ~~exemption~~ allowance certificate, in the form and containing the information
203.20 prescribed by the commissioner, furnished to the payor by the payee certifying that the
203.21 payee:

203.22 (1) incurred no liability for income tax imposed under this chapter for the payee's
203.23 preceding taxable year; and

203.24 (2) anticipates incurring no liability for income tax under this chapter for the current
203.25 taxable year.

203.26 The commissioner shall provide by rule for the coordination of the provisions of this
203.27 subdivision with the provisions of subdivision 4.

203.28 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
203.29 31, 2020.

204.1 Sec. 14. Minnesota Statutes 2020, section 290.993, is amended to read:

204.2 **290.993 SPECIAL LIMITED ADJUSTMENT.**

204.3 (a) For an individual ~~income taxpayer subject to tax under section 290.06, subdivision~~
 204.4 ~~2e, estate, or trust,~~ or a partnership that elects to file a composite return under section
 204.5 289A.08, subdivision 7, for taxable years beginning after December 31, 2017, and before
 204.6 January 1, 2019, the following special rules apply:

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

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

204.15 (b) The adjustment in paragraph (a), clause (2), does not apply to any changes due to
 204.16 sections 11012, 13101, 13201, 13202, 13203, 13204, 13205, 13207, 13301, 13302, 13303,
 204.17 13313, 13502, 13503, 13801, 14101, 14102, 14211 through 14215, and 14501 of Public
 204.18 Law 115-97; and section 40411 of Public Law 115-123.

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

204.21 **ARTICLE 13**

204.22 **DEPARTMENT OF REVENUE POLICY AND TECHNICAL: PROPERTY TAXES**
 204.23 **AND LOCAL GOVERNMENT AIDS**

204.24 Section 1. Minnesota Statutes 2020, section 270.41, subdivision 3a, is amended to read:

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

204.32 **EFFECTIVE DATE.** This section is effective for reports issued in 2022 and thereafter.

205.1 Sec. 2. Minnesota Statutes 2020, section 270.44, is amended to read:

205.2 **270.44 CHARGES FOR COURSES, EXAMINATIONS OR MATERIALS.**

205.3 The board shall charge the following fees:

205.4 (1) \$150 for a senior accredited Minnesota assessor license;

205.5 (2) \$125 for an accredited Minnesota assessor license;

205.6 (3) \$95 for a certified Minnesota assessor specialist license;

205.7 (4) \$85 for a certified Minnesota assessor license;

205.8 (5) \$85 for a temporary license;

205.9 (6) \$50 for a trainee registration;

205.10 (7) \$80 for grading a form appraisal;

205.11 (8) \$140 for grading a narrative appraisal; and

205.12 (9) \$50 for reinstatement; ~~and~~

205.13 ~~(10) \$20 for record retention.~~

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

205.15 Sec. 3. Minnesota Statutes 2020, section 272.029, subdivision 2, is amended to read:

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

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

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

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

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

206.1 (b) For systems installed and contracted for after January 1, 2002, the total size of a
206.2 wind energy conversion system under this subdivision shall be determined according to this
206.3 paragraph. Unless the systems are interconnected with different distribution systems, the
206.4 nameplate capacity of one wind energy conversion system shall be combined with the
206.5 nameplate capacity of any other wind energy conversion system that is:

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

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

206.8 and

206.9 (3) under common ownership.

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

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

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

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

206.22 Sec. 4. Minnesota Statutes 2020, section 272.0295, subdivision 2, is amended to read:

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

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

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

206.32 and

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

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

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

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

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

207.16 Sec. 5. Minnesota Statutes 2020, section 272.0295, subdivision 5, is amended to read:

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

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

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

208.1 Sec. 6. Minnesota Statutes 2020, section 273.063, is amended to read:

208.2 **273.063 APPLICATION; LIMITATIONS.**

208.3 The provisions of sections 272.161, 273.061, 273.062, 273.063, 273.072, 273.08, 273.10,
208.4 274.01, and 375.192 shall apply to all counties except Ramsey County. The following
208.5 limitations shall apply as to the extent of the county assessors jurisdiction:

208.6 In counties having a city of the first class, the powers and duties of the county assessor
208.7 within such city shall be performed by the duly appointed city assessor. In all other cities
208.8 having a population of 30,000 persons or more, according to the last preceding federal
208.9 census, except in counties having a county assessor on January 1, 1967, the powers and
208.10 duties of the county assessor within such cities shall be performed by the duly appointed
208.11 city assessor, provided that the county assessor shall retain the supervisory duties contained
208.12 in section 273.061, subdivision 8. For purposes of this section, "powers and duties" means
208.13 the powers and duties identified in section 273.061, subdivision 8, clauses (5) to (16).

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

208.15 Sec. 7. Minnesota Statutes 2020, section 273.0755, is amended to read:

208.16 **273.0755 TRAINING AND EDUCATION OF PROPERTY TAX PERSONNEL.**

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

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

208.30 (c) Beginning with the four-year educational licensing period starting on July 1, 2004,
208.31 every Minnesota assessor licensed by the State Board of Assessors must attend and participate
208.32 in a seminar that focuses on ethics, professional conduct and the need for standardized
208.33 assessment practices developed and presented by the commissioner of revenue. This

209.1 requirement must be met at least once in every subsequent four-year period. This requirement
209.2 applies to all assessors licensed for one year or more in the four-year period.

209.3 (d) When the commissioner of revenue determines that an individual or board that
209.4 performs functions related to property tax administration has performed those functions in
209.5 a manner that is not uniform or equitable, the commissioner may require that the individual
209.6 or members of the board complete supplemental training. The commissioner may not require
209.7 that an individual complete more than 32 hours of supplemental training pursuant to this
209.8 paragraph. If the individual is required to complete supplemental training due to that
209.9 individual's membership on a local or county board of appeal and equalization, the
209.10 commissioner may not require that the individual complete more than two hours of
209.11 supplemental training.

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

209.14 Sec. 8. Minnesota Statutes 2020, section 273.124, subdivision 14, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

210.14 (5) neither the owner nor the person actively farming the agricultural property lives
210.15 farther than four townships or cities, or a combination of four townships or cities, from the
210.16 agricultural property, except that if the owner or the owner's spouse is required to live in
210.17 employer-provided housing, the owner or owner's spouse, whichever is actively farming
210.18 the agricultural property, may live more than four townships or cities, or combination of
210.19 four townships or cities from the agricultural property.

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

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

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

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

211.1 (d) Agricultural land used for purposes of a homestead and actively farmed by a person
211.2 holding a vested remainder interest in it must be classified as a homestead under section
211.3 273.13, subdivision 23, paragraph (a). If agricultural land is classified class 2a, any other
211.4 dwellings on the land used for purposes of a homestead by persons holding vested remainder
211.5 interests who are actively engaged in farming the property, and up to one acre of the land
211.6 surrounding each homestead and reasonably necessary for the use of the dwelling as a home,
211.7 must also be assessed class 2a.

211.8 (e) Agricultural land and buildings that were class 2a homestead property under section
211.9 273.13, subdivision 23, paragraph (a), for the 1997 assessment shall remain classified as
211.10 agricultural homesteads for subsequent assessments if:

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

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

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

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

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

211.25 (f) Agricultural land and buildings that were class 2a homestead property under section
211.26 273.13, subdivision 23, paragraph (a), for the 1998 assessment shall remain classified
211.27 agricultural homesteads for subsequent assessments if:

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

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

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

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

212.3 (5) the owner notifies the county assessor that the relocation was due to a March 29,
212.4 1998, tornado, and the owner furnishes the assessor any information deemed necessary by
212.5 the assessor in verifying the change in homestead dwelling. For taxes payable in 1999, the
212.6 owner must notify the assessor by December 1, 1998. Further notifications to the assessor
212.7 are not required if the property continues to meet all the requirements in this paragraph and
212.8 any dwellings on the agricultural land remain uninhabited.

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

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

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

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

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

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

212.23 Homestead treatment applies under this paragraph even if:

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

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

212.29 (A) the shareholder, member, or partner of the family farm corporation, joint family
212.30 farm venture, partnership, or limited liability company that owns the land who is actively
212.31 farming the land is a shareholder, member, or partner of the family farm corporation, joint

213.1 family farm venture, partnership, or limited liability company that is operating the farm;
213.2 and

213.3 (B) more than half of the shareholders, members, or partners of each family farm
213.4 corporation, joint family farm venture, partnership, or limited liability company are persons
213.5 or spouses of persons who are a qualifying relative under section 273.124, subdivision 1,
213.6 paragraphs (c) and (d).

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

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

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

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

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

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

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

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

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

213.30 (i) Agricultural land and buildings that were class 2a homestead property under section
213.31 273.13, subdivision 23, paragraph (a), for the 2007 assessment shall remain classified
213.32 agricultural homesteads for subsequent assessments if:

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

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

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

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

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

214.15 (j) Agricultural land and buildings that were class 2a homestead property under section
214.16 273.13, subdivision 23, paragraph (a), for the 2008 assessment shall remain classified as
214.17 agricultural homesteads for subsequent assessments if:

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

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

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

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

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

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

215.1 Sec. 9. Minnesota Statutes 2020, section 273.18, is amended to read:

215.2 **273.18 LISTING, VALUATION, AND ASSESSMENT OF EXEMPT PROPERTY**
 215.3 **BY COUNTY AUDITORS.**

215.4 (a) In every sixth year after the year 2010, the county auditor shall enter the description
 215.5 of each tract of real property exempt by law from taxation, with the name of the owner, and
 215.6 the assessor shall value and assess the same in the same manner that other real property is
 215.7 valued and assessed, and shall designate in each case the purpose for which the property is
 215.8 used.

215.9 (b) The county auditor shall include in the exempt property information that the
 215.10 commissioner may require under section 270C.85, subdivision 2, clause (4), the total number
 215.11 of acres of all natural resources lands for which in lieu payments are made under sections
 215.12 477A.11 to 477A.14 and 477A.17. The assessor shall estimate its market value, provided
 215.13 that if the assessor is not able to estimate the market value of the land on a per parcel basis,
 215.14 the assessor shall furnish the commissioner of revenue with an estimate of the average value
 215.15 per acre of this land within the county.

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

215.17 Sec. 10. Minnesota Statutes 2020, section 287.04, is amended to read:

215.18 **287.04 EXEMPTIONS.**

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

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

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

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

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

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

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

- 216.1 ~~(g)~~ (7) mortgages granted by fraternal benefit societies subject to section 64B.24.;
- 216.2 ~~(h)~~ (8) a mortgage amendment or extension, as defined in section 287.01.;
- 216.3 ~~(i)~~ (9) an agricultural mortgage if the proceeds of the loan secured by the mortgage are
- 216.4 used to acquire or improve real property classified under section 273.13, subdivision 23,
- 216.5 paragraph (a) or (b).; and
- 216.6 ~~(j)~~ (10) a mortgage on an armory building as set forth in section 193.147.

216.7 **EFFECTIVE DATE.** This section is effective for mortgages recorded after June 30,

216.8 2021.

216.9 Sec. 11. Minnesota Statutes 2020, section 477A.10, is amended to read:

216.10 **477A.10 NATURAL RESOURCES LAND PAYMENTS IN LIEU; PURPOSE.**

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

- 216.12 (1) to compensate local units of government for the loss of tax base from state ownership
- 216.13 of land and the need to provide services for state land;
- 216.14 (2) to address the disproportionate impact of state land ownership on local units of
- 216.15 government with a large proportion of state land; and
- 216.16 (3) to address the need to manage state lands held in trust for the local taxing districts.

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

216.18 **ARTICLE 14**

216.19 **DEPARTMENT OF REVENUE POLICY AND TECHNICAL: SALES AND USE**

216.20 **TAXES**

216.21 Section 1. Minnesota Statutes 2020, section 289A.20, subdivision 4, is amended to read:

- 216.22 Subd. 4. **Sales and use tax.** (a) The taxes imposed by chapter 297A are due and payable
- 216.23 to the commissioner monthly on or before the 20th day of the month following the month
- 216.24 in which the taxable event occurred, or following another reporting period as the
- 216.25 commissioner prescribes or as allowed under section 289A.18, subdivision 4, paragraph (f)
- 216.26 or (g), except that use taxes due on an annual use tax return as provided under section
- 216.27 289A.11, subdivision 1, are payable by April 15 following the close of the calendar year.
- 216.28 (b) A vendor having a liability of \$250,000 or more during a fiscal year ending June 30
- 216.29 must remit the June liability for the next year in the following manner:

217.1 (1) Two business days before June 30 of calendar year 2020 and 2021, the vendor must
 217.2 remit 87.5 percent of the estimated June liability to the commissioner. Two business days
 217.3 before June 30 of calendar year 2022 and thereafter, the vendor must remit 84.5 percent of
 217.4 the estimated June liability to the commissioner.

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

217.7 (c) A vendor having a liability of:

217.8 (1) \$10,000 or more, but less than \$250,000 during a fiscal year ending June 30, 2013,
 217.9 and fiscal years thereafter, must remit by electronic means all liabilities on returns due for
 217.10 periods beginning in all subsequent calendar years on or before the 20th day of the month
 217.11 following the month in which the taxable event occurred, or on or before the 20th day of
 217.12 the month following the month in which the sale is reported under section 289A.18,
 217.13 subdivision 4; or

217.14 (2) \$250,000 or more, during a fiscal year ending June 30, 2013, and fiscal years
 217.15 thereafter, must remit by electronic means all liabilities in the manner provided in paragraph
 217.16 (a) on returns due for periods beginning in the subsequent calendar year, except for ~~90~~
 217.17 ~~percent~~ the percentage of the estimated June liability, as provided in paragraph (b), clause
 217.18 (1), which is due two business days before June 30. The remaining amount of the June
 217.19 liability is due on August 20.

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

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

217.28 Sec. 2. Minnesota Statutes 2020, section 295.75, subdivision 2, is amended to read:

217.29 Subd. 2. **Gross receipts tax imposed.** A tax is imposed on each liquor retailer equal to
 217.30 2.5 percent of gross receipts from retail sales in Minnesota of liquor. The liquor retailer
 217.31 may, but is not required to, collect the tax from the purchaser. If separately stated on the
 217.32 invoice, bill of sale, or similar document given to the purchaser, the tax is excluded from
 217.33 the sales price for purposes of the tax imposed under chapter 297A.

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

218.2 Sec. 3. Minnesota Statutes 2020, section 297A.66, subdivision 3, is amended to read:

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

218.7 (b) A marketplace provider is not liable for failing to file, collect, and remit sales and
 218.8 use taxes to the commissioner if the marketplace provider demonstrates that the error was
 218.9 due to incorrect or insufficient information given to the marketplace provider by the retailer.
 218.10 This paragraph does not apply if the marketplace provider and the marketplace retailer are
 218.11 related as defined in subdivision 4, paragraph (b).

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

218.13 Sec. 4. **REPEALER.**

218.14 Minnesota Statutes 2020, section 270C.17, subdivision 2, is repealed.

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

218.16 **ARTICLE 15**

218.17 **DEPARTMENT OF REVENUE POLICY AND TECHNICAL: SPECIAL TAXES**

218.18 Section 1. Minnesota Statutes 2020, section 296A.06, subdivision 2, is amended to read:

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

218.26 (b) A licensee whose license is suspended under this subdivision may request a contested
 218.27 case hearing under chapter 14. Any such hearing must be held within 20 days of the issuance
 218.28 of the notice and demand issued under paragraph (a), unless the parties agree to a later
 218.29 hearing date. The administrative law judge's report must be issued within 20 days after the
 218.30 close of the hearing record, unless the parties agree to a later report issuance date. The
 218.31 commissioner must issue a final decision within 30 days after receipt of the report of the

219.1 administrative law judge and subsequent exceptions and argument under section 14.61. The
219.2 suspension imposed under paragraph (a) remains in effect during any contested case hearing
219.3 process requested pursuant to this paragraph.

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

219.5 Sec. 2. Minnesota Statutes 2020, section 297F.04, subdivision 2, is amended to read:

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

219.9 (1) owes \$500 or more in delinquent taxes as defined in section 270C.72, subdivision
219.10 2;

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

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

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

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

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

219.20 Sec. 3. Minnesota Statutes 2020, section 297F.09, subdivision 10, is amended to read:

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

219.25 (a) Two business days before June 30 of calendar ~~years 2020 and~~ year 2021, the
219.26 distributor shall remit the actual May liability and 87.5 percent of the estimated June liability
219.27 to the commissioner and file the return in the form and manner prescribed by the
219.28 commissioner. Two business days before June 30 of calendar year 2022 and each calendar
219.29 year thereafter, the distributor must remit the actual May liability and 84.5 percent of the
219.30 estimated June liability to the commissioner and file the return in the form and manner
219.31 prescribed by the commissioner.

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

220.6 (1) for calendar year 2021, the lesser of 87.5 percent of the actual June liability for the
 220.7 that calendar year 2020 and 2021 June liabilities and 84.5 of the actual June liability for
 220.8 June 2022 and thereafter or 87.5 percent of the May liability for that calendar year; or

220.9 (2) 87.5 for calendar year 2022 and each calendar year thereafter, the lesser of 84.5
 220.10 percent of the preceding actual June liability for that calendar year or 84.5 percent of the
 220.11 May liability for the calendar year 2020 and 2021 June liabilities and 84.5 percent of the
 220.12 preceding May liability for June 2022 and thereafter for that calendar year.

220.13 (c) ~~For calendar year 2022 and thereafter, the percent of the estimated June liability the~~
 220.14 ~~vendor must remit by two business days before June 30 is 84.5 percent.~~

220.15 **EFFECTIVE DATE.** This section is effective for estimated payments required to be
 220.16 made after the date following final enactment.

220.17 Sec. 4. Minnesota Statutes 2020, section 297F.13, subdivision 4, is amended to read:

220.18 Subd. 4. **Retailer and subjobber to preserve purchase invoices.** Every retailer and
 220.19 subjobber shall procure itemized invoices of all cigarettes or tobacco products purchased.

220.20 The retailer and subjobber shall preserve a legible copy of each invoice for one year
 220.21 from the date of the invoice or as long as the cigarette or tobacco product listed on the
 220.22 invoice is available for sale or in their possession, whichever period is longer. The retailer
 220.23 and subjobber shall preserve copies of the invoices at each retail location or at a central
 220.24 location provided that the invoice must be produced and made available at a retail location
 220.25 within one hour when requested by the commissioner or duly authorized agents and
 220.26 employees. Copies should be numbered and kept in chronological order.

220.27 To determine whether the business is in compliance with the provisions of this chapter,
 220.28 at any time during usual business hours, the commissioner, or duly authorized agents and
 220.29 employees, may enter any place of business of a retailer or subjobber without a search
 220.30 warrant and inspect the premises, the records required to be kept under this chapter, and the
 220.31 packages of cigarettes, tobacco products, and vending devices contained on the premises.

220.32 **EFFECTIVE DATE.** This section is effective for all cigarette and tobacco products
 220.33 available for sale or in a retailer or subjobber's possession after December 31, 2021.

221.1 Sec. 5. Minnesota Statutes 2020, section 297F.17, subdivision 1, is amended to read:

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

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

221.11 Sec. 6. Minnesota Statutes 2020, section 297G.09, subdivision 9, is amended to read:

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

221.15 (a) Two business days before June 30 of calendar ~~years 2020 and~~ year 2021, the taxpayer
 221.16 shall remit the actual May liability and 87.5 percent of the estimated June liability to the
 221.17 commissioner and file the return in the form and manner prescribed by the commissioner.
 221.18 Two business days before June 30 of calendar year 2022 and each calendar year thereafter,
 221.19 the distributor must remit the actual May liability and 84.5 percent of the estimated June
 221.20 liability to the commissioner and file the return in the form and manner prescribed by the
 221.21 commissioner.

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

221.27 (1) for calendar year 2021, the lesser of 87.5 percent of the actual June liability for the
 221.28 that calendar year 2020 and 2021 June liabilities and 84.5 percent of the actual June liability
 221.29 for June 2022 and thereafter or 87.5 percent of the May liability for that calendar year; or

221.30 (2) 87.5 for calendar year 2022 and each calendar year thereafter, the lesser of 84.5
 221.31 percent of the preceding actual June liability for that calendar year or 84.5 percent of the
 221.32 May liability for the calendar year 2020 and 2021 June liabilities and 84.5 percent of the
 221.33 preceding May liability for June 2022 and thereafter for that calendar year.

222.1 ~~(e) For calendar year 2022 and thereafter, the percent of the estimated June liability the~~
 222.2 ~~vendor must remit by two business days before June 30 is 84.5 percent.~~

222.3 EFFECTIVE DATE. This section is effective for estimated payments required to be
 222.4 made after the date following final enactment.

222.5 Sec. 7. Minnesota Statutes 2020, section 609B.153, is amended to read:

222.6 **609B.153 CIGARETTE AND TOBACCO DISTRIBUTOR OR SUBJOBBER**
 222.7 **LICENSE; SUSPENSION OR REVOCATION.**

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

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

222.12 ARTICLE 16

222.13 DEPARTMENT OF REVENUE POLICY AND TECHNICAL: MISCELLANEOUS

222.14 Section 1. Minnesota Statutes 2020, section 270C.22, subdivision 1, is amended to read:

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

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

222.29 (c) To determine the dollar amounts for taxable year 2020, the commissioner shall
 222.30 determine the percentage change in the index for the 12-month period ending on August
 222.31 31, 2019, and increase each of the unrounded dollar amounts in the sections referencing
 222.32 this section by that percentage change. For each subsequent taxable year, the commissioner

223.1 shall increase the dollar amounts by the percentage change in the index from August 31 of
223.2 the year preceding the statutory year to August 31 of the year preceding the taxable year.

223.3 (d) To determine the dollar amounts for refunds payable in 2020 under chapter 290A,
223.4 the commissioner shall determine the percentage change in the index for the 12-month
223.5 period ending on August 31, 2019, and increase each of the unrounded dollar amounts in
223.6 the sections referencing this section by that percentage change. For each subsequent year,
223.7 the commissioner shall increase the dollar amounts by the percentage change in the index
223.8 from August 31 of the ~~year preceding~~ the statutory year to August 31 of the year preceding
223.9 the year in which refunds are payable.

223.10 (e) Unless otherwise provided, the commissioner shall round the amounts as adjusted
223.11 to the nearest \$10 amount. If an amount ends in \$5, the amount is rounded up to the nearest
223.12 \$10 amount.

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

223.15 Sec. 2. Minnesota Statutes 2020, section 270C.445, subdivision 3, is amended to read:

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

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

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

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

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

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

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

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

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

- 224.1 (9) make, authorize, publish, disseminate, circulate, or cause to make, either directly or
224.2 indirectly, any false, deceptive, or misleading statement or representation relating to or in
224.3 connection with the offering or provision of tax preparation services;
- 224.4 (10) require a client to enter into a loan arrangement in order to complete a client's return;
- 224.5 (11) claim credits or deductions on a client's return for which the tax preparer knows or
224.6 reasonably should know the client does not qualify;
- 224.7 (12) report a household income on a client's claim filed under chapter 290A that the tax
224.8 preparer knows or reasonably should know is not accurate;
- 224.9 (13) engage in any conduct that is subject to a penalty under section 289A.60, subdivision
224.10 13, 20, 20a, 26, or 28;
- 224.11 (14) whether or not acting as a taxpayer representative, fail to conform to the standards
224.12 of conduct required by Minnesota Rules, part 8052.0300, subpart 4;
- 224.13 (15) whether or not acting as a taxpayer representative, engage in any conduct that is
224.14 incompetent conduct under Minnesota Rules, part 8052.0300, subpart 5;
- 224.15 (16) whether or not acting as a taxpayer representative, engage in any conduct that is
224.16 disreputable conduct under Minnesota Rules, part 8052.0300, subpart 6;
- 224.17 (17) charge, offer to accept, or accept a fee based upon a percentage of an anticipated
224.18 refund for tax preparation services;
- 224.19 (18) under any circumstances, withhold or fail to return to a client a document provided
224.20 by the client for use in preparing the client's return;
- 224.21 (19) ~~establish~~ take control or ownership of a client's refund by any means, including:
- 224.22 (i) directly or indirectly endorsing or otherwise negotiating a check or other refund
224.23 instrument, including an electronic version of a check;
- 224.24 (ii) directing an electronic or direct deposit of the refund into an account unless the
224.25 client's name is on the account; and
- 224.26 (iii) establishing or using an account in the preparer's name to receive a client's refund
224.27 through a direct deposit or any other instrument unless the client's name is also on the
224.28 account, except that a taxpayer may assign the portion of a refund representing the Minnesota
224.29 education credit available under section 290.0674 to a bank account without the client's
224.30 name, as provided under section 290.0679;
- 224.31 (20) fail to act in the best interests of the client;

- 225.1 (21) fail to safeguard and account for any money handled for the client;
- 225.2 (22) fail to disclose all material facts of which the preparer has knowledge which might
225.3 reasonably affect the client's rights and interests;
- 225.4 (23) violate any provision of section 332.37;
- 225.5 (24) include any of the following in any document provided or signed in connection
225.6 with the provision of tax preparation services:
- 225.7 (i) a hold harmless clause;
- 225.8 (ii) a confession of judgment or a power of attorney to confess judgment against the
225.9 client or appear as the client in any judicial proceeding;
- 225.10 (iii) a waiver of the right to a jury trial, if applicable, in any action brought by or against
225.11 a debtor;
- 225.12 (iv) an assignment of or an order for payment of wages or other compensation for
225.13 services;
- 225.14 (v) a provision in which the client agrees not to assert any claim or defense otherwise
225.15 available;
- 225.16 (vi) a waiver of any provision of this section or a release of any obligation required to
225.17 be performed on the part of the tax preparer; or
- 225.18 (vii) a waiver of the right to injunctive, declaratory, or other equitable relief or relief on
225.19 a class basis; or
- 225.20 (25) if making, providing, or facilitating a refund anticipation loan, fail to provide all
225.21 disclosures required by the federal Truth in Lending Act, United States Code, title 15, in a
225.22 form that may be retained by the client.
- 225.23 **EFFECTIVE DATE.** This section is effective the day following final enactment.

270C.17 COMMISSIONER TO COLLECT CERTAIN LOCAL TAXES.

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

469.055 POWERS AND DUTIES.

Subd. 7. **Sale of realty.** The authority may sell, convey, and exchange any real or personal property owned or held by it in any manner and on any terms it wishes. Real property owned by the authority must not be sold, be exchanged, or have its title transferred without approval of two-thirds of the commissioners. All commissioners must have ten days' written notice of a regular or special meeting at which a sale, conveyance, exchange, or transfer of property is to be voted on. The notice must contain a complete description of the affected real estate. The resolution authorizing the real estate transaction is not effective unless a quorum is present.