

**270C.275 CIVIL DAMAGES FOR CERTAIN UNAUTHORIZED COLLECTION ACTIONS.**

Subdivision 1. **In general.** If in connection with the collection of delinquent taxes, an employee of the department recklessly or intentionally disregards a law administered by the commissioner, the taxpayer may bring a civil action for damages against the commissioner in district court within two years after the date the right of action accrues.

Subd. 2. **Damages.** On a finding of liability on the part of the defendant in an action brought under subdivision 1, the defendant is liable to the plaintiff in an amount equal to the lesser of \$200,000, or the sum of (1) actual, direct economic damages sustained by the plaintiff as a proximate result of the reckless or intentional actions of the employee and (2) the costs of the action. Damages must be paid in accordance with section 3.736, subdivision 7.

Subd. 3. **Limitations.** A judgment for damages must not be awarded under subdivision 2 unless the court determines that the plaintiff has exhausted the administrative remedies available to the plaintiff within the department. Damages awarded must be reduced by the amount of the damages that could reasonably have been mitigated by the plaintiff.

Subd. 4. **Penalties for procedures instituted primarily for delay.** When it appears to the district court that:

(1) proceedings before it under this section have been instituted or maintained by the taxpayer primarily for delay;

(2) the taxpayer's position in such proceeding is frivolous or groundless; or

(3) the taxpayer unreasonably failed to pursue available administrative remedies,

the district court, in its decision, may require the taxpayer to pay to the department a penalty not in excess of \$25,000. The penalty may be collected and paid in the same manner as a tax collected by the commissioner.

**History:** 2005 c 151 art 1 s 25