

STATE OF MINNESOTA

NINETIETH SESSION — 2017

FIFTY-SECOND DAY

SAINT PAUL, MINNESOTA, WEDNESDAY, MAY 10, 2017

The House of Representatives convened at 10:00 a.m. and was called to order by Kurt Daudt, Speaker of the House.

Prayer was offered by the Reverend Norma Rae Hunt, Saint Paul's United Church of Christ, St. Paul, Minnesota.

The members of the House gave the pledge of allegiance to the flag of the United States of America.

The roll was called and the following members were present:

| | | | | | |
|--------------|------------|---------------|------------|------------|------------|
| Albright | Davids | Heintzeman | Lien | Nornes | Schultz |
| Allen | Davnie | Hertaus | Lillie | O'Driscoll | Scott |
| Anderson, P. | Dean, M. | Hilstrom | Loeffler | Olson | Slocum |
| Anderson, S. | Dehn, R. | Hoppe | Lohmer | Omar | Smith |
| Anselmo | Dettmer | Hornstein | Loon | O'Neill | Sundin |
| Applebaum | Drazkowski | Hortman | Loonan | Pelowski | Swedzinski |
| Backer | Ecklund | Howe | Lucero | Peppin | Theis |
| Bahr, C. | Erickson | Jessup | Lueck | Petersburg | Thissen |
| Baker | Fenton | Johnson, B. | Mahoney | Peterson | Torkelson |
| Barr, R. | Fischer | Johnson, C. | Mariani | Pierson | Uglen |
| Becker-Finn | Flanagan | Johnson, S. | Marquart | Pinto | Urdahl |
| Bennett | Franke | Jurgens | Masin | Poppe | Vogel |
| Bernardy | Freiberg | Kiel | McDonald | Poston | Wagenius |
| Bliss | Green | Knoblach | Metsa | Pryor | Ward |
| Bly | Grossell | Koegel | Miller | Pugh | West |
| Carlson, A. | Gruenhagen | Koznick | Moran | Quam | Whelan |
| Carlson, L. | Gunther | Kresha | Murphy, E. | Rarick | Wills |
| Christensen | Haley | Kunesh-Podein | Murphy, M. | Rosenthal | Youakim |
| Clark | Halverson | Layman | Nash | Runbeck | Zerwas |
| Considine | Hamilton | Lee | Nelson | Sandstede | Spk. Daudt |
| Cornish | Hansen | Lesch | Neu | Sauke | |
| Daniels | Hausman | Liebling | Newberger | Schomacker | |

A quorum was present.

Fabian was excused.

Franson and Garofalo were excused until 1:45 p.m. Maye Quade was excused until 2:00 p.m.

The Chief Clerk proceeded to read the Journal of the preceding day. There being no objection, further reading of the Journal was dispensed with and the Journal was approved as corrected by the Chief Clerk.

REPORTS OF CHIEF CLERK

S. F. No. 1399 and H. F. No. 1519, which had been referred to the Chief Clerk for comparison, were examined and found to be not identical.

West moved that S. F. No. 1399 be substituted for H. F. No. 1519 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1703 and H. F. No. 2276, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Poston moved that S. F. No. 1703 be substituted for H. F. No. 2276 and that the House File be indefinitely postponed. The motion prevailed.

SECOND READING OF SENATE BILLS

S. F. Nos. 1399 and 1703 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Peterson and Pinto introduced:

H. F. No. 2655, A bill for an act relating to legislative enactments; correcting miscellaneous oversights, inconsistencies, ambiguities, unintended results, and technical errors.

The bill was read for the first time and referred to the Committee on Rules and Legislative Administration.

Neu, Ecklund, Jessup, Hoppe, Dettmer and Lillie introduced:

H. F. No. 2656, A bill for an act relating to capital investment; appropriating money for the Swedish Immigrant Regional Trail; authorizing the sale and issuance of state bonds.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources Policy and Finance.

Loon; Barr, R.; Jessup; Layman; Bliss; Jurgens and West introduced:

H. F. No. 2657, A bill for an act relating to education finance; increasing the basic formula allowance by two percent per year; appropriating money; amending Minnesota Statutes 2016, section 126C.10, subdivision 2.

The bill was read for the first time and referred to the Committee on Education Finance.

Dean, M.; Zerwas; Drazkowski; Pugh; Lohmer; Lucero; Poston; Bahr, C.; Miller; McDonald and Gruenhagen introduced:

H. F. No. 2658, A bill for an act relating to crime; providing for the crime of hiding identity at a public demonstration; proposing coding for new law in Minnesota Statutes, chapter 609.

The bill was read for the first time and referred to the Committee on Public Safety and Security Policy and Finance.

Flanagan introduced:

H. F. No. 2659, A bill for an act relating to capital investment; appropriating money for a multijurisdictional law enforcement center; authorizing the sale and issuance of state bonds.

The bill was read for the first time and referred to the Committee on Job Growth and Energy Affordability Policy and Finance.

Peppin moved that the House recess subject to the call of the Chair. The motion prevailed.

RECESS

RECONVENED

The House reconvened and was called to order by Speaker pro tempore Albright.

CALENDAR FOR THE DAY

H. F. No. 1400, A bill for an act relating to health; modifying provisions governing reimbursable expenses for nursing assistant training and competency evaluations; amending Minnesota Statutes 2016, section 144A.611, subdivisions 1, 2, 4.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

| | | | | | |
|--------------|-------------|-------------|------------|----------|------------|
| Albright | Bahr, C. | Bly | Daniels | Ecklund | Green |
| Allen | Baker | Carlson, A. | Davids | Erickson | Grossell |
| Anderson, P. | Barr, R. | Carlson, L. | Davnie | Fenton | Gruenhagen |
| Anderson, S. | Becker-Finn | Christensen | Dean, M. | Fischer | Gunther |
| Anselmo | Bennett | Clark | Dehn, R. | Flanagan | Haley |
| Applebaum | Bernardy | Considine | Dettmer | Franke | Halverson |
| Backer | Bliss | Cornish | Drazkowski | Freiberg | Hamilton |

| | | | | | |
|-------------|---------------|------------|------------|------------|------------|
| Hansen | Knoblach | Lucero | Newberger | Pugh | Thissen |
| Hausman | Koegel | Lueck | Nornes | Quam | Torkelson |
| Heintzeman | Koznick | Mahoney | O'Driscoll | Rarick | Uglen |
| Hertaus | Kresha | Mariani | Olson | Rosenthal | Urdahl |
| Hilstrom | Kunesh-Podein | Marquart | Omar | Runbeck | Vogel |
| Hoppe | Layman | Masin | O'Neill | Sandstede | Wagenius |
| Hornstein | Lee | McDonald | Pelowski | Sauke | Ward |
| Hortman | Lesch | Metsa | Peppin | Schomacker | West |
| Howe | Liebling | Miller | Petersburg | Schultz | Whelan |
| Jessup | Lien | Moran | Peterson | Scott | Wills |
| Johnson, B. | Lillie | Murphy, E. | Pierson | Slocum | Youakim |
| Johnson, C. | Loeffler | Murphy, M. | Pinto | Smith | Zerwas |
| Johnson, S. | Lohmer | Nash | Poppe | Sundin | Spk. Daudt |
| Jurgens | Loon | Nelson | Poston | Swedzinski | |
| Kiel | Loonan | Neu | Pryor | Theis | |

The bill was passed and its title agreed to.

Anderson, S., was excused between the hours of 1:35 p.m. and 1:40 p.m.

H. F. No. 2047, A bill for an act relating to health; requiring the commissioner of health to develop a comprehensive strategic plan to end HIV/AIDS.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

| | | | | | |
|--------------|------------|---------------|------------|------------|------------|
| Albright | Davnie | Hilstrom | Loeffler | Olson | Slocum |
| Allen | Dean, M. | Hoppe | Lohmer | Omar | Smith |
| Anderson, P. | Dehn, R. | Hornstein | Loon | O'Neill | Sundin |
| Anselmo | Dettmer | Hortman | Loonan | Pelowski | Swedzinski |
| Applebaum | Drazkowski | Howe | Lucero | Peppin | Theis |
| Backer | Ecklund | Jessup | Lueck | Petersburg | Thissen |
| Bahr, C. | Erickson | Johnson, B. | Mahoney | Peterson | Torkelson |
| Baker | Fenton | Johnson, C. | Mariani | Pierson | Uglen |
| Barr, R. | Fischer | Johnson, S. | Marquart | Pinto | Urdahl |
| Becker-Finn | Flanagan | Jurgens | Masin | Poppe | Vogel |
| Bennett | Franke | Kiel | McDonald | Poston | Wagenius |
| Bernardy | Freiberg | Knoblach | Metsa | Pryor | Ward |
| Bliss | Green | Koegel | Miller | Pugh | West |
| Bly | Grossell | Koznick | Moran | Quam | Whelan |
| Carlson, A. | Gunther | Kresha | Murphy, E. | Rarick | Wills |
| Carlson, L. | Haley | Kunesh-Podein | Murphy, M. | Rosenthal | Youakim |
| Christensen | Halverson | Layman | Nash | Runbeck | Zerwas |
| Clark | Hamilton | Lee | Nelson | Sandstede | Spk. Daudt |
| Considine | Hansen | Lesch | Neu | Sauke | |
| Cornish | Hausman | Liebling | Newberger | Schomacker | |
| Daniels | Heintzeman | Lien | Nornes | Schultz | |
| Davids | Hertaus | Lillie | O'Driscoll | Scott | |

The bill was passed and its title agreed to.

Clark was excused between the hours of 1:40 p.m. and 2:15 p.m.

Speaker pro tempore Albright called Davids to the Chair.

H. F. No. 2287, A bill for an act relating to claims against the state; providing for settlement of certain claims; appropriating money.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

| | | | | | |
|--------------|------------|---------------|------------|------------|------------|
| Albright | Davnie | Hertaus | Lillie | O'Driscoll | Scott |
| Allen | Dean, M. | Hilstrom | Loeffler | Olson | Slocum |
| Anderson, P. | Dehn, R. | Hoppe | Lohmer | Omar | Smith |
| Anderson, S. | Dettmer | Hornstein | Loon | O'Neill | Sundin |
| Anselmo | Drazkowski | Hortman | Loonan | Pelowski | Swedzinski |
| Applebaum | Ecklund | Howe | Lucero | Peppin | Theis |
| Backer | Erickson | Jessup | Lueck | Petersburg | Thissen |
| Bahr, C. | Fenton | Johnson, B. | Mahoney | Peterson | Torkelson |
| Baker | Fischer | Johnson, C. | Mariani | Pierson | Uglen |
| Barr, R. | Flanagan | Johnson, S. | Marquart | Pinto | Urdahl |
| Becker-Finn | Franke | Jurgens | Masin | Poppe | Vogel |
| Bennett | Freiberg | Kiel | McDonald | Poston | Wagenius |
| Bernardy | Green | Knoblach | Metsa | Pryor | Ward |
| Bliss | Grossell | Koegel | Miller | Pugh | West |
| Bly | Gruenhagen | Koznick | Moran | Quam | Whelan |
| Carlson, A. | Gunther | Kresha | Murphy, E. | Rarick | Wills |
| Carlson, L. | Haley | Kunesh-Podein | Murphy, M. | Rosenthal | Youakim |
| Christensen | Halverson | Layman | Nash | Runbeck | Zerwas |
| Considine | Hamilton | Lee | Nelson | Sandstede | Spk. Daudt |
| Cornish | Hansen | Lesch | Neu | Sauke | |
| Daniels | Hausman | Liebling | Newberger | Schomacker | |
| Davids | Heintzeman | Lien | Nornes | Schultz | |

The bill was passed and its title agreed to.

S. F. No. 216, A bill for an act relating to human services; modifying certain claims against estates provisions under medical assistance; amending Minnesota Statutes 2016, section 256B.15, subdivisions 1, 1a, 2.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

| | | | | | |
|--------------|--------------|----------|-------------|----------|-------------|
| Albright | Anderson, S. | Backer | Barr, R. | Bernardy | Carlson, A. |
| Allen | Anselmo | Bahr, C. | Becker-Finn | Bliss | Carlson, L. |
| Anderson, P. | Applebaum | Baker | Bennett | Bly | Christensen |

| | | | | | |
|------------|-------------|---------------|------------|------------|------------|
| Considine | Gunther | Knoblach | Marquart | Petersburg | Sundin |
| Cornish | Haley | Koegel | Masin | Peterson | Swedzinski |
| Daniels | Halverson | Koznick | McDonald | Pierson | Theis |
| Davids | Hamilton | Kresha | Metsa | Pinto | Thissen |
| Davnie | Hansen | Kunesh-Podein | Miller | Poppe | Torkelson |
| Dean, M. | Hausman | Layman | Moran | Poston | Uglen |
| Dehn, R. | Heintzeman | Lee | Murphy, E. | Pryor | Urdahl |
| Dettmer | Hertaus | Lesch | Murphy, M. | Pugh | Vogel |
| Drazkowski | Hilstrom | Liebling | Nash | Quam | Wagenius |
| Ecklund | Hoppe | Lien | Nelson | Rarick | Ward |
| Erickson | Hornstein | Lillie | Neu | Rosenthal | West |
| Fenton | Hortman | Loeffler | Newberger | Runbeck | Whelan |
| Fischer | Howe | Lohmer | Nornes | Sandstede | Wills |
| Flanagan | Jessup | Loon | O'Driscoll | Sauke | Youakim |
| Franke | Johnson, B. | Loonan | Olson | Schomacker | Zerwas |
| Freiberg | Johnson, C. | Lucero | Omar | Schultz | Spk. Daudt |
| Green | Johnson, S. | Lueck | O'Neill | Scott | |
| Grossell | Jurgens | Mahoney | Pelowski | Slocum | |
| Gruenhagen | Kiel | Mariani | Peppin | Smith | |

The bill was passed and its title agreed to.

S. F. No. 997, A bill for an act relating to health insurance; requiring coverage under health plans for certain prescription eye drops refills; proposing coding for new law in Minnesota Statutes, chapter 62A.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 112 yeas and 18 nays as follows:

Those who voted in the affirmative were:

| | | | | | |
|--------------|-----------|---------------|------------|------------|------------|
| Albright | Davids | Hausman | Lien | Olson | Smith |
| Allen | Davnie | Heintzeman | Lillie | Omar | Sundin |
| Anderson, P. | Dean, M. | Hilstrom | Loeffler | O'Neill | Swedzinski |
| Anderson, S. | Dehn, R. | Hoppe | Loon | Pelowski | Theis |
| Anselmo | Dettmer | Hornstein | Loonan | Petersburg | Thissen |
| Applebaum | Ecklund | Hortman | Lueck | Peterson | Torkelson |
| Backer | Fenton | Howe | Mahoney | Pierson | Uglen |
| Baker | Fischer | Jessup | Mariani | Pinto | Urdahl |
| Barr, R. | Flanagan | Johnson, C. | Marquart | Poppe | Vogel |
| Becker-Finn | Franke | Johnson, S. | Masin | Poston | Wagenius |
| Bennett | Franson | Jurgens | Metsa | Pryor | Ward |
| Bernardy | Freiberg | Kiel | Moran | Quam | West |
| Bliss | Garofalo | Koegel | Murphy, E. | Rarick | Whelan |
| Bly | Grossell | Koznick | Murphy, M. | Rosenthal | Wills |
| Carlson, A. | Gunther | Kunesh-Podein | Nash | Runbeck | Youakim |
| Carlson, L. | Haley | Layman | Nelson | Sandstede | Zerwas |
| Considine | Halverson | Lee | Neu | Sauke | Spk. Daudt |
| Cornish | Hamilton | Lesch | Newberger | Schultz | |
| Daniels | Hansen | Liebling | Nornes | Slocum | |

Those who voted in the negative were:

| | | | | | |
|-------------|------------|-------------|--------|------------|------------|
| Bahr, C. | Erickson | Hertaus | Kresha | McDonald | Peppin |
| Christensen | Green | Johnson, B. | Lohmer | Miller | Pugh |
| Drazkowski | Gruenhagen | Knoblach | Lucero | O'Driscoll | Schomacker |

The bill was passed and its title agreed to.

Speaker pro tempore Davids called Albright to the Chair.

S. F. No. 1124, A bill for an act relating to state lands; modifying requirements for exchanging road easements and for leasing forest lands; providing for sale of tax-forfeited land by sealed bid; modifying certain drainage authority; deleting from state forests; providing for public or private sales and conveyances of certain state lands; amending Minnesota Statutes 2016, sections 84.633, subdivision 2; 89.17; 282.01, by adding a subdivision; Laws 2011, chapter 3, section 13.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

| | | | | | |
|--------------|------------|---------------|------------|------------|------------|
| Albright | Davnie | Hausman | Liebling | Newberger | Schomacker |
| Allen | Dean, M. | Heintzeman | Lien | Nornes | Schultz |
| Anderson, P. | Dehn, R. | Hertaus | Lillie | O'Driscoll | Scott |
| Anderson, S. | Dettmer | Hilstrom | Loeffler | Olson | Slocum |
| Anselmo | Drazkowski | Hoppe | Lohmer | Omar | Smith |
| Applebaum | Ecklund | Hornstein | Loon | O'Neill | Sundin |
| Backer | Erickson | Hortman | Loonan | Pelowski | Swedzinski |
| Bahr, C. | Fenton | Howe | Lucero | Peppin | Theis |
| Baker | Fischer | Jessup | Lueck | Petersburg | Thissen |
| Barr, R. | Flanagan | Johnson, B. | Mahoney | Peterson | Torkelson |
| Becker-Finn | Franke | Johnson, C. | Mariani | Pierson | Uglen |
| Bennett | Franson | Johnson, S. | Marquart | Pinto | Urdahl |
| Bernardy | Freiberg | Jurgens | Masin | Poppe | Vogel |
| Bliss | Garofalo | Kiel | McDonald | Poston | Wagenius |
| Bly | Green | Knoblach | Metsa | Pryor | Ward |
| Carlson, A. | Grossell | Koegel | Miller | Pugh | West |
| Carlson, L. | Gruenhagen | Koznick | Moran | Quam | Whelan |
| Christensen | Gunther | Kresha | Murphy, E. | Rarick | Wills |
| Considine | Haley | Kunesh-Podein | Murphy, M. | Rosenthal | Youakim |
| Cornish | Halverson | Layman | Nash | Runbeck | Zerwas |
| Daniels | Hamilton | Lee | Nelson | Sandstede | Spk. Daudt |
| Davids | Hansen | Lesch | Neu | Sauke | |

The bill was passed and its title agreed to.

S. F. No. 2008, A bill for an act relating to commerce; modifying price marking requirements for retail merchandise; amending Minnesota Statutes 2016, section 325F.53, subdivision 1.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

| | | | | | |
|--------------|------------|---------------|------------|------------|------------|
| Albright | Davnie | Hausman | Liebling | Nornes | Schultz |
| Allen | Dean, M. | Heintzeman | Lien | O'Driscoll | Scott |
| Anderson, P. | Dehn, R. | Hertaus | Lillie | Olson | Slocum |
| Anderson, S. | Dettmer | Hilstrom | Loeffler | Omar | Smith |
| Anselmo | Drazkowski | Hoppe | Lohmer | O'Neill | Sundin |
| Applebaum | Ecklund | Hornstein | Loon | Pelowski | Swedzinski |
| Backer | Erickson | Hortman | Loonan | Peppin | Theis |
| Bahr, C. | Fenton | Howe | Lucero | Petersburg | Thissen |
| Baker | Fischer | Jessup | Lueck | Peterson | Torkelson |
| Barr, R. | Flanagan | Johnson, B. | Mahoney | Pierson | Uglen |
| Becker-Finn | Franke | Johnson, C. | Mariani | Pinto | Urdahl |
| Bennett | Franson | Johnson, S. | Marquart | Poppe | Vogel |
| Bernardy | Freiberg | Jurgens | McDonald | Poston | Wagenius |
| Bliss | Garofalo | Kiel | Metsa | Pryor | Ward |
| Bly | Green | Knoblach | Miller | Pugh | West |
| Carlson, A. | Grossell | Koegel | Moran | Quam | Whelan |
| Carlson, L. | Gruenhagen | Koznick | Murphy, E. | Rarick | Wills |
| Christensen | Gunther | Kresha | Murphy, M. | Rosenthal | Youakim |
| Considine | Haley | Kunesh-Podein | Nash | Runbeck | Zerwas |
| Cornish | Halverson | Layman | Nelson | Sandstede | Spk. Daudt |
| Daniels | Hamilton | Lee | Neu | Sauke | |
| Davids | Hansen | Lesch | Newberger | Schomacker | |

The bill was passed and its title agreed to.

Speaker pro tempore Albright called Garofalo to the Chair.

REPORT FROM THE COMMITTEE ON RULES AND LEGISLATIVE ADMINISTRATION

Peppin from the Committee on Rules and Legislative Administration, pursuant to rules 1.21 and 3.33, designated the following bills to be placed on the Calendar for the Day for Friday, May 12, 2017 and established a prefiling requirement for amendments offered to the following bills:

H. F. Nos. 399, 470, 697, 1001, 1620, 1725 and 2080; and S. F. No. 1399.

There being no objection, the order of business reverted to Messages from the Senate.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 888, A bill for an act relating to state government; appropriating money for environment, natural resources, and tourism purposes; modifying fees; creating accounts; providing for disposition of certain receipts; modifying grant, contract, and lease provisions; modifying water safety provisions; modifying provisions to take, possess, and transport wildlife; modifying duties and authority; providing for no net gain of state lands; modifying buffer requirements; modifying wetland provisions; modifying invasive species provisions; modifying off-highway vehicle provisions; modifying permit and license requirements; modifying Petroleum Tank Release Cleanup Act; extending ban on open air swine basins; modifying environmental review; modifying Environmental Quality Board; requiring reports; requiring rulemaking; amending Minnesota Statutes 2016, sections 84.01, by adding a subdivision; 84.027, subdivisions 14a, 14b, by adding subdivisions; 84.788, subdivision 2; 84.793, subdivision 1; 84.82, subdivision 2; 84.925, subdivision 1; 84.9256, subdivisions 1, 2; 84.946, subdivision 2, by adding a subdivision; 84.992, subdivisions 3, 4, 5, 6; 84D.03, subdivisions 3, 4; 84D.04, subdivision 1; 84D.05, subdivision 1; 84D.108, subdivision 2a, by adding a subdivision; 84D.11, by adding a subdivision; 85.052, subdivision 1; 85.054, by adding a subdivision; 85.055, subdivision 1; 85.22, subdivision 2a; 85.32, subdivision 1; 86B.313, subdivision 1; 86B.511; 86B.701, subdivision 3; 88.01, subdivision 28; 88.523; 89.39; 90.01, subdivisions 8, 12, by adding a subdivision; 90.041, subdivision 2; 90.051; 90.101, subdivision 2; 90.14; 90.145, subdivision 2; 90.151, subdivision 1; 90.162; 90.252; 93.47, subdivision 4; 93.481, subdivision 2; 93.50; 94.343, subdivision 9; 94.344, subdivision 9; 97A.015, subdivisions 39, 43, 45, 52, 53; 97A.045, subdivision 10; 97A.075, subdivision 1; 97A.137, subdivision 5; 97A.201, subdivision 2, by adding a subdivision; 97A.301, subdivision 1; 97A.338; 97A.420, subdivision 1; 97A.421, subdivision 2a; 97B.031, subdivision 6; 97B.516; 97B.655, subdivision 1; 97C.401, subdivision 2; 97C.501, subdivision 1; 97C.701, by adding a subdivision; 103B.101, subdivision 12a; 103F.411, subdivision 1; 103F.48, subdivisions 1, 3, 7; 103G.005, subdivisions 10b, 10h, by adding a subdivision; 103G.222, subdivisions 1, 3; 103G.2242, subdivision 2; 103G.2372, subdivision 1; 103G.271, subdivisions 1, 6, 6a, 7, by adding a subdivision; 103G.287, subdivisions 1, 4; 103G.411; 114D.25, by adding a subdivision; 115B.41, subdivision 1; 115B.421; 115C.021, subdivision 1, by adding a subdivision; 116.03, subdivision 2b, by adding subdivisions; 116.07, subdivision 4d, by adding subdivisions; 116.0714; 116C.03, subdivision 2; 116C.04, subdivision 2; 116D.04, subdivisions 2a, 10; 116D.045, subdivision 1; 160.06; 168.1295, subdivision 1; 296A.18, subdivision 6a; Laws 2013, chapter 114, article 4, section 105; Laws 2015, First Special Session chapter 4, article 4, section 136; Laws 2016, chapter 189, article 3, sections 6; 26; 46; proposing coding for new law in Minnesota Statutes, chapters 15; 85; 93; 97B; 115; 115B; repealing Minnesota Statutes 2016, sections 84.026, subdivision 3; 97B.031, subdivision 5; 97C.701, subdivisions 1a, 6; 97C.705; 97C.711; 116C.04, subdivisions 3, 4; Minnesota Rules, parts 6258.0100; 6258.0200; 6258.0300; 6258.0400; 6258.0500; 6258.0600; 6258.0700, subparts 1, 4, 5; 6258.0800; 6258.0900.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

CAL R. LUDEMAN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 890, A bill for an act relating to education finance; providing funding in early childhood, kindergarten through grade 12, and adult education, including general education, education excellence, teachers, special education, facilities and technology, nutrition, libraries, early childhood and family support, community education and prevention, self-sufficiency and lifelong learning, and state agencies; making forecast adjustments; requiring a report; appropriating money; amending Minnesota Statutes 2016, sections 13.321, by adding a subdivision; 13.461, by adding a subdivision; 43A.08, subdivisions 1, 1a; 120A.22, subdivision 9; 120A.41; 120B.021, subdivisions 1, 3; 120B.022, subdivision 1b; 120B.12, subdivision 2; 120B.22, subdivision 2; 120B.23, subdivision 3; 120B.232, subdivision 1; 120B.30, subdivision 1; 120B.31, subdivision 4, by adding a subdivision; 120B.35, subdivision 3; 120B.36, subdivision 1; 121A.22, subdivision 2; 121A.221; 122A.09, subdivision 4a; 122A.14, subdivision 9; 122A.18, subdivisions 7c, 8; 122A.21, subdivisions 1, 2, by adding a subdivision; 122A.245, subdivisions 1, 2, 3, 10; 122A.40, subdivision 10; 122A.41, by adding a subdivision; 122A.415, subdivision 4; 122A.416; 123A.30, subdivision 6; 123A.73, subdivision 2; 123B.41, subdivisions 2, 5a; 123B.52, subdivision 1, by adding a subdivision; 123B.595, subdivisions 1, 4; 123B.92, subdivision 1; 124D.03, subdivision 5a; 124D.05, subdivision 3; 124D.09, subdivisions 3, 5, 9, 12, 13, by adding subdivisions; 124D.095, subdivision 3; 124D.1158, subdivisions 3, 4; 124D.135, subdivision 1; 124D.15, subdivision 1; 124D.16, subdivision 2; 124D.165, subdivisions 1, 2, 3, 4; 124D.531, subdivision 1; 124D.549; 124D.55; 124D.59, subdivision 2; 124D.68, subdivision 2; 124E.03, subdivision 2; 124E.11; 125A.08; 125A.0941; 125A.11, subdivision 1; 125A.21, subdivision 2; 125A.515; 125A.56, subdivision 1; 125A.74, subdivision 1; 126C.05, subdivisions 1, 8; 126C.10, subdivisions 2, 2a, 3, 13a; 127A.41, subdivision 3; 127A.45, subdivision 10; 134.31, subdivision 2; 136A.1791, subdivisions 1, 2, 9; 256B.0625, subdivision 26; 256J.08, subdivisions 38, 39; 297A.70, subdivision 2; Laws 2015, First Special Session chapter 3, article 1, section 27, subdivisions 2, as amended, 3, 4, as amended, 6, as amended, 7, as amended, 9, as amended; article 2, section 70, subdivisions 2, as amended, 3, as amended, 4, as amended, 5, as amended, 7, as amended, 11, as amended; article 4, section 9, subdivision 2, as amended; article 5, section 30, subdivisions 2, as amended, 3, as amended, 5, as amended, 6; article 6, section 13, subdivisions 2, as amended, 3, as amended; article 7, section 7, subdivisions 2, as amended, 3, as amended, 4, as amended; article 9, section 8, subdivisions 5, as amended, 6, as amended; article 10, section 3, subdivision 2, as amended; article 11, section 3, subdivision 2, as amended; Laws 2016, chapter 189, article 25, sections 58; 62, subdivisions 7, 11, 17; proposing coding for new law in Minnesota Statutes, chapters 120A; 120B; 121A; 122A; 124D; 125A; 126C; 127A; 136A; proposing coding for new law as Minnesota Statutes, chapter 119C; repealing Minnesota Statutes 2016, sections 122A.40, subdivision 11; 122A.41, subdivision 14; 123A.73, subdivision 3; 124D.151; 124D.73, subdivision 2; 129C.10; 129C.105; 129C.15; 129C.20; 129C.25; 129C.26; 129C.30; Minnesota Rules, parts 3500.3100, subpart 4; 3600.0010, subparts 1, 2, 2a, 2b, 3, 6; 3600.0020; 3600.0030, subparts 1, 2, 4, 6; 3600.0045; 3600.0055; 3600.0065; 3600.0075; 3600.0085.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

CAL R. LUDEMAN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendments the concurrence of the House is respectfully requested:

H. F. No. 330, A bill for an act relating to local government; requiring at least a two-thirds vote of a quorum to impose an interim ordinance relating to housing; requiring a public hearing after ten-day notice before imposing an interim ordinance relating to housing; amending Minnesota Statutes 2016, section 462.355, subdivision 4.

CAL R. LUDEMAN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Nash moved that the House concur in the Senate amendments to H. F. No. 330 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 330, A bill for an act relating to local government; requiring at least a two-thirds vote of a quorum to impose an interim ordinance relating to housing; requiring a public hearing after ten-day notice before imposing an interim ordinance relating to housing; amending Minnesota Statutes 2016, section 462.355, subdivision 4.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 90 yeas and 41 nays as follows:

Those who voted in the affirmative were:

| | | | | | |
|--------------|------------|-------------|------------|------------|------------|
| Albright | Dettmer | Hamilton | Lillie | O'Neill | Schomacker |
| Anderson, P. | Drazkowski | Heintzeman | Lohmer | Pelowski | Scott |
| Anderson, S. | Ecklund | Hertaus | Loon | Peppin | Smith |
| Backer | Erickson | Hoppe | Loonan | Petersburg | Swedzinski |
| Bahr, C. | Fenton | Howe | Lucero | Peterson | Theis |
| Baker | Flanagan | Jessup | Lueck | Pierson | Torkelson |
| Barr, R. | Franke | Johnson, B. | Marquart | Poppe | Uglen |
| Bennett | Franson | Johnson, C. | McDonald | Poston | Urdahl |
| Bliss | Garofalo | Jurgens | Miller | Pryor | Vogel |
| Carlson, A. | Green | Kiel | Nash | Pugh | West |
| Christensen | Grossell | Knoblach | Nelson | Quam | Whelan |
| Cornish | Gruenhagen | Koznick | Neu | Rarick | Wills |
| Daniels | Gunther | Kresha | Newberger | Rosenthal | Youakim |
| Davids | Haley | Layman | Nornes | Runbeck | Zerwas |
| Dean, M. | Halverson | Lesch | O'Driscoll | Sauke | Spk. Daudt |

Those who voted in the negative were:

| | | | | | |
|-------------|-----------|---------------|----------|------------|----------|
| Allen | Considine | Hilstrom | Liebling | Moran | Schultz |
| Anselmo | Davnie | Hornstein | Lien | Murphy, E. | Slocum |
| Applebaum | Dehn, R. | Hortman | Loeffler | Murphy, M. | Sundin |
| Becker-Finn | Fischer | Johnson, S. | Mahoney | Olson | Thissen |
| Bernardy | Freiberg | Koegel | Mariani | Omar | Wagenius |
| Bly | Hansen | Kunesh-Podein | Masin | Pinto | Ward |
| Carlson, L. | Hausman | Lee | Metsa | Sandstede | |

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendments the concurrence of the House is respectfully requested:

H. F. No. 474, A bill for an act relating to health occupations; authorizing criminal background checks by the Board of Medical Practice; exempting certain physicians from criminal background checks under the Interstate Medical Licensure Compact; amending Minnesota Statutes 2016, section 147.381.

CAL R. LUDEMAN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Albright moved that the House concur in the Senate amendments to H. F. No. 474 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 474, A bill for an act relating to health occupations; authorizing criminal background checks by the Board of Medical Practice; exempting certain physicians from criminal background checks under the Interstate Medical Licensure Compact; amending Minnesota Statutes 2016, section 147.381.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 130 yeas and 1 nay as follows:

Those who voted in the affirmative were:

| | | | | | |
|--------------|------------|---------------|------------|------------|------------|
| Albright | Davnie | Hausman | Liebling | Newberger | Schultz |
| Allen | Dean, M. | Heintzeman | Lien | Nornes | Scott |
| Anderson, P. | Dehn, R. | Hertaus | Lillie | O'Driscoll | Slocum |
| Anderson, S. | Dettmer | Hilstrom | Loeffler | Olson | Smith |
| Anselmo | Drazkowski | Hoppe | Lohmer | O'Neill | Sundin |
| Applebaum | Ecklund | Hornstein | Loon | Pelowski | Swedzinski |
| Backer | Erickson | Hortman | Loonan | Peppin | Theis |
| Bahr, C. | Fenton | Howe | Lucero | Petersburg | Thissen |
| Baker | Fischer | Jessup | Lueck | Peterson | Torkelson |
| Barr, R. | Flanagan | Johnson, B. | Mahoney | Pierson | Uglen |
| Becker-Finn | Franke | Johnson, C. | Mariani | Pinto | Urdahl |
| Bennett | Franson | Johnson, S. | Marquart | Poppe | Vogel |
| Bernardy | Freiberg | Jurgens | Masin | Poston | Wagenius |
| Bliss | Garofalo | Kiel | McDonald | Pryor | Ward |
| Bly | Green | Knoblach | Metsa | Pugh | West |
| Carlson, A. | Grossell | Koegel | Miller | Quam | Whelan |
| Carlson, L. | Gruenhagen | Koznick | Moran | Rarick | Wills |
| Christensen | Gunther | Kresha | Murphy, E. | Rosenthal | Youakim |
| Considine | Haley | Kunesh-Podein | Murphy, M. | Runbeck | Zerwas |
| Cornish | Halverson | Layman | Nash | Sandstede | Spk. Daudt |
| Daniels | Hamilton | Lee | Nelson | Sauke | |
| Davids | Hansen | Lesch | Neu | Schomacker | |

Those who voted in the negative were:

Omar

The bill was repassed, as amended by the Senate, and its title agreed to.

The following Conference Committee Reports were received:

CONFERENCE COMMITTEE REPORT ON H. F. No. 4

A bill for an act relating to financing and operation of state and local government; making changes to individual income, corporate franchise, estate, property, sales and use, excise, mineral, tobacco, gambling, special, local, and other miscellaneous taxes and tax-related provisions; modifying provisions related to taxpayer empowerment, local

government aids, credits, refunds, in perpetuity payments on land purchases, tax increment financing, and public finance; providing for new income tax subtractions, additions, and credits; establishing a first-time home buyer savings account program; providing for conformity to federal tax extenders by administrative action; modifying the education credit; providing a credit for donations to fund K-12 scholarships; modifying residency definitions; providing estate tax conformity; modifying property tax exemptions, classifications, and refunds; allowing a reverse referendum for property tax levies under certain circumstances; establishing school building bond agricultural tax credit; modifying state general levy; modifying certain local government aids; modifying sales tax definitions and exemptions; providing sales tax exemptions; clarifying the appropriation for sales tax refunds; establishing sales tax collection duties for marketplace providers and certain retailers; dedicating certain sales tax revenues; providing exemptions from sales taxes and property taxes for a Major League Soccer stadium; authorizing certain tax increment financing authority; prohibiting municipalities from taxing paper or plastic bags; modifying county levy authority; authorizing certain local taxes; requiring voter approval for certain transportation sales taxes; restricting rail project expenditures; modifying provisions related to taconite; repealing political contribution refund; modifying taxes on tobacco products and cigarettes; providing for a private letter ruling program; modifying tax administration procedures; dedicating transportation-related taxes; modifying vehicle taxes and fees; making minor policy, technical, and conforming changes; requiring reports; appropriating money; amending Minnesota Statutes 2016, sections 13.4967, by adding a subdivision; 13.51, subdivision 2; 40A.18, subdivision 2; 69.021, subdivision 5; 84.82, subdivision 10; 84.922, subdivision 11; 86B.401, subdivision 12; 97A.056, subdivisions 1a, 3, by adding subdivisions; 116P.02, subdivision 1, by adding subdivisions; 116P.08, subdivisions 1, 4; 123B.63, subdivision 3; 126C.17, subdivision 9; 127A.45, subdivisions 10, 13; 128C.24; 168.013, subdivision 1a, by adding a subdivision; 169.011, by adding a subdivision; 205.10, subdivision 1; 205A.05, subdivision 1; 216B.36; 216B.46; 237.19; 270.071, subdivisions 2, 7, 8, by adding a subdivision; 270.072, subdivisions 2, 3, by adding a subdivision; 270.074, subdivision 1; 270.078, subdivision 1; 270.12, by adding a subdivision; 270.82, subdivision 1; 270A.03, subdivisions 5, 7; 270B.14, subdivision 1, by adding subdivisions; 270C.13, subdivision 1; 270C.171, subdivision 1; 270C.30; 270C.31, by adding a subdivision; 270C.33, subdivisions 5, 8, by adding subdivisions; 270C.34, subdivisions 1, 2; 270C.35, subdivisions 3, 4, by adding a subdivision; 270C.38, subdivision 1; 270C.445, subdivisions 2, 3, 5a, 6, 6a, 6b, 6c, 7, 8, by adding a subdivision; 270C.446, subdivisions 2, 3, 4, 5; 270C.447, subdivisions 1, 2, 3, by adding a subdivision; 270C.72, subdivision 4; 270C.89, subdivision 1; 271.06, subdivisions 2, 2a, 6, 7; 271.08, subdivision 1; 271.18; 272.02, subdivisions 9, 10, 23, 86, by adding a subdivision; 272.0211, subdivision 1; 272.0213; 272.025, subdivision 1; 272.029, subdivisions 2, 4, by adding a subdivision; 272.0295, subdivision 4, by adding a subdivision; 272.115, subdivisions 1, 2, 3; 272.162; 273.061, subdivision 7; 273.0755; 273.08; 273.121, by adding a subdivision; 273.124, subdivisions 3a, 13, 13d, 14, 21; 273.125, subdivision 8; 273.13, subdivisions 22, 23, 25, 34; 273.135, subdivision 1; 273.1392; 273.1393; 273.33, subdivisions 1, 2; 273.371; 273.372, subdivisions 2, 4, by adding subdivisions; 274.01, subdivision 1; 274.014, subdivision 3; 274.13, subdivision 1; 274.135, subdivision 3; 275.025, subdivisions 1, 2, 4, by adding a subdivision; 275.065, subdivisions 1, 3; 275.066; 275.07, subdivisions 1, 2; 275.08, subdivision 1b; 275.60; 275.62, subdivision 2; 276.017, subdivision 3; 276.04, subdivisions 1, 2; 278.01, subdivision 1; 279.01, subdivisions 1, 2, 3; 279.37, by adding a subdivision; 281.17; 281.173, subdivision 2; 281.174, subdivision 3; 282.01, subdivisions 1a, 1d, 4, 6, by adding a subdivision; 282.016; 282.018, subdivision 1; 282.02; 282.241, subdivision 1; 282.322; 287.08; 287.2205; 289A.08, subdivisions 11, 16, by adding a subdivision; 289A.09, subdivisions 1, 2; 289A.10, subdivision 1; 289A.11, subdivision 1; 289A.12, subdivision 14; 289A.18, subdivision 1, by adding a subdivision; 289A.20, subdivision 2; 289A.31, subdivision 1; 289A.35; 289A.37, subdivision 2; 289A.38, subdivision 6; 289A.40, subdivision 1; 289A.50, subdivisions 1, 2a, 7; 289A.60, subdivisions 1, 13, 28, by adding a subdivision; 289A.63, by adding a subdivision; 290.01, subdivisions 6, 7; 290.0131, by adding subdivisions; 290.0132, subdivisions 4, 14, 21, by adding subdivisions; 290.0133, by adding a subdivision; 290.06, subdivision 22, by adding subdivisions; 290.067, subdivisions 1, 2b; 290.0672, subdivision 1; 290.0674, subdivisions 1, 2, by adding a subdivision; 290.068, subdivisions 1, 2, 3, 6a; 290.0685, subdivision 1; 290.091, subdivision 2; 290.0922, subdivision 2; 290.17, subdivision 2; 290.31, subdivision 1; 290A.03, subdivisions 3, 11, 13; 290A.10; 290A.19; 290C.03; 291.005, subdivision 1, as amended; 291.016, subdivisions 2, 3; 291.03, subdivisions 1, 9, 11; 291.075; 295.54, subdivision 2; 295.55, subdivision 6; 296A.01, subdivisions 7, 12, 33, 42, by adding a subdivision; 296A.02, by adding a subdivision; 296A.07, subdivision 1; 296A.08, subdivision 2; 296A.16, subdivision 2; 296A.22, subdivision 9; 296A.26; 297A.66, subdivisions 1, 2, 4, by adding a subdivision; 297A.67, subdivision 13a, by adding a subdivision; 297A.68, subdivisions 5, 9, 19, 35a; 297A.70, subdivisions 4, 12, 14, by adding subdivisions; 297A.71, subdivision 44, by adding subdivisions; 297A.75, subdivisions 1, 2, 3, 5; 297A.815, subdivision 3; 297A.82, subdivisions 4, 4a; 297A.94; 297A.992, subdivision 6a; 297A.993, subdivisions 1, 2, by adding subdivisions;

297B.07; 297D.02; 297E.02, subdivisions 3, 6, 7; 297E.04, subdivision 1; 297E.05, subdivision 4; 297E.06, subdivision 1; 297F.01, subdivision 13a; 297F.05, subdivisions 1, 3, 3a, 4a; 297F.09, subdivision 1; 297F.23; 297G.09, subdivision 1; 297G.22; 297H.06, subdivision 2; 297I.05, subdivision 2; 297I.10, subdivisions 1, 3; 297I.20, by adding a subdivision; 297I.30, subdivision 7, by adding a subdivision; 297I.60, subdivision 2; 298.01, subdivisions 3, 4, 4c; 298.225, subdivision 1; 298.24, subdivision 1; 298.28, subdivisions 2, 3, 5; 366.095, subdivision 1; 383B.117, subdivision 2; 398A.10, subdivisions 3, 4; 410.32; 412.221, subdivision 2; 412.301; 414.09, subdivision 2; 426.19, subdivision 2; 447.045, subdivisions 2, 3, 4, 6, 7; 452.11; 455.24; 455.29; 459.06, subdivision 1; 462.353, subdivision 4; 469.053, subdivision 5; 469.101, subdivision 1; 469.107, subdivision 2; 469.169, by adding a subdivision; 469.174, subdivision 12; 469.175, subdivision 3; 469.176, subdivision 4c; 469.1761, by adding a subdivision; 469.1763, subdivisions 1, 2, 3; 469.178, subdivision 7; 469.190, subdivisions 1, 5; 469.319, subdivision 5; 471.57, subdivision 3; 471.571, subdivision 3; 471.572, subdivisions 2, 4; 473.39, by adding subdivisions; 473H.09; 473H.17, subdivision 1a; 475.59; 475.60, subdivision 2; 477A.011, subdivisions 34, 45; 477A.0124, subdivision 2; 477A.013, subdivisions 1, 8, 9, by adding a subdivision; 477A.10; 477A.11, by adding subdivisions; 477A.19, by adding subdivisions; 504B.285, subdivision 1; 504B.365, subdivision 3; 559.202, subdivision 2; 609.5316, subdivision 3; Laws 1980, chapter 511, sections 1, subdivision 2, as amended; 2, as amended; Laws 1991, chapter 291, article 8, section 27, subdivisions 3, as amended, 4, as amended, 5; Laws 1996, chapter 471, article 2, section 29, subdivisions 1, as amended, 4, as amended; article 3, section 51; Laws 1999, chapter 243, article 4, sections 17, subdivisions 3, 5, by adding a subdivision; 18, subdivision 1, as amended; Laws 2005, First Special Session chapter 3, article 5, section 38, subdivisions 2, as amended, 4, as amended; Laws 2008, chapter 154, article 9, section 21, subdivision 2; Laws 2008, chapter 366, article 7, section 20; Laws 2009, chapter 88, article 5, section 17, as amended; Laws 2014, chapter 308, article 6, sections 8, subdivision 1; 9; article 9, section 94; Laws 2016, chapter 187, section 5; proposing coding for new law in Minnesota Statutes, chapters 11A; 16A; 16B; 41B; 88; 103C; 116P; 117; 174; 222; 270C; 273; 274; 275; 281; 289A; 290; 290B; 290C; 293; 297A; 416; 459; 462A; 471; 473; 477A; proposing coding for new law as Minnesota Statutes, chapter 462D; repealing Minnesota Statutes 2016, sections 10A.322, subdivision 4; 13.4967, subdivision 2; 136A.129; 205.10, subdivision 3; 270.074, subdivision 2; 270C.445, subdivision 1; 270C.447, subdivision 4; 270C.9901; 281.22; 289A.10, subdivision 1a; 289A.12, subdivision 18; 289A.18, subdivision 3a; 289A.20, subdivision 3a; 290.06, subdivisions 23, 36; 290.067, subdivision 2; 290.9743; 290.9744; 290C.02, subdivisions 5, 9; 290C.06; 291.03, subdivisions 8, 9, 10, 11; 297A.992, subdivision 12; 297F.05, subdivision 1a; 477A.085; 477A.20; Minnesota Rules, parts 4503.1400, subpart 4; 8092.1400; 8092.2000; 8100.0700; 8125.1300, subpart 3.

May 9, 2017

The Honorable Kurt L. Daudt
Speaker of the House of Representatives

The Honorable Michelle L. Fischbach
President of the Senate

We, the undersigned conferees for H. F. No. 4 report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 4 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1
INDIVIDUAL INCOME, CORPORATE FRANCHISE, AND ESTATE TAXES

Section 1. **[41B.0391] BEGINNING FARMER PROGRAM; TAX CREDITS.**

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

(b) **"Agricultural assets" means agricultural land, livestock, facilities, buildings, and machinery used for farming in Minnesota.**

(c) "Beginning farmer" means an individual who:

(1) is a resident of Minnesota;

(2) is seeking entry, or has entered within the last ten years, into farming;

(3) intends to farm land located within the state borders of Minnesota;

(4) is not and whose spouse is not a family member of the owner of the agricultural assets from whom the beginning farmer is seeking to purchase or rent agricultural assets;

(5) is not and whose spouse is not a family member of a partner, member, shareholder, or trustee of the owner of agricultural assets from whom the beginning farmer is seeking to purchase or rent agricultural assets; and

(6) meets the following eligibility requirements as determined by the authority:

(i) has a net worth that does not exceed the limit provided under section 41B.03, subdivision 3, paragraph (a), clause (2);

(ii) provides the majority of the day-to-day physical labor and management of the farm;

(iii) has, by the judgment of the authority, adequate farming experience or demonstrates knowledge in the type of farming for which the beginning farmer seeks assistance from the authority;

(iv) demonstrates to the authority a profit potential by submitting projected earnings statements;

(v) asserts to the satisfaction of the authority that farming will be a significant source of income for the beginning farmer;

(vi) participates in a financial management program approved by the authority or the commissioner of agriculture;

(vii) agrees to notify the authority if the beginning farmer no longer meets the eligibility requirements within the three-year certification period, in which case the beginning farmer is no longer eligible for credits under this section; and

(viii) has other qualifications as specified by the authority.

(d) "Family member" means a family member within the meaning of the Internal Revenue Code, section 267(c)(4).

(e) "Farm product" means plants and animals useful to humans and includes, but is not limited to, forage and sod crops, oilseeds, grain and feed crops, dairy and dairy products, poultry and poultry products, livestock, fruits, and vegetables.

(f) "Farming" means the active use, management, and operation of real and personal property for the production of a farm product.

(g) "Owner of agricultural assets" means an individual, trust, or pass-through entity that is the owner in fee of agricultural land or has legal title to any other agricultural asset. Owner of agricultural assets does not mean an equipment dealer, livestock dealer defined in section 17A.03, subdivision 7, or comparable entity that is engaged in the business of selling agricultural assets for profit and that is not engaged in farming as its primary business

activity. An owner of agricultural assets approved and certified by the authority under subdivision 4 must notify the authority if the owner no longer meets the definition in this paragraph within the three year certification period and is then no longer eligible for credits under this section.

(h) "Share rent agreement" means a rental agreement in which the principal consideration given to the owner of agricultural assets is a predetermined portion of the production of farm products produced from the rented agricultural assets and which provides for sharing production costs or risk of loss, or both.

Subd. 2. **Tax credit for owners of agricultural assets.** (a) An owner of agricultural assets may take a credit against the tax due under chapter 290 for the sale or rental of agricultural assets to a beginning farmer. An owner of agricultural assets may take a credit equal to:

- (1) five percent of the lesser of the sale price or the fair market value of the agricultural asset;
- (2) ten percent of the gross rental income in each of the first, second, and third years of a rental agreement; or
- (3) 15 percent of the cash equivalent of the gross rental income in each of the first, second, and third years of a share rent agreement.

(b) A qualifying rental agreement includes cash rent of agricultural assets or a share rent agreement. The agricultural asset must be rented at prevailing community rates as determined by the authority. The credit may be claimed only after approval and certification by the authority.

(c) An owner of agricultural assets or beginning farmer may terminate a rental agreement, including a share rent agreement, for reasonable cause upon approval of the authority. If a rental agreement is terminated without the fault of the owner of agricultural assets, the tax credits shall not be retroactively disallowed. In determining reasonable cause, the authority must look at which party was at fault in the termination of the agreement. If the authority determines the owner of agricultural assets did not have reasonable cause, the owner of agricultural assets must repay all credits received as a result of the rental agreement to the commissioner of revenue. The repayment is additional income tax for the taxable year in which the authority makes its decision or when a final adjudication under subdivision 5, paragraph (a), is made, whichever is later.

(d) The credit is limited to the liability for tax as computed under chapter 290 for the taxable year. If the amount of the credit determined under this section for any taxable year exceeds this limitation, the excess is a beginning farmer incentive credit carryover according to section 290.06, subdivision 37.

Subd. 3. **Beginning farmer management tax credit.** (a) A beginning farmer may take a credit against the tax due under chapter 290 for participating in a financial management program approved by the authority. The credit is equal to 100 percent of the amount paid for participating in the program, not to exceed \$1,500. The credit is available for up to three years while the farmer is in the program. The authority shall maintain a list of approved financial management programs and establish a procedure for approving equivalent programs that are not on the list.

(b) The credit is limited to the liability for tax as computed under chapter 290 for the taxable year. If the amount of the credit determined under this section for any taxable year exceeds this limitation, the excess is a beginning farmer management credit carryover according to section 290.06, subdivision 38.

Subd. 4. **Authority duties.** (a) The authority shall:

- (1) approve and certify or recertify beginning farmers as eligible for the program under this section;
- (2) approve and certify or recertify owners of agricultural assets as eligible for the tax credit under subdivision 2;

(3) provide necessary and reasonable assistance and support to beginning farmers for qualification and participation in financial management programs approved by the authority;

(4) refer beginning farmers to agencies and organizations that may provide additional pertinent information and assistance; and

(5) notwithstanding section 41B.211, the Rural Finance Authority must share information with the commissioner of revenue to the extent necessary to administer provisions under this subdivision and section 290.06, subdivisions 37 and 38. The Rural Finance Authority must annually notify the commissioner of revenue of approval and certification or recertification of beginning farmers and owners of agricultural assets under this section.

(b) The certification of a beginning farmer or an owner of agricultural assets under this section is valid for the year of the certification and the two following years, after which time the beginning farmer or owner of agricultural assets must apply to the authority for recertification.

Subd. 5. **Appeals of authority determinations.** (a) Any decision of the authority under this section may be challenged as a contested case under chapter 14. The contested case proceeding must be initiated within 60 days of the date of written notification by the office.

(b) If a taxpayer challenges a decision of the authority under this subdivision, upon perfection of the appeal the authority must notify the commissioner of revenue of the challenge within 5 days.

(c) Nothing in this subdivision affects the commissioner of revenue's authority to audit, review, correct, or adjust returns claiming the credit.

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

Sec. 2. Minnesota Statutes 2016, section 116J.8737, subdivision 5, is amended to read:

Subd. 5. **Credit allowed.** (a)(1) A qualified investor or qualified fund is eligible for a credit equal to 25 percent of the qualified investment in a qualified small business. Investments made by a pass-through entity qualify for a credit only if the entity is a qualified fund. The commissioner must not allocate more than \$15,000,000 in credits to qualified investors or qualified funds for taxable years beginning after December 31, 2013, and before January 1, 2017, and must not allocate more than \$10,000,000 in credits to qualified investors or qualified funds for taxable years beginning after December 31, 2016, and before January 1, 2018, and must not allocate more than \$10,000,000 in credits to qualified investors or qualified funds for taxable years beginning after December 31, 2017, and before January 1, 2020; and

(2) for taxable years beginning after December 31, 2014, and before January 1, ~~2018~~ 2020, 50 percent must be allocated to credits for qualifying investments in qualified greater Minnesota businesses and minority- or women-owned qualified small businesses in Minnesota. Any portion of a taxable year's credits that is reserved for qualifying investments in greater Minnesota businesses and minority- or women-owned qualified small businesses in Minnesota that is not allocated by September 30 of the taxable year is available for allocation to other credit applications beginning on October 1. Any portion of a taxable year's credits that is not allocated by the commissioner does not cancel and may be carried forward to subsequent taxable years until all credits have been allocated.

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

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

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

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

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

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

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

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

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

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

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

- (3) the qualified small business is sold before the end of the three-year period;
- (4) the qualified small business's common stock begins trading on a public exchange before the end of the three-year period; or
- (5) the qualified investor dies before the end of the three-year period.
- (h) The commissioner must notify the commissioner of revenue of credit certificates issued under this section.

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

Sec. 3. Minnesota Statutes 2016, section 116J.8737, subdivision 12, is amended to read:

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

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

Sec. 4. Minnesota Statutes 2016, section 289A.10, subdivision 1, is amended to read:

Subdivision 1. **Return required.** In the case of a decedent who has an interest in property with a situs in Minnesota, the personal representative must submit a Minnesota estate tax return to the commissioner, on a form prescribed by the commissioner, if:

~~(1) a federal estate tax return is required to be filed; or~~ under the Internal Revenue Code.

~~(2) the sum of the federal gross estate and federal adjusted taxable gifts, as defined in section 2001(b) of the Internal Revenue Code, made within three years of the date of the decedent's death exceeds \$1,200,000 for estates of decedents dying in 2014; \$1,400,000 for estates of decedents dying in 2015; \$1,600,000 for estates of decedents dying in 2016; \$1,800,000 for estates of decedents dying in 2017; and \$2,000,000 for estates of decedents dying in 2018 and thereafter.~~

The return must contain a computation of the Minnesota estate tax due. The return must be signed by the personal representative.

EFFECTIVE DATE. This section is effective retroactively for estates of decedents dying after December 31, 2016.

Sec. 5. Minnesota Statutes 2016, section 290.01, subdivision 7, is amended to read:

Subd. 7. **Resident.** (a) The term "resident" means any individual domiciled in Minnesota, except that an individual is not a "resident" for the period of time that the individual is a "qualified individual" as defined in section 911(d)(1) of the Internal Revenue Code, if the qualified individual notifies the county within three months of moving out of the country that homestead status be revoked for the Minnesota residence of the qualified individual, and the property is not classified as a homestead while the individual remains a qualified individual.

(b) "Resident" also means any individual domiciled outside the state who maintains a place of abode in the state and spends in the aggregate more than one-half of the tax year in Minnesota, unless:

(1) the individual or the spouse of the individual is in the armed forces of the United States; or

(2) the individual is covered under the reciprocity provisions in section 290.081.

For purposes of this subdivision, presence within the state for any part of a calendar day constitutes a day spent in the state. Individuals shall keep adequate records to substantiate the days spent outside the state.

The term "abode" means a dwelling maintained by an individual, whether or not owned by the individual and whether or not occupied by the individual, and includes a dwelling place owned or leased by the individual's spouse.

(c) In determining where an individual is domiciled, neither the commissioner nor any court shall consider:

(1) charitable contributions made by an individual within or without the state in determining if the individual is domiciled in Minnesota;

(2) the location of the individual's attorney, certified public accountant, or financial adviser; or

(3) the place of business of a financial institution at which the individual applies for any new type of credit or at which the individual opens or maintains any type of account.

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

(1) "financial adviser" means:

(i) an individual or business entity engaged in business as a certified financial planner, registered investment adviser, licensed insurance producer or agent, or registered securities broker-dealer representative; or

(ii) a financial institution providing services related to trust or estate administration, investment management, or financial planning; and

(2) "financial institution" means a financial institution as defined in section 47.015, subdivision 1; a state or nationally chartered credit union; or a registered broker-dealer under the Securities and Exchange Act of 1934.

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

Sec. 6. Minnesota Statutes 2016, section 290.0131, subdivision 10, as amended by Laws 2017, chapter 1, section 4, is amended to read:

Subd. 10. **Section 179 expensing.** For taxable years beginning before January 1, 2018, 80 percent of the amount by which the deduction allowed under the dollar limits of section 179 of the Internal Revenue Code exceeds the deduction allowable by section 179 of the Internal Revenue Code, as amended through December 31, 2003, is an addition.

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

Sec. 7. Minnesota Statutes 2016, section 290.0131, is amended by adding a subdivision to read:

Subd. 14. **First-time home buyer savings account.** The amount for a first-time home buyer savings account required by section 462D.06, subdivision 2, is an addition.

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

Sec. 8. Minnesota Statutes 2016, section 290.0131, is amended by adding a subdivision to read:

Subd. 15. **Equity and opportunity donations to qualified foundations.** The amount of the deduction under section 170 of the Internal Revenue Code that represents contributions to a qualified foundation under section 290.0693 is an addition.

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

Sec. 9. Minnesota Statutes 2016, section 290.0132, subdivision 4, is amended to read:

Subd. 4. **Education expenses.** (a) Subject to the limits in paragraph (b), the following amounts paid to others ~~for each qualifying child are a subtraction: education-related expenses, as defined in section 290.0674, subdivision 1, less any amount used to claim the credit under section 290.0674, are a subtraction.~~

~~(1) education-related expenses; plus~~

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

~~(3) any amount used to claim the credit under section 290.0674.~~

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

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

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

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

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

Sec. 10. Minnesota Statutes 2016, section 290.0132, is amended by adding a subdivision to read:

Subd. 23. **Contributions to 529 plan.** (a) The amount equal to the contributions made during the taxable year to one or more accounts in plans qualifying under section 529 of the Internal Revenue Code, reduced by any withdrawals from accounts during the taxable year, is a subtraction.

(b) The subtraction under this subdivision does not include amounts rolled over from other college savings plan accounts.

(c) The subtraction under this subdivision must not exceed \$3,000 for married couples filing joint returns and \$1,500 for all other filers, and is limited to individuals who do not claim the credit under section 290.0683.

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

Sec. 11. Minnesota Statutes 2016, section 290.0132, is amended by adding a subdivision to read:

Subd. 24. **Discharge of indebtedness; education loans.** (a) The amount equal to the discharge of indebtedness of the taxpayer is a subtraction if:

(1) the indebtedness discharged is a qualified education loan; and

(2) the indebtedness was discharged under section 136A.1791, or following the taxpayer's completion of an income-driven repayment plan.

(b) For the purposes of this subdivision, "qualified education loan" has the meaning given in section 221 of the Internal Revenue Code.

(c) For purposes of this subdivision, "income-driven repayment plan" means a payment plan established by the United States Department of Education that sets monthly student loan payments based on income and family size under United States Code, title 20, section 1087e, or similar authority and specifically includes, but is not limited to:

(1) the income-based repayment plan under United States Code, title 20, section 1098e;

(2) the income contingent repayment plan established under United States Code, title 20, section 1087e, subsection (e); and

(3) the PAYE program or REPAYE program established by the Department of Education under administrative regulations.

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

Sec. 12. Minnesota Statutes 2016, section 290.0132, is amended by adding a subdivision to read:

Subd. 25. First-time home buyer savings account. (a) For purposes of this subdivision, the terms defined in section 462D.02 have the meanings given in that section.

(b) The amount an account holder contributes to and earnings on a first-time home buyer savings account allowed by section 462D.06, subdivision 1, is a subtraction.

(c) The subtraction allowed under this subdivision for a taxable year is limited to \$7,500, or \$15,000 for married joint filers. For a taxpayer whose adjusted gross income, as defined in section 62 of the Internal Revenue Code, for the taxable year exceeds \$125,000, or \$250,000 for married joint filers, the maximum subtraction is reduced \$1 for each \$4 of adjusted gross income in excess of that threshold.

(d) The adjusted gross income thresholds under paragraph (c) must be adjusted for inflation. The commissioner shall adjust the dollar amount of the income thresholds at which the maximum subtraction begins to be reduced under paragraph (b) by the percentage determined under section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) the word "2016" is substituted for the word "1992." For 2018, the commissioner shall then determine the percent change from the 12 months ending on August 31, 2016, to the 12 months ending on August 31, 2017, and in each subsequent year, from the 12 months ending on August 31, 2016, to the 12 months ending on August 31 of the year preceding the taxable year. The determination of the commissioner under this subdivision is not a "rule" and is not subject to the Administrative Procedure Act in chapter 14, including section 14.386. The threshold amount as adjusted must be rounded to the nearest \$100 amount. If the amount ends in \$50, the amount is rounded up to the nearest \$100 amount.

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

Sec. 13. Minnesota Statutes 2016, section 290.0132, is amended by adding a subdivision to read:

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

(b) For married taxpayers filing a joint return and surviving spouses, the maximum subtraction equals \$8,250. The maximum subtraction is reduced by 20 percent of provisional income over \$77,000. In no case is the subtraction less than zero.

(c) For single or head-of-household taxpayers, the maximum subtraction equals \$6,500. The maximum subtraction is reduced by 20 percent of provisional income over \$60,200. In no case is the subtraction less than zero.

(d) For married taxpayers filing separate returns, the maximum subtraction equals \$4,125. The maximum subtraction is reduced by 20 percent of provisional income over \$38,500. In no case is the subtraction less than zero.

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

(f) The commissioner shall adjust the dollar amounts in paragraphs (b) to (d) by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) of the Internal Revenue Code the word "2016" shall be substituted for the word "1992." For 2018, the commissioner shall then determine the percentage change from the 12 months ending on August 31, 2016, to the 12 months ending on August 31, 2017, and in each subsequent year, from the 12 months ending on August 31, 2016, to the 12 months ending on August 31 of the year preceding the taxable year. The determination of the commissioner pursuant to this subdivision must not be considered a rule and is not subject to the Administrative Procedure Act contained in chapter 14, including section 14.386. The threshold amount as adjusted must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount is rounded up to the nearest \$10 amount.

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

Sec. 14. Minnesota Statutes 2016, section 290.0133, subdivision 12, as amended by Laws 2017, chapter 1, section 5, is amended to read:

Subd. 12. **Section 179 expensing.** For taxable years beginning before January 1, 2018, 80 percent of the amount by which the deduction allowed under the dollar limits of section 179 of the Internal Revenue Code exceeds the deduction allowable by section 179 of the Internal Revenue Code, as amended through December 31, 2003, is an addition.

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

Sec. 15. Minnesota Statutes 2016, section 290.0133, is amended by adding a subdivision to read:

Subd. 15. **Equity and opportunity donations to qualified foundations.** The amount of the deduction under section 170 of the Internal Revenue Code that represents contributions to a qualified foundation under section 290.0693 is an addition.

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

Sec. 16. **[290.016] CONFORMITY TO FEDERAL TAX EXTENDERS BY ADMINISTRATIVE ACTION.**

Subdivision 1. Legislative purpose. (a) The legislature intends this section to provide an ongoing mechanism for conforming the Minnesota individual income and corporate franchise taxes and the property tax refund and homestead credit refund programs to federal tax legislation enacted after the legislature has adjourned that extends existing provisions of federal law, if the provisions affect tax liability in a calendar year that ends before the legislature is scheduled to reconvene in regular session. Congress has regularly enacted changes of that type that affect computation of Minnesota tax through its links to federal law. The federal changes consist mainly of extending provisions that reduce revenues and are scheduled to expire. Because Minnesota law is linked to federal law as of a specific date, taxpayers and the Department of Revenue must assume that Minnesota law does not include the effect of these federal changes even though the legislature regularly adopts most of the federal provisions retroactively in the next legislative session. This situation undermines compliance and administration of Minnesota taxes, causing delay, uncertainty, and added costs. This section provides an administrative mechanism to conform to most of these federal changes. The legislature's intent is to conform to the federal tax extenders, including minor modifications of them, and to set aside the necessary state budget resources to do so.

(b) By expressing its intent regarding specific federal provisions and indicating how to treat each federal extender provision, the legislature is exercising its legislative power and is not delegating to Congress or the commissioner the authority to determine Minnesota tax law. The legislature believes that this section is consistent with the Minnesota Supreme Court's ruling in the case of Wallace v. Commissioner of Taxation, 289 Minn. 220 (1971).

Subd. 2. Federal tax conformity account established; transfer. (a) A federal tax conformity account is established in the general fund. Money in the account is available for transfer to the general fund to offset the reduction in general fund revenues resulting from conforming Minnesota tax law to federal law under this section.

(b) \$20,000,000 is transferred from the general fund to the federal tax conformity account, effective July 1, 2017.

(c) Each year, within ten days after receiving notice of the amount from the commissioner, the commissioner of management and budget shall transfer from the account to the general fund the amount the commissioner determines is required under subdivision 4.

Subd. 3. Eligible federal tax preferences. For purposes of this section and section 290.01, the term "eligible federal tax preferences" means any of the following items that are not in effect under the Internal Revenue Code for future taxable years beginning after December 31, 2016:

(1) discharge of qualified principal residence indebtedness under section 108(a)(1)(E) of the Internal Revenue Code;

(2) mortgage insurance premiums treated as qualified residence interest under section 163(h)(3)(E) of the Internal Revenue Code;

(3) qualified tuition and related expenses under section 222 of the Internal Revenue Code;

(4) classification of certain race horses as three-year property under section 168(e)(3)(A)(i) and (ii) of the Internal Revenue Code;

(5) the seven-year recovery period for motorsports entertainment complexes under section 168(i)(15) of the Internal Revenue Code;

(6) the accelerated depreciation for business property on an Indian reservation under section 168(j) of the Internal Revenue Code;

(7) the election to expense mine safety equipment under section 179E of the Internal Revenue Code;

(8) the special expensing rules for certain film and television productions under section 181 of the Internal Revenue Code;

(9) the special allowance for second-generation biofuel plant property under section 168(l) of the Internal Revenue Code;

(10) the energy efficient commercial buildings deduction under section 179D of the Internal Revenue Code;

(11) the five-year recovery period for property described in section 168(e)(3)(B)(vi)(I) of the Internal Revenue Code and qualifying for an energy credit under section 48(a)(3)(A) of the Internal Revenue Code; and

(12) the amount of the additional section 179 allowance in an empowerment zone under section 1397A of the Internal Revenue Code.

Subd. 4. **Designation of qualifying federal conformity items.** (a) If, after final adjournment of a regular session of the legislature, Congress enacts a law that extends one or more of the eligible federal tax preferences to taxable years beginning during the calendar year in which the legislature adjourned, the commissioner shall prepare a list of qualifying federal conformity items and publish it on the Department of Revenue's Web site within 30 days following enactment of the law. In preparing the list, the commissioner shall estimate the change in revenue resulting from allowing the eligible federal tax preferences, including the effect of subdivision 6, for the current and succeeding biennia only. The commissioner shall not include an item on the list of qualifying federal conformity items if the commissioner estimates that its inclusion would reduce general fund revenues for the current and succeeding biennia by more than the balance in the federal tax conformity account.

(b) The commissioner shall consider the provisions of subdivision 6 as the first item to include on the list of qualifying conformity items. The commissioner shall apply the following priorities in determining which additional items to include:

(1) the effect of all eligible federal tax preferences on computation of federal adjusted gross income under this chapter and household income under chapter 290A, is the first priority;

(2) the effect of the federal law on computation of Minnesota tax credits is the second priority;

(3) the items in subdivision 3, clauses (4) to (12), in that order, are the third priority; and

(4) the items in subdivision 3, clauses (1) to (3), in that order, are the last priority.

(c) In determining whether to include an eligible federal tax preference on the list of qualifying federal conformity items, the commissioner may include items in which nonmaterial changes were made in the federal law extending allowance of the eligible federal tax preferences, compared to the provision that was in effect for the prior federal taxable year. For purposes of this determination, nonmaterial changes are limited to changes that are estimated to increase or decrease Minnesota tax revenues by no more than \$1,000,000 for the affected eligible federal tax preference item for the taxable year.

(d) Within ten days after the commissioner's final determination of qualifying federal conformity items under this subdivision, the commissioner shall notify the commissioner of management and budget, in writing, of the amount of the federal tax conformity account transfer under subdivision 2.

Subd. 5. **Provisions in effect.** (a) For purposes of determining tax and credits under this chapter, including the taxes under sections 290.091 and 290.0921, and household income under chapter 290A, qualifying federal conformity items and bonus depreciation rules under subdivision 6 apply for the designated taxable year and the provisions of this chapter apply as if the definition of the Internal Revenue Code under section 290.01, subdivision 31, included the amendments to the qualifying federal conformity items.

(b) For qualifying federal conformity items listed in subdivision 3, clauses (4) to (12), and bonus depreciation rules for which conformity in the designated taxable year that result in a revenue increase or decrease in subsequent taxable years, the commissioner shall administer the subsequent taxable year for the qualifying federal conformity items consistent with conformity to the items in the designated taxable year and the estimate used to calculate the transfer amount under subdivision 2.

(c) The commissioner shall administer the taxes under this chapter and refunds under chapter 290A as if Minnesota had conformed to the federal definitions of net income, adjusted gross income, and tax credits that affect computation of Minnesota tax or refunds resulting from extension of the qualifying federal conformity items.

(d) For purposes of this subdivision and subdivision 6, "designated taxable year" means a taxable year that begins during a calendar year in which an eligible federal tax preference is enacted after the legislature adjourned its regular session and is effective for any taxable year beginning during that calendar year.

Subd. 6. **Bonus depreciation; 80 percent rule applies.** If, following final adjournment of a regular session of the legislature, Congress enacts a law that extends application of the depreciation special allowances under section 168(k) of the Internal Revenue Code to taxable years beginning during the same calendar year, the allowance must be determined using the rules under sections 290.0131, subdivision 9, and 290.0133, subdivision 11, for the designated taxable year; and the rules under sections 290.0132, subdivision 9, and 290.0134, subdivision 13, for the five tax years immediately following the designated taxable year.

Subd. 7. **Forms preparation.** If the provisions of subdivisions 3 and 4 apply to a taxable year, the commissioner shall prepare forms and instructions that reflect the qualifying federal conformity items and bonus depreciation rules under subdivision 6, if applicable, for the taxable year consistent with the provisions of this section.

Subd. 8. **Draft legislation.** For a taxable year for which the commissioner publishes a list of qualifying federal conformity items under this section, the commissioner shall provide the chairs and ranking minority members of the legislative committees with jurisdiction over taxes with draft legislation that would conform Minnesota Statutes to the qualifying federal conformity items and any other conformity items that the commissioner recommends be adopted, including application to taxable years beyond those to which this section applies. The draft legislation is intended to make the statutes consistent with application of the designated qualifying federal conformity items under this section for the convenience of members of the public. Failure to pass the draft legislation does not affect computation of Minnesota tax liability for the affected taxable years under this section.

Subd. 9. **Administrative Procedure Act.** Designation of qualifying federal conformity items or any other action of the commissioner under this section is not a rule and is not subject to the Administrative Procedure Act under chapter 14, including section 14.386.

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

Sec. 17. Minnesota Statutes 2016, section 290.06, is amended by adding a subdivision to read:

Subd. 2g. **First-time home buyer savings account.** (a) For purposes of this subdivision, the terms defined in section 462D.02 have the meanings given in that section.

(b) In addition to the tax computed under subdivision 2c, an additional amount of tax applies equal to the additional tax computed for the taxable year for the account holder of a first-time home buyer account under section 462D.06, subdivision 3.

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

Sec. 18. Minnesota Statutes 2016, section 290.06, subdivision 22, is amended to read:

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

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

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

(d) (1) The credit determined under paragraph (b) or (c) shall not exceed the amount of tax so paid to the other state on the gross income earned within the other state subject to tax under this chapter; ~~nor shall; and~~

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

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

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

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

(h) For the purposes of this subdivision, a resident partner of an entity taxed as a partnership under the Internal Revenue Code must be considered to have paid a tax imposed on the partner in an amount equal to the partner's pro rata share of any net income tax paid by the partnership to another state. For purposes of the preceding sentence, the term "net income" tax means any tax imposed on or measured by a partnership's net income.

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

(1) includes:

(i) the District of Columbia; and

(ii) a province or territory of Canada; but

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

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

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

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

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

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

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

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

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

Sec. 19. Minnesota Statutes 2016, section 290.06, is amended by adding a subdivision to read:

Subd. 37. Beginning farmer incentive credit. (a) A beginning farmer incentive credit is allowed against the tax due under this chapter for the sale or rental of agricultural assets to a beginning farmer according to section 41B.0391, subdivision 2.

(b) The credit may be claimed only after approval and certification by the Rural Finance Authority according to section 41B.0391.

(c) The credit is limited to the liability for tax, as computed under this chapter, for the taxable year. If the amount of the credit determined under this subdivision for any taxable year exceeds this limitation, the excess is a beginning farmer incentive credit carryover to each of the 15 succeeding taxable years. The entire amount of the excess unused credit for the taxable year is carried first to the earliest of the taxable years to which the credit may be carried and then to each successive year to which the credit may be carried. The amount of the unused credit which may be added under this paragraph must not exceed the taxpayer's liability for tax, less the beginning farmer incentive credit for the taxable year.

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

(e) For a nonresident or part-year resident, the credit under this section must be allocated using the percentage calculated in section 290.06, subdivision 2c, paragraph (e).

(f) Notwithstanding the approval and certification by the Rural Finance Authority under section 41B.0391, the commissioner may utilize any audit and examination powers under chapter 270C or 289A to the extent necessary to verify that the taxpayer is eligible for the credit and to assess for the amount of any improperly claimed credit.

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

Sec. 20. Minnesota Statutes 2016, section 290.06, is amended by adding a subdivision to read:

Subd. 38. Beginning farmer management credit. (a) A taxpayer who is a beginning farmer may take a credit against the tax due under this chapter for participation in a financial management program according to section 41B.0391, subdivision 3.

(b) The credit may be claimed only after approval and certification by the Rural Finance Authority according to section 41B.0391.

(c) The credit is limited to the liability for tax, as computed under this chapter, for the taxable year. If the amount of the credit determined under this subdivision for any taxable year exceeds this limitation, the excess is a beginning farmer management credit carryover to each of the three succeeding taxable years. The entire amount of the excess unused credit for the taxable year is carried first to the earliest of the taxable years to which the credit may be carried and then to each successive year to which the credit may be carried. The amount of the unused credit which may be added under this paragraph must not exceed the taxpayer's liability for tax, less the beginning farmer management credit for the taxable year.

(d) For a part-year resident, the credit under this section must be allocated using the percentage calculated in section 290.06, subdivision 2c, paragraph (e).

(e) Notwithstanding the approval and certification by the Rural Finance Authority under section 41B.0391, the commissioner may utilize any audit and examination powers under chapter 270C or 289A to the extent necessary to verify that the taxpayer is eligible for the credit and to assess for the amount of any improperly claimed credit.

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

Sec. 21. Minnesota Statutes 2016, section 290.067, subdivision 1, is amended to read:

Subdivision 1. **Amount of credit.** (a) A taxpayer may take as a credit against the tax due from the taxpayer and a spouse, if any, under this chapter an amount equal to the dependent care credit for which the taxpayer is eligible pursuant to the provisions of section 21 of the Internal Revenue Code ~~subject to the limitations provided in subdivision 2~~ except that in determining whether the child qualified as a dependent, income received as a Minnesota family investment program grant or allowance to or on behalf of the child must not be taken into account in determining whether the child received more than half of the child's support from the taxpayer, and the provisions of section 32(b)(1)(D) of the Internal Revenue Code do not apply.

(b) If a child who has not attained the age of six years at the close of the taxable year is cared for at a licensed family day care home operated by the child's parent, the taxpayer is deemed to have paid employment-related expenses. If the child is 16 months old or younger at the close of the taxable year, the amount of expenses deemed to have been paid equals the maximum limit for one qualified individual under section 21(c) and (d) of the Internal Revenue Code. If the child is older than 16 months of age but has not attained the age of six years at the close of the taxable year, the amount of expenses deemed to have been paid equals the amount the licensee would charge for the care of a child of the same age for the same number of hours of care.

(c) If a married couple:

(1) has a child who has not attained the age of one year at the close of the taxable year;

(2) files a joint tax return for the taxable year; and

(3) does not participate in a dependent care assistance program as defined in section 129 of the Internal Revenue Code, in lieu of the actual employment related expenses paid for that child under paragraph (a) or the deemed amount under paragraph (b), the lesser of (i) the combined earned income of the couple or (ii) the amount of the maximum limit for one qualified individual under section 21(c) and (d) of the Internal Revenue Code will be deemed to be the employment related expense paid for that child. The earned income limitation of section 21(d) of the Internal Revenue Code shall not apply to this deemed amount. These deemed amounts apply regardless of whether any employment-related expenses have been paid.

(d) If the taxpayer is not required and does not file a federal individual income tax return for the tax year, no credit is allowed for any amount paid to any person unless:

(1) the name, address, and taxpayer identification number of the person are included on the return claiming the credit; or

(2) if the person is an organization described in section 501(c)(3) of the Internal Revenue Code and exempt from tax under section 501(a) of the Internal Revenue Code, the name and address of the person are included on the return claiming the credit.

In the case of a failure to provide the information required under the preceding sentence, the preceding sentence does not apply if it is shown that the taxpayer exercised due diligence in attempting to provide the information required.

(e) In the case of a nonresident, part-year resident, or a person who has earned income not subject to tax under this chapter including earned income excluded pursuant to section 290.0132, subdivision 10, the credit determined under section 21 of the Internal Revenue Code must be allocated based on the ratio by which the earned income of the claimant and the claimant's spouse from Minnesota sources bears to the total earned income of the claimant and the claimant's spouse.

(f) For residents of Minnesota, the subtractions for military pay under section 290.0132, subdivisions 11 and 12, are not considered "earned income not subject to tax under this chapter."

(g) For residents of Minnesota, the exclusion of combat pay under section 112 of the Internal Revenue Code is not considered "earned income not subject to tax under this chapter."

(h) For taxpayers with federal adjusted gross income in excess of \$50,000, the credit is equal to the lesser of the credit otherwise calculated under this subdivision, or the amount equal to \$600 minus five percent of federal adjusted gross income in excess of \$50,000 for taxpayers with one qualified individual, or \$1,200 minus five percent of federal adjusted gross income in excess of \$50,000 for taxpayers with two or more qualified individuals, but in no case is the credit less than zero.

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

Sec. 22. Minnesota Statutes 2016, section 290.067, subdivision 2b, is amended to read:

Subd. 2b. **Inflation adjustment.** The commissioner shall adjust the dollar amount of the income threshold at which the maximum credit begins to be reduced under subdivision 2 1 by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) the word "~~1999~~" "2016" shall be substituted for the word "1992." For ~~2001~~ 2018, the commissioner shall then determine the percent change from the 12 months ending on August 31, ~~1999~~ 2016, to the 12 months ending on August 31, ~~2000~~ 2017, and in each subsequent year, from the 12 months ending on August 31, ~~1999~~ 2016, to the 12 months ending on August 31 of the year preceding the taxable year. The determination of the commissioner pursuant to this subdivision must not be considered a "rule" and is not subject to the Administrative Procedure Act contained in chapter 14. The threshold amount as adjusted must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount is rounded up to the nearest \$10 amount.

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

Sec. 23. Minnesota Statutes 2016, section 290.0671, subdivision 1, as amended by Laws 2017, chapter 1, section 6, is amended to read:

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

(b) For individuals with no qualifying children, the credit equals 2.10 percent of the first \$6,180 of earned income. The credit is reduced by 2.01 percent of earned income or adjusted gross income, whichever is greater, in excess of \$8,130, but in no case is the credit less than zero.

(c) For individuals with one qualifying child, the credit equals 9.35 percent of the first \$11,120 of earned income. The credit is reduced by 6.02 percent of earned income or adjusted gross income, whichever is greater, in excess of \$21,190, but in no case is the credit less than zero.

(d) For individuals with two or more qualifying children, the credit equals 11 percent of the first \$18,240 of earned income. The credit is reduced by 10.82 percent of earned income or adjusted gross income, whichever is greater, in excess of \$25,130, but in no case is the credit less than zero.

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

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

(1) the subtractions for military pay under section 290.0132, subdivisions 11 and 12, are not considered "earned income not subject to tax under this chapter." For the purposes of this paragraph;

(2) the exclusion of combat pay under section 112 of the Internal Revenue Code is not considered "earned income not subject to tax under this chapter."; and

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

(g) For tax years beginning after December 31, 2013, the \$8,130 in paragraph (b), the \$21,190 in paragraph (c), and the \$25,130 in paragraph (d), after being adjusted for inflation under subdivision 7, are each increased by \$5,000 for married taxpayers filing joint returns. For tax years beginning after December 31, 2013, the commissioner shall annually adjust the \$5,000 by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B), the word "2008" shall be substituted for the word "1992." For 2014, the commissioner shall then determine the percent change from the 12 months ending on August 31, 2008, to the 12 months ending on August 31, 2013, and in each subsequent year, from the 12 months ending on August 31, 2008, to the 12 months ending on August 31 of the year preceding the taxable year. The earned income thresholds as adjusted for inflation must be rounded to the nearest \$10. If the amount ends in \$5, the amount is rounded up to the nearest \$10. The determination of the commissioner under this subdivision is not a rule under the Administrative Procedure Act.

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

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

Sec. 24. Minnesota Statutes 2016, section 290.0674, subdivision 1, is amended to read:

Subdivision 1. **Credit allowed.** An individual is allowed a credit against the tax imposed by this chapter in an amount equal to 75 percent of the amount paid for education-related expenses for a qualifying child in a prekindergarten educational program or in kindergarten through grade 12. For purposes of this section, "education-related expenses" means:

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

(2) expenses for textbooks, including books and other instructional materials and equipment purchased or leased for use in elementary and secondary schools in teaching only those subjects legally and commonly taught in public elementary and secondary schools in this state. "Textbooks" does not include instructional books and materials used in the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship, nor does it include books or materials for extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or similar programs;

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

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

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

For purposes of this section, "qualifying child" has the meaning given in section 32(c)(3) of the Internal Revenue Code, but is limited to children who have attained at least the age of three during the taxable year.

For purposes of this section, "prekindergarten educational program" means:

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

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

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

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

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

Sec. 25. Minnesota Statutes 2016, section 290.0674, subdivision 2, is amended to read:

Subd. 2. **Limitations.** (a) For claimants with income not greater than ~~\$33,500~~ \$42,000, the maximum credit allowed for a family is ~~\$1,000~~ \$1,500 multiplied by the number of qualifying children in a prekindergarten educational program or in kindergarten through grade 12 in the family. The maximum credit ~~for families with one qualifying child in kindergarten through grade 12~~ is reduced by \$1 for each ~~\$4~~ \$10 of household income over \$33,500, and the maximum credit ~~for families with two or more qualifying children in kindergarten through grade 12~~ is reduced by ~~\$2~~ \$1 for each ~~\$4~~ \$10 of household income over ~~\$33,500~~ \$42,000, but in no case is the credit less than zero.

For purposes of this section "income" has the meaning given in section 290.067, subdivision 2a. In the case of a married claimant, a credit is not allowed unless a joint income tax return is filed.

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

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

Sec. 26. Minnesota Statutes 2016, section 290.0674, is amended by adding a subdivision to read:

Subd. 6. Inflation adjustment. The credit amount and the income threshold at which the maximum credit begins to be reduced in subdivision 2 must be adjusted for inflation. The commissioner shall adjust the credit amount and income threshold by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) the word "2017" shall be substituted for the word "1992." For 2019, the commissioner shall then determine the percent change from the 12 months ending on August 31, 2017, to the 12 months ending on August 31, 2018, and in each subsequent year, from the 12 months ending August 31, 2017, to the 12 months ending on August 31 of the year preceding the taxable year. The credit amount and income threshold as adjusted for inflation must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount is rounded up to the nearest \$10 amount. The determination of the commissioner under this subdivision is not a rule subject to the Administrative Procedure Act in chapter 14, including section 14.386.

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

Sec. 27. Minnesota Statutes 2016, section 290.068, subdivision 1, is amended to read:

Subdivision 1. **Credit allowed.** A corporation, partners in a partnership, or shareholders in a corporation treated as an "S" corporation under section 290.9725 are allowed a credit against the tax computed under this chapter for the taxable year equal to:

- (a) ~~ten~~ 15 percent of the first \$2,000,000 of the excess (if any) of
 - (1) the qualified research expenses for the taxable year, over
 - (2) the base amount; and
- (b) ~~2.5~~ five percent on all of such excess expenses over \$2,000,000.

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

Sec. 28. Minnesota Statutes 2016, section 290.068, subdivision 2, is amended to read:

Subd. 2. **Definitions.** For purposes of this section, the following terms have the meanings given.

(a) "Qualified research expenses" means (i) qualified research expenses and basic research payments as defined in section 41(b) and (e) of the Internal Revenue Code, except it does not include expenses incurred for qualified research or basic research conducted outside the state of Minnesota pursuant to section 41(d) and (e) of the Internal Revenue Code; and (ii) contributions to a nonprofit corporation established and operated pursuant to the provisions of chapter 317A for the purpose of promoting the establishment and expansion of business in this state, provided the contributions are invested by the nonprofit corporation for the purpose of providing funds for small, technologically innovative enterprises in Minnesota during the early stages of their development.

(b) "Qualified research" means qualified research as defined in section 41(d) of the Internal Revenue Code, except that the term does not include qualified research conducted outside the state of Minnesota.

(c) "Base amount" means:

(1) for taxpayers not subject to clause (2), the base amount as defined in section 41(c) of the Internal Revenue Code, except that the average annual gross receipts must be calculated using Minnesota sales or receipts under section 290.191 and the definitions contained in ~~clauses~~ paragraphs (a) and (b) shall apply; or

(2) for a taxpayer with an alternative simplified credit election in place under subdivision 2a for the taxable year, 50 percent of the average qualified research expenses for the three taxable years preceding the taxable year for which the credit is being determined. In no case shall the base amount be less than 50 percent of the qualified research expenses for the taxable year.

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

Sec. 29. Minnesota Statutes 2016, section 290.068, is amended by adding a subdivision to read:

Subd. 2a. **Alternative simplified credit election.** (a) A taxpayer qualifying for a credit under this section may elect on an original return, including all extensions, to calculate its base amount under subdivision 2, paragraph (c), clause (2), for the taxable year. The taxpayer must make the election on or before the date the return is due under section 289A.18, with any extensions allowed under section 289A.19. An election to use the alternative simplified credit remains in effect for all subsequent years, unless revoked. The taxpayer may revoke the election by filing a notice on a form prescribed by the commissioner on or before the due date for the return affected by the revocation, with any extension allowed under section 289A.19. A taxpayer may revoke the election without approval of the commissioner.

(b) For a partnership, the election must be made by the partnership on the partnership return or other form, as required by the commissioner, and applies to all of its partners.

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

Sec. 30. **[290.0682] STUDENT LOAN CREDIT.**

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

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

(c) "Earned income" has the meaning given in section 32(c) of the Internal Revenue Code.

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

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

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

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

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

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

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

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

(3) the sum of:

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

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

(4) \$500.

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

(d) In the case of a married couple, each spouse is eligible for the credit in this section.

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

Sec. 31. **[290.0683] SECTION 529 COLLEGE SAVINGS PLAN CREDIT.**

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

(b) "Federal adjusted gross income" has the meaning given under section 62(a) of the Internal Revenue Code.

(c) "Qualified higher education expenses" has the meaning given in section 529 of the Internal Revenue Code.

Subd. 2. **Credit allowed.** (a) A credit is allowed to a resident individual against the tax imposed by this chapter. The credit is not allowed to an individual who is eligible to be claimed as a dependent, as defined in sections 151 and 152 of the Internal Revenue Code.

(b) The amount of the credit allowed equals 50 percent of the amount contributed in a taxable year to one or more accounts in plans qualifying under section 529 of the Internal Revenue Code, reduced by any withdrawals from accounts made during the taxable year. The maximum credit is \$500, subject to the phaseout in paragraphs (c) and (d). In no case is the credit less than zero.

(c) For individual filers, the maximum credit is reduced by two percent of adjusted gross income in excess of \$75,000.

(d) For married couples filing a joint return, the maximum credit is phased out as follows:

(1) for married couples with adjusted gross income in excess of \$75,000, but not more than \$100,000, the maximum credit is reduced by one percent of adjusted gross income in excess of \$75,000;

(2) for married couples with adjusted gross income in excess of \$100,000, but not more than \$135,000, the maximum credit is \$250; and

(3) for married couples with adjusted gross income in excess of \$135,000, the maximum credit is \$250, reduced by one percent of adjusted gross income in excess of \$135,000.

(e) The income thresholds in paragraphs (c) and (d) used to calculate the maximum credit must be adjusted for inflation. The commissioner shall adjust the income thresholds by the percentage determined under the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) the word "2016" is substituted for the word "1992." For 2018, the commissioner shall then determine the percent change from the 12 months ending on August 31, 2016, to the 12 months ending on August 31, 2017, and in each subsequent year, from the 12 months ending on August 31, 2016, to the 12 months ending on August 31 of the year preceding the taxable year. The income thresholds as adjusted for inflation must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount is rounded up to the nearest \$10 amount. The determination of the commissioner under this subdivision is not subject to chapter 14, including section 14.386.

Subd. 3. **Allocation.** For a part-year resident, the credit must be allocated based on the percentage calculated under section 290.06, subdivision 2c, paragraph (e).

Subd. 4. **Revocation.** If an individual makes a withdrawal of contributions for a purpose other than to pay for qualified higher education expenses, then:

(1) contributions used to claim the credit are considered to be the first contributions withdrawn; and

(2) the amount of any credit allowed to any individual under this section in a prior tax year for such contributions must be paid by the individual who makes the withdrawal as additional income tax for the taxable year in which the individual makes the withdrawal.

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

Sec. 32. [290.0684] CREDIT FOR ATTAINING MASTER'S DEGREE IN TEACHER'S LICENSURE FIELD.

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

(b) "Master's degree program" means a graduate-level program at an accredited university leading to a master of arts or science degree in a core content area directly related to a qualified teacher's licensure field. The master's degree program may not include pedagogy or a pedagogy component. To be eligible under this credit, a licensed elementary school teacher must pursue and complete a master's degree program in a core content area in which the teacher provides direct classroom instruction.

(c) "Qualified teacher" means a person who:

(1) holds a teaching license issued by the licensing division in the Department of Education on behalf of the Minnesota Board of Teaching both when the teacher begins the master's degree program and when the teacher completes the master's degree program;

(2) began a master's degree program after June 30, 2017; and

(3) completes the master's degree program during the taxable year.

(d) "Core content area" means the academic subject of reading, English or language arts, mathematics, science, foreign languages, civics and government, economics, arts, history, or geography.

Subd. 2. **Credit allowed.** (a) An individual who is a qualified teacher is allowed a credit against the tax imposed under this chapter. The credit equals the lesser of \$2,500 or the amount the individual paid for tuition, fees, books, and instructional materials necessary to completing the master's degree program and for which the individual did not receive reimbursement from an employer or scholarship.

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

(c) A qualified teacher may claim the credit in this section only one time for each master's degree program completed in a core content area.

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

Sec. 33. Minnesota Statutes 2016, section 290.0692, is amended by adding a subdivision to read:

Subd. 6. **Sunset.** This section expires at the same time and on the same terms as section 116J.8737, except that the expiration of this section does not affect the commissioner of revenue's authority to audit or power of examination and assessment for credits claimed under this section.

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

Sec. 34. **[290.0693] EQUITY AND OPPORTUNITY IN EDUCATION TAX CREDIT.**

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

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

(1) resides in Minnesota;

(2) is a member of a household that has total annual income during the year prior to initial receipt of a qualified scholarship or a qualified transportation scholarship, without consideration of the benefits under this program that does not exceed an amount equal to two times the income standard used to qualify for a reduced-price meal under the National School Lunch Program; and

(3) meets one of the following criteria:

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

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

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

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

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

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

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

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

(g) "Qualified foundation" means a nonprofit organization granted an exemption from the federal income tax under section 501(c)(3) of the Internal Revenue Code that has been approved as a qualified foundation by the commissioner of revenue under subdivision 5.

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

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

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

(k) "Qualified school" means a school operated in Minnesota that is a nonpublic elementary or secondary school in Minnesota wherein a resident may legally fulfill the state's compulsory attendance laws that is not operated for profit, and that adheres to the provisions of United States Code, title 42, section 1981, and chapter 363A.

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

(m) "Total annual income" means the income measure used to determine eligibility under the National School Lunch Program.

Subd. 2. **Credit allowed.** (a) An individual or corporate taxpayer who has been issued a credit certificate under subdivision 3 is allowed a credit against the tax due under this chapter equal to 70 percent of the amount of the equity and opportunity donation made during the taxable year to the qualified foundation, including a qualified public school foundation, designated on the taxpayer's credit certificate. No credit is allowed if the taxpayer designates a specific child as the beneficiary of the contribution. No credit is allowed to a taxpayer for an equity and opportunity in education donation made before the taxpayer was issued a credit certificate as provided in subdivision 3.

(b) The maximum annual credit allowed is:

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

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

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

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

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

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

Subd. 3. Application for credit certificate. (a) The commissioner must make applications for tax credits for 2018 available on the department's Web site by January 1, 2018. Applications for subsequent years must be made available by January 1 of the taxable year.

(b) A taxpayer must apply to the commissioner for an equity and opportunity in education tax credit certificate. The application must be in the form and manner specified by the commissioner. The application must designate the qualified foundation to which the taxpayer intends to make a donation, and if the donation is for the purpose of awarding qualified scholarships, awarding qualified transportation scholarships, awarding qualified grants, or making expenditures in support of one or more public schools or school districts. The commissioner must begin accepting applications for a taxable year on January 1. The commissioner must issue tax credit certificates under this section on a first-come, first-served basis until the maximum statewide credit amounts have been reached. The certificates must list the qualified foundation, or the qualified public school foundation, the taxpayer designated on the application, and if the donation is to be used for awarding qualified scholarships, awarding qualified transportation scholarships, awarding qualified grants, or making expenditures in support of one or more public schools or school districts.

(c) The maximum statewide credit amount for tax credits for donations to qualified foundations for the purpose of awarding qualified scholarships and qualified transportation scholarships is \$33,000,000 per taxable year for taxable years beginning after December 31, 2017.

(d) The maximum statewide credit amount for donations to qualified foundations for the purpose of awarding qualified grants and for donations to qualified public school foundations is \$2,000,000 per taxable year for taxable years beginning after December 31, 2017.

(e) Any portion of a taxable year's credits for which a tax credit certificate is not issued does not cancel and may be carried forward to subsequent taxable years.

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

(g) The commissioner must not issue a credit certificate for an application that designates a qualified foundation that the commissioner has barred from participation as provided in subdivision 5.

Subd. 4. Responsibilities of qualified foundations. (a) An entity that is eligible to be a qualified foundation must apply to the commissioner by September 15 of the year preceding the year in which it will first receive donations that qualify for a credit under this section. The application must be in the form and manner prescribed by the commissioner. The application must:

(1) demonstrate to the commissioner that the entity is exempt from the federal income tax as an organization described in section 501(c)(3) of the Internal Revenue Code;

(2) demonstrate the entity's financial accountability by submitting its most recent audited financial statement prepared by a certified public accountant firm licensed under chapter 326A using the Statements on Auditing Standards issued by the Audit Standards Board of the American Institute of Certified Public Accountants; and

(3) specify if the entity intends to award qualified scholarships, award qualified transportation scholarships, award qualified grants, or if the entity is a qualified public school foundation. An entity may award any combination of qualified scholarships, qualified transportation scholarships, and qualified grants.

(b) A qualified foundation must provide to taxpayers who make donations or commitments to donate a receipt or verification on a form approved by the commissioner.

(c) A qualified foundation that awards qualified scholarships or qualified transportation scholarships must:

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

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

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

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

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

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

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

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

(iv) provides academic accountability to parents of students in the program by regularly reporting to the parents on the student's progress.

A qualified foundation must make the documentation available to the commissioner on request.

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

(1) financial information that demonstrates the financial viability of the qualified foundation, if it is to receive donations of \$150,000 or more during the year;

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

(3) consistent with paragraph (f), document that it has used amounts received as donations to provide qualified scholarships, to provide qualified transportation scholarships, to make qualified grants, or to make expenditures in support of one or more public schools or school districts, as specified on the tax credit certificates issued for the donations, within one calendar year of the calendar year in which it received the donation;

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

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

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

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

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

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

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

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

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

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

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

Subd. 5. Responsibilities of commissioner. (a) The commissioner must make applications for an entity to be approved as a qualified foundation for a taxable year available on the department's Web site by August 1 of the year preceding the taxable year. The commissioner must approve an application that provides the documentation required in subdivision 4, paragraph (a), within 60 days of receiving the application. The commissioner must notify a foundation that provides incomplete documentation and the foundation may resubmit its application within 30 days.

(b) By November 15 of each year, the commissioner must post on the department's Web site the names and addresses of qualified foundations for the next taxable year. For each qualified foundation, the list must indicate if the foundation intends to award qualified scholarships, award qualified transportation scholarships, award qualified grants, or is a qualified public school foundation. The commissioner must regularly update the names and addresses of any qualified foundations that have been barred from participating in the program.

(c) The commissioner must prescribe a standardized format for a receipt to be issued by a qualified foundation to a taxpayer to indicate the amount of a donation received and of a commitment to make a donation.

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

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

(f) If a qualified foundation fails to submit the documentation required under subdivision 4, paragraph (e), by June 1, the commissioner must notify the qualified foundation by July 1. A qualified foundation that fails to submit the required information by August 1 is barred from participation for the next taxable year.

(g) If a qualified foundation fails to comply with the requirements of subdivision 4, paragraph (e), the commissioner must by September 1 notify the qualified foundation that it has until November 1 to document that it has remedied its noncompliance. A qualified foundation that fails to document that it has remedied its noncompliance by November 1 is barred from participation for the next taxable year.

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

(i) Determinations of the commissioner under this subdivision are not considered rules and are not subject to the Administrative Procedures Act in chapter 14, including section 14.386.

Subd. 6. **Special education services.** A student's receipt of a qualified scholarship under this section does not affect the student's eligibility for instruction and service under section 125A.18 or otherwise affect the student's status under federal special education laws.

EFFECTIVE DATE. This section is effective the day following final enactment for donations made and credits allowed in taxable years beginning after December 31, 2017.

Sec. 35. Minnesota Statutes 2016, section 290.081, is amended to read:

290.081 INCOME OF NONRESIDENTS, RECIPROCITY.

(a) The compensation received for the performance of personal or professional services within this state by an individual whose residence, place of abode, and place customarily returned to at least once a month is in another state, shall be excluded from gross income to the extent such compensation is subject to an income tax imposed by the state of residence; provided that such state allows a similar exclusion of compensation received by residents of Minnesota for services performed therein.

(b) When it is deemed to be in the best interests of the people of this state, the commissioner may determine that the provisions of paragraph (a) shall not apply. As long as the provisions of paragraph (a) apply between Minnesota and Wisconsin, the provisions of paragraph (a) shall apply to any individual who is domiciled in Wisconsin.

(c) For the purposes of paragraph (a), whenever the Wisconsin tax on Minnesota residents which would have been paid Wisconsin without paragraph (a) exceeds the Minnesota tax on Wisconsin residents which would have been paid Minnesota without paragraph (a), or vice versa, then the state with the net revenue loss ~~resulting from~~

~~calculated under paragraph (a) (e) shall receive from the other state the amount of such loss. This provision shall be effective for all years beginning after December 31, 1972. The data used for computing the loss to either state shall be determined on or before September 30 of the year following the close of the previous calendar year.~~

~~(d) (1) Interest is payable on all amounts calculated under paragraph (c) relating to taxable years beginning after December 31, 2000. Interest accrues from July 1 of the taxable year. Payments for amounts calculated under paragraph (c) must equal one-quarter of the estimated annual amount and must be paid at the midpoint of each quarter, on February 15, May 15, August 15, and November 15.~~

~~(2) (e)(1) The commissioner of revenue is authorized to enter into agreements with the state of Wisconsin specifying the reciprocity payment due dates, conditions constituting delinquency, interest rates, and a method for computing interest due.~~

~~(3) (2) For agreements entered into before October 1, 2014 August 1, 2018, the annual compensation required under paragraph (c) must equal at least the net revenue loss minus \$1,000,000 up to \$3,000,000 per fiscal year.~~

~~(4) For agreements entered into after September 30, 2014, the annual compensation required under paragraph (c) must equal the net revenue loss per fiscal year.~~

~~(5) (3) For the purposes of clauses (3) and (4) this section, "net revenue loss" means the difference between the amount of Minnesota income taxes Minnesota forgoes by not taxing Wisconsin residents on income subject to reciprocity and the credit Minnesota would have been required to give under section 290.06, subdivision 22, to Minnesota residents working in Wisconsin had there not been reciprocity.~~

(4) All agreements must include provisions:

(i) providing for a suspension of the agreement if one party to the agreement does not pay in full by a time prescribed in the agreement;

(ii) setting the interest rate that will be applied, and that interest shall run from the date the payment is due until the day the payment is made, except that interest from the reconciliation payments runs from July 1 of the tax year until paid;

(iii) stating a time for annual reconciliation must be completed by October 31 of the year following the tax year, and the time for payment of any amounts to be completed by no later than December 1 of the year following the tax year;

(iv) requiring the parties to jointly conduct updated benchmark studies every five years beginning tax year 2018;

(v) requiring each party to the agreement to require taxpayers who request exemption from withholding in the state where they work to make an annual application and that a list of participants will be exchanged annually; and

(vi) the sum of the amount of the quarterly payments must be a reasonable estimate of the revenue loss as defined in item (iii).

~~(e) (f) If an agreement cannot be reached as to the amount of the loss, the commissioner of revenue and the taxing official of the state of Wisconsin shall each appoint a member of a board of arbitration and these members shall appoint the third member of the board. The board shall select one of its members as chair. Such board may administer oaths, take testimony, subpoena witnesses, and require their attendance, require the production of books, papers and documents, and hold hearings at such places as are deemed necessary. The board shall then make a determination as to the amount to be paid the other state which determination shall be final and conclusive.~~

~~(f)~~ (g) The commissioner may furnish copies of returns, reports, or other information to the taxing official of the state of Wisconsin, a member of the board of arbitration, or a consultant under joint contract with the states of Minnesota and Wisconsin for the purpose of making a determination as to the amount to be paid the other state under the provisions of this section. Prior to the release of any information under the provisions of this section, the person to whom the information is to be released shall sign an agreement which provides that the person will protect the confidentiality of the returns and information revealed thereby to the extent that it is protected under the laws of the state of Minnesota.

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

Sec. 36. Minnesota Statutes 2016, section 290.091, subdivision 2, is amended to read:

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

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

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

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

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

(ii) the medical expense deduction;

(iii) the casualty, theft, and disaster loss deduction; and

(iv) the impairment-related work expenses of a disabled person;

(3) for depletion allowances computed under section 613A(c) of the Internal Revenue Code, with respect to each property (as defined in section 614 of the Internal Revenue Code), to the extent not included in federal alternative minimum taxable income, the excess of the deduction for depletion allowable under section 611 of the Internal Revenue Code for the taxable year over the adjusted basis of the property at the end of the taxable year (determined without regard to the depletion deduction for the taxable year);

(4) to the extent not included in federal alternative minimum taxable income, the amount of the tax preference for intangible drilling cost under section 57(a)(2) of the Internal Revenue Code determined without regard to subparagraph (E);

(5) to the extent not included in federal alternative minimum taxable income, the amount of interest income as provided by section 290.0131, subdivision 2; and

(6) the amount of addition required by section 290.0131, subdivisions 9 to 11;

less the sum of the amounts determined under the following:

(1) interest income as defined in section 290.0132, subdivision 2;

(2) an overpayment of state income tax as provided by section 290.0132, subdivision 3, to the extent included in federal alternative minimum taxable income;

(3) the amount of investment interest paid or accrued within the taxable year on indebtedness to the extent that the amount does not exceed net investment income, as defined in section 163(d)(4) of the Internal Revenue Code. Interest does not include amounts deducted in computing federal adjusted gross income;

(4) amounts subtracted from federal taxable income as provided by section 290.0132, subdivisions 7, 9 to 15, 17, ~~and 21, 24 to 26~~; and

(5) the amount of the net operating loss allowed under section 290.095, subdivision 11, paragraph (c).

In the case of an estate or trust, alternative minimum taxable income must be computed as provided in section 59(c) of the Internal Revenue Code.

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

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

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

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

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

Sec. 37. Minnesota Statutes 2016, section 291.005, subdivision 1, as amended by Laws 2017, chapter 1, section 8, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

(iii) a qualified work of art, as defined in section 2503(g)(2) of the Internal Revenue Code, owned by a nonresident decedent and that is normally kept or located in this state because it is on loan to an organization, qualifying as exempt from taxation under section 501(c)(3) of the Internal Revenue Code, that is located in Minnesota, the situs of the art is deemed to be outside of Minnesota, notwithstanding the provisions of item (ii); and

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

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

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

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

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

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

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

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

EFFECTIVE DATE. This section is effective retroactively for estates of decedents dying after December 31, 2016.

Sec. 38. Minnesota Statutes 2016, section 291.016, subdivision 3, is amended to read:

Subd. 3. **Subtraction.** ~~The value of qualified small business property under section 291.03, subdivision 9, and the value of qualified farm property under section 291.03, subdivision 10, or the result of \$5,000,000 minus the amount for the year of death listed in clauses (1) to (5), whichever is less, decedent's applicable federal exclusion amount under section 2010(c)(2) of the Internal Revenue Code may be subtracted in computing the Minnesota taxable estate but must not reduce the Minnesota taxable estate to less than zero.~~

- ~~(1) \$1,200,000 for estates of decedents dying in 2014;~~
- ~~(2) \$1,400,000 for estates of decedents dying in 2015;~~
- ~~(3) \$1,600,000 for estates of decedents dying in 2016;~~
- ~~(4) \$1,800,000 for estates of decedents dying in 2017; and~~
- ~~(5) \$2,000,000 for estates of decedents dying in 2018 and thereafter.~~

EFFECTIVE DATE. This section is effective retroactively for estates of decedents dying after December 31, 2016.

Sec. 39. Minnesota Statutes 2016, section 291.03, subdivision 1, is amended to read:

Subdivision 1. **Tax amount.** The tax imposed must be computed by applying to the Minnesota taxable estate the following schedule of rates and then the resulting amount multiplied by a fraction, not greater than one, the numerator of which is the value of the Minnesota gross estate plus the value of gifts under section 291.016, subdivision 2, clause (3), with a Minnesota situs, and the denominator of which is the federal gross estate plus the value of gifts under section 291.016, subdivision 2, clause (3):

~~(a) For estates of decedents dying in 2014:~~

| Amount of Minnesota Taxable Estate | Rate of Tax |
|---|--|
| Not over \$1,200,000 | None |
| Over \$1,200,000 but not over \$1,400,000 | nine percent of the excess over \$1,200,000 |
| Over \$1,400,000 but not over \$3,600,000 | \$18,000 plus ten percent of the excess over \$1,400,000 |
| Over \$3,600,000 but not over \$4,100,000 | \$238,000 plus 10.4 percent of the excess over \$3,600,000 |
| Over \$4,100,000 but not over \$5,100,000 | \$290,000 plus 11.2 percent of the excess over \$4,100,000 |
| Over \$5,100,000 but not over \$6,100,000 | \$402,000 plus 12 percent of the excess over \$5,100,000 |
| Over \$6,100,000 but not over \$7,100,000 | \$522,000 plus 12.8 percent of the excess over \$6,100,000 |
| Over \$7,100,000 but not over \$8,100,000 | \$650,000 plus 13.6 percent of the excess over \$7,100,000 |
| Over \$8,100,000 but not over \$9,100,000 | \$786,000 plus 14.4 percent of the excess over \$8,100,000 |
| Over \$9,100,000 but not over \$10,100,000 | \$930,000 plus 15.2 percent of the excess over \$9,100,000 |
| Over \$10,100,000 | \$1,082,000 plus 16 percent of the excess over \$10,100,000 |

~~(b) For estates of decedents dying in 2015:~~

| Amount of Minnesota Taxable Estate | Rate of Tax |
|--|---|
| Not over \$1,400,000 | None |
| Over \$1,400,000 but not over \$3,600,000 | ten percent of the excess over \$1,400,000 |
| Over \$3,600,000 but not over \$6,100,000 | \$220,000 plus 12 percent of the excess over \$3,600,000 |

| | |
|--|---|
| Over \$6,100,000 but not over \$7,100,000 | \$520,000 plus 12.8 percent of the excess over \$6,100,000 |
| Over \$7,100,000 but not over \$8,100,000 | \$648,000 plus 13.6 percent of the excess over \$7,100,000 |
| Over \$8,100,000 but not over \$9,100,000 | \$784,000 plus 14.4 percent of the excess over \$8,100,000 |
| Over \$9,100,000 but not over \$10,100,000 | \$928,000 plus 15.2 percent of the excess over \$9,100,000 |
| Over \$10,100,000 | \$1,080,000 plus 16 percent of the excess over \$10,100,000 |

(c) For estates of decedents dying in 2016:

| Amount of Minnesota Taxable Estate | Rate of Tax |
|--|---|
| Not over \$1,600,000 | None |
| Over \$1,600,000 but not over \$2,600,000 | ten percent of the excess over \$1,600,000 |
| Over \$2,600,000 but not over \$6,100,000 | \$100,000 plus 12 percent of the excess over \$2,600,000 |
| Over \$6,100,000 but not over \$7,100,000 | \$520,000 plus 12.8 percent of the excess over \$6,100,000 |
| Over \$7,100,000 but not over \$8,100,000 | \$648,000 plus 13.6 percent of the excess over \$7,100,000 |
| Over \$8,100,000 but not over \$9,100,000 | \$784,000 plus 14.4 percent of the excess over \$8,100,000 |
| Over \$9,100,000 but not over \$10,100,000 | \$928,000 plus 15.2 percent of the excess over \$9,100,000 |
| Over \$10,100,000 | \$1,080,000 plus 16 percent of the excess over \$10,100,000 |

(d) For estates of decedents dying in 2017 and thereafter:

| Amount of Minnesota Taxable Estate | Rate of Tax |
|--|---|
| Not over \$1,800,000 | None |
| Over \$1,800,000 but not over \$2,100,000 | ten percent of the excess over \$1,800,000 |
| Over \$2,100,000 but not over \$5,100,000 | \$30,000 plus 12 percent of the excess over \$2,100,000 |
| Over \$5,100,000 but not over \$7,100,000 | \$390,000 plus 12.8 percent of the excess over \$5,100,000 |
| Over \$7,100,000 but not over \$8,100,000 | \$646,000 plus 13.6 percent of the excess over \$7,100,000 |
| Over \$8,100,000 but not over \$9,100,000 | \$782,000 plus 14.4 percent of the excess over \$8,100,000 |
| Over \$9,100,000 but not over \$10,100,000 | \$926,000 plus 15.2 percent of the excess over \$9,100,000 |
| Over \$10,100,000 | \$1,078,000 plus 16 percent of the excess over \$10,100,000 |

(e) For estates of decedents dying in 2018 and thereafter:

| Amount of Minnesota Taxable Estate | Rate of Tax |
|--|---|
| Not over \$2,000,000 <u>\$7,100,000</u> | None <u>13 percent</u> |
| Over \$2,000,000 but not over \$2,600,000 | ten percent of the excess over \$2,000,000 |
| Over \$2,600,000 but not over \$7,100,000 | \$60,000 plus 13 percent of the excess over \$2,600,000 |
| Over \$7,100,000 but not over \$8,100,000 | \$645,000 <u>\$923,000</u> plus 13.6 percent of the excess over \$7,100,000 |
| Over \$8,100,000 but not over \$9,100,000 | \$781,000 <u>\$1,059,000</u> plus 14.4 percent of the excess over \$8,100,000 |
| Over \$9,100,000 but not over \$10,100,000 | \$925,000 <u>\$1,203,000</u> plus 15.2 percent of the excess over \$9,100,000 |
| Over \$10,100,000 | \$1,077,000 <u>\$1,355,000</u> plus 16 percent of the excess over \$10,100,000 |

EFFECTIVE DATE. This section is effective retroactively for estates of decedents dying after December 31, 2016.

Sec. 40. **[462D.01] CITATION.**

This chapter may be cited as the "First-Time Home Buyer Savings Account Act."

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

Sec. 41. **[462D.02] DEFINITIONS.**

Subdivision 1. Definitions. For purposes of this chapter, the following terms have the meanings given.

Subd. 2. Account holder. "Account holder" means an individual who establishes, individually or jointly with one or more other individuals, a first-time home buyer savings account.

Subd. 3. Allowable closing costs. "Allowable closing costs" means a disbursement listed on a settlement statement for the purchase of a single-family residence in Minnesota by a qualified beneficiary.

Subd. 4. Commissioner. "Commissioner" means the commissioner of revenue.

Subd. 5. Eligible costs. "Eligible costs" means the down payment and allowable closing costs for the purchase of a single-family residence in Minnesota by a qualified beneficiary. Eligible costs include paying for the cost of construction of or financing the construction of a single-family residence.

Subd. 6. Financial institution. "Financial institution" means a bank, bank and trust, trust company with banking powers, savings bank, savings association, or credit union, organized under the laws of this state, any other state, or the United States; an industrial loan and thrift under chapter 53 or the laws of another state and authorized to accept deposits; or a money market mutual fund registered under the federal Investment Company Act of 1940 and regulated under rule 2a-7, promulgated by the Securities and Exchange Commission under that act.

Subd. 7. First-time home buyer. "First-time home buyer" means an individual, and if married, the individual's spouse, who has no present ownership interest in a principal residence during the three-year period ending on the earlier of:

(1) the date of the purchase of the single-family residence funded, in part, with proceeds from the first-time home buyer savings account; or

(2) the close of the taxable year for which a subtraction is claimed under sections 290.0132 and 462D.06.

Subd. 8. First-time home buyer savings account. "First-time home buyer savings account" or "account" means an account with a financial institution that an account holder designates as a first-time home buyer savings account, as provided in section 462D.03, to pay or reimburse eligible costs for the purchase of a single-family residence by a qualified beneficiary.

Subd. 9. Internal Revenue Code. "Internal Revenue Code" has the meaning given in section 290.01.

Subd. 10. Principal residence. "Principal residence" has the meaning given in section 121 of the Internal Revenue Code.

Subd. 11. Qualified beneficiary. "Qualified beneficiary" means a first-time home buyer who is a Minnesota resident and is designated as the qualified beneficiary of a first-time home buyer savings account by the account holder.

Subd. 12. **Single-family residence.** "Single-family residence" means a single-family residence located in this state and owned and occupied by or to be occupied by a qualified beneficiary as the qualified beneficiary's principal residence, which may include a manufactured home, trailer, mobile home, condominium unit, townhome, or cooperative.

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

Sec. 42. **[462D.03] ESTABLISHMENT OF ACCOUNTS.**

Subdivision 1. **Accounts established.** An individual may open an account with a financial institution and designate the account as a first-time home buyer savings account to be used to pay or reimburse the designated qualified beneficiary's eligible costs.

Subd. 2. **Designation of qualified beneficiary.** (a) The account holder must designate a first-time home buyer as the qualified beneficiary of the account by April 15 of the year following the taxable year in which the account was established. The account holder may be the qualified beneficiary. The account holder may change the designated qualified beneficiary at any time, but no more than one qualified beneficiary may be designated for an account at any one time. For purposes of the one beneficiary restriction, a married couple qualifies as one beneficiary. Changing the designated qualified beneficiary of an account does not affect computation of the ten-year period under section 462D.06, subdivision 2.

(b) The commissioner shall establish a process for account holders to notify the state that permits recording of the account, the account holder or holders, any transfers under section 462D.04, subdivision 2, and the designated qualified beneficiary for each account. This may be done upon filing the account holder's income tax return or in any other way the commissioner determines to be appropriate.

Subd. 3. **Joint account holders.** An individual may jointly own a first-time home buyer account with another person if the joint account holders file a married joint income tax return.

Subd. 4. **Multiple accounts.** (a) An individual may be the account holder of more than one first-time home buyer savings account, but must not hold or own multiple accounts that designate the same qualified beneficiary.

(b) An individual may be designated as the qualified beneficiary on more than one first-time home buyer savings account.

Subd. 5. **Contributions.** Only cash may be contributed to a first-time home buyer savings account. Individuals other than the account holder may contribute to an account. No limitation applies to the amount of contributions that may be made to or retained in a first-time home buyer savings account.

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

Sec. 43. **[462D.04] ACCOUNT HOLDER RESPONSIBILITIES.**

Subdivision 1. **Expenses; reporting.** The account holder must:

(1) not use funds in a first-time home buyer savings account to pay expenses of administering the account, except that a service fee may be deducted from the account by the financial institution in which the account is held; and

(2) submit to the commissioner, in the form and manner required by the commissioner:

(i) detailed information regarding the first-time home buyer savings account, including a list of transactions for the account during the taxable year and the Form 1099 issued by the financial institution for the account for the taxable year; and

(ii) upon withdrawal of funds from the account, a detailed account of the eligible costs for which the account funds were expended and a statement of the amount of funds remaining in the account, if any.

Subd. 2. **Transfers.** An account holder may withdraw funds, in whole or part, from a first-time home buyer savings account and deposit the funds in another first-time home buyer savings account held by a different financial institution or the same financial institution.

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

Sec. 44. **[462D.05] FINANCIAL INSTITUTIONS.**

(a) A financial institution is not required to take any action to ensure compliance with this chapter, including to:

(1) designate an account, designate qualified beneficiaries, or modify the financial institution's account contracts or systems in any way;

(2) track the use of money withdrawn from a first-time home buyer savings account;

(3) allocate funds in a first-time home buyer savings account among joint account holders or multiple qualified beneficiaries; or

(4) report any information to the commissioner or any other government that is not otherwise required by law.

(b) A financial institution is not responsible or liable for:

(1) determining or ensuring that an account satisfies the requirements of this chapter or that its funds are used for eligible costs; or

(2) reporting or remitting taxes or penalties related to the use of a first-time home buyer savings account.

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

Sec. 45. **[462D.06] SUBTRACTION; ADDITION; ADDITIONAL TAX.**

Subdivision 1. **Subtraction.** (a) As provided in section 290.0132, subdivision 24, an account holder is allowed a subtraction from federal taxable income equal to the sum of:

(1) the amount the individual contributed to a first-time home buyer savings account during the taxable year not to exceed \$5,000, or \$10,000 for a married couple filing a joint return; and

(2) interest or dividends earned on the first-time home buyer savings account during the taxable year.

(b) The subtraction under paragraph (a) is allowed each year in which a contribution is made for the ten taxable years including and following the taxable year in which the account was established. The total subtraction for all taxable years and for all first-time home buyer accounts established by the individual for a qualified beneficiary is limited to \$50,000. No person other than the account holder who deposits funds in a first-time home buyer savings account is allowed a subtraction under this section.

(c) The subtraction under paragraph (a) is not allowed if the account holder withdraws amounts from the account within six months of designating the account as a first-time home buyer savings account.

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

(1) any amount withdrawn from a first-time home buyer savings account during the taxable year that is withdrawn more than six months after the account is designated as a first-time home buyer savings account and is used neither to pay eligible costs nor for a transfer permitted under section 462D.04, subdivision 2; and

(2) any amount remaining in the first-time home buyer savings account at the close of the tenth taxable year after the taxable year in which the account was established.

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

Subd. 3. **Additional tax.** The account holder is liable for an additional tax equal to ten percent of the addition under subdivision 2 for the taxable year. This amount must be added to the amount due under section 290.06. The tax under this subdivision does not apply to:

(1) a withdrawal because of the account holder's or designated qualified beneficiary's death or disability;

(2) a disbursement of assets of the account under federal bankruptcy law; and

(3) a disbursement of assets of the account under chapter 550 or 551.

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

Sec. 46. Laws 2010, chapter 216, section 12, the effective date, as amended by Laws 2016, chapter 158, article 1, section 212, is amended to read:

EFFECTIVE DATE. This section is effective for investments made after July 1, 2010, for taxable years beginning after December 31, 2009, ~~and before January 1, 2017~~, and only applies to investments made after the qualified small business receiving the investment has been certified by the commissioner of employment and economic development.

EFFECTIVE DATE; REVIVAL AND REENACTMENT. This section is effective retroactively from January 1, 2015, and Laws 2010, chapter 216, section 12, as amended by Laws 2016, chapter 158, article 1, section 212, is revived and reenacted as of that date.

Sec. 47. **INCOME TAX RECIPROCITY BENCHMARK STUDY; APPROPRIATION.**

Subdivision 1. **Study.** (a) The Department of Revenue, in conjunction with the Wisconsin Department of Revenue, must, provided the conditions of paragraph (d) are satisfied, conduct a study to determine at least the following:

(1) the number of residents of each state who earn income from personal services in the other state;

(2) the total amount of income earned by residents of each state who earn income from personal services in the other state; and

(3) the change in tax revenue in each state if an income tax reciprocity arrangement were resumed between the two states under which the taxpayers were required to pay income taxes on the income only in their state of residence.

(b) The study must use information obtained from each state's income tax returns for tax year 2017 and from any other source of information the departments determine is necessary to complete the study.

(c) No later than March 1, 2019, the Department of Revenue must submit a report containing the results of the study to the governor and to the chairs and ranking minority members of the legislative committees having jurisdiction over taxes, in compliance with Minnesota Statutes, sections 3.195 and 3.197.

(d) The department shall conduct the study only if the commissioner of revenue receives notice from the secretary of revenue that the Wisconsin Department of Revenue will fully participate in the study.

Subd. 2. **Appropriation.** \$300,000 in fiscal year 2018 is appropriated from the general fund to the commissioner of revenue for the income tax reciprocity benchmark study in subdivision 1. This is a onetime appropriation and is not added to the agency's base budget.

EFFECTIVE DATE. This section is effective the day following final enactment. The appropriation in subdivision 2 is only effective if the commissioner of revenue receives notice as provided in subdivision 1, paragraph (d).

Sec. 48. **RECAPTURE TAX EXEMPTIONS.**

The tax under Minnesota Statutes, section 291.03, subdivision 11, does not apply as a result of any of the following:

(1) acquisition of title or possession of the qualified property by a federal, state, or local government unit, or any other entity with the power of eminent domain for a public purpose, as defined in Minnesota Statutes, section 117.025, subdivision 11;

(2) a portion of qualified farm property consisting of less than one-fifth of the acreage of the property is reclassified as class 2b property under Minnesota Statutes, section 273.13, subdivision 23, and the qualified heir has not substantially altered the reclassified property within the three-year holding period; or

(3) a portion of qualified farm property classified as 2a property at the death of the decedent under Minnesota Statutes, section 273.13, subdivision 23, paragraph (a), consisting of a residence, garage, and immediately surrounding one acre of land is reclassified as 4bb property and the qualified heir has not substantially altered the property within the three-year holding period.

EFFECTIVE DATE. This section is effective retroactively for estates of decedents dying after June 30, 2011, and before January 1, 2017.

Sec. 49. **ESTATE TAX; 2017 DEATHS; CONSTRUCTION OF CERTAIN TERMS.**

(a) The provisions of this section apply to a decedent who dies after December 31, 2016, and before enactment of the increase in the amount of the exclusion from Minnesota estate taxation in section 38 with respect to a governing instrument or disclaimer instrument that:

(1) became irrevocable in 2017; and

(2) contains a formula or provision that allocates assets of the estate or trust between two or more different beneficiaries or classes of beneficiaries (or trusts for the primary benefit of two or more different beneficiaries or classes of beneficiaries) by reference to state estate taxes, including without limitation provisions referring to the state "estate tax exemption," "applicable exemption amount," "applicable credit amount," "applicable exclusion amount," "marital deduction," "maximum marital deduction," or "unlimited marital deduction."

References to state estate tax in an instrument to which this paragraph applies are deemed to refer to the estate tax laws in effect on December 31, 2016, as those laws would have applied to estates of decedents dying in 2017, including any inflation adjustments and statutory increases that were scheduled to take effect on January 1, 2017, but not including any subsequent statutory changes that apply retroactively to estates of decedents dying after December 31, 2016.

(b) Paragraph (a) does not apply to:

(1) an instrument that manifests an intent that formulas or provisions of the type described in paragraph (a), clause (2), must be construed to reference the estate tax laws as they existed after December 31, 2016;

(2) an instrument that allocates assets of the estate or trust by formula between two or more trusts for the primary benefit of the same beneficiary or class of beneficiaries, even if there are other permissible beneficiaries of one trust and not the other. For example, paragraph (a) is not intended to apply to a gift in the decedent's will that allocates an amount equal to the state estate tax exemption to a trust for the primary benefit of the decedent's surviving spouse, even if that trust also includes the decedent's children as eligible beneficiaries, and the balance to the decedent's surviving spouse, or to a separate trust for the sole benefit of the decedent's surviving spouse, because the assets of the estate or trust are not allocated between two or more different beneficiaries or classes of beneficiaries or between trusts for the primary benefit of two or more different beneficiaries or classes of beneficiaries;

(3) an instrument that divides the assets of the estate or trust by reference to federal exemption amounts, and not state estate tax exemption amounts, including the federal estate tax exemption as well as the federal generation-skipping transfer tax exemption;

(4) any provision in an irrevocable trust that grants to a deceased beneficiary a general power of appointment over a portion of the trust assets that is to be determined by reference to the largest amount that can be included in the beneficiary's estate for estate tax purposes without increasing the amount of federal or state estate taxes payable in the deceased beneficiary's estate; or

(5) any discretionary decision by a trustee or other person to grant or expand the scope of a power of appointment for the purpose of causing a portion of the trust to be included in the beneficiary's estate for estate tax purposes without increasing the amount of federal or state estate taxes payable in the deceased beneficiary's estate.

(c) The personal representative, trustee, or any interested person under an instrument, other than a disclaimer instrument, to which paragraph (a) applies may bring a proceeding to determine whether, based on a preponderance of the evidence, the decedent intended that a formula or provision described in paragraph (a) be construed with respect to the law as it existed after December 31, 2016. This proceeding must be commenced by December 31, 2018, and the court may consider extrinsic evidence that contradicts the plain meaning of the instrument. The court may modify a provision of an instrument that refers to the estate tax laws as described in paragraph (a) to conform the terms to the decedent's intention or achieve the decedent's tax objectives in a manner that is not contrary to the decedent's probable intention. The court may provide that its decision, including any decision to modify a provision of an instrument, is effective as of the date of the decedent's death.

(d) The personal representative, trustee, or disclaimant under a disclaimer instrument to which paragraph (a) applies may bring a proceeding to construe the disclaimant's intent, based on a preponderance of the evidence, including extrinsic evidence. The court may provide that its construction, including any decision to modify a provision of an instrument, is effective as of the date of the decedent's death.

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

Sec. 50. **REPEALER.**

(a) Minnesota Statutes 2016, sections 136A.129; and 290.06, subdivision 36, are repealed.

(b) Minnesota Statutes 2016, section 290.067, subdivision 2, is repealed.

(c) Minnesota Statutes 2016, sections 289A.10, subdivision 1a; 289A.12, subdivision 18; 289A.18, subdivision 3a; 289A.20, subdivision 3a; and 291.03, subdivisions 8, 9, 10, and 11, are repealed.

EFFECTIVE DATE. Paragraph (a) is effective for agreements entered into after June 30, 2017, and for taxable years beginning after December 31, 2017. Paragraph (b) is effective for taxable years beginning after December 31, 2016. Paragraph (c) is effective retroactively for estates of decedents dying after December 31, 2016.

ARTICLE 2 PROPERTY TAX

Section 1. Minnesota Statutes 2016, section 40A.18, subdivision 2, is amended to read:

Subd. 2. **Allowed commercial and industrial operations.** (a) Commercial and industrial operations are not allowed on land within an agricultural preserve except:

(1) small on-farm commercial or industrial operations normally associated with and important to farming in the agricultural preserve area;

(2) storage use of existing farm buildings that does not disrupt the integrity of the agricultural preserve; ~~and~~

(3) small commercial use of existing farm buildings for trades not disruptive to the integrity of the agricultural preserve such as a carpentry shop, small scale mechanics shop, and similar activities that a farm operator might conduct; ~~and~~

(4) wireless communication installments and related equipment and structure capable of providing technology potentially beneficial to farming activities. A property owner who installs wireless communication equipment does not violate a covenant made prior to January 1, 2018, under section 40A.10, subdivision 1.

(b) For purposes of paragraph (a), clauses (2) and (3), "existing" ~~in clauses (2) and (3)~~ means existing on August 1, 1989.

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

Sec. 2. Minnesota Statutes 2016, section 126C.17, subdivision 9, is amended to read:

Subd. 9. **Referendum revenue.** (a) The revenue authorized by section 126C.10, subdivision 1, may be increased in the amount approved by the voters of the district at a referendum called for the purpose. The referendum may be called by the board. The referendum must be conducted one or two calendar years before the

increased levy authority, if approved, first becomes payable. Only one election to approve an increase may be held in a calendar year. Unless the referendum is conducted by mail under subdivision 11, paragraph (a), the referendum must be held on the first Tuesday after the first Monday in November. The ballot must state the maximum amount of the increased revenue per adjusted pupil unit. The ballot may state a schedule, determined by the board, of increased revenue per adjusted pupil unit that differs from year to year over the number of years for which the increased revenue is authorized or may state that the amount shall increase annually by the rate of inflation. The ballot must state the cumulative amount per pupil of any local optional revenue, board-approved referendum authority, and previous voter-approved referendum authority, if any, that the board expects to certify for the next school year. For this purpose, the rate of inflation shall be the annual inflationary increase calculated under subdivision 2, paragraph (b). The ballot may state that existing referendum levy authority is expiring. In this case, the ballot may also compare the proposed levy authority to the existing expiring levy authority, and express the proposed increase as the amount, if any, over the expiring referendum levy authority. The ballot must designate the specific number of years, not to exceed ten, for which the referendum authorization applies. The ballot, including a ballot on the question to revoke or reduce the increased revenue amount under paragraph (c), must abbreviate the term "per adjusted pupil unit" as "per pupil." The notice required under section 275.60 may be modified to read, in cases of renewing existing levies at the same amount per pupil as in the previous year:

"BY VOTING "YES" ON THIS BALLOT QUESTION, YOU ARE VOTING TO EXTEND AN EXISTING PROPERTY TAX REFERENDUM THAT IS SCHEDULED TO EXPIRE."

The ballot may contain a textual portion with the information required in this subdivision and a question stating substantially the following:

"Shall the increase in the revenue proposed by (petition to) the board of, School District No. ..., be approved?"

If approved, an amount equal to the approved revenue per adjusted pupil unit times the adjusted pupil units for the school year beginning in the year after the levy is certified shall be authorized for certification for the number of years approved, if applicable, or until revoked or reduced by the voters of the district at a subsequent referendum.

(b) The board must prepare and deliver by first class mail at least 15 days but no more than 30 days before the day of the referendum to each taxpayer a notice of the referendum and the proposed revenue increase. The board need not mail more than one notice to any taxpayer. For the purpose of giving mailed notice under this subdivision, owners must be those shown to be owners on the records of the county auditor or, in any county where tax statements are mailed by the county treasurer, on the records of the county treasurer. Every property owner whose name does not appear on the records of the county auditor or the county treasurer is deemed to have waived this mailed notice unless the owner has requested in writing that the county auditor or county treasurer, as the case may be, include the name on the records for this purpose. The notice must project the anticipated amount of tax increase in annual dollars for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the school district.

The notice must state the cumulative and individual amounts per pupil of any local optional revenue, board-approved referendum authority, and voter-approved referendum authority, if any, that the board expects to certify for the next school year.

The notice for a referendum may state that an existing referendum levy is expiring and project the anticipated amount of increase over the existing referendum levy in the first year, if any, in annual dollars for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the district.

The notice must include the following statement: "Passage of this referendum will result in an increase in your property taxes." However, in cases of renewing existing levies, the notice may include the following statement: "Passage of this referendum extends an existing operating referendum at the same amount per pupil as in the previous year."

(c) A referendum on the question of revoking or reducing the increased revenue amount authorized pursuant to paragraph (a) may be called by the board. A referendum to revoke or reduce the revenue amount must state the amount per adjusted pupil unit by which the authority is to be reduced. Revenue authority approved by the voters of the district pursuant to paragraph (a) must be available to the school district at least once before it is subject to a referendum on its revocation or reduction for subsequent years. Only one revocation or reduction referendum may be held to revoke or reduce referendum revenue for any specific year and for years thereafter.

(d) The approval of 50 percent plus one of those voting on the question is required to pass a referendum authorized by this subdivision.

(e) At least 15 days before the day of the referendum, the district must submit a copy of the notice required under paragraph (b) to the commissioner and to the county auditor of each county in which the district is located. Within 15 days after the results of the referendum have been certified by the board, or in the case of a recount, the certification of the results of the recount by the canvassing board, the district must notify the commissioner of the results of the referendum.

EFFECTIVE DATE. This section is effective August 1, 2017, and applies to any referendum authorized on or after that date.

Sec. 3. Minnesota Statutes 2016, section 270C.9901, is amended to read:

270C.9901 ASSESSOR ACCREDITATION; WAIVER.

Subdivision 1. Accreditation. Every individual who appraises or physically inspects real property for the purpose of determining its valuation or classification for property tax purposes must obtain licensure as an accredited Minnesota assessor from the State Board of Assessors by July 1, ~~2019~~ 2022, or within ~~four~~ five years of that person having become licensed as a certified Minnesota assessor, whichever is later.

Subd. 2. Waiver. (a) An individual may apply to the State Board of Assessors for a waiver from licensure as an accredited Minnesota assessor as required by subdivision 1 if the individual:

(1) was first licensed as a certified Minnesota assessor before July 1, 2004;

(2) has had an assessor license since July 1, 2004;

(3) has successfully passed a comprehensive examination substantially equivalent to the requirements by the State Board of Assessors for the accredited Minnesota assessor license designation before May 1, 2020; and

(4) submits an application to the State Board of Assessors no later than July 1, 2022.

The examination can only be taken once to fulfill the requirements of the waiver.

(b) The commissioner of revenue, in consultation with the State Board of Assessors and the Minnesota Association of Assessing Officers, must determine the contents of the waiver application and the comprehensive examination.

(c) A county assessor in any jurisdiction assessed by an applicant may submit additional information to the State Board of Assessors to be considered as part of the waiver review proceedings.

(d) The State Board of Assessors must not grant a waiver unless the applicant has met the requirements in paragraph (a) and has the ability to perform the duties of assessment required in each jurisdiction in which the applicant appraises or physically inspects real property for the purposes of determining its valuation or classification for property tax purposes.

(e) An individual granted a waiver under this subdivision is allowed to continue assessment duties at the individual's licensure level, provided the individual complies with the continuing education requirements for the accredited Minnesota assessor designation as prescribed by the State Board of Assessors.

(f) An individual granted a waiver under this section:

(1) is not considered to have achieved the designation as an accredited Minnesota assessor and may not represent himself or herself as an accredited Minnesota assessor; and

(2) is not authorized to value income-producing property as defined in section 273.11, subdivision 13, unless the individual meets the requirements of that section.

(g) A waiver granted by the State Board of Assessors under this section remains in effect unless the individual's licensure is revoked. If the individual's licensure is revoked, the waiver is void and the individual is subject to the requirements of subdivision 1.

(h) A decision of the State Board of Assessors to grant or deny a waiver under this subdivision is final and is not subject to appeal.

(i) Waivers granted under this subdivision expire on June 30, 2032.

(j) This subdivision expires July 1, 2032.

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

Sec. 4. Minnesota Statutes 2016, section 272.02, subdivision 23, is amended to read:

Subd. 23. **Secondary liquid agricultural chemical containment facilities.** Secondary containment tanks, cache basins, and that portion of the structure needed for the containment facility used to confine agricultural chemicals as defined in section 18D.01, subdivision 3, as required by the commissioner of agriculture under chapter 18B or 18C, berms used by a reseller to contain liquid agricultural chemical spills from primary storage containers and prevent runoff or leaching of liquid agricultural chemicals as defined in section 18D.01, subdivision 3, are exempt. For purposes of this subdivision, "reseller" means a person licensed by the commissioner of agriculture under section 18B.316 or 18C.415.

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2016, provided that nothing in this section shall cause property that the assessor classified as exempt for property taxes payable in 2016 or 2017 to lose its exempt status for taxes payable in those years.

Sec. 5. Minnesota Statutes 2016, section 272.02, subdivision 86, is amended to read:

Subd. 86. **Apprenticeship training facilities.** All or a portion of a building used exclusively for a state-approved apprenticeship program through the Department of Labor and Industry is exempt if:

(1) it is owned by a nonprofit organization or a nonprofit trust, and operated by a nonprofit organization or a nonprofit trust;

(2) the program participants receive no compensation; and

(3) it is located:

(i) in the Minneapolis and St. Paul standard metropolitan statistical area as determined by the 2000 federal census;

(ii) in a city outside the Minneapolis and St. Paul standard metropolitan statistical area that has a population of 7,400 or greater according to the most recent federal census; or

(iii) in a township that has a population greater than ~~2,000~~ 1,400 but less than 3,000 determined by the 2000 federal census and the building was previously used by a school and was exempt for taxes payable in 2010.

Use of the property for advanced skills training of incumbent workers does not disqualify the property for the exemption under this subdivision. This exemption includes up to five acres of the land on which the building is located and associated parking areas on that land, except that if the building meets the requirements of clause (3), item (iii), then the exemption includes up to ten acres of land on which the building is located and associated parking areas on that land. If a parking area associated with the facility is used for the purposes of the facility and for other purposes, a portion of the parking area shall be exempt in proportion to the square footage of the facility used for purposes of apprenticeship training.

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2018.

Sec. 6. Minnesota Statutes 2016, section 272.02, is amended by adding a subdivision to read:

Subd. 100. **Electric generation facility; personal property.** (a) Notwithstanding subdivision 9, clause (a), attached machinery and other personal property that is part of an electric generation facility with more than 35 megawatts and less than 40 megawatts of installed capacity and that meets the requirements of this subdivision is exempt from taxation and payments in lieu of taxation. The facility must:

(1) be designed to utilize natural gas as a primary fuel;

(2) be owned and operated by a municipal power agency as defined in section 453.52, subdivision 8;

(3) be located within 800 feet of an existing natural gas pipeline;

(4) satisfy a resource deficiency identified in an approved integrated resource plan filed under section 216B.2422;

(5) be located outside the metropolitan area as defined under section 473.121, subdivision 2; and

(6) have received, by resolution, the approval of the governing bodies of the city and county in which it is located for the exemption of personal property provided by this subdivision.

(b) Construction of the facility must have been commenced after January 1, 2015, and before January 1, 2017. Property eligible for this exemption does not include electric transmission lines and interconnections or gas pipelines and interconnections appurtenant to the property or the facility.

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2018.

Sec. 7. Minnesota Statutes 2016, section 272.02, is amended by adding a subdivision to read:

Subd. 101. Certain property owned by an Indian tribe. (a) Property is exempt that:

(1) is located in a city of the first class with a population less than 100,000 as of the 2010 federal census;

(2) was on January 1, 2016, and is for the current assessment, owned by a federally recognized Indian tribe, or its instrumentality, that is located within the state of Minnesota; and

(3) is used exclusively as a medical clinic.

(b) Property that qualifies for the exemption under this subdivision is limited to no more than two contiguous parcels and structures that do not exceed, in the aggregate, 30,000 square feet. Property acquired for single-family housing, market-rate apartments, agriculture, or forestry does not qualify for this exemption. The exemption created by this subdivision expires with taxes payable in 2028.

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2018.

Sec. 8. Minnesota Statutes 2016, section 272.0213, is amended to read:

272.0213 LEASED SEASONAL-RECREATIONAL LAND.

(a) ~~A county board may elect, by resolution, to~~ Qualified lands, as defined in this section, are exempt from taxation, including the tax under section 273.19, ~~qualified lands.~~ "Qualified lands" for purposes of this section means ~~property~~ land that:

(1) is owned by a county, city, town, or the state; and

(2) is rented by the entity for noncommercial seasonal-recreational ~~or~~ noncommercial seasonal-recreational residential use; and, or class 1c commercial seasonal-recreational residential use.

~~(3) was rented for the purposes specified in clause (2) and was exempt from taxation for property taxes payable in 2008.~~

(b) Lands owned by the federal government and rented for noncommercial seasonal-recreational ~~or~~ noncommercial seasonal-recreational residential, or class 1c commercial seasonal-recreational residential use are exempt from taxation, including the tax under section 273.19.

EFFECTIVE DATE. This section is effective beginning with taxes assessed in 2018 and payable in 2019.

Sec. 9. Minnesota Statutes 2016, section 272.029, subdivision 2, is amended to read:

Subd. 2. Definitions. (a) For the purposes of this section, the term:

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

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

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

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

(b) For systems installed and contracted for after January 1, 2002, the total size of a wind energy conversion system under this subdivision shall be determined according to this paragraph. Unless the systems are interconnected with different distribution systems, the nameplate capacity of one wind energy conversion system shall be combined with the nameplate capacity of any other wind energy conversion system that is:

- (1) located within five miles of the wind energy conversion system;
- (2) constructed within the same calendar year as the wind energy conversion system; and
- (3) under common ownership.

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

(c) In making a determination under paragraph (b), the commissioner of commerce may determine that two wind energy conversion systems are under common ownership when the underlying ownership structure contains ~~similar the same~~ persons or entities, even if the ownership shares differ between the two systems. Wind energy conversion systems are not under common ownership solely because the same person or entity provided equity financing for the systems. Wind energy conversion systems that were determined by the commissioner of commerce to be eligible for a renewable energy production incentive under section 216C.41 are not under common ownership unless a change in the qualifying owner was made to an owner of another wind energy conversion system subsequent to the determination by the commissioner of commerce.

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

Sec. 10. Minnesota Statutes 2016, section 272.162, is amended to read:

272.162 RESTRICTIONS ON TRANSFERS OF SPECIFIC PARTS.

Subdivision 1. **Conditions restricting transfer.** When a deed or other instrument conveying a parcel of land is presented to the county auditor for transfer or division under sections 272.12, 272.16, and 272.161, the auditor shall not transfer or divide the land or its net tax capacity in the official records and shall not certify the instrument as provided in section 272.12, if:

- (a) The land conveyed is less than a whole parcel of land as charged in the tax lists;
- (b) The part conveyed appears within the area of application of municipal or county subdivision regulations adopted and filed under section 394.35 or section 462.36, subdivision 1; and
- (c) The part conveyed is part of or constitutes a subdivision as defined in section 462.352, subdivision 12.

Subd. 2. **Conditions allowing transfer.** (a) Notwithstanding the provisions of subdivision 1, the county auditor may transfer or divide the land and its net tax capacity and may certify the instrument if the instrument contains a certification by the clerk of the municipality or designated county planning official:

~~(a)~~ (1) that the municipality's or county's subdivision regulations do not apply;

~~(b)~~ (2) that the subdivision has been approved by the governing body of the municipality or county; or

~~(c)~~ (3) that the restrictions on the division of taxes and filing and recording have been waived by resolution of the governing body of the municipality or county in the particular case because compliance would create an unnecessary hardship and failure to comply would not interfere with the purpose of the regulations.

(b) If any of the conditions for certification by the municipality or county as provided in this subdivision exist and the municipality or county does not certify that they exist within 24 hours after the instrument of conveyance has been presented to the clerk of the municipality or designated county planning official, the provisions of subdivision 1 do not apply.

(c) If an unexecuted instrument is presented to the municipality or county and any of the conditions for certification by the municipality or county as provided in this subdivision exist, the unexecuted instrument must be certified by the clerk of the municipality or the designated county planning official.

Subd. 3. **Applicability of restrictions.** (a) This section does not apply to the exceptions set forth in section 272.12.

(b) This section applies only to land within municipalities or counties which choose to be governed by its provisions. A municipality or county may choose to have this section apply to the property within its boundaries by filing a certified copy of a resolution of its governing body making that choice with the auditor and recorder of the county in which it is located.

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

Sec. 11. Minnesota Statutes 2016, section 273.124, subdivision 14, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

~~(ii) Agricultural property held by a trustee under a trust is eligible for agricultural homestead classification under this paragraph if the qualifications in clause (i) are met, except that "owner" means the grantor of the trust.~~

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

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

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

(d) Agricultural land used for purposes of a homestead and actively farmed by a person holding a vested remainder interest in it must be classified as a homestead under section 273.13, subdivision 23, paragraph (a). If agricultural land is classified class 2a, any other dwellings on the land used for purposes of a homestead by persons holding vested remainder interests who are actively engaged in farming the property, and up to one acre of the land surrounding each homestead and reasonably necessary for the use of the dwelling as a home, must also be assessed class 2a.

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

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

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

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

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

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

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

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

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

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

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

(5) the owner notifies the county assessor that the relocation was due to a March 29, 1998, tornado, and the owner furnishes the assessor any information deemed necessary by the assessor in verifying the change in homestead dwelling. For taxes payable in 1999, the owner must notify the assessor by December 1, 1998. Further notifications to the assessor are not required if the property continues to meet all the requirements in this paragraph and any dwellings on the agricultural land remain uninhabited.

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

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

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

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

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

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

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

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

- (1) the day-to-day operation, administration, and financial risks remain the same;
- (2) the owners and the persons actively farming the property continue to live within the four townships or city criteria and are Minnesota residents;
- (3) the same operator of the agricultural property is listed with the Farm Service Agency;
- (4) a Schedule F or equivalent income tax form was filed for the most recent year;
- (5) the property's acreage is unchanged; and
- (6) none of the property's acres have been enrolled in a federal or state farm program since the initial application.

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

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

- (1) the property owner abandoned the homestead dwelling located on the agricultural homestead as a result of damage caused by the August 2007 floods;
- (2) the property is located in the county of Dodge, Fillmore, Houston, Olmsted, Steele, Wabasha, or Winona;
- (3) the agricultural land and buildings remain under the same ownership for the current assessment year as existed for the 2007 assessment year;
- (4) the dwelling occupied by the owner is located in this state and is within 50 miles of one of the parcels of agricultural land that is owned by the taxpayer; and
- (5) the owner notifies the county assessor that the relocation was due to the August 2007 floods, and the owner furnishes the assessor any information deemed necessary by the assessor in verifying the change in homestead dwelling. For taxes payable in 2009, the owner must notify the assessor by December 1, 2008. Further notifications to the assessor are not required if the property continues to meet all the requirements in this paragraph and any dwellings on the agricultural land remain uninhabited.

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

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

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

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

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

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

EFFECTIVE DATE. This section is effective beginning for property taxes payable in 2018.

Sec. 12. Minnesota Statutes 2016, section 273.124, subdivision 21, is amended to read:

Subd. 21. **Trust property; homestead.** Real or personal property, including agricultural property, held by a trustee under a trust is eligible for classification as homestead property if the property satisfies the requirements of paragraph (a), (b), (c), ~~or (d)~~, or (e).

(a) The grantor or surviving spouse of the grantor of the trust occupies and uses the property as a homestead.

(b) A relative or surviving relative of the grantor who meets the requirements of subdivision 1, paragraph (c), in the case of residential real estate; or subdivision 1, paragraph (d), in the case of agricultural property, occupies and uses the property as a homestead.

(c) A family farm corporation, joint farm venture, limited liability company, or partnership operating a family farm in which the grantor or the grantor's surviving spouse is a shareholder, member, or partner rents the property; and, either (1) a shareholder, member, or partner of the corporation, joint farm venture, limited liability company, or partnership occupies and uses the property as a homestead; or (2) the property is at least 40 acres, including undivided government lots and correctional 40's, and a shareholder, member, or partner of the tenant-entity is actively farming the property on behalf of the corporation, joint farm venture, limited liability company, or partnership.

(d) A person who has received homestead classification for property taxes payable in 2000 on the basis of an unqualified legal right under the terms of the trust agreement to occupy the property as that person's homestead and who continues to use the property as a homestead; or, a person who received the homestead classification for taxes payable in 2005 under paragraph (c) who does not qualify under paragraph (c) for taxes payable in 2006 or thereafter but who continues to qualify under paragraph (c) as it existed for taxes payable in 2005.

(e) The qualifications under subdivision 14, paragraph (b), clause (i), are met. For purposes of this paragraph, "owner" means the grantor of the trust or the surviving spouse of the grantor.

(f) For purposes of this subdivision, the following terms have the meanings given them:

(1) "agricultural property" means the house, garage, other farm buildings and structures, and agricultural land;

(2) "agricultural land" has the meaning given in section 273.13, subdivision 23, except that the phrases "owned by same person" or "under the same ownership" as used in that subdivision mean and include contiguous tax parcels owned by:

(i) an individual and a trust of which the individual, the individual's spouse, or the individual's deceased spouse is the grantor; or

(ii) different trusts of which the grantors of each trust are any combination of an individual, the individual's spouse, or the individual's deceased spouse; and

~~For purposes of this subdivision, (3) "grantor" is defined as means~~ the person creating or establishing a testamentary, inter Vivos, revocable or irrevocable trust by written instrument or through the exercise of a power of appointment.

(g) Noncontiguous land is included as part of a homestead under this subdivision, only if the homestead is classified as class 2a, as defined in section 273.13, subdivision 23, and the detached land is located in the same township or city, or not farther than four townships or cities or combination thereof from the homestead. Any taxpayer of these noncontiguous lands must notify the county assessor by December 15 for taxes payable in the following year that the noncontiguous land is part of the taxpayer's homestead, and, if the homestead is located in another county, the taxpayer must also notify the assessor of the other county.

EFFECTIVE DATE. This section is effective beginning for property taxes payable in 2018.

Sec. 13. Minnesota Statutes 2016, section 273.125, subdivision 8, is amended to read:

Subd. 8. **Manufactured homes; sectional structures.** (a) In this section, "manufactured home" means a structure transportable in one or more sections, which is built on a permanent chassis, and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and contains the plumbing, heating, air conditioning, and electrical systems in it. Manufactured home includes any accessory structure that is an addition or supplement to the manufactured home and, when installed, becomes a part of the manufactured home.

(b) Except as provided in paragraph (c), a manufactured home that meets each of the following criteria must be valued and assessed as an improvement to real property, the appropriate real property classification applies, and the valuation is subject to review and the taxes payable in the manner provided for real property:

(1) the owner of the unit holds title to the land on which it is situated;

(2) the unit is affixed to the land by a permanent foundation or is installed at its location in accordance with the Manufactured Home Building Code in sections 327.31 to 327.34, and rules adopted under those sections, or is affixed to the land like other real property in the taxing district; and

(3) the unit is connected to public utilities, has a well and septic tank system, or is serviced by water and sewer facilities comparable to other real property in the taxing district.

(c) A manufactured home that meets each of the following criteria must be assessed at the rate provided by the appropriate real property classification but must be treated as personal property, and the valuation is subject to review and the taxes payable in the manner provided in this section:

(1) the owner of the unit is a lessee of the land under the terms of a lease, or the unit is located in a manufactured home park but is not the homestead of the park owner;

(2) the unit is affixed to the land by a permanent foundation or is installed at its location in accordance with the Manufactured Home Building Code contained in sections 327.31 to 327.34, and the rules adopted under those sections, or is affixed to the land like other real property in the taxing district; and

(3) the unit is connected to public utilities, has a well and septic tank system, or is serviced by water and sewer facilities comparable to other real property in the taxing district.

(d) Sectional structures must be valued and assessed as an improvement to real property if the owner of the structure holds title to the land on which it is located or is a qualifying lessee of the land under section 273.19. In this paragraph "sectional structure" means a building or structural unit that has been in whole or substantial part manufactured or constructed at an off-site location to be wholly or partially assembled on site alone or with other units and attached to a permanent foundation.

(e) The commissioner of revenue may adopt rules under the Administrative Procedure Act to establish additional criteria for the classification of manufactured homes and sectional structures under this subdivision.

(f) A storage shed, deck, or similar improvement constructed on property that is leased or rented as a site for a manufactured home, sectional structure, park trailer, or travel trailer is taxable as provided in this section. In the case of property that is leased or rented as a site for a travel trailer, a storage shed, deck, or similar improvement on the site that is considered personal property under this paragraph is taxable only if its total estimated market value is over ~~\$1,000~~ \$10,000. The property is taxable as personal property to the lessee of the site if it is not owned by the owner of the site. The property is taxable as real estate if it is owned by the owner of the site. As a condition of permitting the owner of the manufactured home, sectional structure, park trailer, or travel trailer to construct improvements on the leased or rented site, the owner of the site must obtain the permanent home address of the lessee or user of the site. The site owner must provide the name and address to the assessor upon request.

EFFECTIVE DATE. This section is effective beginning for property taxes assessed in 2018 and payable in 2019.

Sec. 14. Minnesota Statutes 2016, section 273.13, subdivision 22, is amended to read:

Subd. 22. **Class 1.** (a) Except as provided in subdivision 23 and in paragraphs (b) and (c), real estate which is residential and used for homestead purposes is class 1a. In the case of a duplex or triplex in which one of the units is used for homestead purposes, the entire property is deemed to be used for homestead purposes. The market value of class 1a property must be determined based upon the value of the house, garage, and land.

The first \$500,000 of market value of class 1a property has a net classification rate of one percent of its market value; and the market value of class 1a property that exceeds \$500,000 has a classification rate of 1.25 percent of its market value.

(b) Class 1b property includes homestead real estate or homestead manufactured homes used for the purposes of a homestead by:

(1) any person who is blind as defined in section 256D.35, or the blind person and the blind person's spouse;

(2) any person who is permanently and totally disabled or by the disabled person and the disabled person's spouse; or

(3) the surviving spouse of a permanently and totally disabled veteran homesteading a property classified under this paragraph for taxes payable in 2008.

Property is classified and assessed under clause (2) only if the government agency or income-providing source certifies, upon the request of the homestead occupant, that the homestead occupant satisfies the disability requirements of this paragraph, and that the property is not eligible for the valuation exclusion under subdivision 34.

Property is classified and assessed under paragraph (b) only if the commissioner of revenue or the county assessor certifies that the homestead occupant satisfies the requirements of this paragraph.

Permanently and totally disabled for the purpose of this subdivision means a condition which is permanent in nature and totally incapacitates the person from working at an occupation which brings the person an income. The first \$50,000 market value of class 1b property has a net classification rate of .45 percent of its market value. The remaining market value of class 1b property has a classification rate using the rates for class 1a or class 2a property, whichever is appropriate, of similar market value.

(c) Class 1c property is commercial use real and personal property that abuts public water as defined in section 103G.005, subdivision 15, or abuts a state trail administered by the Department of Natural Resources, and is devoted to temporary and seasonal residential occupancy for recreational purposes but not devoted to commercial purposes for more than 250 days in the year preceding the year of assessment, and that includes a portion used as a homestead by the owner, ~~which includes a dwelling occupied as a homestead by a shareholder of a corporation that owns the resort, a partner in a partnership that owns the resort, or a member of a limited liability company that owns the resort even if the title to the homestead is held by the corporation, partnership, or limited liability company.~~ For purposes of this paragraph, property is devoted to a commercial purpose on a specific day if any portion of the property, excluding the portion used exclusively as a homestead, is used for residential occupancy and a fee is charged for residential occupancy. Class 1c property must contain three or more rental units. A "rental unit" is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site equipped with water and electrical hookups for recreational vehicles. Class 1c property must provide recreational activities such as the rental of ice fishing houses, boats and motors, snowmobiles, downhill or cross-country ski equipment; provide marina services, launch services, or guide services; or sell bait and fishing tackle. Any unit in which the right to use the property is transferred to an individual or entity by deeded interest, or the sale of shares or stock, no longer qualifies for class 1c even though it may remain available for rent. A camping pad offered for rent by a property that otherwise qualifies for class 1c is also class 1c, regardless of the term of the rental agreement, as long as the use of the camping pad does not exceed 250 days. If the same owner owns two separate parcels that are located in the same township, and one of those properties is classified as a class 1c property and the other would be eligible to be classified as a class 1c property if it was used as the homestead of the owner, both properties will be assessed as a single class 1c property; for purposes of this sentence, properties are deemed to be owned by the same owner if each of them is owned by a limited liability company, and both limited liability companies have the same membership. The portion of the property used as a homestead is class 1a property under paragraph (a). The remainder of the property is classified as follows: the first \$600,000 of market value is tier I, the next \$1,700,000 of market value is tier II, and any remaining market value is tier III. The classification rates for class 1c are: tier I, 0.50 percent; tier II, 1.0 percent; and tier III, 1.25 percent. Owners of real and personal property devoted to temporary and seasonal residential occupancy for recreation purposes in which all or a portion of the property was devoted to commercial purposes for not more than 250 days in the year preceding the year of assessment desiring classification as class 1c, must submit a declaration to the assessor designating the cabins or units occupied for 250 days or less in the year preceding the year of assessment by January 15 of the assessment year. Those cabins or units and a proportionate share of the land on which they are located must be designated as class 1c as otherwise provided. The remainder of the cabins or units and a proportionate share of the land on which they are located must be designated as class 3a commercial. The owner of property desiring designation as class 1c property must provide guest registers or other records demonstrating that the units for which class 1c designation is sought were not occupied for more than 250 days in the year preceding the assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5) other nonresidential facility operated on a commercial basis not directly related to temporary and seasonal residential occupancy for recreation purposes does not qualify for class 1c.

(d) Class 1d property includes structures that meet all of the following criteria:

- (1) the structure is located on property that is classified as agricultural property under section 273.13, subdivision 23;
- (2) the structure is occupied exclusively by seasonal farm workers during the time when they work on that farm, and the occupants are not charged rent for the privilege of occupying the property, provided that use of the structure for storage of farm equipment and produce does not disqualify the property from classification under this paragraph;
- (3) the structure meets all applicable health and safety requirements for the appropriate season; and
- (4) the structure is not salable as residential property because it does not comply with local ordinances relating to location in relation to streets or roads.

The market value of class 1d property has the same classification rates as class 1a property under paragraph (a).

(e) For the purposes of paragraph (c), the portion of a resort used as a homestead by the owner includes a dwelling occupied as a homestead by:

(1) a shareholder of a corporation that owns the resort, whether the title to the dwelling is held by the shareholder occupying the dwelling or the corporation;

(2) a partner in a partnership that owns the resort, whether the title to the dwelling is held by the partner occupying the dwelling or the partnership; or

(3) a member of a limited liability company that owns the resort, whether the title to the dwelling is held by the member occupying the dwelling or the limited liability company.

To qualify the portion of a resort used as a homestead by an owner when the title is held by the shareholder, partner, or member occupying the dwelling, a property owner must apply to the assessor by January 15 of the assessment year and provide any documentation for verification required by the assessor. An owner is not required to reapply unless there is a change in the individual using the dwelling as a homestead or a change in the person who holds the title to the dwelling.

EFFECTIVE DATE. This section is effective beginning with assessment year 2018 for taxes payable in 2019.

Sec. 15. Minnesota Statutes 2016, section 273.13, subdivision 23, is amended to read:

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

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

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

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

(d) Class 2c managed forest land consists of no less than 20 and no more than 1,920 acres statewide per taxpayer that is being managed under a forest management plan that meets the requirements of chapter 290C, but is not enrolled in the sustainable forest resource management incentive program. It has a classification rate of .65 percent, provided that the owner of the property must apply to the assessor in order for the property to initially qualify for the reduced rate and provide the information required by the assessor to verify that the property qualifies for the reduced rate. If the assessor receives the application and information before May 1 in an assessment year, the property qualifies beginning with that assessment year. If the assessor receives the application and information after April 30 in an assessment year, the property may not qualify until the next assessment year. The commissioner of natural resources must concur that the land is qualified. The commissioner of natural resources shall annually provide county assessors verification information on a timely basis. The presence of a minor, ancillary nonresidential structure as defined by the commissioner of revenue does not disqualify the property from classification under this paragraph.

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

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

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

"Agricultural purposes" as used in this section means the raising, cultivation, drying, or storage of agricultural products for sale, or the storage of machinery or equipment used in support of agricultural production by the same farm entity. For a property to be classified as agricultural based only on the drying or storage of agricultural products, the products being dried or stored must have been produced by the same farm entity as the entity operating the drying or storage facility. "Agricultural purposes" also includes enrollment in a local conservation program or the Reinvest in Minnesota program under sections 103F.501 to 103F.535 or the federal Conservation Reserve Program as contained in Public Law 99-198 or a similar state or federal conservation program if the property was classified as agricultural (i) under this subdivision for taxes payable in 2003 because of its enrollment in a qualifying program and the land remains enrolled or (ii) in the year prior to its enrollment. For purposes of this section, a local conservation program means a program administered by a town, statutory or home rule charter city, or county, including a watershed district, water management organization, or soil and water conservation district, in which landowners voluntarily enroll land and receive incentive payments equal to at least \$50 per acre in exchange for use or other restrictions placed on the land. In order for property to qualify under the local conservation program provision, a taxpayer must apply to the assessor by February 1 of the assessment year and must submit the information required by the assessor, including but not limited to a copy of the program requirements, the specific agreement between the land owner and the local agency, if applicable, and a map of the conservation area. Agricultural classification shall not be based upon the market value of any residential structures on the parcel or contiguous parcels under the same ownership.

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

(f) Agricultural land under this section also includes:

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

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

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

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

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

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

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

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

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

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

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

(2) ~~fish-bred~~ aquacultural products for sale and consumption, as defined under section 17.47, if the ~~fish-breeding~~ aquaculture occurs on land zoned for agricultural use;

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

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

(5) game birds and waterfowl bred and raised (i) on a game farm licensed under section 97A.105, provided that the annual licensing report to the Department of Natural Resources, which must be submitted annually by March 30 to the assessor, indicates that at least 500 birds were raised or used for breeding stock on the property during the preceding year and that the owner provides a copy of the owner's most recent schedule F; or (ii) for use on a shooting preserve licensed under section 97A.115;

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

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

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

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

(1) wholesale and retail sales;

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

(3) warehousing or storage of processed goods; and

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

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

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

(l) Class 2d airport landing area consists of a landing area or public access area of a privately owned public use airport. It has a classification rate of one percent of market value. To qualify for classification under this paragraph, a privately owned public use airport must be licensed as a public airport under section 360.018. For purposes of this paragraph, "landing area" means that part of a privately owned public use airport properly cleared, regularly maintained, and made available to the public for use by aircraft and includes runways, taxiways, aprons, and sites upon which are situated landing or navigational aids. A landing area also includes land underlying both the primary surface and the approach surfaces that comply with all of the following:

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

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

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

The land contained in a landing area under this paragraph must be described and certified by the commissioner of transportation. The certification is effective until it is modified, or until the airport or landing area no longer meets the requirements of this paragraph. For purposes of this paragraph, "public access area" means property used as an aircraft parking ramp, apron, or storage hangar, or an arrival and departure building in connection with the airport.

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

- (1) a legal description of the property;
- (2) a disclosure that the property contains a commercial aggregate deposit that is not actively being mined but is present on the entire parcel enrolled;
- (3) documentation that the conditional use under the county or local zoning ordinance of this property is for mining; and
- (4) documentation that a permit has been issued by the local unit of government or the mining activity is allowed under local ordinance. The disclosure must include a statement from a registered professional geologist, engineer, or soil scientist delineating the deposit and certifying that it is a commercial aggregate deposit.

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

(n) When any portion of the property under this subdivision or subdivision 22 begins to be actively mined, the owner must file a supplemental affidavit within 60 days from the day any aggregate is removed stating the number of acres of the property that is actively being mined. The acres actively being mined must be (1) valued and classified under subdivision 24 in the next subsequent assessment year, and (2) removed from the aggregate resource preservation property tax program under section 273.1115, if the land was enrolled in that program. Copies of the original affidavit and all supplemental affidavits must be filed with the county assessor, the local zoning administrator, and the Department of Natural Resources, Division of Land and Minerals. A supplemental affidavit must be filed each time a subsequent portion of the property is actively mined, provided that the minimum acreage change is five acres, even if the actual mining activity constitutes less than five acres.

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

EFFECTIVE DATE. This section is effective beginning with assessment year 2018.

Sec. 16. Minnesota Statutes 2016, section 273.13, subdivision 25, is amended to read:

Subd. 25. **Class 4.** (a) Class 4a is residential real estate containing four or more units and used or held for use by the owner or by the tenants or lessees of the owner as a residence for rental periods of 30 days or more, excluding property qualifying for class 4d. Class 4a also includes hospitals licensed under sections 144.50 to 144.56, other than hospitals exempt under section 272.02, and contiguous property used for hospital purposes, without regard to whether the property has been platted or subdivided. The market value of class 4a property has a classification rate of 1.25 percent.

(b) Class 4b includes:

(1) residential real estate containing less than four units that does not qualify as class 4bb, other than seasonal residential recreational property;

(2) manufactured homes not classified under any other provision;

(3) a dwelling, garage, and surrounding one acre of property on a nonhomestead farm classified under subdivision 23, paragraph (b) containing two or three units; and

(4) unimproved property that is classified residential as determined under subdivision 33.

The market value of class 4b property has a classification rate of 1.25 percent.

(c) Class 4bb includes:

(1) nonhomestead residential real estate containing one unit, other than seasonal residential recreational property, and;

(2) a single family dwelling, garage, and surrounding one acre of property on a nonhomestead farm classified under subdivision 23, paragraph (b); and

(3) a condominium-type storage unit having an individual property identification number that is not used for a commercial purpose.

Class 4bb property has the same classification rates as class 1a property under subdivision 22.

Property that has been classified as seasonal residential recreational property at any time during which it has been owned by the current owner or spouse of the current owner does not qualify for class 4bb.

(d) Class 4c property includes:

(1) except as provided in subdivision 22, paragraph (c), real and personal property devoted to commercial temporary and seasonal residential occupancy for recreation purposes, for not more than 250 days in the year preceding the year of assessment. For purposes of this clause, property is devoted to a commercial purpose on a specific day if any portion of the property is used for residential occupancy, and a fee is charged for residential occupancy. Class 4c property under this clause must contain three or more rental units. A "rental unit" is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site equipped with water and electrical hookups for recreational vehicles. A camping pad offered for rent by a property that otherwise qualifies for class 4c under this clause is also class 4c under this clause regardless of the term of the rental agreement, as long as the use of the camping pad does not exceed 250 days. In order for a property to be classified under this clause, either (i) the business located on the property must provide recreational activities, at least 40 percent of the annual gross lodging receipts related to the property must be from business conducted during 90 consecutive days, and either (A) at least 60 percent of all paid bookings by lodging guests during the year must be for periods of at least two consecutive nights; or (B) at least 20 percent of the annual gross receipts must be from charges for providing recreational activities, or (ii) the business must contain 20 or fewer rental units, and must be located in a township or a city with a population of 2,500 or less located outside the metropolitan area, as defined under section 473.121, subdivision 2, that contains a portion of a state trail administered by the Department of Natural Resources. For purposes of item (i)(A), a paid booking of five or more nights shall be counted as two bookings. Class 4c property also includes commercial use real property used exclusively for recreational purposes in conjunction with other class 4c property classified under this clause and devoted to temporary and seasonal residential occupancy for recreational purposes, up to a total of two acres, provided the property is not devoted to commercial recreational use for more than

250 days in the year preceding the year of assessment and is located within two miles of the class 4c property with which it is used. In order for a property to qualify for classification under this clause, the owner must submit a declaration to the assessor designating the cabins or units occupied for 250 days or less in the year preceding the year of assessment by January 15 of the assessment year. Those cabins or units and a proportionate share of the land on which they are located must be designated class 4c under this clause as otherwise provided. The remainder of the cabins or units and a proportionate share of the land on which they are located will be designated as class 3a. The owner of property desiring designation as class 4c property under this clause must provide guest registers or other records demonstrating that the units for which class 4c designation is sought were not occupied for more than 250 days in the year preceding the assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5) other nonresidential facility operated on a commercial basis not directly related to temporary and seasonal residential occupancy for recreation purposes does not qualify for class 4c. For the purposes of this paragraph, "recreational activities" means renting ice fishing houses, boats and motors, snowmobiles, downhill or cross-country ski equipment; providing marina services, launch services, or guide services; or selling bait and fishing tackle;

(2) qualified property used as a golf course if:

(i) it is open to the public on a daily fee basis. It may charge membership fees or dues, but a membership fee may not be required in order to use the property for golfing, and its green fees for golfing must be comparable to green fees typically charged by municipal courses; and

(ii) it meets the requirements of section 273.112, subdivision 3, paragraph (d).

A structure used as a clubhouse, restaurant, or place of refreshment in conjunction with the golf course is classified as class 3a property;

(3) real property up to a maximum of three acres of land owned and used by a nonprofit community service oriented organization and not used for residential purposes on either a temporary or permanent basis, provided that:

(i) the property is not used for a revenue-producing activity for more than six days in the calendar year preceding the year of assessment; or

(ii) the organization makes annual charitable contributions and donations at least equal to the property's previous year's property taxes and the property is allowed to be used for public and community meetings or events for no charge, as appropriate to the size of the facility.

For purposes of this clause:

(A) "charitable contributions and donations" has the same meaning as lawful gambling purposes under section 349.12, subdivision 25, excluding those purposes relating to the payment of taxes, assessments, fees, auditing costs, and utility payments;

(B) "property taxes" excludes the state general tax;

(C) a "nonprofit community service oriented organization" means any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, fraternal, civic, or educational purposes, and which is exempt from federal income taxation pursuant to section 501(c)(3), (8), (10), or (19) of the Internal Revenue Code; and

(D) "revenue-producing activities" shall include but not be limited to property or that portion of the property that is used as an on-sale intoxicating liquor or 3.2 percent malt liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling alley, a retail store, gambling conducted by organizations licensed under chapter 349, an insurance business, or office or other space leased or rented to a lessee who conducts a for-profit enterprise on the premises.

Any portion of the property not qualifying under either item (i) or (ii) is class 3a. The use of the property for social events open exclusively to members and their guests for periods of less than 24 hours, when an admission is not charged nor any revenues are received by the organization shall not be considered a revenue-producing activity.

The organization shall maintain records of its charitable contributions and donations and of public meetings and events held on the property and make them available upon request any time to the assessor to ensure eligibility. An organization meeting the requirement under item (ii) must file an application by May 1 with the assessor for eligibility for the current year's assessment. The commissioner shall prescribe a uniform application form and instructions;

(4) postsecondary student housing of not more than one acre of land that is owned by a nonprofit corporation organized under chapter 317A and is used exclusively by a student cooperative, sorority, or fraternity for on-campus housing or housing located within two miles of the border of a college campus;

(5)(i) manufactured home parks as defined in section 327.14, subdivision 3, excluding manufactured home parks described in ~~section 273.124, subdivision 3a items (ii) and (iii), and~~ (ii) manufactured home parks as defined in section 327.14, subdivision 3, that are described in section 273.124, subdivision 3a, and (iii) class I manufactured home parks as defined in section 327C.01, subdivision 13;

(6) real property that is actively and exclusively devoted to indoor fitness, health, social, recreational, and related uses, is owned and operated by a not-for-profit corporation, and is located within the metropolitan area as defined in section 473.121, subdivision 2;

(7) a leased or privately owned noncommercial aircraft storage hangar not exempt under section 272.01, subdivision 2, and the land on which it is located, provided that:

(i) the land is on an airport owned or operated by a city, town, county, Metropolitan Airports Commission, or group thereof; and

(ii) the land lease, or any ordinance or signed agreement restricting the use of the leased premise, prohibits commercial activity performed at the hangar.

If a hangar classified under this clause is sold after June 30, 2000, a bill of sale must be filed by the new owner with the assessor of the county where the property is located within 60 days of the sale;

(8) a privately owned noncommercial aircraft storage hangar not exempt under section 272.01, subdivision 2, and the land on which it is located, provided that:

(i) the land abuts a public airport; and

(ii) the owner of the aircraft storage hangar provides the assessor with a signed agreement restricting the use of the premises, prohibiting commercial use or activity performed at the hangar; and

(9) residential real estate, a portion of which is used by the owner for homestead purposes, and that is also a place of lodging, if all of the following criteria are met:

- (i) rooms are provided for rent to transient guests that generally stay for periods of 14 or fewer days;
- (ii) meals are provided to persons who rent rooms, the cost of which is incorporated in the basic room rate;
- (iii) meals are not provided to the general public except for special events on fewer than seven days in the calendar year preceding the year of the assessment; and
- (iv) the owner is the operator of the property.

The market value subject to the 4c classification under this clause is limited to five rental units. Any rental units on the property in excess of five, must be valued and assessed as class 3a. The portion of the property used for purposes of a homestead by the owner must be classified as class 1a property under subdivision 22;

(10) real property up to a maximum of three acres and operated as a restaurant as defined under section 157.15, subdivision 12, provided it: (i) is located on a lake as defined under section 103G.005, subdivision 15, paragraph (a), clause (3); and (ii) is either devoted to commercial purposes for not more than 250 consecutive days, or receives at least 60 percent of its annual gross receipts from business conducted during four consecutive months. Gross receipts from the sale of alcoholic beverages must be included in determining the property's qualification under item (ii). The property's primary business must be as a restaurant and not as a bar. Gross receipts from gift shop sales located on the premises must be excluded. Owners of real property desiring 4c classification under this clause must submit an annual declaration to the assessor by February 1 of the current assessment year, based on the property's relevant information for the preceding assessment year;

(11) lakeshore and riparian property and adjacent land, not to exceed six acres, used as a marina, as defined in section 86A.20, subdivision 5, which is made accessible to the public and devoted to recreational use for marina services. The marina owner must annually provide evidence to the assessor that it provides services, including lake or river access to the public by means of an access ramp or other facility that is either located on the property of the marina or at a publicly owned site that abuts the property of the marina. No more than 800 feet of lakeshore may be included in this classification. Buildings used in conjunction with a marina for marina services, including but not limited to buildings used to provide food and beverage services, fuel, boat repairs, or the sale of bait or fishing tackle, are classified as class 3a property; and

(12) real and personal property devoted to noncommercial temporary and seasonal residential occupancy for recreation purposes.

Class 4c property has a classification rate of 1.5 percent of market value, except that (i) each parcel of noncommercial seasonal residential recreational property under clause (12) has the same classification rates as class 4bb property, (ii) manufactured home parks assessed under clause (5), item (i), have the same classification rate as class 4b property, ~~and~~ the market value of manufactured home parks assessed under clause (5), item (ii), ~~has~~ have a classification rate of 0.75 percent if more than 50 percent of the lots in the park are occupied by shareholders in the cooperative corporation or association and a classification rate of one percent if 50 percent or less of the lots are so occupied, and class I manufactured home parks as defined in section 327C.01, subdivision 13, have a classification rate of 1.0 percent. (iii) commercial-use seasonal residential recreational property and marina recreational land as described in clause (11), has a classification rate of one percent for the first \$500,000 of market value, and 1.25 percent for the remaining market value, (iv) the market value of property described in clause (4) has a classification rate of one percent, (v) the market value of property described in clauses (2), (6), and (10) has a classification rate of 1.25 percent, ~~and~~ (vi) that portion of the market value of property in clause (9) qualifying for class 4c property has a classification rate of 1.25 percent, and (vii) property qualifying for classification under clause (3) that is owned or operated by a congressionally chartered veterans organization has a classification rate of one percent. The commissioner of veterans affairs must provide a list of congressionally chartered veterans organizations to the commissioner of revenue by June 30, 2017, and by January 1, 2018, and each year thereafter.

(e) Class 4d property is qualifying low-income rental housing certified to the assessor by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion of the units in the building qualify as low-income rental housing units as certified under section 273.128, subdivision 3, only the proportion of qualifying units to the total number of units in the building qualify for class 4d. The remaining portion of the building shall be classified by the assessor based upon its use. Class 4d also includes the same proportion of land as the qualifying low-income rental housing units are to the total units in the building. For all properties qualifying as class 4d, the market value determined by the assessor must be based on the normal approach to value using normal unrestricted rents.

(f) The first tier of market value of class 4d property has a classification rate of 0.75 percent. The remaining value of class 4d property has a classification rate of 0.25 percent. For the purposes of this paragraph, the "first tier of market value of class 4d property" means the market value of each housing unit up to the first tier limit. For the purposes of this paragraph, all class 4d property value must be assigned to individual housing units. The first tier limit is \$100,000 for assessment year 2014. For subsequent years, the limit is adjusted each year by the average statewide change in estimated market value of property classified as class 4a and 4d under this section for the previous assessment year, excluding valuation change due to new construction, rounded to the nearest \$1,000, provided, however, that the limit may never be less than \$100,000. Beginning with assessment year 2015, the commissioner of revenue must certify the limit for each assessment year by November 1 of the previous year.

EFFECTIVE DATE. (a) Except as provided in paragraphs (b) and (c), this section is effective beginning with taxes assessed in 2017 and payable in 2018.

(b) The amendment to paragraph (d), clause (5), and the amendment to item (ii) of the unlettered paragraph after paragraph (d), clause (12), are effective for taxes payable in 2019 and thereafter, but only become effective if the class I manufactured home park program in chapter 327C is enacted during the 2017 legislative session.

(c) The amendment to paragraph (c), clause (3), is effective beginning with taxes payable in 2019.

Sec. 17. Minnesota Statutes 2016, section 273.13, subdivision 34, is amended to read:

Subd. 34. **Homestead of disabled veteran or family caregiver.** (a) All or a portion of the market value of property owned by a veteran and serving as the veteran's homestead under this section is excluded in determining the property's taxable market value if the veteran has a service-connected disability of 70 percent or more as certified by the United States Department of Veterans Affairs. To qualify for exclusion under this subdivision, the veteran must have been honorably discharged from the United States armed forces, as indicated by United States Government Form DD214 or other official military discharge papers.

(b)(1) For a disability rating of 70 percent or more, \$150,000 of market value is excluded, except as provided in clause (2); and

(2) for a total (100 percent) and permanent disability, \$300,000 of market value is excluded.

(c) If a disabled veteran qualifying for a valuation exclusion under paragraph (b), clause (2), predeceases the veteran's spouse, and if upon the death of the veteran the spouse holds the legal or beneficial title to the homestead and permanently resides there, the exclusion shall carry over to the benefit of the veteran's spouse for the current taxes payable year and for eight additional taxes payable years or until such time as the spouse remarries, or sells, transfers, or otherwise disposes of the property, whichever comes first. Qualification under this paragraph requires an ~~annual~~ application under paragraph (h), and a spouse must notify the assessor if there is a change in the spouse's marital status, ownership of the property, or use of the property as a permanent residence.

(d) If the spouse of a member of any branch or unit of the United States armed forces who dies due to a service-connected cause while serving honorably in active service, as indicated on United States Government Form DD1300 or DD2064, holds the legal or beneficial title to a homestead and permanently resides there, the spouse is entitled to the benefit described in paragraph (b), clause (2), for eight taxes payable years, or until such time as the spouse remarries or sells, transfers, or otherwise disposes of the property, whichever comes first.

(e) If a veteran meets the disability criteria of paragraph (a) but does not own property classified as homestead in the state of Minnesota, then the homestead of the veteran's primary family caregiver, if any, is eligible for the exclusion that the veteran would otherwise qualify for under paragraph (b).

(f) In the case of an agricultural homestead, only the portion of the property consisting of the house and garage and immediately surrounding one acre of land qualifies for the valuation exclusion under this subdivision.

(g) A property qualifying for a valuation exclusion under this subdivision is not eligible for the market value exclusion under subdivision 35, or classification under subdivision 22, paragraph (b).

(h) To qualify for a valuation exclusion under this subdivision a property owner must apply to the assessor by July 1 ~~of each assessment year, except that an annual reapplication is not required once a property has been accepted for a valuation exclusion under paragraph (a) and qualifies for the benefit described in paragraph (b), clause (2), and the property continues to qualify until there is a change in ownership of the first assessment year for which the exclusion is sought.~~ For an application received after July 1 ~~of any calendar year,~~ the exclusion shall become effective for the following assessment year. Except as provided in paragraph (c), the owner of a property that has been accepted for a valuation exclusion must notify the assessor if there is a change in ownership of the property or in the use of the property as a homestead.

(i) A first-time application by a qualifying spouse for the market value exclusion under paragraph (d) must be made any time within two years of the death of the service member.

(j) For purposes of this subdivision:

(1) "active service" has the meaning given in section 190.05;

(2) "own" means that the person's name is present as an owner on the property deed;

(3) "primary family caregiver" means a person who is approved by the secretary of the United States Department of Veterans Affairs for assistance as the primary provider of personal care services for an eligible veteran under the Program of Comprehensive Assistance for Family Caregivers, codified as United States Code, title 38, section 1720G; and

(4) "veteran" has the meaning given the term in section 197.447.

(k) If a veteran dying after December 31, 2011, did not apply for or receive the exclusion under paragraph (b), clause (2), before dying, the veteran's spouse is entitled to the benefit under paragraph (b), clause (2), for eight taxes payable years or until the spouse remarries or sells, transfers, or otherwise disposes of the property if:

(1) the spouse files a first-time application within two years of the death of the service member or by June 1, 2019, whichever is later;

(2) upon the death of the veteran, the spouse holds the legal or beneficial title to the homestead and permanently resides there;

(3) the veteran met the honorable discharge requirements of paragraph (a); and

(4) the United States Department of Veterans Affairs certifies that:

(i) the veteran met the total (100 percent) and permanent disability requirement under paragraph (b), clause (2); or

(ii) the spouse has been awarded dependency and indemnity compensation.

(l) The purpose of this provision of law providing a level of homestead property tax relief for gravely disabled veterans, their primary family caregivers, and their surviving spouses is to help ease the burdens of war for those among our state's citizens who bear those burdens most heavily.

(m) By July 1, the county veterans service officer must certify the disability rating and permanent address of each veteran receiving the benefit under paragraph (b) to the assessor.

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2018, provided that, for taxes payable in 2018, the first-time application required under paragraph (k) is due by August 1, 2017.

Sec. 18. Minnesota Statutes 2016, section 275.025, subdivision 1, is amended to read:

Subdivision 1. **Levy amount.** The state general levy is levied against commercial-industrial property and seasonal residential recreational property, as defined in this section. The state general levy ~~base amount is \$592,000,000 for commercial-industrial property is \$764,910,000 for taxes payable in 2002~~ 2018 and thereafter. ~~For taxes payable in subsequent years, the levy base amount is increased each year by multiplying the levy base amount for the prior year by the sum of one plus the rate of increase, if any, in the implicit price deflator for government consumption expenditures and gross investment for state and local governments prepared by the Bureau of Economic Analysts of the United States Department of Commerce for the 12-month period ending March 31 of the year prior to the year the taxes are payable.~~ The state general levy for seasonal-recreational property is \$44,190,000 for taxes payable in 2018 and thereafter. The tax under this section is not treated as a local tax rate under section 469.177 and is not the levy of a governmental unit under chapters 276A and 473F.

The commissioner shall increase or decrease the preliminary or final rate for a year as necessary to account for errors and tax base changes that affected a preliminary or final rate for either of the two preceding years. Adjustments are allowed to the extent that the necessary information is available to the commissioner at the time the rates for a year must be certified, and for the following reasons:

(1) an erroneous report of taxable value by a local official;

(2) an erroneous calculation by the commissioner; and

(3) an increase or decrease in taxable value for commercial-industrial or seasonal residential recreational property reported on the abstracts of tax lists submitted under section 275.29 that was not reported on the abstracts of assessment submitted under section 270C.89 for the same year.

The commissioner may, but need not, make adjustments if the total difference in the tax levied for the year would be less than \$100,000.

EFFECTIVE DATE. This section is effective for taxes payable in 2018 and thereafter.

Sec. 19. Minnesota Statutes 2016, section 275.025, subdivision 2, is amended to read:

Subd. 2. **Commercial-industrial tax capacity.** For the purposes of this section, "commercial-industrial tax capacity" means the tax capacity of all taxable property classified as class 3 or class 5(1) under section 273.13, ~~except for excluding:~~ (i) the first tier of commercial-industrial net tax capacity as defined under section 273.13, subdivision 24, (ii) electric generation attached machinery under class 3, and (iii) property described in section 473.625. County commercial-industrial tax capacity amounts are not adjusted for the captured net tax capacity of a tax increment financing district under section 469.177, subdivision 2, the net tax capacity of transmission lines deducted from a local government's total net tax capacity under section 273.425, or fiscal disparities contribution and distribution net tax capacities under chapter 276A or 473F.

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2018.

Sec. 20. Minnesota Statutes 2016, section 275.025, subdivision 4, is amended to read:

Subd. 4. **Apportionment and levy of state general tax.** ~~Ninety five percent of~~ The state general tax must be levied by applying a uniform rate to all commercial-industrial tax capacity and ~~five percent of the state general tax must be levied by applying~~ a uniform rate to all seasonal residential recreational tax capacity. On or before October 1 each year, the commissioner of revenue shall certify the preliminary state general levy rates to each county auditor that must be used to prepare the notices of proposed property taxes for taxes payable in the following year. By January 1 of each year, the commissioner shall certify the final state general levy ~~rate~~ rates to each county auditor that shall be used in spreading taxes.

EFFECTIVE DATE. This section is effective for taxes payable in 2018 and thereafter.

Sec. 21. Minnesota Statutes 2016, section 275.025, is amended by adding a subdivision to read:

Subd. 5. **Underserved municipalities distribution.** (a) Any municipality that:

(1) lies wholly or partially within the metropolitan area as defined under section 473.121, subdivision 2, but outside the transit taxing district as defined under section 473.446, subdivision 2; and

(2) has a net fiscal disparities contribution equal to or greater than eight percent of its total taxable net tax capacity,

is eligible for a distribution from the proceeds of the state general levy imposed on taxpayers within the municipality.

(b) The distribution is equal to (1) the municipality's net tax capacity tax rate, times (2) the municipality's net fiscal disparities contribution in excess of eight percent of its total taxable net tax capacity; provided, however, that the distribution may not exceed the tax under this section imposed on taxpayers within the municipality. The amount of the distribution to each municipality must be determined by the commissioner of revenue and certified to each affected municipality and county by September 1 of the year in which taxes are payable.

(c) The distribution under this subdivision must be paid to the qualifying municipality by the treasurer of the home county of the municipality by December 1 of the year the taxes are payable. The amounts distributed under this subdivision must be deducted from the settlement of the state general levy for the taxes payable year under section 276.112.

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

(1) "Municipality" means a home rule or statutory city, or a town, except that in the case of a city that lies only partially within the metropolitan area, municipality means the portion of the city lying within the metropolitan area.

(2) "Net fiscal disparities contribution" means a municipality's fiscal disparities contribution tax capacity minus its distribution net tax capacity.

(3) "Total taxable net tax capacity" means the total net tax capacity of all properties in the municipality under section 273.13 minus (i) the net fiscal disparities contribution, and (ii) the municipality's tax increment captured net tax capacity.

EFFECTIVE DATE. This section is effective for taxes payable in 2018 and thereafter.

Sec. 22. Minnesota Statutes 2016, section 275.065, subdivision 1, is amended to read:

Subdivision 1. **Proposed levy.** (a) Notwithstanding any law or charter to the contrary, on or before September 30, each county ~~and each~~ home rule charter or statutory city, town, and special taxing district, ~~excluding the Metropolitan Council and the Metropolitan Mosquito Control Commission,~~ shall certify to the county auditor the proposed property tax levy for taxes payable in the following year. For towns, the final certified levy shall also be considered the proposed levy.

(b) Notwithstanding any law or charter to the contrary, on or before September 15, ~~each town and each special taxing district~~ the Metropolitan Council and the Metropolitan Mosquito Control Commission shall adopt and certify to the county auditor a proposed property tax levy for taxes payable in the following year. ~~For towns, the final certified levy shall also be considered the proposed levy.~~

(c) On or before September 30, each school district that has not mutually agreed with its home county to extend this date shall certify to the county auditor the proposed property tax levy for taxes payable in the following year. Each school district that has agreed with its home county to delay the certification of its proposed property tax levy must certify its proposed property tax levy for the following year no later than October 7. The school district shall certify the proposed levy as:

(1) a specific dollar amount by school district fund, broken down between voter-approved and non-voter-approved levies and between referendum market value and tax capacity levies; or

(2) the maximum levy limitation certified by the commissioner of education according to section 126C.48, subdivision 1.

(d) If the board of estimate and taxation or any similar board that establishes maximum tax levies for taxing jurisdictions within a first class city certifies the maximum property tax levies for funds under its jurisdiction by charter to the county auditor by the date specified in paragraph (a), the city shall be deemed to have certified its levies for those taxing jurisdictions.

(e) For purposes of this section, "special taxing district" means a special taxing district as defined in section 275.066. Intermediate school districts that levy a tax under chapter 124 or 136D, joint powers boards established under sections 123A.44 to 123A.446, and Common School Districts No. 323, Franconia, and No. 815, Prinsburg, are also special taxing districts for purposes of this section.

(f) At the meeting at which a taxing authority, other than a town, adopts its proposed tax levy under this subdivision, the taxing authority shall announce the time and place of its subsequent regularly scheduled meetings at which the budget and levy will be discussed and at which the public will be allowed to speak. The time and place of those meetings must be included in the proceedings or summary of proceedings published in the official newspaper of the taxing authority under section 123B.09, 375.12, or 412.191.

EFFECTIVE DATE. This section is effective beginning with proposed levy certifications for taxes payable in 2018.

Sec. 23. Minnesota Statutes 2016, section 275.07, subdivision 1, is amended to read:

Subdivision 1. **Certification of levy.** (a) Except as provided under paragraph (b), the taxes voted by cities, counties, school districts, and special districts shall be certified by the proper authorities to the county auditor on or before five working days after December 20 in each year. A town must certify the levy adopted by the town board to the county auditor by September ~~15~~ 30 each year. If the town board modifies the levy at a special town meeting after September ~~15~~ 30, the town board must recertify its levy to the county auditor on or before five working days after December 20. If a city, town, county, school district, or special district fails to certify its levy by that date, its levy shall be the amount levied by it for the preceding year.

(b)(i) The taxes voted by counties under sections 103B.241, 103B.245, and 103B.251 shall be separately certified by the county to the county auditor on or before five working days after December 20 in each year. The taxes certified shall not be reduced by the county auditor by the aid received under section 273.1398, subdivision 3. If a county fails to certify its levy by that date, its levy shall be the amount levied by it for the preceding year.

(ii) For purposes of the proposed property tax notice under section 275.065 and the property tax statement under section 276.04, for the first year in which the county implements the provisions of this paragraph, the county auditor shall reduce the county's levy for the preceding year to reflect any amount levied for water management purposes under clause (i) included in the county's levy.

EFFECTIVE DATE. This section is effective beginning with proposed levy certifications for taxes payable in 2018.

Sec. 24. Minnesota Statutes 2016, section 276.017, subdivision 3, is amended to read:

Subd. 3. ~~United States Postal Service postmark~~ **Proof of timely payment.** The postmark ~~or registration mark~~ of the United States Postal Service qualifies as proof of timely mailing ~~for this section. If the payment is sent by United States registered mail, the date of registration is the postmark date. If the payment is sent by United States certified mail, the date of the United States Postal Service postmark on the receipt given to the person presenting the payment for delivery is the date of mailing.~~ Mailing, or the time of mailing, may also be established by a delivery service's records or other available evidence except that. The postmark of a private postage meter ~~or an electronic stamp purchased online~~ may not be used as proof of a timely mailing made under this section.

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

Sec. 25. Minnesota Statutes 2016, section 279.01, subdivision 1, is amended to read:

Subdivision 1. **Due dates; penalties.** ~~Except as provided in subdivisions 3 to 5, on May 16 or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later, a penalty accrues and thereafter is charged upon all unpaid taxes on real estate on the current lists in the hands of the county treasurer. The~~ (a) When the taxes against any tract or lot exceed \$100, one-half of the amount of tax due must be paid prior to May 16, and the remaining one-half must be paid prior to the following October 16. If either tax amount is unpaid as of its due date, a penalty is imposed at a rate of two percent on homestead property until May 31 and four percent on nonhomestead property. If complete payment has not been made by the first day of the month following either

~~due date, an additional penalty of two percent on June 1. The penalty on nonhomestead property is at a rate of four percent until May 31 homestead property and eight four percent on June 1. This penalty does not accrue until June 1 of each year, or 21 days after the postmark date on the envelope containing the property tax statements, whichever is later, on commercial use real property used for seasonal residential recreational purposes and classified as class 1c or 4c, and on other commercial use real property classified as class 3a, provided that over 60 percent of the gross income earned by the enterprise on the class 3a property is earned during the months of May, June, July, and August. In order for the first half of the tax due on class 3a property to be paid after May 15 and before June 1, or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later, without penalty, the owner of the property must attach an affidavit to the payment attesting to compliance with the income provision of this subdivision nonhomestead property is imposed. Thereafter, for both homestead and nonhomestead property, on the first day of each subsequent month beginning July 1, up to and including October 1 following through December, an additional penalty of one percent for each month accrues and is charged on all such unpaid taxes provided that if the due date was extended beyond May 15 as the result of any delay in mailing property tax statements no additional penalty shall accrue if the tax is paid by the extended due date. If the tax is not paid by the extended due date, then all penalties that would have accrued if the due date had been May 15 shall be charged. When the taxes against any tract or lot exceed \$100, one half thereof may be paid prior to May 16 or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later; and, if so paid, no penalty attaches; the remaining one half may be paid at any time prior to October 16 following, without penalty; but, if not so paid, then a penalty of two percent accrues thereon for homestead property and a penalty of four percent on nonhomestead property. Thereafter, for homestead property, on the first day of November an additional penalty of four percent accrues and on the first day of December following, an additional penalty of two percent accrues and is charged on all such unpaid taxes. Thereafter, for nonhomestead property, on the first day of November and December following, an additional penalty of four percent for each month accrues and is charged on all such unpaid taxes. If one half of such taxes are not paid prior to May 16 or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later, the same may be paid at any time prior to October 16, with accrued penalties to the date of payment added, and thereupon no penalty attaches to the remaining one half until October 16 following the penalty must not exceed eight percent in the case of homestead property, or 12 percent in the case of nonhomestead property.~~

(b) If the property tax statement was not postmarked prior to April 25, the first half payment due date in paragraph (a) shall be 21 days from the postmark date of the property tax statement, and all penalties referenced in paragraph (a) shall be determined with regard to the later due date.

(c) In the case of a tract or lot with taxes of \$100 or less, the due date and penalties as specified in paragraph (a) or (b) for the first half payment shall apply to the entire amount of the tax due.

(d) For commercial use real property used for seasonal residential recreational purposes and classified as class 1c or 4c, and on other commercial use real property classified as class 3a, provided that over 60 percent of the gross income earned by the enterprise on the class 3a property is earned during the months of May, June, July, and August, the first half payment is due prior to June 1. For a class 3a property to qualify for the later due date, the owner of the property must attach an affidavit to the payment attesting to compliance with the income requirements of this paragraph.

(e) This section applies to payment of personal property taxes assessed against improvements to leased property, except as provided by section 277.01, subdivision 3.

(f) A county may provide by resolution that in the case of a property owner that has multiple tracts or parcels with aggregate taxes exceeding \$100, payments may be made in installments as provided in this subdivision.

(g) The county treasurer may accept payments of more or less than the exact amount of a tax installment due. Payments must be applied first to the oldest installment that is due but which has not been fully paid. If the accepted payment is less than the amount due, payments must be applied first to the penalty accrued for the year or the

installment being paid. Acceptance of partial payment of tax does not constitute a waiver of the minimum payment required as a condition for filing an appeal under section 278.03 or any other law, nor does it affect the order of payment of delinquent taxes under section 280.39.

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2018.

Sec. 26. Minnesota Statutes 2016, section 279.01, subdivision 2, is amended to read:

Subd. 2. **Abatement of penalty.** (a) The county board may, with the concurrence of the county treasurer, delegate to the county treasurer the power to abate the penalty provided for late payment of taxes in the current year. Notwithstanding section 270C.86, if any county board so elects, the county treasurer may abate the penalty on finding that the imposition of the penalty would be unjust and unreasonable.

(b) The county treasurer shall abate the penalty provided for late payment of taxes in the current year if the property tax payment is delivered by mail to the county treasurer and the envelope containing the payment is postmarked by the United States Postal Service within one business day of the due date prescribed under this section, but only if the property owner requesting the abatement has not previously received an abatement of penalty for late payment of tax under this paragraph.

EFFECTIVE DATE. This section is effective for property taxes payable in 2018 and thereafter.

Sec. 27. Minnesota Statutes 2016, section 279.01, subdivision 3, is amended to read:

Subd. 3. **Agricultural property.** ~~(a) In the case of class 1b agricultural homestead, class 2a agricultural homestead property, and class 2a agricultural nonhomestead property, and class 2b rural vacant land that is part of an agricultural homestead, no penalties shall attach to the second one-half property tax payment as provided in this section if paid by November 15. Thereafter for class 1b agricultural homestead and class 2a homestead property, on November 16 following, a penalty of six percent shall accrue and be charged on all such unpaid taxes and on December 1 following, an additional two percent shall be charged on all such unpaid taxes. Thereafter for class 2a agricultural nonhomestead property, on November 16 following, a penalty of eight percent shall accrue and be charged on all such unpaid taxes and on December 1 following, an additional four percent shall be charged on all such unpaid taxes, penalties shall attach as provided in subdivision 1.~~

If the owner of class 1b agricultural homestead or class 2a agricultural property receives a consolidated property tax statement that shows only an aggregate of the taxes and special assessments due on that property and on other property not classified as class 1b agricultural homestead or class 2a agricultural property, the aggregate tax and special assessments shown due on the property by the consolidated statement will be due on November 15.

~~(b) Notwithstanding paragraph (a), for taxes payable in 2010 and 2011, for any class 2b property that was subject to a second half due date of November 15 for taxes payable in 2009, the county shall not impose, or if imposed, shall abate penalty amounts in excess of those that would apply as if the second half due date were November 15.~~

EFFECTIVE DATE. (a) Except as provided in paragraph (b), this section is effective beginning with taxes payable in 2018.

(b) The provisions in this section applicable to class 2b rural vacant land are effective beginning with taxes payable in 2019.

Sec. 28. Minnesota Statutes 2016, section 279.37, is amended by adding a subdivision to read:

Subd. 1b. **Conditions.** The county auditor may offer on a voluntary basis financial literacy counseling as part of entering into a confession of judgment. The county auditor may fund the financial literacy counseling using the fee in subdivision 8. The counseling shall not be at taxpayer expense.

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

Sec. 29. Minnesota Statutes 2016, section 281.17, is amended to read:

281.17 PERIOD FOR OF REDEMPTION.

(a) Except for properties described in paragraphs (b) and (c), or properties for which the period of redemption has been limited under sections 281.173 and 281.174, the following periods for period of redemption apply:

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

~~The period of redemption for homesteaded lands as defined in section 273.13, subdivision 22, located in a targeted neighborhood as defined in Laws 1987, chapter 386, article 6, section 4, and sold to the state at a tax judgment sale is three years from the date of sale.~~

(b) The period of redemption for all lands located in a targeted ~~neighborhood~~ community as defined in Laws 1987, chapter 386, article 6, section 4 ~~section 469.201, subdivision 10~~, except homesteaded lands as defined in section 273.13, subdivision 22, is one year from the date of sale.

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

(d) In determining the period of redemption, the county must use the property's classification and homestead classification for the assessment year on which the tax judgment is based. Any change in the property's classification or homestead classification after the assessment year on which the tax judgment is based does not affect the period of redemption.

EFFECTIVE DATE. This section is effective for tax judgment sales occurring after January 1, 2018.

Sec. 30. Minnesota Statutes 2016, section 281.173, subdivision 2, is amended to read:

Subd. 2. **Summons and complaint.** Any city, county, housing and redevelopment authority, port authority, or economic development authority, in which the premises are located may commence an action in district court to reduce the period otherwise allowed for redemption under this chapter. The action must be commenced by the filing of a complaint, naming as defendants the record fee owners or the owner's personal representative, or the owner's heirs as determined by a court of competent jurisdiction, contract for deed purchasers, mortgagees, assigns of any of the above, the taxpayers as shown on the records of the county auditor, the Internal Revenue Service of the United States and the Revenue Department of the state of Minnesota if tax liens against the owners or contract for deed purchasers have been recorded or filed; and any other person the plaintiff determines should be made a party. The action shall be filed in district court for the county in which the premises are located. The complaint must identify the premises by legal description. The complaint must allege (1) that the premises are abandoned, (2) that the tax judgment sale pursuant to section 280.01 has been made, and (3) notice of expiration of the time for redemption has not been given.

The complaint must request an order reducing the redemption period to five weeks. When the complaint has been filed, the court shall issue a summons commanding the person or persons named in the complaint to appear before the court on a day and at a place stated in the summons. The appearance date shall be not less than 15 nor more than 25 days from the date of the issuing of the summons. A copy of the filed complaint must be attached to the summons.

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

Sec. 31. Minnesota Statutes 2016, section 281.174, subdivision 3, is amended to read:

Subd. 3. **Summons and complaint.** Any city, county, housing and redevelopment authority, port authority, or economic development authority in which the property is located may commence an action in district court to reduce the period otherwise allowed for redemption under this chapter from the date of the requested order. The action must be commenced by the filing of a complaint, naming as defendants the record fee owners or the owner's personal representative, or the owner's heirs as determined by a court of competent jurisdiction, contract for deed purchasers, mortgagees, assigns of any of the above, the taxpayers as shown on the records of the county auditor, the Internal Revenue Service of the United States and the revenue department of the state of Minnesota if tax liens against the owners or contract for deed purchasers have been recorded or filed, and any other person the plaintiff determines should be made a party. The action shall be filed in district court for the county in which the property is located. The complaint must identify the property by legal description. The complaint must allege (1) that the property is vacant, (2) that the tax judgment sale under section 280.01 has been made, and (3) notice of expiration of the time for redemption has not been given.

The complaint must request an order reducing the redemption period to five weeks. When the complaint has been filed, the court shall issue a summons commanding the person or persons named in the complaint to appear before the court on a day and at a place stated in the summons. The appearance date shall be not less than 15 nor more than 25 days from the date of the issuing of the summons, except that, when the United States of America is a party, the date shall be set in accordance with applicable federal law. A copy of the filed complaint must be attached to the summons.

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

Sec. 32. **[281.231] MAINTENANCE; EXPENDITURE OF PUBLIC FUNDS.**

If the county auditor provides notice as required by section 281.23, the state, agency, political subdivision, or other entity that becomes the fee owner or manager of a property as a result of forfeiture due to nonpayment of real property taxes is not required to expend public funds to maintain any servitude, agreement, easement, or other encumbrance affecting the property. The fee owner or manager of a property may, at its discretion, spend public funds necessary for the maintenance, security, or management of the property.

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

Sec. 33. **[281.70] LIMITED RIGHT OF ENTRY.**

Subdivision 1. **Limited right of entry.** If premises described in a real estate tax judgment sale are vacant or unoccupied, the county auditor or a person acting on behalf of the county auditor may, but is not obligated to, enter the premises to protect the premises from waste or trespass until the county auditor is notified that the premises are occupied. An affidavit of the sheriff, the county auditor, or a person acting on behalf of the county auditor describing the premises and stating that the premises are vacant and unoccupied is prima facie evidence of the facts stated in the affidavit. If the affidavit contains a legal description of the premises, the affidavit may be recorded in the office of the county recorder or the registrar of titles in the county where the premises are located.

Subd. 2. **Authorized actions.** (a) The county auditor may take one or more of the following actions to protect the premises from waste or trespass:

(1) install or change locks on doors and windows;

(2) board windows; and

(3) other actions to prevent or minimize damage to the premises from the elements, vandalism, trespass, or other illegal activities.

(b) If the county auditor installs or changes locks on premises under paragraph (a), the county auditor must promptly deliver a key to the premises to the taxpayer or any person lawfully claiming a right of occupancy upon request.

Subd. 3. **Costs.** Costs incurred by the county auditor in protecting the premises from waste or trespass under this section may be added to the delinquent taxes due. The costs may bear interest to the extent provided, and interest may be added to the delinquent taxes due.

Subd. 4. **Scope.** The actions authorized under this section are in addition to, and do not limit or replace, any other rights or remedies available to the county auditor under Minnesota law.

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

Sec. 34. Minnesota Statutes 2016, section 282.01, subdivision 4, is amended to read:

Subd. 4. **Sale; method; requirements; effects.** (a) The sale authorized under subdivision 3 must be conducted by the county auditor at the county seat of the county in which the parcels lie, except that in St. Louis and Koochiching Counties, the sale may be conducted in any county facility within the county. The sale must not be for less than the appraised value except as provided in subdivision 7a. The parcels must be sold for cash only, unless the county board of the county has adopted a resolution providing for their sale on terms, in which event the resolution controls with respect to the sale. When the sale is made on terms other than for cash only (1) a payment of at least ten percent of the purchase price must be made at the time of purchase, and the balance must be paid in no more than ten equal annual installments, or (2) the payments must be made in accordance with county board policy, but in no event may the board require more than 12 installments annually, and the contract term must not be for more than ten years. Standing timber or timber products must not be removed from these lands until an amount equal to the appraised value of all standing timber or timber products on the lands at the time of purchase has been paid by the purchaser. If a parcel of land bearing standing timber or timber products is sold at public auction for more than the appraised value, the amount bid in excess of the appraised value must be allocated between the land and the timber in proportion to their respective appraised values. In that case, standing timber or timber products must not be removed from the land until the amount of the excess bid allocated to timber or timber products has been paid in addition to the appraised value of the land. The purchaser is entitled to immediate possession, subject to the provisions of any existing valid lease made in behalf of the state.

(b) For sales occurring on or after July 1, 1982, the unpaid balance of the purchase price is subject to interest at the rate determined pursuant to section 549.09. The unpaid balance of the purchase price for sales occurring after December 31, 1990, is subject to interest at the rate determined in section 279.03, subdivision 1a. The interest rate is subject to change each year on the unpaid balance in the manner provided for rate changes in section 549.09 or 279.03, subdivision 1a, whichever, is applicable. Interest on the unpaid contract balance on sales occurring before July 1, 1982, is payable at the rate applicable to the sale at the time that the sale occurred.

(c) Notwithstanding subdivision 7, a county board may by resolution provide for the listing and sale of individual parcels by other means, including through a real estate broker. However, if the buyer under this paragraph could have repurchased a parcel of property under section 282.012 or 282.241, that buyer may not purchase that same parcel of property at the sale under this subdivision for a purchase price less than the sum of all taxes, assessments, penalties, interest, and costs due at the time of forfeiture computed under section 282.251, and any special assessments for improvements certified as of the date of sale. This subdivision shall be liberally construed to encourage the sale and utilization of tax-forfeited land in order to eliminate nuisances and dangerous conditions and to increase compliance with land use ordinances.

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

Sec. 35. Minnesota Statutes 2016, section 282.01, is amended by adding a subdivision to read:

Subd. 13. **Online auction.** A county board, or a county auditor if the auditor has been delegated such authority under section 282.135, may sell tax-forfeited lands through an online auction. When an online auction is used to sell tax-forfeited lands, the county auditor shall post a physical notice of the online auction and shall publish a notice of the online auction on its Web site not less than ten days before the online auction begins, in addition to any other notice required.

EFFECTIVE DATE. This section is effective for sales of tax-forfeited property that occur on or after August 1, 2017.

Sec. 36. Minnesota Statutes 2016, section 282.016, is amended to read:

282.016 PROHIBITED PURCHASERS.

(a) A county auditor, county treasurer, county attorney, court administrator of the district court, county assessor, supervisor of assessments, deputy or clerk or an employee of such officer, a commissioner for tax-forfeited lands or an assistant to such commissioner, must not become a purchaser, either personally or as an agent or attorney for another person, of the properties offered for sale under the provisions of this chapter in the county for which the person performs duties. ~~A person prohibited from purchasing property under this section must not directly or indirectly have another person purchase it on behalf of the prohibited purchaser for the prohibited purchaser's benefit or gain.~~

(b) Notwithstanding paragraph (a), such officer, deputy, clerk, or employee or commissioner for tax-forfeited lands or assistant to such commissioner may (1) purchase lands owned by that official at the time the state became the absolute owner thereof or (2) bid upon and purchase forfeited property offered for sale under the alternate sale procedure described in section 282.01, subdivision 7a.

(c) In addition to the persons identified in paragraph (a), a county auditor may prohibit other persons and entities from becoming a purchaser, either personally or as an agent or attorney for another person or entity, of the properties offered for sale under this chapter in the following circumstances: (1) the person or entity owns another property within the county for which there are delinquent taxes owing; (2) the person or entity has held a rental license in the county and the license has been revoked within the last five years; or (3) the person or entity has been the vendee of a contract for purchase of a property offered for sale under this chapter, which contract has been canceled within the last five years.

(d) A person prohibited from purchasing property under this section must not directly or indirectly have another person purchase it on behalf of the prohibited purchaser for the prohibited purchaser's benefit or gain.

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

Sec. 37. Minnesota Statutes 2016, section 282.018, subdivision 1, is amended to read:

Subdivision 1. **Land on or adjacent to public waters.** (a) All land which is the property of the state as a result of forfeiture to the state for nonpayment of taxes, regardless of whether the land is held in trust for taxing districts, and which borders on or is adjacent to meandered lakes and other public waters and watercourses, and the live timber growing or being thereon, is hereby withdrawn from sale except as hereinafter provided. The authority having jurisdiction over the timber on any such lands may sell the timber as otherwise provided by law for cutting and removal under such conditions as the authority may prescribe in accordance with approved, sustained yield forestry practices. The authority having jurisdiction over the timber shall reserve such timber and impose such conditions as the authority deems necessary for the protection of watersheds, wildlife habitat, shorelines, and scenic features. Within the area in Cook, Lake, and St. Louis counties described in the Act of Congress approved July 10, 1930 (46 Stat. 1020), the timber on tax-forfeited lands shall be subject to like restrictions as are now imposed by that act on federal lands.

(b) Of all tax-forfeited land bordering on or adjacent to meandered lakes and other public waters and watercourses and so withdrawn from sale, a strip two rods in width, the ordinary high-water mark being the waterside boundary thereof, and the land side boundary thereof being a line drawn parallel to the ordinary high-water mark and two rods distant landward therefrom, hereby is reserved for public travel thereon, and whatever the conformation of the shore line or conditions require, the authority having jurisdiction over such lands shall reserve a wider strip for such purposes.

(c) Any tract or parcel of land which has 150 feet or less of waterfront may be sold by the authority having jurisdiction over the land, in the manner otherwise provided by law for the sale of such lands, if the authority determines that it is in the public interest to do so. If the authority having jurisdiction over the land is not the commissioner of natural resources, the land may not be offered for sale without the prior approval of the commissioner of natural resources.

(d) Where the authority having jurisdiction over lands withdrawn from sale under this section is not the commissioner of natural resources, the authority may submit proposals for disposition of the lands to the commissioner. The commissioner of natural resources shall evaluate the lands and their public benefits and make recommendations on the proposed dispositions to the committees of the legislature with jurisdiction over natural resources. The commissioner shall include any recommendations of the commissioner for disposition of lands withdrawn from sale under this section over which the commissioner has jurisdiction. The commissioner's recommendations may include a public sale, sale to a private party, acquisition by the Department of Natural Resources for public purposes, or a cooperative management agreement with, or transfer to, another unit of government.

(e) Notwithstanding this subdivision, a county may sell property governed by this section upon written authorization from the commissioner of natural resources. Prior to the sale or conveyance of lands under this subdivision, the county board must give notice of its intent to meet for that purpose as provided in section 282.01, subdivision 1.

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

Sec. 38. Minnesota Statutes 2016, section 282.02, is amended to read:

282.02 LIST OF LANDS FOR SALE; NOTICE; ONLINE AUCTIONS PERMITTED.

(a) Immediately after classification and appraisal of the land, and after approval by the commissioner of natural resources when required pursuant to section 282.01, subdivision 3, the county board shall provide and file with the county auditor a list of parcels of land to be offered for sale. This list shall contain a description of the parcels of

land and the appraised value thereof. The auditor shall publish a notice of the intended public sale of such parcels of land and a copy of the resolution of the county board fixing the terms of the sale, if other than for cash only, by publication once a week for two weeks in the official newspaper of the county, the last publication to be not less than ten days previous to the commencement of the sale.

(b) The notice shall include the parcel's description and appraised value. The notice shall also indicate the amount of any special assessments which may be the subject of a reassessment or new assessment or which may result in the imposition of a fee or charge pursuant to sections 429.071, subdivision 4, 435.23, and 444.076. The county auditor shall also mail notice to the owners of land adjoining the parcel to be sold. For purposes of this section, "owner" means the taxpayer as listed in the records of the county auditor.

(c) ~~If the county board of St. Louis or Koochiching Counties determines that the sale shall take place in a county facility other than the courthouse, the notice shall specify the facility and its location. If the county board determines that the sale shall take place as an online auction under section 282.01, subdivision 13, the notice shall specify the auction Web site and the date of the auction.~~

EFFECTIVE DATE. This section is effective for sales of tax-forfeited property that occur on or after August 1, 2017.

Sec. 39. Minnesota Statutes 2016, section 282.04, subdivision 2, is amended to read:

Subd. 2. **Rights before sale; improvements, insurance, demolition.** (a) Before the sale of a parcel of forfeited land the county auditor may, with the approval of the county board of commissioners, provide for the repair and improvement of any building or structure located upon the parcel, and may provide for maintenance of tax-forfeited lands, if it is determined by the county board that such repairs, improvements, or maintenance are necessary for the operation, use, preservation, and safety of the building or structure.

(b) If so authorized by the county board, the county auditor may insure the building or structure against loss or damage resulting from fire or windstorm, may purchase workers' compensation insurance to insure the county against claims for injury to the persons employed in the building or structure by the county, and may insure the county, its officers and employees against claims for injuries to persons or property because of the management, use, or operation of the building or structure.

(c) The county auditor may, with the approval of the county board, provide:

(1) for the demolition of the building or structure, which has been determined by the county board to be especially liable to fire or so situated as to endanger life or limb or other buildings or property in the vicinity because of age, dilapidated condition, defective chimney, defective electric wiring, any gas connection, heating apparatus, or other defect; and

(2) for the sale of salvaged materials from the building or structure.

(d) Notwithstanding any law to the contrary, the county auditor, with the approval of the county board, may provide for the sale of abandoned personal property. The or disposal of personal property remaining after the certificate under section 281.23, subdivision 9, has been recorded. The county auditor must make reasonable efforts to provide at least 28 days' notice of the sale or disposal to the former owner, taxpayer, and any occupants at the time of forfeiture. A sale may be made by the sheriff using the procedures for the sale of abandoned property in section 345.15 or by the county auditor using the procedures for the sale of abandoned property in section 504B.271 a sale procedure approved by the county board. A county may contract with a third party to assist with removal,

disposal, or sale of personal property. The net proceeds from any sale of the personal property, salvaged materials, timber or other products, or leases made under this law must be deposited in the forfeited tax sale fund and must be distributed in the same manner as if the parcel had been sold.

(e) The county auditor, with the approval of the county board, may provide for the demolition of any structure on tax-forfeited lands, if in the opinion of the county board, the county auditor, and the land commissioner, if there is one, the sale of the land with the structure on it, or the continued existence of the structure by reason of age, dilapidated condition or excessive size as compared with nearby structures, will result in a material lessening of net tax capacities of real estate in the vicinity of the tax-forfeited lands, or if the demolition of the structure or structures will aid in disposing of the tax-forfeited property.

(f) Before the sale of a parcel of forfeited land located in an urban area, the county auditor may with the approval of the county board provide for the grading of the land by filling or the removal of any surplus material from it. If the physical condition of forfeited lands is such that a reasonable grading of the lands is necessary for the protection and preservation of the property of any adjoining owner, the adjoining property owner or owners may apply to the county board to have the grading done. If, after considering the application, the county board believes that the grading will enhance the value of the forfeited lands commensurate with the cost involved, it may approve it, and the work must be performed under the supervision of the county or city engineer, as the case may be, and the expense paid from the forfeited tax sale fund.

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

Sec. 40. Minnesota Statutes 2016, section 282.241, subdivision 1, is amended to read:

Subdivision 1. **Repurchase requirements.** The owner at the time of forfeiture, or the owner's heirs, devisees, or representatives, or any person to whom the right to pay taxes was given by statute, mortgage, or other agreement, may repurchase any parcel of land claimed by the state to be forfeited to the state for taxes unless before the time repurchase is made the parcel is sold under installment payments, or otherwise, by the state as provided by law, or is under mineral prospecting permit or lease, or proceedings have been commenced by the state or any of its political subdivisions or by the United States to condemn the parcel of land. The parcel of land may be repurchased for the sum of all delinquent taxes and assessments computed under section 282.251, together with penalties, interest, and costs, that accrued or would have accrued if the parcel of land had not forfeited to the state. Except for property which was homesteaded on the date of forfeiture, repurchase is permitted during ~~one year~~ six months only from the date of forfeiture, and in any case only after the adoption of a resolution by the board of county commissioners determining that by repurchase undue hardship or injustice resulting from the forfeiture will be corrected, or that permitting the repurchase will promote the use of the lands that will best serve the public interest. If the county board has good cause to believe that a repurchase installment payment plan for a particular parcel is unnecessary and not in the public interest, the county board may require as a condition of repurchase that the entire repurchase price be paid at the time of repurchase. A repurchase is subject to any easement, lease, or other encumbrance granted by the state before the repurchase, and if the land is located within a restricted area established by any county under Laws 1939, chapter 340, the repurchase must not be permitted unless the resolution approving the repurchase is adopted by the unanimous vote of the board of county commissioners.

The person seeking to repurchase under this section shall pay all maintenance costs incurred by the county auditor during the time the property was tax-forfeited.

EFFECTIVE DATE. This section is effective January 1, 2018.

Sec. 41. Minnesota Statutes 2016, section 282.322, is amended to read:

282.322 FORFEITED LANDS LIST.

The county board of any county may file a list of forfeited lands with the county auditor, if the board is of the opinion that such lands may be acquired by the state or any municipal subdivision ~~thereof~~ of the state for public purposes. Upon the filing of ~~such~~ the list of forfeited lands, the county auditor shall withhold said lands from

repurchase. If no proceeding ~~shall be~~ is started to acquire such lands by the state or some municipal subdivision ~~thereof of the state~~ within one year after the filing of ~~such the list of forfeited lands~~, the county board shall withdraw ~~said the list~~ and thereafter, if the property was classified as nonhomestead at the time of forfeiture, the owner shall have ~~one year~~ not more than six months in which to repurchase.

EFFECTIVE DATE. This section is effective January 1, 2018.

Sec. 42. Minnesota Statutes 2016, section 473H.09, is amended to read:

473H.09 EARLY TERMINATION.

Subdivision 1. **Public emergency.** Termination of an agricultural preserve earlier than a date derived through application of section 473H.08 may be permitted ~~only~~ in the event of a public emergency upon petition from the owner or authority to the governor. The determination of a public emergency shall be by the governor through executive order pursuant to sections 4.035 and 12.01 to 12.46. The executive order shall identify the preserve, the reasons requiring the action and the date of termination.

Subd. 2. **Death of owner.** (a) Within 365 days of the death of an owner, an owner's spouse, or other qualifying person, the surviving owner may elect to terminate the agricultural preserve and the covenant allowing the land to be enrolled as an agricultural preserve by notifying the authority on a form provided by the commissioner of agriculture. Termination of a covenant under this subdivision must be executed and acknowledged in the manner required by law to execute and acknowledge a deed.

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

(1) "qualifying person" includes a partner, shareholder, trustee for a trust that the decedent was the settlor or a beneficiary of, or member of an entity permitted to own agricultural land and engage in farming under section 500.24 that owned the agricultural preserve; and

(2) "surviving owner" includes the executor of the estate of the decedent, trustee for a trust that the decedent was the settlor or a beneficiary of, or an entity permitted to own farm land under section 500.24 of which the decedent was a partner, shareholder, or member.

(c) When an agricultural preserve is terminated under this subdivision, the property is subject to additional taxes in an amount equal to 50 percent of the taxes actually levied against the property for the current taxes payable year. The additional taxes are extended against the property on the tax list for taxes payable in the current year. The additional taxes must be distributed among the jurisdictions levying taxes on the property in proportion to the current year's taxes.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 43. Minnesota Statutes 2016, section 473H.17, subdivision 1a, is amended to read:

Subd. 1a. Allowed commercial and industrial operations. (a) Commercial and industrial operations are not allowed on land within an agricultural preserve except:

(1) small on-farm commercial or industrial operations normally associated with and important to farming in the agricultural preserve area;

(2) storage use of existing farm buildings that does not disrupt the integrity of the agricultural preserve; ~~and~~

(3) small commercial use of existing farm buildings for trades not disruptive to the integrity of the agricultural preserve such as a carpentry shop, small scale mechanics shop, and similar activities that a farm operator might conduct; and

(4) wireless communication installments and related equipment and structure capable of providing technology potentially beneficial to farming activities. A property owner who installs wireless communication equipment does not violate a covenant made prior to January 1, 2018, under section 473H.05, subdivision 1.

(b) For purposes of paragraph (a), clauses (2) and (3), "existing" in paragraph (a), clauses (2) and (3), means existing on August 1, 1987.

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

Sec. 44. Minnesota Statutes 2016, section 504B.285, subdivision 1, is amended to read:

Subdivision 1. **Grounds.** (a) The person entitled to the premises may recover possession by eviction when:

(1) any person holds over real property:

(i) after a sale of the property on an execution or judgment; ~~or~~

(ii) after the expiration of the time for redemption on foreclosure of a mortgage, or after termination of contract to convey the property; or

(iii) after the expiration of the time for redemption on a real estate tax judgment sale;

(2) any person holds over real property after termination of the time for which it is demised or leased to that person or to the persons under whom that person holds possession, contrary to the conditions or covenants of the lease or agreement under which that person holds, or after any rent becomes due according to the terms of such lease or agreement; or

(3) any tenant at will holds over after the termination of the tenancy by notice to quit.

(b) A landlord may not commence an eviction action against a tenant or authorized occupant solely on the basis that the tenant or authorized occupant has been the victim of any of the acts listed in section 504B.206, subdivision 1, paragraph (a). Nothing in this paragraph should be construed to prohibit an eviction action based on a breach of the lease.

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

Sec. 45. Laws 1996, chapter 471, article 3, section 51, is amended to read:

Sec. 51. **RECREATION LEVY FOR SAWYER BY CARLTON COUNTY.**

Subdivision 1. **Levy authorized.** Notwithstanding other law to the contrary, the Carlton county board of commissioners may levy in and for the unorganized township of Sawyer an amount up to \$1,500 annually for recreational purposes, ~~beginning with taxes payable in 1997 and ending with taxes payable in 2006.~~

~~Subd. 2. **Effective date.** This section is effective June 1, 1996, without local approval.~~

EFFECTIVE DATE. This section applies to taxes payable in 2018 and thereafter, and is effective the day after the Carlton County Board of Commissioners and its chief clerical officer timely complete their compliance with section 645.021, subdivisions 2 and 3.

Sec. 46. **SOCCER STADIUM PROPERTY TAX EXEMPTION; SPECIAL ASSESSMENT.**

Any real or personal property acquired, owned, leased, controlled, used, or occupied by the city of St. Paul for the primary purpose of providing a stadium for a Major League Soccer team is declared to be acquired, owned, leased, controlled, used, and occupied for public, governmental, and municipal purposes, and is exempt from ad valorem taxation by the state or any political subdivision of the state, provided that the properties are subject to special assessments levied by a political subdivision for a local improvement in amounts proportionate to and not exceeding the special benefit received by the properties from the improvement. In determining the special benefit received by the properties, no possible use of any of the properties in any manner different from their intended use for providing a Major League Soccer stadium at the time may be considered. Notwithstanding Minnesota Statutes, section 272.01, subdivision 2, or 273.19, real or personal property subject to a lease or use agreement between the city and another person for uses related to the purposes of the operation of the stadium and related parking facilities is exempt from taxation regardless of the length of the lease or use agreement. This section, insofar as it provides an exemption or special treatment, does not apply to any real property that is leased for residential, business, or commercial development or other purposes different from those necessary to the provision and operation of the stadium.

EFFECTIVE DATE. This section is effective upon approval by the St. Paul City Council and compliance with Minnesota Statutes, section 645.021.

Sec. 47. **COMMISSIONER OF REVENUE TO DETERMINE ADEQUACY OF CURRENT RULES AND VALUATION PRACTICES FOR STATE-ASSESSED PIPELINES.**

The commissioner of revenue must review all current rules and practices relating to the valuation of pipeline companies that are assessed by the state. The commissioner must determine whether current rules and practices provide accurate estimates of market value. By February 1, 2018, the commissioner must prepare testimony for the house of representatives and senate committees having jurisdiction over property taxes recommending changes to the rules and practices to provide more accurate assessments and reduce the number and amount of judgments against the state and counties for state-assessed pipeline property. Costs associated with conducting the review required by this section must be paid from existing funds appropriated to the commissioner by law.

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

Sec. 48. **REPEALER.**

Minnesota Statutes 2016, section 281.22, is repealed.

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

ARTICLE 3
SALES AND USE TAXES

Section 1. **[88.068] VOLUNTEER FIRE ASSISTANCE GRANT ACCOUNT.**

A volunteer fire assistance grant account is established in the special revenue fund. Sales taxes allocated under section 297A.94, for making grants under section 88.067, must be deposited in the special revenue fund and credited to the volunteer fire assistance grant account. Money in the account, including interest, is appropriated to the commissioner for making grants under that section.

EFFECTIVE DATE. This section is effective beginning with deposits made in fiscal year 2018.

Sec. 2. Minnesota Statutes 2016, section 116J.8738, subdivision 3, is amended to read:

Subd. 3. **Certification of qualified business.** (a) A business may apply to the commissioner for certification as a qualified business under this section. The commissioner shall specify the form of the application, the manner and times for applying, and the information required to be included in the application. The commissioner may impose an application fee in an amount sufficient to defray the commissioner's cost of processing certifications. Application fees are deposited in the greater Minnesota business expansion administration account in the special revenue fund. A business must file a copy of its application with the chief clerical officer of the city at the same time it applies to the commissioner. For an agricultural processing facility located outside the boundaries of a city, the business must file a copy of the application with the county auditor.

(b) The commissioner shall certify each business as a qualified business that:

(1) satisfies the requirements of subdivision 2;

(2) the commissioner determines would not expand its operations in greater Minnesota without the tax incentives available under subdivision 4; and

(3) enters a business subsidy agreement with the commissioner that pledges to satisfy the minimum expansion requirements of paragraph (c) within three years or less following execution of the agreement.

The commissioner must act on an application within 90 days after its filing. Failure by the commissioner to take action within the 90-day period is deemed approval of the application.

(c) The business must increase the number of full-time equivalent employees in greater Minnesota from the time the business subsidy agreement is executed by two employees or ten percent, whichever is greater.

(d) The city, or a county for an agricultural processing facility located outside the boundaries of a city, in which the business proposes to expand its operations may file comments supporting or opposing the application with the commissioner. The comments must be filed within 30 days after receipt by the city of the application and may include a notice of any contribution the city or county intends to make to encourage or support the business expansion, such as the use of tax increment financing, property tax abatement, additional city or county services, or other financial assistance.

(e) Certification of a qualified business is effective for the seven-year period beginning on the first day of the calendar month immediately following the date that the commissioner informs the business of the award of the benefit unless the qualified business is investing at least \$200,000,000 over a ten-year period. Certification for a

qualified business investing at least \$200,000.000 over a ten-year period is effective for the ten-year period beginning on the first day of the calendar month immediately following the date that the commissioner informs the business of the award of the benefit.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 3. Minnesota Statutes 2016, section 116J.8738, subdivision 4, is amended to read:

Subd. 4. **Available tax incentives.** A qualified business is entitled to a sales tax exemption, up to ~~\$2,000,000~~ \$5,000,000 annually and ~~\$10,000,000~~ \$40,000,000 during the total period of the agreement, as provided in section 297A.68, subdivision 44, for purchases made during the period the business was certified as a qualified business under this section. The commissioner has discretion to set the maximum amounts of the annual and total sales tax exemption allowed for each qualifying business as part of the business subsidy agreement.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 4. Minnesota Statutes 2016, section 128C.24, is amended to read:

128C.24 LEAGUE FUNDS TRANSFER.

Beginning July 1, 2007, the Minnesota State High School League shall annually determine the sales tax savings attributable to section 297A.70, subdivision ~~44~~ 11a, and annually transfer that amount to a nonprofit charitable foundation created for the purpose of promoting high school extracurricular activities. The funds must be used by the foundation to make grants to fund, assist, recognize, or promote high school students' participation in extracurricular activities. The first priority for funding will be grants for scholarships to individuals to offset athletic fees. The foundation must equitably award grants based on considerations of gender balance, school size, and geographic location, to the extent feasible.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2017, and before July 1, 2027.

Sec. 5. Minnesota Statutes 2016, section 297A.61, subdivision 3, is amended to read:

Subd. 3. **Sale and purchase.** (a) "Sale" and "purchase" include, but are not limited to, each of the transactions listed in this subdivision. In applying the provisions of this chapter, the terms "tangible personal property" and "retail sale" include the taxable services listed in paragraph (g), clause (6), items (i) to (vi) and (viii), and the provision of these taxable services, unless specifically provided otherwise. Services performed by an employee for an employer are not taxable. Services performed by a partnership or association for another partnership or association are not taxable if one of the entities owns or controls more than 80 percent of the voting power of the equity interest in the other entity. Services performed between members of an affiliated group of corporations are not taxable. For purposes of the preceding sentence, "affiliated group of corporations" means those entities that would be classified as members of an affiliated group as defined under United States Code, title 26, section 1504, disregarding the exclusions in section 1504(b).

(b) Sale and purchase include:

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

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

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

(d) Sale and purchase include the preparing for a consideration of food. Notwithstanding section 297A.67, subdivision 2, taxable food includes, but is not limited to, the following:

(1) prepared food sold by the retailer;

(2) soft drinks;

(3) candy; and

(4) dietary supplements; ~~and~~

~~(5) all food sold through vending machines.~~

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

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

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

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

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

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

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

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

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

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

(5) delivery of aggregate materials by a third party, excluding delivery of aggregate material used in road construction; and delivery of concrete block by a third party if the delivery would be subject to the sales tax if provided by the seller of the concrete block. For purposes of this clause, "road construction" means construction of:

(i) public roads;

(ii) cartways; and

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

(6) services as provided in this clause:

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

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

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

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

(v) pet grooming services;

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

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

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

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

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

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

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

(l) A sale and a purchase includes furnishing for a consideration of specified digital products or other digital products or granting the right for a consideration to use specified digital products or other digital products on a temporary or permanent basis and regardless of whether the purchaser is required to make continued payments for such right. Wherever the term "tangible personal property" is used in this chapter, other than in subdivisions 10 and 38, the provisions also apply to specified digital products, or other digital products, unless specifically provided otherwise or the context indicates otherwise.

(m) The sale of the privilege of admission under section 297A.61, subdivision 3, paragraph (g), clause (1), to a place of amusement, recreational area, or athletic event includes all charges included in the privilege of admission's sales price, without deduction for amenities that may be provided, unless the amenities are separately stated and the purchaser of the privilege of admission is entitled to add or decline the amenities, and the amenities are not otherwise taxable.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2017.

Sec. 6. Minnesota Statutes 2016, section 297A.61, subdivision 34, is amended to read:

Subd. 34. **Taxable food sold through vending machines.** "Taxable food sold through vending machines" means taxable food under section 297A.61, subdivision 3, paragraph (d), dispensed from a machine or other device that accepts payment including honor payments.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2017.

Sec. 7. Minnesota Statutes 2016, section 297A.66, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) To the extent allowed by the United States Constitution and the laws of the United States, "retailer maintaining a place of business in this state," or a similar term, means a retailer:

(1) having or maintaining within this state, directly or by a subsidiary or an affiliate, an office, place of distribution, sales, storage, or sample room or place, warehouse, or other place of business, including the employment of a resident of this state who works from a home office in this state; or

(2) having a representative, including, but not limited to, an affiliate, agent, salesperson, canvasser, ~~or marketplace provider~~, solicitor, or other third party operating in this state under the authority of the retailer or its subsidiary, for any purpose, including the repairing, selling, delivering, installing, facilitating sales, processing sales, or soliciting of orders for the retailer's goods or services, or the leasing of tangible personal property located in this state, whether the place of business or agent, representative, affiliate, salesperson, canvasser, or solicitor is located in

the state permanently or temporarily, or whether or not the retailer, subsidiary, or affiliate is authorized to do business in this state. A retailer is represented by a marketplace provider in this state if the retailer makes sales in this state facilitated by a marketplace provider that maintains a place of business in this state.

(b) "Destination of a sale" means the location to which the retailer makes delivery of the property sold, or causes the property to be delivered, to the purchaser of the property, or to the agent or designee of the purchaser. The delivery may be made by any means, including the United States Postal Service or a for-hire carrier.

(c) "Marketplace provider" means any person who facilitates a retail sale by a retailer by:

(1) listing or advertising for sale by the retailer in any forum, tangible personal property, services, or digital goods that are subject to tax under this chapter; and

(2) either directly or indirectly through agreements or arrangements with third parties collecting payment from the customer and transmitting that payment to the retailer regardless of whether the marketplace provider receives compensation or other consideration in exchange for its services.

(d) "Total taxable retail sales" means the gross receipts from the sale of all tangible goods, services, and digital goods subject to sales and use tax under this chapter.

Sec. 8. Minnesota Statutes 2016, section 297A.66, subdivision 2, is amended to read:

Subd. 2. **Retailer maintaining place of business in this state.** (a) Except as provided in paragraph (b), a retailer maintaining a place of business in this state who makes retail sales in Minnesota or to a destination in Minnesota shall collect sales and use taxes and remit them to the commissioner under section 297A.77.

(b) A retailer with total taxable retail sales to customers in this state of less than \$10,000 in the 12-month period ending on the last day of the most recently completed calendar quarter is not required to collect and remit sales tax if it is determined to be a retailer maintaining a place of business in the state solely because it made sales through one or more marketplace providers. The provisions of this paragraph do not apply to a retailer that is or was registered to collect sales and use tax in this state.

Sec. 9. Minnesota Statutes 2016, section 297A.66, subdivision 4, is amended to read:

Subd. 4. **Affiliated entities.** (a) An entity is an "affiliate" of the retailer for purposes of subdivision 1, paragraph (a), if the entity:

(1) ~~the entity~~ uses its facilities or employees in this state to advertise, promote, or facilitate the establishment or maintenance of a market for sales of items by the retailer to purchasers in this state or for the provision of services to the retailer's purchasers in this state, such as accepting returns of purchases for the retailer, providing assistance in resolving customer complaints of the retailer, or providing other services; ~~and~~

(2) ~~the retailer and the entity are related parties.~~ has the same or a similar business name to the retailer and sells, from a location or locations in this state, tangible personal property, digital goods, or services, taxable under this chapter, that are similar to that sold by the retailer;

(3) maintains an office, distribution facility, salesroom, warehouse, storage place, or other similar place of business in this state to facilitate the delivery of tangible personal property, digital goods, or services sold by the retailer to its customers in this state;

(4) maintains a place of business in this state and uses trademarks, service marks, or trade names in this state that are the same or substantially similar to those used by the retailer, and that use is done with the express or implied consent of the holder of the marks or names;

(5) delivers, installs, or assembles tangible personal property in this state, or performs maintenance or repair services on tangible personal property in this state, for tangible personal property sold by the retailer;

(6) facilitates the delivery of tangible personal property to customers of the retailer by allowing the customers to pick up tangible personal property sold by the retailer at a place of business the entity maintains in this state; or

(7) shares management, business systems, business practices, or employees with the retailer, or engages in intercompany transactions with the retailer related to the activities that establish or maintain the market in this state of the retailer.

(b) Two entities are related parties under this section if one of the entities meets at least one of the following tests with respect to the other entity:

(1) one or both entities is a corporation, and one entity and any party related to that entity in a manner that would require an attribution of stock from the corporation to the party or from the party to the corporation under the attribution rules of section 318 of the Internal Revenue Code owns directly, indirectly, beneficially, or constructively at least 50 percent of the value of the corporation's outstanding stock;

(2) one or both entities is a partnership, estate, or trust and any partner or beneficiary, and the partnership, estate, or trust and its partners or beneficiaries own directly, indirectly, beneficially, or constructively, in the aggregate, at least 50 percent of the profits, capital, stock, or value of the other entity or both entities; ~~or~~

(3) an individual stockholder and the members of the stockholder's family (as defined in section 318 of the Internal Revenue Code) owns directly, indirectly, beneficially, or constructively, in the aggregate, at least 50 percent of the value of both entities' outstanding stock;

(4) the entities are related within the meaning of subsections (b) and (c) of section 267 or 707(b)(1) of the Internal Revenue Code; or

(5) the entities have one or more ownership relationships and the relationships were designed with a principal purpose of avoiding the application of this section.

(c) An entity is an affiliate under the provisions of this subdivision if the requirements of paragraphs (a) and (b) are met during any part of the 12-month period ending on the first day of the month before the month in which the sale was made.

Sec. 10. Minnesota Statutes 2016, section 297A.66, is amended by adding a subdivision to read:

Subd. 4b. Collection and remittance requirements for marketplace providers and marketplace retailers.

(a) A marketplace provider shall collect sales and use taxes and remit them to the commissioner under section 297A.77 for all facilitated sales for a retailer, and is subject to audit on the retail sales it facilitates unless either:

(1) the retailer provides a copy of the retailer's registration to collect sales and use tax in this state to the marketplace provider before the marketplace provider facilitates a sale; or

(2) upon inquiry by the marketplace provider or its agent, the commissioner discloses that the retailer is registered to collect sales and use taxes in this state.

(b) Nothing in this subdivision shall be construed to interfere with the ability of a marketplace provider and a retailer to enter into an agreement regarding fulfillment of the requirements of this chapter.

(c) A marketplace provider is not liable under this subdivision for failure to file and collect and remit sales and use taxes if the marketplace provider demonstrates that the error was due to incorrect or insufficient information given to the marketplace provider by the retailer. This paragraph does not apply if the marketplace provider and the marketplace retailer are related as defined in subdivision 4, paragraph (b).

Sec. 11. Minnesota Statutes 2016, section 297A.67, subdivision 2, is amended to read:

Subd. 2. **Food and food ingredients.** Except as otherwise provided in this subdivision, food and food ingredients are exempt. For purposes of this subdivision, "food" and "food ingredients" mean substances, whether in liquid, concentrated, solid, frozen, dried, or dehydrated form, that are sold for ingestion or chewing by humans and are consumed for their taste or nutritional value. Food and food ingredients exempt under this subdivision do not include candy, soft drinks, ~~food sold through vending machines~~, dietary supplements, and prepared foods. Food and food ingredients do not include alcoholic beverages and tobacco. For purposes of this subdivision, "alcoholic beverages" means beverages that are suitable for human consumption and contain one-half of one percent or more of alcohol by volume. For purposes of this subdivision, "tobacco" means cigarettes, cigars, chewing or pipe tobacco, or any other item that contains tobacco. For purposes of this subdivision, "dietary supplements" means any product, other than tobacco, intended to supplement the diet that:

(1) contains one or more of the following dietary ingredients:

(i) a vitamin;

(ii) a mineral;

(iii) an herb or other botanical;

(iv) an amino acid;

(v) a dietary substance for use by humans to supplement the diet by increasing the total dietary intake; and

(vi) a concentrate, metabolite, constituent, extract, or combination of any ingredient described in items (i) to (v);

(2) is intended for ingestion in tablet, capsule, powder, softgel, gelcap, or liquid form, or if not intended for ingestion in such form, is not represented as conventional food and is not represented for use as a sole item of a meal or of the diet; and

(3) is required to be labeled as a dietary supplement, identifiable by the supplement facts box found on the label and as required pursuant to Code of Federal Regulations, title 21, section 101.36.

Sec. 12. Minnesota Statutes 2016, section 297A.67, subdivision 4, is amended to read:

Subd. 4. **Exempt meals at residential facilities.** Prepared food, candy, and soft drinks served to patients, inmates, or persons residing at hospitals, sanitariums, nursing homes, senior citizen homes, and correctional, detention, and detoxification facilities are exempt. Taxable food sold through vending machines is not exempt.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2017.

Sec. 13. Minnesota Statutes 2016, section 297A.67, subdivision 5, is amended to read:

Subd. 5. **Exempt meals at schools.** Prepared food, candy, and soft drinks served at public and private elementary, middle, or secondary schools as defined in section 120A.05 are exempt. Prepared food, candy, and soft drinks served to students at a college, university, or private career school under a board contract are exempt. Taxable food sold through vending machines is not exempt.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2017.

Sec. 14. Minnesota Statutes 2016, section 297A.67, subdivision 6, is amended to read:

Subd. 6. **Other exempt meals.** (a) Prepared food, candy, and soft drinks purchased for and served exclusively to individuals who are 60 years of age or over and their spouses or to disabled persons and their spouses by governmental agencies, nonprofit organizations, or churches, or pursuant to any program funded in whole or in part through United States Code, title 42, sections 3001 through 3045, wherever delivered, prepared, or served, are exempt. Taxable food sold through vending machines is not exempt.

(b) Prepared food, candy, and soft drinks purchased for and served exclusively to children who are less than 14 years of age or disabled children who are less than 16 years of age and who are attending a child care or early childhood education program, are exempt if they are:

(1) purchased by a nonprofit child care facility that is exempt under section 297A.70, subdivision 4, and that primarily serves families with income of 250 percent or less of federal poverty guidelines; and

(2) prepared at the site of the child care facility.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2017.

Sec. 15. Minnesota Statutes 2016, section 297A.67, is amended by adding a subdivision to read:

Subd. 34. **Precious metal bullion.** (a) Precious metal bullion is exempt. For purposes of this subdivision, "precious metal bullion" means bars or rounds that consist of 99.9 percent or more by weight of either gold, silver, platinum, or palladium and are marked with weight, purity, and content.

(b) The exemption under this subdivision does not apply to sales and purchases of jewelry, works of art, or scrap metal.

(c) The intent of this subdivision is to eliminate the difference in tax treatment between the sale of precious metal bullion and the sale of stock, bullion ETFs, bonds, and other investment instruments.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2017.

Sec. 16. Minnesota Statutes 2016, section 297A.67, is amended by adding a subdivision to read:

Subd. 35. **Suite licenses.** Suite licenses are exempt provided that: (1) the lessee may use the private suite, private skybox, or private box seat by mutual arrangement with the lessor on days when there is no amusement or athletic event; and (2) the sales price for the privilege of admission is separately stated and is equal to or greater than the highest priced general admission ticket for the closest seat not in the private suite, private skybox, or private box seat. The sale of the privilege of admission under section 297A.61, subdivision 3, paragraph (g), clause (1), to a place of amusement or athletic event does not include consideration paid for a license to use a private suite, private skybox, or private box seat.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2017.

Sec. 17. Minnesota Statutes 2016, section 297A.67, is amended by adding a subdivision to read:

Subd. 36. **Stadium builder's licenses.** Stadium builder's licenses authorized under section 473J.15, subdivision 14, are exempt. The sale of the privilege of admission under section 297A.61, subdivision 3, paragraph (g), clause (1), does not include consideration paid for a stadium builder's license authorized under section 473J.15, subdivision 14.

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

Sec. 18. Minnesota Statutes 2016, section 297A.68, subdivision 5, is amended to read:

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

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

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

- (1) machinery and equipment used to operate, control, or regulate the production equipment;
- (2) machinery and equipment used for research and development, design, quality control, and testing activities;
- (3) environmental control devices that are used to maintain conditions such as temperature, humidity, light, or air pressure when those conditions are essential to and are part of the production process;
- (4) materials and supplies used to construct and install machinery or equipment;
- (5) repair and replacement parts, including accessories, whether purchased as spare parts, repair parts, or as upgrades or modifications to machinery or equipment;
- (6) materials used for foundations that support machinery or equipment;
- (7) materials used to construct and install special purpose buildings used in the production process;
- (8) ready-mixed concrete equipment in which the ready-mixed concrete is mixed as part of the delivery process regardless if mounted on a chassis, repair parts for ready-mixed concrete trucks, and leases of ready-mixed concrete trucks; and
- (9) machinery or equipment used for research, development, design, or production of computer software.

(c) Capital equipment does not include the following:

- (1) motor vehicles taxed under chapter 297B;
- (2) machinery or equipment used to receive or store raw materials;
- (3) building materials, except for materials included in paragraph (b), clauses (6) and (7);

(4) machinery or equipment used for nonproduction purposes, including, but not limited to, the following: plant security, fire prevention, first aid, and hospital stations; support operations or administration; pollution control; and plant cleaning, disposal of scrap and waste, plant communications, space heating, cooling, lighting, or safety;

(5) farm machinery and aquaculture production equipment as defined by section 297A.61, subdivisions 12 and 13;

(6) machinery or equipment purchased and installed by a contractor as part of an improvement to real property;

(7) machinery and equipment used by restaurants in the furnishing, preparing, or serving of prepared foods as defined in section 297A.61, subdivision 31;

(8) machinery and equipment used to furnish the services listed in section 297A.61, subdivision 3, paragraph (g), clause (6), items (i) to (vi) and (viii);

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

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

(d) For purposes of this subdivision:

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

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

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

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

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

(6) "Manufacturing" means an operation or series of operations where raw materials are changed in form, composition, or condition by machinery and equipment and which results in the production of a new article of tangible personal property. For purposes of this subdivision, "manufacturing" includes the generation of electricity or steam to be sold at retail.

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

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

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

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

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

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2017.

Sec. 19. Minnesota Statutes 2016, section 297A.68, subdivision 9, is amended to read:

Subd. 9. **Super Bowl admissions and related events.** (a) The granting of the privilege of admission to a world championship football game sponsored by the National Football League is and to related events sponsored by the National Football League or its affiliates, or the Minnesota Super Bowl Host Committee, are exempt.

(b) The sale of nonresidential parking by the National Football League for attendance at a world championship football game sponsored by the National Football League and for related events sponsored by the National Football League or its affiliates, or the Minnesota Super Bowl Host Committee, is exempt. Purchases of nonresidential parking services by the Super Bowl Host Committee are purchases made exempt for resale.

(c) For the purposes of this subdivision:

(1) "related events sponsored by the National Football League or its affiliates" includes but is not limited to preparatory advance visits, NFL Experience, NFL Tailgate, NFL On Location, and NFL House; and

(2) "affiliates" does not include National Football League teams.

EFFECTIVE DATE. The amendments to this section are effective for sales and purchases made after June 30, 2016, and before March 1, 2018.

Sec. 20. Minnesota Statutes 2016, section 297A.68, subdivision 19, is amended to read:

Subd. 19. **Petroleum products.** The following petroleum products are exempt:

(1) products upon which a tax has been imposed and paid under chapter 296A, and for which no refund has been or will be allowed because the buyer used the fuel for nonhighway use;

(2) products that are used in the improvement of agricultural land by constructing, maintaining, and repairing drainage ditches, tile drainage systems, grass waterways, water impoundment, and other erosion control structures;

(3) products purchased by a transit system receiving financial assistance under section 174.24, 256B.0625, subdivision 17, or 473.384;

(4) products purchased by an ambulance service licensed under chapter 144E;

(5) products used in a passenger snowmobile, as defined in section 296A.01, subdivision 39, for off-highway business use as part of the operations of a resort as provided under section 296A.16, subdivision 2, clause (2);

(6) products purchased by a state or a political subdivision of a state for use in motor vehicles exempt from registration under section 168.012, subdivision 1, paragraph (b);

(7) products purchased by providers of transportation to recipients of medical assistance home and community-based services waivers enrolled in day programs, including adult day care, family adult day care, day treatment and habilitation, prevocational services, and structured day services; ~~or~~

(8) products used in a motor vehicle used exclusively as a mobile medical unit for the provision of medical or dental services by a federally qualified health center, as defined under title 19 of the federal Social Security Act, as amended by Section 4161 of the Omnibus Budget Reconciliation Act of 1990; or

(9) special fuel used for one of the following purposes:

(i) to power a refrigeration unit mounted on a licensed motor vehicle, provided that the unit has an engine separate from the one used to propel the vehicle and the fuel is used exclusively for the unit;

(ii) to power an unlicensed motor vehicle that is used solely or primarily to move semitrailers within a cargo yard, warehouse facility, or intermodal facility; or

(iii) to operate a power take-off unit or auxiliary engine in or on a licensed motor vehicle, whether or not the unit or engine is fueled from the same or a different fuel tank as that from which the motor vehicle is fueled.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2017.

Sec. 21. Minnesota Statutes 2016, section 297A.68, subdivision 35a, is amended to read:

Subd. 35a. **Telecommunications or pay television services machinery and equipment.** (a) Telecommunications or pay television services machinery and equipment purchased or leased for use directly by a telecommunications or pay television services provider primarily in the provision of telecommunications or pay television services that are ultimately to be sold at retail are exempt, regardless of whether purchased by the owner, a contractor, or a subcontractor.

(b) For purposes of this subdivision, "telecommunications or pay television machinery and equipment" includes, but is not limited to:

(1) machinery, equipment, and fixtures utilized in receiving, initiating, amplifying, processing, transmitting, retransmitting, recording, switching, or monitoring telecommunications or pay television services, such as computers, transformers, amplifiers, routers, bridges, repeaters, multiplexers, and other items performing comparable functions;

(2) machinery, equipment, and fixtures used in the transportation of telecommunications or pay television services, such as radio transmitters and receivers, satellite equipment, microwave equipment, fiber, conduit, and other transporting media, but not wire, cable, ~~fiber, or poles, or conduit~~;

(3) ancillary machinery, equipment, and fixtures that regulate, control, protect, or enable the machinery in clauses (1) and (2) to accomplish its intended function, such as auxiliary power supply, test equipment, towers, heating, ventilating, and air conditioning equipment necessary to the operation of the telecommunications or pay television equipment; and software necessary to the operation of the telecommunications or pay television equipment; and

(4) repair and replacement parts, including accessories, whether purchased as spare parts, repair parts, or as upgrades or modifications to qualified machinery or equipment.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2017.

Sec. 22. Minnesota Statutes 2016, section 297A.68, is amended by adding a subdivision to read:

Subd. 45. **Jukebox music.** The purchase of music, either as a digital audio work or in tangible form such as a record or compact disc, by operators that provide the service of making available jukeboxes as amusement devices, as provided in section 297A.61, subdivision 3, paragraph (g), clause (1), is exempt if the music is used exclusively for the jukebox.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2017.

Sec. 23. Minnesota Statutes 2016, section 297A.70, subdivision 4, is amended to read:

Subd. 4. **Sales to nonprofit groups.** (a) All sales, except those listed in paragraph (b), to the following "nonprofit organizations" are exempt:

(1) a corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, or educational purposes if the item purchased is used in the performance of charitable, religious, or educational functions; ~~and~~

(2) any senior citizen group or association of groups that:

(i) in general limits membership to persons who are either age 55 or older, or physically disabled;

(ii) is organized and operated exclusively for pleasure, recreation, and other nonprofit purposes, not including housing, no part of the net earnings of which inures to the benefit of any private shareholders; and

(iii) is an exempt organization under section 501(c) of the Internal Revenue Code-; and

(3) an organization that qualifies for an exemption for memberships under subdivision 12 if the item is purchased and used in the performance of the organization's mission.

For purposes of this subdivision, charitable purpose includes the maintenance of a cemetery owned by a religious organization.

(b) This exemption does not apply to the following sales:

(1) building, construction, or reconstruction materials purchased by a contractor or a subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed maximum price covering both labor and materials for use in the construction, alteration, or repair of a building or facility;

(2) construction materials purchased by tax-exempt entities or their contractors to be used in constructing buildings or facilities that will not be used principally by the tax-exempt entities;

(3) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause (2), and prepared food, candy, soft drinks, and alcoholic beverages as defined in section 297A.67, subdivision 2, except wine purchased by an established religious organization for sacramental purposes or as allowed under subdivision 9a; and

(4) leasing of a motor vehicle as defined in section 297B.01, subdivision 11, except as provided in paragraph (c).

(c) This exemption applies to the leasing of a motor vehicle as defined in section 297B.01, subdivision 11, only if the vehicle is:

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

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

(d) A limited liability company also qualifies for exemption under this subdivision if (1) it consists of a sole member that would qualify for the exemption, and (2) the items purchased qualify for the exemption.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2017.

Sec. 24. Minnesota Statutes 2016, section 297A.70, is amended by adding a subdivision to read:

Subd. 11a. **Minnesota State High School League tickets and admissions.** Tickets and admissions to games, events, and activities sponsored by the Minnesota State High School League under chapter 128C are exempt.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2017, and before July 1, 2027.

Sec. 25. Minnesota Statutes 2016, section 297A.70, subdivision 12, is amended to read:

Subd. 12. **YMCA, YWCA, and JCC, and similar memberships.** (a) The sale of memberships, meaning both onetime initiation fees and periodic membership dues, to an association incorporated under section 315.44 or an organization defined under section 315.51, or a nonprofit organization offering similar services are exempt. However, all separate charges made for the privilege of having access to and the use of the association's sports and athletic facilities are taxable.

(b) For purposes of this subdivision, a "nonprofit organization offering similar services" means an exempt organization under section 501(c)(3) of the Internal Revenue Code, whose mission is to support youth and families through a variety of activities, including membership allowing access to athletic facilities, and who provide free or reduced-price memberships to seniors or low-income persons or families.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2017.

Sec. 26. Minnesota Statutes 2016, section 297A.70, subdivision 14, is amended to read:

Subd. 14. **Fund-raising events sponsored by nonprofit groups.** (a) Sales of tangible personal property or services at, and admission charges for fund-raising events sponsored by, a nonprofit organization are exempt if:

(1) all gross receipts are recorded as such, in accordance with generally accepted accounting practices, on the books of the nonprofit organization; and

(2) the entire proceeds, less the necessary expenses for the event, will be used solely and exclusively for charitable, religious, or educational purposes. Exempt sales include the sale of prepared food, candy, and soft drinks at the fund-raising event.

(b) This exemption is limited in the following manner:

(1) it does not apply to admission charges for events involving bingo or other gambling activities or to charges for use of amusement devices involving bingo or other gambling activities;

(2) all gross receipts are taxable if the profits are not used solely and exclusively for charitable, religious, or educational purposes;

(3) it does not apply unless the organization keeps a separate accounting record, including receipts and disbursements from each fund-raising event that documents all deductions from gross receipts with receipts and other records;

(4) it does not apply to any sale made by or in the name of a nonprofit corporation as the active or passive agent of a person that is not a nonprofit corporation;

(5) all gross receipts are taxable if fund-raising events exceed 24 days per year;

(6) it does not apply to fund-raising events conducted on premises leased for more than ~~five~~ ten days but less than 30 days; and

(7) it does not apply if the risk of the event is not borne by the nonprofit organization and the benefit to the nonprofit organization is less than the total amount of the state and local tax revenues forgone by this exemption.

(c) For purposes of this subdivision, a "nonprofit organization" means any unit of government, corporation, society, association, foundation, or institution organized and operated for charitable, religious, educational, civic, fraternal, and senior citizens' or veterans' purposes, no part of the net earnings of which inures to the benefit of a private individual.

(d) For purposes of this subdivision, "fund-raising events" means activities of limited duration, not regularly carried out in the normal course of business, that attract patrons for community, social, and entertainment purposes, such as auctions, bake sales, ice cream socials, block parties, carnivals, competitions, concerts, concession stands, craft sales, bazaars, dinners, dances, door-to-door sales of merchandise, fairs, fashion shows, festivals, galas, special event workshops, sporting activities such as marathons and tournaments, and similar events. Fund-raising events do not include the operation of a regular place of business in which services are provided or sales are made during regular hours such as bookstores, thrift stores, gift shops, restaurants, ongoing Internet sales, regularly scheduled classes, or other activities carried out in the normal course of business.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2017.

Sec. 27. Minnesota Statutes 2016, section 297A.70, is amended by adding a subdivision to read:

Subd. 21. **Ice arenas and rinks.** Sales to organizations that exist primarily for the purpose of operating ice arenas or rinks that are part of the Duluth Heritage Sports Center and are used for youth and high school programs are exempt if the organization is a private, nonprofit corporation exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2017.

Sec. 28. Minnesota Statutes 2016, section 297A.71, subdivision 44, is amended to read:

Subd. 44. **Building materials, capital projects.** (a) Materials and supplies used or consumed in and equipment incorporated into the construction or improvement of a capital project funded partially or wholly under section 297A.9905 are exempt, provided that the project has either:

(1) a total construction cost of at least \$40,000,000 within a 24-month period; or

(2) a total construction cost of at least \$100,000,000 for a sports facility project that begins after July 1, 2016, and before December 31, 2017.

(b) Materials and supplies used or consumed in and equipment incorporated into the construction, remodeling, expansion, or improvement of an ice arena or other buildings or facilities owned and operated by the city of Plymouth are exempt. For purposes of this paragraph, "facilities" include municipal streets and facilities associated with streets including but not limited to lighting, curbs and gutters, and sidewalks. The total amount of refund on all building materials, supplies, and equipment that the city may apply for under this paragraph is \$2,500,000.

(c) The tax on purchases exempt under ~~this provision~~ paragraph (a), clause (1), and paragraph (b), must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied and then refunded in the manner provided in section 297A.75. Notwithstanding section 289A.40, the city of Plymouth must file for refund by December 31, 2017, for sales tax paid on all eligible purchases under paragraph (b) made prior to December 31, 2015.

(d) The exemption under paragraph (a), clause (2), expires one year after the date that the first major sports game is played at the sports facility.

EFFECTIVE DATE. (a) The amendment adding paragraph (b) and to paragraph (c) is effective retroactively for sales and purchases made after January 1, 2013.

(b) The amendment adding paragraph (d) and to paragraph (a) is effective the day following final enactment.

Sec. 29. Minnesota Statutes 2016, section 297A.71, is amended by adding a subdivision to read:

Subd. 49. **Construction materials purchased by contractors; exemption for certain entities.** (a) Building, construction, or reconstruction materials and supplies used or consumed in, and equipment incorporated into, buildings or facilities used principally by the following entities are exempt:

(1) school districts, as defined under section 297A.70, subdivision 2, paragraph (c);

(2) local governments, as defined under section 297A.70, subdivision 2, paragraph (d);

(3) hospitals and nursing homes owned and operated by political subdivisions of the state, as defined under section 297A.70, subdivision 2, paragraph (a), clause (3);

(4) public libraries; library systems; multicounty, multitype library systems, as defined in section 134.001; and county law libraries under chapter 134A;

(5) nonprofit groups, as defined under section 297A.70, subdivision 4;

(6) hospitals, outpatient surgical centers, and critical access dental providers, as defined under section 297A.70, subdivision 7; and

(7) nursing homes and boarding care homes, as defined under section 297A.70, subdivision 18.

(b) Materials and supplies used and consumed in, and equipment incorporated into, the construction, reconstruction, repair, maintenance, or improvement of public infrastructure of any kind including, but not limited to, roads, bridges, culverts, drinking water facilities, and wastewater facilities purchased by a contractor or subcontractor of the following entities are exempt:

(1) school districts, as defined under section 297A.70, subdivision 2, paragraph (c); or

(2) local governments, as defined under section 297A.70, subdivision 2, paragraph (d).

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

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2017.

Sec. 30. Minnesota Statutes 2016, section 297A.71, is amended by adding a subdivision to read:

Subd. 50. **Properties destroyed by fire.** Building materials and supplies used in, and equipment incorporated into, the construction or replacement of real property that is located in Madelia affected by the fire on February 3, 2016, are exempt. The tax must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied and then refunded in the manner provided in section 297A.75.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after December 31, 2015, and before July 1, 2018.

Sec. 31. Minnesota Statutes 2016, section 297A.71, is amended by adding a subdivision to read:

Subd. 51. **Properties destroyed by fire.** (a) Building materials and supplies used in, and equipment incorporated into, the construction or replacement of real property that is located in Melrose affected by the fire on September 8, 2016, are exempt.

(b) For sales and purchases made after September 30, 2016, and before July 1, 2017, the tax must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied and then refunded in the manner provided in section 297A.75.

EFFECTIVE DATE. Paragraph (a) is effective retroactively for sales and purchases made after September 30, 2016, and before January 1, 2019. Paragraph (b) is effective for sales and purchases made after September 30, 2016, and before July 1, 2017.

Sec. 32. Minnesota Statutes 2016, section 297A.75, subdivision 1, is amended to read:

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

- (1) building materials for an agricultural processing facility exempt under section 297A.71, subdivision 13;
- (2) building materials for mineral production facilities exempt under section 297A.71, subdivision 14;
- (3) building materials for correctional facilities under section 297A.71, subdivision 3;
- (4) building materials used in a residence for disabled veterans exempt under section 297A.71, subdivision 11;
- (5) elevators and building materials exempt under section 297A.71, subdivision 12;
- (6) materials and supplies for qualified low-income housing under section 297A.71, subdivision 23;
- (7) materials, supplies, and equipment for municipal electric utility facilities under section 297A.71, subdivision 35;
- (8) equipment and materials used for the generation, transmission, and distribution of electrical energy and an aerial camera package exempt under section 297A.68, subdivision 37;
- (9) commuter rail vehicle and repair parts under section 297A.70, subdivision 3, paragraph (a), clause (10);
- (10) materials, supplies, and equipment for construction or improvement of projects and facilities under section 297A.71, subdivision 40;
- (11) materials, supplies, and equipment for construction, improvement, or expansion of:
 - (i) an aerospace defense manufacturing facility exempt under Minnesota Statutes 2014, section 297A.71, subdivision 42;
 - (ii) a biopharmaceutical manufacturing facility exempt under section 297A.71, subdivision 45;
 - (iii) a research and development facility exempt under Minnesota Statutes 2014, section 297A.71, subdivision 46; and
 - (iv) an industrial measurement manufacturing and controls facility exempt under Minnesota Statutes 2014, section 297A.71, subdivision 47;
- (12) enterprise information technology equipment and computer software for use in a qualified data center exempt under section 297A.68, subdivision 42;
- (13) materials, supplies, and equipment for qualifying capital projects under section 297A.71, subdivision 44, paragraph (a), clause (1), and paragraph (b);
- (14) items purchased for use in providing critical access dental services exempt under section 297A.70, subdivision 7, paragraph (c); ~~and~~
- (15) items and services purchased under a business subsidy agreement for use or consumption primarily in greater Minnesota exempt under section 297A.68, subdivision 44;

(16) building construction or reconstruction materials, supplies, and equipment purchased by an entity eligible under section 297A.71, subdivision 49;

(17) building materials, equipment, and supplies for constructing or replacing real property exempt under section 297A.71, subdivision 50; and

(18) building materials, equipment, and supplies for constructing or replacing real property exempt under section 297A.71, subdivision 51, paragraph (b).

EFFECTIVE DATE. (a) The amendment adding clause (16) is effective for sales and purchases made after June 30, 2017.

(b) The amendment adding clause (17) is effective retroactively for sales and purchases made after December 31, 2015.

(c) The amendment adding clause (18) is effective retroactively for sales and purchases made after September 30, 2016.

Sec. 33. Minnesota Statutes 2016, section 297A.75, subdivision 2, is amended to read:

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

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

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

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

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

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

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

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

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

(9) for subdivision 1, clause (16), the applicant must be the entity eligible under section 297A.71, subdivision 49;

(10) for subdivision 1, clause (17), the applicant must be the owner or developer of the building or project; and

(11) for subdivision 1, clause (18), the applicant must be the owner or developer of the building or project.

EFFECTIVE DATE. (a) The amendment adding clause (9) is effective for sales and purchases made after June 30, 2017.

(b) The amendment adding clause (10) is effective retroactively for sales and purchases made after December 31, 2015.

(c) The amendment adding clause (11) is effective retroactively for sales and purchases made after September 30, 2016.

Sec. 34. Minnesota Statutes 2016, section 297A.75, subdivision 3, is amended to read:

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

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

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2017.

Sec. 35. Minnesota Statutes 2016, section 297A.75, subdivision 5, is amended to read:

Subd. 5. **Appropriation.** (a) The amount required to make the refunds is annually appropriated to the commissioner.

(b) For fiscal years 2018 and 2019 only, revenues dedicated under the Minnesota Constitution, article XI, section 15, shall not be reduced for any portion of the refunds paid for the following exemptions:

(1) the exemption under section 297A.71, subdivision 44, paragraph (b);

(2) the expansion of the exemption under section 297A.68, subdivision 44, due to sections 2 and 3; and

(3) the exemptions in section 297A.71, subdivisions 49, 50, and 51.

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

Sec. 36. Minnesota Statutes 2016, section 297A.94, is amended to read:

297A.94 DEPOSIT OF REVENUES.

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

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

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

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

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

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

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

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

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

(e) 72.43 percent of the revenues, including interest and penalties, transmitted to the commissioner under section 297A.65, must be deposited by the commissioner in the state treasury as follows:

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

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

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

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

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

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

(g) The commissioner must deposit the revenues, including interest and penalties minus any refunds, derived from the sale of items regulated under section 624.20, subdivision 1, that may be sold to persons 18 years old or older and that are not prohibited from use by the general public under section 624.21, in the state treasury and credit:

(1) 25 percent to the volunteer fire assistance grant account established under section 88.068;

(2) 25 percent to the fire safety account established under section 297I.06, subdivision 3; and

(3) the remainder to the general fund.

For purposes of this paragraph, the percentage of total sales and use tax revenue derived from the sale of items regulated under section 624.20, subdivision 1, that are allowed to be sold to persons 18 years old or older and are not prohibited from use by the general public under section 624.21, is a set percentage of the total sales and use tax revenues collected in the state, with the percentage determined under section 38.

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

EFFECTIVE DATE. This section is effective for sales and purchases made after December 31, 2017.

Sec. 37. Minnesota Statutes 2016, section 297A.9905, is amended to read:

297A.9905 USE OF LOCAL TAX REVENUES BY CITIES OF THE FIRST CLASS.

(a) Notwithstanding section 297A.99, or other general or special law or charter provision, if the revenues from any local tax imposed on retail sales under special law by a city of the first class exceeds the amount needed to fund the uses authorized in the special law, the city may expend the excess revenue from the tax to fund other capital projects of regional significance.

(b) For purposes of this section:

(1) "city of the first class" has the meaning given in section 410.01; and

(2) "capital project of regional significance" means construction, expansion, or renovation of a sports facility or convention or civic center, ~~that has a construction cost of at least \$40,000,000~~ that meets the requirements of section 297A.71, subdivision 44, paragraph (a).

EFFECTIVE DATE. This section is effective for sales and purchases made after the day of final enactment.

Sec. 38. CALCULATION OF THE PERCENT OF SALES TAX REVENUE ATTRIBUTABLE TO THE SALE OF CERTAIN FIREWORKS-RELATED ITEMS.

By December 1, 2017, the commissioner of revenue must estimate the percentage of total sales tax revenues collected in calendar year 2016 that is attributable to the sales and purchases of items regulated under Minnesota Statutes, section 624.20, subdivision 1, that are allowed to be sold to persons 18 years old or older and that are not prohibited from use by the general public under section 624.21. When making the determination, the commissioner may consult with representatives from producers and retailers, industry trade groups, and the most recently available national and state information. The commissioner's decision is final. The commissioner's determination under this section is not a rule and is not subject to Minnesota Statutes, chapter 14, including section 14.386.

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

Sec. 39. SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS USED BY A NONPROFIT ECONOMIC DEVELOPMENT CORPORATION.

Subdivision 1. Exemption; refund. Materials and supplies used or consumed in and equipment incorporated into the construction of a retail development consisting of retail space for a grocery store, fueling center, and other retail space by a nonprofit economic development corporation that is an exempt organization under section 501(c)(3) of the Internal Revenue Code are exempt from sales and use tax under Minnesota Statutes, chapter 297A, provided that the development is located in a city with no grocery store and the city is at least 20 miles from another city with a grocery store. The exemption applies to materials, supplies, and equipment purchased after January 1, 2013, and before January 1, 2017. The tax must be imposed and collected as if the rate in Minnesota Statutes, section 297A.62, applied and the nonprofit economic development corporation must apply for the refund of the tax in the same manner as provided under Minnesota Statutes, section 297A.75, subdivision 1, clause (11). Notwithstanding Minnesota Statutes, section 289A.40, the economic development corporation must file for refund by December 31, 2017, for the sales and use tax paid on all eligible purchases under this section.

Subd. 2. Appropriation. The amount required to pay the refunds under subdivision 1, including refunds that would otherwise reduce the revenues transferred from the general fund as required under the Minnesota Constitution, article XI, section 15, is appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective the day following final enactment and applies retroactively to sales and purchases made after January 1, 2013, and before January 1, 2017.

Sec. 40. CERTAIN REIMBURSEMENT AUTHORIZED; CONSIDERED OPERATING OR CAPITAL EXPENSES.

Subdivision 1. Reimbursement authorized. (a) An amount equivalent to the taxes paid under Minnesota Statutes, chapter 297A, and any local taxes administered by the Department of Revenue, on purchases of tangible personal property, nonresidential parking services, and lodging, as these terms are defined in Minnesota Statutes, chapter 297A, used and consumed in connection with Super Bowl LII or related events sponsored by the National Football League or its affiliates, will be reimbursed by the Minnesota Sports Facilities Authority up to \$1,600,000, if made after June 30, 2016, and before March 1, 2018. Only purchases made by the Minnesota Super Bowl Host Committee, the National Football League or its affiliates, or their employees or independent contractors, qualify to be reimbursed under this section.

(b) For purposes of this subdivision:

(1) "employee or independent contractor" means only those employees or independent contractors that make qualifying purchases that are reimbursed by the Minnesota Super Bowl Host Committee or the National Football League or its affiliates; and

(2) "related events sponsored by the National Football League or its affiliates" includes but is not limited to preparatory advance visits, NFL Experience, NFL Tailgate, NFL Honors, and NFL House.

Subd. 2. Operating reserve and capital reserve fund. Notwithstanding the requirements of Minnesota Statutes, section 473J.13, subdivisions 2 and 4, up to \$1,600,000 of the balance in the operating reserve or capital reserve fund may be used for the purposes of paying reimbursements authorized under subdivision 1.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2016, and before March 1, 2018.

Sec. 41. **REIMBURSEMENTS TO CERTAIN CONSTITUTIONALLY DEDICATED FUNDS FOR EXPANDED SALES TAX EXEMPTIONS.**

The commissioner of management and budget, by June 15 in fiscal years 2018 and 2019 only, shall increase the revenues transferred from the general fund as required under the Minnesota Constitution, article XI, section 15, by an amount equal to the estimated amount of reduction to these revenues for that fiscal year due to the enactment of new sales tax exemptions or the expansion of existing sales tax exemptions provided in sections 5, 6, 11 to 19, 21 to 27, and 31, the amendments to paragraph (a) and adding paragraph (d) to Minnesota Statutes, section 297A.71, subdivision 44, in section 28, and changes in tobacco taxes under Minnesota Statutes, chapter 297F, in article 9. The commissioner of revenue shall make the estimate of this revenue reduction by June 1 of each fiscal year and inform the commissioner of management and budget. The appropriations under this section are onetime and not added to the base budget.

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

Sec. 42. **SEVERABILITY.**

If any provision of sections 7 to 10 or the application thereof is held invalid, such invalidity shall not affect the provisions or applications of the sections that can be given effect without the invalid provisions or applications.

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

Sec. 43. **EFFECTIVE DATE.**

(a) The provisions of sections 7 to 10 are effective at the earlier of:

(1) a decision by the United States Supreme Court modifying its decision in Quill Corp. v. North Dakota, 504 U.S. 298 (1992) so that a state may require retailers without a physical presence in the state to collect and remit sales tax; or

(2) July 1, 2019.

(b) Notwithstanding paragraph (a) or the provisions of sections 7 to 10, if a federal law is enacted authorizing a state to impose a requirement to collect and remit sales tax on retailers without a physical presence in the state, the commissioner must enforce the provisions of this section and sections 7 to 10 to the extent allowed under federal law.

(c) The commissioner of revenue shall notify the revisor of statutes when either of the provisions in paragraph (a) or (b) apply.

ARTICLE 4
AIDS AND CREDITS

Section 1. Minnesota Statutes 2016, section 123B.53, subdivision 4, is amended to read:

Subd. 4. **Debt service equalization revenue.** (a) The debt service equalization revenue of a district equals the sum of the first tier debt service equalization revenue and the second tier debt service equalization revenue.

(b) The first tier debt service equalization revenue of a district equals the greater of zero or the eligible debt service revenue minus the amount raised by a levy of ~~15.74 percent~~ the first tier initial effort rate times the adjusted net tax capacity of the district minus the second tier debt service equalization revenue of the district.

(c) The second tier debt service equalization revenue of a district equals the greater of zero or the eligible debt service revenue, minus the amount raised by a levy of 26.24 percent times the adjusted net tax capacity of the district.

(d) The first tier initial effort rate for fiscal year 2018 is 15.74 percent. The first tier initial effort rate for fiscal year 2019 and fiscal year 2020 is ten percent. The first tier initial effort rate for fiscal year 2021 and later is 15.74 percent.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 2. Minnesota Statutes 2016, section 123B.53, subdivision 5, is amended to read:

Subd. 5. **Equalized debt service levy.** (a) The equalized debt service levy of a district equals the sum of the first tier equalized debt service levy and the second tier equalized debt service levy.

(b) A district's first tier equalized debt service levy equals the district's first tier debt service equalization revenue times the lesser of one or the ratio of:

(1) the quotient derived by dividing the adjusted net tax capacity of the district for the year before the year the levy is certified by the adjusted pupil units in the district for the school year ending in the year prior to the year the levy is certified; to

(2) ~~\$3,400 in fiscal year 2016, \$4,430 in fiscal year 2017, and the greater of \$4,430 or 55.33 percent of the initial equalizing factor in fiscal year 2018 and later, 75 percent of the initial equalizing factor in fiscal year 2019 and fiscal year 2020, and 55.33 percent of the initial equalizing factor in fiscal year 2021 and later.~~

(c) A district's second tier equalized debt service levy equals the district's second tier debt service equalization revenue times the lesser of one or the ratio of:

(1) the quotient derived by dividing the adjusted net tax capacity of the district for the year before the year the levy is certified by the adjusted pupil units in the district for the school year ending in the year prior to the year the levy is certified; to

(2) \$8,000 in fiscal years 2016 and 2017, and the greater of \$8,000 or 100 percent of the initial equalizing factor in fiscal year 2018 and later.

(d) For the purposes of this subdivision, the initial equalizing factor equals the quotient derived by dividing the total adjusted net tax capacity of all school districts in the state for the year before the year the levy is certified by the total number of adjusted pupil units in all school districts in the state in the year before the year the levy is certified.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 3. Minnesota Statutes 2016, section 127A.45, subdivision 10, is amended to read:

Subd. 10. **Payments to school nonoperating funds.** Each fiscal year state general fund payments for a district nonoperating fund must be made at the current year aid payment percentage of the estimated entitlement during the fiscal year of the entitlement. This amount shall be paid in ~~42~~ six equal monthly installments beginning in July. The amount of the actual entitlement, after adjustment for actual data, minus the payments made during the fiscal year of the entitlement must be paid prior to October 31 of the following school year. The commissioner may make advance payments of debt service equalization aid and state-paid tax credits for a district's debt service fund earlier

than would occur under the preceding schedule if the district submits evidence showing a serious cash flow problem in the fund. The commissioner may make earlier payments during the year and, if necessary, increase the percent of the entitlement paid to reduce the cash flow problem.

EFFECTIVE DATE. This section is effective beginning with fiscal year 2019.

Sec. 4. **[273.1387] SCHOOL BUILDING BOND AGRICULTURAL CREDIT.**

Subdivision 1. **Eligibility.** All class 2a, 2b, and 2c property under section 273.13, subdivision 23, other than property consisting of the house, garage, and immediately surrounding one acre of land of an agricultural homestead, is eligible to receive the credit under this section.

Subd. 2. **Credit amount.** For each qualifying property, the school building bond agricultural credit is equal to 40 percent of the property's eligible net tax capacity multiplied by the school debt tax rate determined under section 275.08, subdivision 1b.

Subd. 3. **Credit reimbursements.** The county auditor shall determine the tax reductions allowed under this section within the county for each taxes payable year and shall certify that amount to the commissioner of revenue as a part of the abstracts of tax lists submitted under section 275.29. Any prior year adjustments shall also be certified on the abstracts of tax lists. The commissioner shall review the certifications for accuracy, and may make such changes as are deemed necessary, or return the certification to the county auditor for correction. The credit under this section must be used to reduce the school district net tax capacity-based property tax as provided in section 273.1393.

Subd. 4. **Payment.** The commissioner of revenue shall certify the total of the tax reductions granted under this section for each taxes payable year within each school district to the commissioner of education, who shall pay the reimbursement amounts to each school district as provided in section 273.1392.

Subd. 5. **Appropriation.** An amount sufficient to make the payments required by this section is annually appropriated from the general fund to the commissioner of education.

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2018.

Sec. 5. Minnesota Statutes 2016, section 273.1392, is amended to read:

273.1392 PAYMENT; SCHOOL DISTRICTS.

The amounts of bovine tuberculosis credit reimbursements under section 273.113; conservation tax credits under section 273.119; disaster or emergency reimbursement under sections 273.1231 to 273.1235; ~~homestead and~~ agricultural credits under ~~section~~ sections 273.1384 and 273.1387; aids and credits under section 273.1398; enterprise zone property credit payments under section 469.171; and metropolitan agricultural preserve reduction under section 473H.10 for school districts, shall be certified to the Department of Education by the Department of Revenue. The amounts so certified shall be paid according to section 127A.45, subdivisions 9, 10, and 13.

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2018.

Sec. 6. Minnesota Statutes 2016, section 273.1393, is amended to read:

273.1393 COMPUTATION OF NET PROPERTY TAXES.

Notwithstanding any other provisions to the contrary, "net" property taxes are determined by subtracting the credits in the order listed from the gross tax:

- (1) disaster credit as provided in sections 273.1231 to 273.1235;
- (2) powerline credit as provided in section 273.42;
- (3) agricultural preserves credit as provided in section 473H.10;
- (4) enterprise zone credit as provided in section 469.171;
- (5) disparity reduction credit;
- (6) conservation tax credit as provided in section 273.119;
- (7) the school bond credit as provided in section 273.1387;
- (8) agricultural credit as provided in section 273.1384;
- ~~(8)~~ (9) taconite homestead credit as provided in section 273.135;
- ~~(9)~~ (10) supplemental homestead credit as provided in section 273.1391; and
- ~~(10)~~ (11) the bovine tuberculosis zone credit, as provided in section 273.113.

The combination of all property tax credits must not exceed the gross tax amount.

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2018.

Sec. 7. Minnesota Statutes 2016, section 275.065, subdivision 3, is amended to read:

Subd. 3. **Notice of proposed property taxes.** (a) The county auditor shall prepare and the county treasurer shall deliver after November 10 and on or before November 24 each year, by first class mail to each taxpayer at the address listed on the county's current year's assessment roll, a notice of proposed property taxes. Upon written request by the taxpayer, the treasurer may send the notice in electronic form or by electronic mail instead of on paper or by ordinary mail.

(b) The commissioner of revenue shall prescribe the form of the notice.

(c) The notice must inform taxpayers that it contains the amount of property taxes each taxing authority proposes to collect for taxes payable the following year. In the case of a town, or in the case of the state general tax, the final tax amount will be its proposed tax. The notice must clearly state for each city that has a population over 500, county, school district, regional library authority established under section 134.201, and metropolitan taxing districts as defined in paragraph (i), the time and place of a meeting for each taxing authority in which the budget and levy will be discussed and public input allowed, prior to the final budget and levy determination. The taxing authorities must provide the county auditor with the information to be included in the notice on or before the time it certifies its proposed levy under subdivision 1. The public must be allowed to speak at that meeting, which must occur after

November 24 and must not be held before 6:00 p.m. It must provide a telephone number for the taxing authority that taxpayers may call if they have questions related to the notice and an address where comments will be received by mail, except that no notice required under this section shall be interpreted as requiring the printing of a personal telephone number or address as the contact information for a taxing authority. If a taxing authority does not maintain public offices where telephone calls can be received by the authority, the authority may inform the county of the lack of a public telephone number and the county shall not list a telephone number for that taxing authority.

(d) The notice must state for each parcel:

(1) the market value of the property as determined under section 273.11, and used for computing property taxes payable in the following year and for taxes payable in the current year as each appears in the records of the county assessor on November 1 of the current year; and, in the case of residential property, whether the property is classified as homestead or nonhomestead. The notice must clearly inform taxpayers of the years to which the market values apply and that the values are final values;

(2) the items listed below, shown separately by county, city or town, and state general tax, agricultural homestead credit under section 273.1384, school building bond agricultural credit under section 273.1387, voter approved school levy, other local school levy, and the sum of the special taxing districts, and as a total of all taxing authorities:

(i) the actual tax for taxes payable in the current year; and

(ii) the proposed tax amount.

If the county levy under clause (2) includes an amount for a lake improvement district as defined under sections 103B.501 to 103B.581, the amount attributable for that purpose must be separately stated from the remaining county levy amount.

In the case of a town or the state general tax, the final tax shall also be its proposed tax unless the town changes its levy at a special town meeting under section 365.52. If a school district has certified under section 126C.17, subdivision 9, that a referendum will be held in the school district at the November general election, the county auditor must note next to the school district's proposed amount that a referendum is pending and that, if approved by the voters, the tax amount may be higher than shown on the notice. In the case of the city of Minneapolis, the levy for Minneapolis Park and Recreation shall be listed separately from the remaining amount of the city's levy. In the case of the city of St. Paul, the levy for the St. Paul Library Agency must be listed separately from the remaining amount of the city's levy. In the case of Ramsey County, any amount levied under section 134.07 may be listed separately from the remaining amount of the county's levy. In the case of a parcel where tax increment or the fiscal disparities areawide tax under chapter 276A or 473F applies, the proposed tax levy on the captured value or the proposed tax levy on the tax capacity subject to the areawide tax must each be stated separately and not included in the sum of the special taxing districts; and

(3) the increase or decrease between the total taxes payable in the current year and the total proposed taxes, expressed as a percentage.

For purposes of this section, the amount of the tax on homesteads qualifying under the senior citizens' property tax deferral program under chapter 290B is the total amount of property tax before subtraction of the deferred property tax amount.

(e) The notice must clearly state that the proposed or final taxes do not include the following:

(1) special assessments;

(2) levies approved by the voters after the date the proposed taxes are certified, including bond referenda and school district levy referenda;

(3) a levy limit increase approved by the voters by the first Tuesday after the first Monday in November of the levy year as provided under section 275.73;

(4) amounts necessary to pay cleanup or other costs due to a natural disaster occurring after the date the proposed taxes are certified;

(5) amounts necessary to pay tort judgments against the taxing authority that become final after the date the proposed taxes are certified; and

(6) the contamination tax imposed on properties which received market value reductions for contamination.

(f) Except as provided in subdivision 7, failure of the county auditor to prepare or the county treasurer to deliver the notice as required in this section does not invalidate the proposed or final tax levy or the taxes payable pursuant to the tax levy.

(g) If the notice the taxpayer receives under this section lists the property as nonhomestead, and satisfactory documentation is provided to the county assessor by the applicable deadline, and the property qualifies for the homestead classification in that assessment year, the assessor shall reclassify the property to homestead for taxes payable in the following year.

(h) In the case of class 4 residential property used as a residence for lease or rental periods of 30 days or more, the taxpayer must either:

(1) mail or deliver a copy of the notice of proposed property taxes to each tenant, renter, or lessee; or

(2) post a copy of the notice in a conspicuous place on the premises of the property.

The notice must be mailed or posted by the taxpayer by November 27 or within three days of receipt of the notice, whichever is later. A taxpayer may notify the county treasurer of the address of the taxpayer, agent, caretaker, or manager of the premises to which the notice must be mailed in order to fulfill the requirements of this paragraph.

(i) For purposes of this subdivision and subdivision 6, "metropolitan special taxing districts" means the following taxing districts in the seven-county metropolitan area that levy a property tax for any of the specified purposes listed below:

(1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325, 473.446, 473.521, 473.547, or 473.834;

(2) Metropolitan Airports Commission under section 473.667, 473.671, or 473.672; and

(3) Metropolitan Mosquito Control Commission under section 473.711.

For purposes of this section, any levies made by the regional rail authorities in the county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter 398A shall be included with the appropriate county's levy.

(j) The governing body of a county, city, or school district may, with the consent of the county board, include supplemental information with the statement of proposed property taxes about the impact of state aid increases or decreases on property tax increases or decreases and on the level of services provided in the affected jurisdiction. This supplemental information may include information for the following year, the current year, and for as many consecutive preceding years as deemed appropriate by the governing body of the county, city, or school district. It may include only information regarding:

(1) the impact of inflation as measured by the implicit price deflator for state and local government purchases;

(2) population growth and decline;

(3) state or federal government action; and

(4) other financial factors that affect the level of property taxation and local services that the governing body of the county, city, or school district may deem appropriate to include.

The information may be presented using tables, written narrative, and graphic representations and may contain instruction toward further sources of information or opportunity for comment.

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2018.

Sec. 8. Minnesota Statutes 2016, section 275.07, subdivision 2, is amended to read:

Subd. 2. **School district ~~in more than one county~~ levies; special requirements.** (a) In school districts lying in more than one county, the clerk shall certify the tax levied to the auditor of the county in which the administrative offices of the school district are located.

(b) The district must identify the portion of the school district levy that is levied for debt service at the time the levy is certified under this section. For the purposes of this paragraph, "levied for debt service" means levies authorized under sections 123B.53, 123B.535, and 123B.55, as adjusted by sections 126C.46 and 126C.48, net of any debt excess levy reductions under section 475.61, subdivision 4, excluding debt service amounts necessary for repayment of other postemployment benefits under section 475.52, subdivision 6.

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2018.

Sec. 9. Minnesota Statutes 2016, section 275.08, subdivision 1b, is amended to read:

Subd. 1b. **Computation of tax rates.** (a) The amounts certified to be levied against net tax capacity under section 275.07 by an individual local government unit shall be divided by the total net tax capacity of all taxable properties within the local government unit's taxing jurisdiction. The resulting ratio, the local government's local tax rate, multiplied by each property's net tax capacity shall be each property's net tax capacity tax for that local government unit before reduction by any credits.

(b) The auditor must also determine the school debt tax rate for each school district equal to (1) the school debt service levy certified under section 275.07, subdivision 2, divided by (2) the total net tax capacity of all taxable property within the district.

(c) Any amount certified to the county auditor to be levied against market value shall be divided by the total referendum market value of all taxable properties within the taxing district. The resulting ratio, the taxing district's new referendum tax rate, multiplied by each property's referendum market value shall be each property's new referendum tax before reduction by any credits. For the purposes of this subdivision, "referendum market value" means the market value as defined in section 126C.01, subdivision 3.

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2018.

Sec. 10. Minnesota Statutes 2016, section 276.04, subdivision 2, is amended to read:

Subd. 2. **Contents of tax statements.** (a) The treasurer shall provide for the printing of the tax statements. The commissioner of revenue shall prescribe the form of the property tax statement and its contents. The tax statement must not state or imply that property tax credits are paid by the state of Minnesota. The statement must contain a tabulated statement of the dollar amount due to each taxing authority and the amount of the state tax from the parcel of real property for which a particular tax statement is prepared. The dollar amounts attributable to the county, the state tax, the voter approved school tax, the other local school tax, the township or municipality, and the total of the metropolitan special taxing districts as defined in section 275.065, subdivision 3, paragraph (i), must be separately stated. The amounts due all other special taxing districts, if any, may be aggregated except that any levies made by the regional rail authorities in the county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter 398A shall be listed on a separate line directly under the appropriate county's levy. If the county levy under this paragraph includes an amount for a lake improvement district as defined under sections 103B.501 to 103B.581, the amount attributable for that purpose must be separately stated from the remaining county levy amount. In the case of Ramsey County, if the county levy under this paragraph includes an amount for public library service under section 134.07, the amount attributable for that purpose may be separated from the remaining county levy amount. The amount of the tax on homesteads qualifying under the senior citizens' property tax deferral program under chapter 290B is the total amount of property tax before subtraction of the deferred property tax amount. The amount of the tax on contamination value imposed under sections 270.91 to 270.98, if any, must also be separately stated. The dollar amounts, including the dollar amount of any special assessments, may be rounded to the nearest even whole dollar. For purposes of this section whole odd-numbered dollars may be adjusted to the next higher even-numbered dollar. The amount of market value excluded under section 273.11, subdivision 16, if any, must also be listed on the tax statement.

(b) The property tax statements for manufactured homes and sectional structures taxed as personal property shall contain the same information that is required on the tax statements for real property.

(c) Real and personal property tax statements must contain the following information in the order given in this paragraph. The information must contain the current year tax information in the right column with the corresponding information for the previous year in a column on the left:

- (1) the property's estimated market value under section 273.11, subdivision 1;
- (2) the property's homestead market value exclusion under section 273.13, subdivision 35;
- (3) the property's taxable market value under section 272.03, subdivision 15;
- (4) the property's gross tax, before credits;
- (5) for ~~homestead~~ agricultural properties, the ~~credit credits~~ under ~~section~~ sections 273.1384 and 273.1387;

(6) any credits received under sections 273.119; 273.1234 or 273.1235; 273.135; 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of credit received under section 273.135 must be separately stated and identified as "taconite tax relief"; and

(7) the net tax payable in the manner required in paragraph (a).

(d) If the county uses envelopes for mailing property tax statements and if the county agrees, a taxing district may include a notice with the property tax statement notifying taxpayers when the taxing district will begin its budget deliberations for the current year, and encouraging taxpayers to attend the hearings. If the county allows notices to be included in the envelope containing the property tax statement, and if more than one taxing district relative to a given property decides to include a notice with the tax statement, the county treasurer or auditor must coordinate the process and may combine the information on a single announcement.

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2018.

Sec. 11. Minnesota Statutes 2016, section 469.169, is amended by adding a subdivision to read:

Subd. 20. Additional border city allocations. (a) In addition to the tax reductions authorized in subdivisions 12 to 19, the commissioner shall allocate \$3,000,000 for tax reductions to border city enterprise zones in cities located on the western border of the state. The commissioner shall allocate this amount among cities on a per capita basis. Allocations under this subdivision may be used for tax reductions under sections 469.171, 469.1732, and 469.1734, or for other offsets of taxes imposed on or remitted by businesses located in the enterprise zone, but only if the municipality determines that the granting of the tax reduction or offset is necessary to retain a business within or attract a business to the zone.

(b) The allocations under this subdivision do not cancel or expire, but remain available until used by the city.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 12. Minnesota Statutes 2016, section 477A.011, subdivision 34, is amended to read:

Subd. 34. City revenue need. (a) For a city with a population equal to or greater than 10,000, "city revenue need" is 1.15 times the sum of (1) 4.59 times the pre-1940 housing percentage; plus (2) 0.622 times the percent of housing built between 1940 and 1970; plus (3) 169.415 times the jobs per capita; plus (4) the sparsity adjustment; plus (5) 307.664.

(b) For a city with a population equal to or greater than 2,500 and less than 10,000, "city revenue need" is 1.15 times the sum of (1) 572.62; plus (2) 5.026 times the pre-1940 housing percentage; minus (3) 53.768 times household size; plus (4) 14.022 times peak population decline; plus (5) the sparsity adjustment.

(c) For a city with a population less than 2,500, "city revenue need" is the sum of (1) 410 plus; (2) 0.367 times the city's population over 100; plus (3) the sparsity adjustment. The city revenue need for a city under this paragraph shall not exceed 630 plus the city's sparsity adjustment.

(d) For a city with a population of at least 2,500 but less than 3,000, the "city revenue need" equals (1) the transition factor times the city's revenue need calculated in paragraph (b); plus (2) 630 times the difference between one and the transition factor. For a city with a population of at least 10,000 but less than ~~10,500~~ 11,000, the "city revenue need" equals (1) the transition factor times the city's revenue need calculated in paragraph (a); plus (2) the city's revenue need calculated under the formula in paragraph (b) times the difference between one and the transition factor. For purposes of the first sentence of this paragraph "transition factor" is 0.2 percent times the amount that

the city's population exceeds the ~~minimum threshold in either of the first two sentences.~~ For purposes of the second sentence of this paragraph, "transition factor" is 0.1 percent times the amount that the city's population exceeds the minimum threshold.

(e) The city revenue need cannot be less than zero.

(f) For calendar year 2015 and subsequent years, the city revenue need for a city, as determined in paragraphs (a) to (e), is multiplied by the ratio of the annual implicit price deflator for government consumption expenditures and gross investment for state and local governments as prepared by the United States Department of Commerce, for the most recently available year to the 2013 implicit price deflator for state and local government purchases.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2018 and thereafter.

Sec. 13. Minnesota Statutes 2016, section 477A.011, subdivision 45, is amended to read:

Subd. 45. **Sparsity adjustment.** For a city with a population of 10,000 or more, the sparsity adjustment is 100 for any city with an average population density less than 150 per square mile, according to the most recent federal census, ~~and.~~ For a city with a population less than 10,000, the sparsity adjustment is 200 for any city with an average population density less than 30 per square mile, according to the most recent federal census. The sparsity adjustment is zero for all other cities.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2018 and thereafter.

Sec. 14. **[477A.0126] REIMBURSEMENT OF COUNTY AND TRIBES FOR CERTAIN OUT-OF-HOME PLACEMENT.**

Subdivision 1. **Definition.** For purposes of this section, "out-of-home placement" means 24-hour substitute care for an Indian child as defined by section 260C.007, subdivision 21, placed under chapter 260C and the Indian Child Welfare Act (ICWA), away from the child's parent or guardian and for whom the county social services agency or county correctional agency has been assigned responsibility for the child's placement and care, which includes placement in foster care under section 260C.007, subdivision 18, and a correctional facility pursuant to a court order.

Subd. 2. **Determination of nonfederal share of costs.** (a) By July 1, 2017, each county shall report the following information to the commissioners of human services and corrections: (1) the separate amounts paid out of the county's social service agency and its corrections budget for out-of-home placement of children under the ICWA in calendar years 2013, 2014, and 2015; and (2) the number of case days associated with the expenditures from each budget. The commissioner of human services shall prescribe the format of the report. By July 15, 2017, the commissioner of human services, in consultation with the commissioner of corrections, shall certify to the commissioner of revenue and to the legislative committees with jurisdiction over local government aids and out-of-home placement funding whether the data reported under this subdivision accurately reflect total expenditures by counties for out-of-home placement costs of children under the ICWA.

(b) By January 1, 2018, and each January 1 thereafter, each county shall report to the commissioners of human services and corrections the separate amounts paid out of the county's social service agency and its corrections budget for out-of-home placement of children under the ICWA in the calendar years two years before the current calendar year along with the number of case days associated with the expenditures from each budget. The commissioner of human services shall prescribe the format of the report.

(c) Until the commissioner of human services develops another mechanism for collecting and verifying data on out-of-home placements of children under the ICWA, and the legislature authorizes the use of that data, the data collected under this subdivision must be used to calculate payments under subdivision 3. The commissioner of

human services shall certify the nonfederal out-of-home placement costs for the three prior calendar years for each county and the amount of any federal reimbursement received by a tribe under the ICWA for the three prior calendar years to the commissioner of revenue by June 1 of the year before the aid payment.

Subd. 3. **Aid for counties.** For aids payable in calendar year 2018 and thereafter, the amount of reimbursement to each county is a county's proportionate share of the appropriation in subdivision 6 that remains after the aid for tribes has been paid. Each county's proportionate share is based on the county's average nonfederal share of the cost for out-of-home placement of children under the ICWA for the three calendar years that were certified by the commissioner of human services by June 1 of the prior year, provided that the commissioner of human services, in consultation with the commissioner of corrections, certifies to the commissioner of revenue that accurate data are available to make the aid determination under this section. For aids payable in calendar year 2018, each county's proportionate share is based on the county's nonfederal share of the cost for out-of-home placement of children under the ICWA that was certified by the commissioner of human services by July 15, 2017.

Subd. 4. **Aid for tribes.** For aids payable in 2018 and thereafter, the amount of reimbursement to each tribe shall be the greater of (1) five percent of the average reimbursement amount received from the federal government for out-of-home placement costs for the three calendar years that were certified by June 1 of the prior year, or (2) \$200,000.

Subd. 5. **Payments.** The commissioner of revenue must compute the amount of the reimbursement aid payable to each county and tribe under this section. On or before August 1 of each year, the commissioner shall certify the amount to be paid to each county and tribe in the following year. The commissioner shall pay reimbursement aid annually at the times provided in section 477A.015.

Subd. 6. **Appropriation.** \$2,000,000 is annually appropriated to the commissioner of revenue from the general fund to pay aid under this section.

EFFECTIVE DATE. This section is effective beginning with aids payable in 2018.

Sec. 15. Minnesota Statutes 2016, section 477A.013, subdivision 8, is amended to read:

Subd. 8. **City formula aid.** (a) For aids payable in ~~2015~~ 2018 and thereafter, the formula aid for a city is equal to ~~the sum of (1) its formula aid in the previous year and (2) the product of (i) (1) the difference between its unmet need and its formula certified aid in the previous year and before any aid adjustment under subdivision 13, and (ii) (2) the aid gap percentage.~~

~~(b) For aids payable in 2015 and thereafter, if a city's certified aid from the previous year is greater than the sum of its unmet need plus its aid adjustment under subdivision 13, its formula aid is adjusted to equal its unmet need.~~

~~(c) No city may have a formula aid amount less than zero. The aid gap percentage must be the same for all cities subject to paragraph (a).~~

~~(d)~~ (b) The applicable aid gap percentage must be calculated by the Department of Revenue so that the total of the aid under subdivision 9 equals the total amount available for aid under section 477A.03. The aid gap percentage must be the same for all cities subject to paragraph (a). Data used in calculating aids to cities under sections 477A.011 to 477A.013 shall be the most recently available data as of January 1 in the year in which the aid is calculated.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2018 and thereafter.

Sec. 16. Minnesota Statutes 2016, section 477A.013, subdivision 9, is amended to read:

Subd. 9. **City aid distribution.** (a) In calendar year ~~2014~~ 2018 and thereafter, ~~each city~~ if a city's certified aid before any aid adjustment under subdivision 13 for the previous year is less than its current unmet need, the city shall receive an aid distribution equal to the sum of (1) its certified aid in the previous year before any aid adjustment under subdivision 13, (2) the city formula aid under subdivision 8, and ~~(2)~~ (3) its aid adjustment under subdivision 13.

(b) For aids payable in ~~2015~~ 2018 and thereafter, if a city's certified aid before any aid adjustment under subdivision 13 for the previous year is equal to or greater than its current unmet need, the total aid for a city ~~must not be less than~~ is equal to the greater of (1) its unmet need plus any aid adjustment under subdivision 13, or (2) the amount it was certified to receive in the previous year minus the lesser of \$10 multiplied by its population, or five percent of its net levy in the year prior to the aid distribution. No city may have a total aid amount less than \$0.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2018 and thereafter.

Sec. 17. Minnesota Statutes 2016, section 477A.013, subdivision 13, is amended to read:

Subd. 13. **Certified aid adjustments.** (a) A city that received an aid base increase under Minnesota Statutes 2012, section 477A.011, subdivision 36, paragraph (e), shall have its total aid under subdivision 9 increased by an amount equal to \$150,000 for aids payable in 2014 through 2018.

(b) A city that received an aid base increase under Minnesota Statutes 2012, section 477A.011, subdivision 36, paragraph (r), shall have its total aid under subdivision 9 increased by an amount equal to \$160,000 for aids payable in 2014 and thereafter.

(c) A city that received a temporary aid increase under Minnesota Statutes 2012, section 477A.011, subdivision 36, paragraph (o), shall have its total aid under subdivision 9 increased by an amount equal to \$1,000,000 for aids payable in 2014 only.

(d) For aids payable in 2018 only, a city whose certified aid in the previous year, before any adjustment under this section, is less than its unmet need in the current year shall receive a temporary increase equal to a percentage of the difference between (1) its unmet need, and (2) its certified aid in the previous year before any adjustments under this section. The commissioner will calculate this percentage, which shall be the same for all cities eligible for this adjustment, so the total aid paid to all cities under this paragraph equals \$6,000,000.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2018 and thereafter.

Sec. 18. **[477A.0175] AID REDUCTIONS FOR OPERATING AN UNAUTHORIZED DIVERSION PROGRAM.**

Subdivision 1. **Penalty for operating an unauthorized diversion program.** Notwithstanding any other law to the contrary, a county or city that operated a pretrial diversion program that a court determines was not authorized under section 169.999 or another statute or law must have its aid under sections 477A.011 to 477A.03 reduced by the amount of fees paid by participants into the program for the years in which the program operated. A court shall report any order that enjoins a county or city from operating a pretrial diversion program to the commissioner as required under subdivision 2. The commissioner shall, with the assistance of the state auditor, determine the amount of fees collected under the diversion program and reduce the county program aid paid to a county or the local government aid paid to a city by this amount beginning with the first aid payment made after the reduction amount is determined. No aid payment may be less than zero but the amount of the reduction that cannot be made out of that payment shall be applied to future payments until the total amount has been deducted.

Subd. 2. **Court challenge to authority to operate a pretrial diversion program.** Any taxpayer may challenge a city or county operation of a pretrial diversion program by filing a declaratory judgment action or seeking other appropriate relief in the district court for the county where the city is located or in any other court of competent jurisdiction. If the court finds that the county or city has exceeded its authority under law in operating the pretrial diversion program, the court must transmit a copy of the court order to the commissioner of revenue.

EFFECTIVE DATE. This section is effective the day following final enactment and applies beginning with the second aid payments under Minnesota Statutes, section 477A.015 in calendar year 2017.

Sec. 19. Minnesota Statutes 2016, section 477A.03, subdivision 2a, is amended to read:

Subd. 2a. **Cities.** ~~The total aid paid under section 477A.013, subdivision 9, is \$516,898,012 for aids payable in 2015.~~ For aids payable in 2016 and thereafter 2017, the total aid paid under section 477A.013, subdivision 9, is \$519,398,012. For aids payable in 2018, the total aid paid under section 477A.013, subdivision 9, is \$525,398,012. For aids payable in 2019 and thereafter, the total aid paid under section 477A.013, subdivision 9, is \$519,398,012.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2018 and thereafter.

Sec. 20. Minnesota Statutes 2016, section 477A.03, subdivision 2b, is amended to read:

Subd. 2b. **Counties.** (a) For aids payable in 2014 ~~and thereafter~~ through 2017, the total aid payable under section 477A.0124, subdivision 3, is \$100,795,000. For aids payable in 2018, the total aid payable under section 477A.0124, subdivision 3, is \$106,795,000, of which \$3,000,000 shall be allocated as required under Laws 2014, chapter 150, article 4, section 6. For aids payable in 2019 through 2024, the total aid payable under section 477A.0124, subdivision 3, is \$103,795,000 of which \$3,000,000 shall be allocated as required under Laws 2014, chapter 150, article 4, section 6. For aids payable in 2025 and thereafter, the total aid payable under section 477A.0124, subdivision 3, is \$100,795,000. Each calendar year, \$500,000 of this appropriation shall be retained by the commissioner of revenue to make reimbursements to the commissioner of management and budget for payments made under section 611.27. The reimbursements shall be to defray the additional costs associated with court-ordered counsel under section 611.27. Any retained amounts not used for reimbursement in a year shall be included in the next distribution of county need aid that is certified to the county auditors for the purpose of property tax reduction for the next taxes payable year.

(b) For aids payable in ~~2014 and thereafter~~ 2017, the total aid under section 477A.0124, subdivision 4, is \$104,909,575. For aids payable in 2018, the total aid payable under section 477A.0124, subdivision 4, is \$107,909,575. For aids payable in 2019 and thereafter, the total aid payable under section 477A.0124, subdivision 4, is \$104,909,575. The commissioner of revenue shall transfer to the commissioner of management and budget \$207,000 annually for the cost of preparation of local impact notes as required by section 3.987, and other local government activities. The commissioner of revenue shall transfer to the commissioner of education \$7,000 annually for the cost of preparation of local impact notes for school districts as required by section 3.987. The commissioner of revenue shall deduct the amounts transferred under this paragraph from the appropriation under this paragraph. The amounts transferred are appropriated to the commissioner of management and budget and the commissioner of education respectively.

EFFECTIVE DATE. This section is effective for aids payable in 2018 and thereafter.

Sec. 21. **[477A.09] MAXIMUM EFFORT LOAN AID.**

(a) For fiscal years 2018 to 2022, each school district with a maximum effort loan under sections 126C.61 to 126C.72, outstanding as of June 30, 2016, is eligible for an aid payment equal to one-fifth of the amount of interest that was paid on the loan between December 1, 1990, and June 30, 2016. A school district with a maximum effort

capital loan outstanding as of June 30, 2017, is eligible for an annual aid payment equal to one-fifth of the estimated amount of interest that will be paid by the district on the loan between June 30, 2017, and June 30, 2021. Aid payments under this section must be used to reduce current year property taxes levied on net tax capacity within the district or to reduce future years' tax levies by:

(1) retaining payments made under this section in the district's debt redemption fund for up to 20 years, notwithstanding the two-year limit under section 475.61, subdivision 3; or

(2) financing a defeasance of any future payments on outstanding bonded debt.

(b) Aid under this section must be paid in fiscal years 2018 to 2022. An amount sufficient to make aid payments under this section is annually appropriated from the general fund to the commissioner of education.

EFFECTIVE DATE. This section is effective for fiscal years 2018 to 2022.

Sec. 22. Minnesota Statutes 2016, section 477A.12, subdivision 1, is amended to read:

Subdivision 1. **Types of land; payments.** The following amounts are annually appropriated to the commissioner of natural resources from the general fund for transfer to the commissioner of revenue. The commissioner of revenue shall pay the transferred funds to counties as required by sections 477A.11 to 477A.14. The amounts, based on the acreage as of July 1 of each year prior to the payment year, are:

(1) \$5.133 multiplied by the total number of acres of acquired natural resources land or, at the county's option three-fourths of one percent of the appraised value of all acquired natural resources land in the county, whichever is greater;

(2) \$5.133, multiplied by the total number of acres of transportation wetland or, at the county's option, three-fourths of one percent of the appraised value of all transportation wetland in the county, whichever is greater;

(3) \$5.133, multiplied by the total number of acres of wildlife management land, or, at the county's option, three-fourths of one percent of the appraised value of all wildlife management land in the county, whichever is greater;

(4) 50 percent of the dollar amount as determined under clause (1), multiplied by the number of acres of military refuge land in the county;

(5) ~~\$1.50~~ \$2, multiplied by the number of acres of county-administered other natural resources land in the county;

(6) \$5.133, multiplied by the total number of acres of land utilization project land in the county;

(7) ~~\$1.50~~ \$2, multiplied by the number of acres of commissioner-administered other natural resources land in the county; and

(8) without regard to acreage, and notwithstanding the rules adopted under section 84A.55, \$300,000 for local assessments under section 84A.55, subdivision 9, that shall be divided and distributed to the counties containing state-owned lands within a conservation area in proportion to each county's percentage of the total annual ditch assessments.

EFFECTIVE DATE. This section is effective for payments made in calendar year 2018 and thereafter.

Sec. 23. Minnesota Statutes 2016, section 477A.17, is amended to read:

477A.17 LAKE VERMILION-SOUDAN UNDERGROUND MINE STATE PARK; ANNUAL PAYMENTS.

(a) In lieu of the payment amount provided under section 477A.12, subdivision 1, clause (1), the county shall receive an annual payment for state-owned land within the boundary of Lake Vermilion-Soudan Underground Mine State Park, established in section 85.012, subdivision 38a, equal to 1.5 percent of the appraised value of the state-owned land.

(b) For the purposes of this section, the appraised value of the land acquired for Lake Vermilion-Soudan Underground Mine State Park for the first five years after acquisition shall be the purchase price of the land, plus the value of any portion of the land that is acquired by donation. Thereafter, the appraised value of the state-owned land shall be as determined under section 477A.12, subdivision 3, except that the appraised value of the state-owned land within the park shall not be reduced below the 2010 appraised value of the land.

(c) The annual payments under this section shall be distributed to the taxing jurisdictions containing the property as follows: one-third to the school districts; one-third to the town; and one-third to the county. The payment to school districts is not a county apportionment under section 127A.34 and is not subject to aid recapture. Each of those taxing jurisdictions may use the payments for their general purposes.

(d) Except as provided in this section, the payments shall be made as provided in sections 477A.11 to 477A.13.

EFFECTIVE DATE. This section is effective beginning with aids payable in 2017. For aids payable in 2017, the commissioner of natural resources must recertify the amounts under this section to the commissioner of revenue by June 15, 2017.

Sec. 24. **BASE YEAR FORMULA AID FOR NEWLY INCORPORATED CITY.**

For a city that incorporated on October 13, 2015, and first qualifies for aid under Minnesota Statutes, section 477A.013, subdivisions 8 and 9, in 2017, the city's certified aid for 2017, used in calculating aid payable in 2018, shall be deemed to equal \$95 multiplied by its 2014 population.

EFFECTIVE DATE. This section is effective for aids payable in 2018.

Sec. 25. **2013 CITY AID PENALTY FORGIVENESS; CITY OF OSLO.**

Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of Oslo shall receive the portion of its aid payment for calendar year 2013 under Minnesota Statutes, section 477A.013, that was withheld under Minnesota Statutes, section 477A.017, subdivision 3, provided that the state auditor certifies to the commissioner of revenue that it received audited financial statements from the city for calendar year 2012 by December 31, 2013. The commissioner of revenue shall make a payment of \$37,473.50 with the first payment of aids under Minnesota Statutes, section 477A.015. \$37,473.50 is appropriated from the general fund to the commissioner of revenue in fiscal year 2018 to make this payment.

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

Sec. 26. **2014 AID PENALTY FORGIVENESS.**

(a) Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the cities of Dundee, Jeffers, and Woodstock shall receive all of their calendar year 2014 aid payment that was withheld under Minnesota Statutes, section 477A.017, subdivision 3, provided that the state auditor certifies to the commissioner of revenue that the city complied with all reporting requirements under Minnesota Statutes, section 477A.017, subdivision 3, for calendar years 2013 and 2014 by June 1, 2015.

(b) The commissioner of revenue shall make payment to each city no later than July 20, 2017. Up to \$101,570 in fiscal year 2018 is appropriated from the general fund to the commissioner of revenue to make the payments under this section.

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

Sec. 27. **CITY OF TAYLORS FALLS; DEVELOPMENT ZONE.**

Subdivision 1. **Authorization.** The governing body of the city of Taylors Falls may designate all or any part of the city as a development zone under Minnesota Statutes, section 469.1731.

Subd. 2. **Application of general law.** (a) Minnesota Statutes, sections 469.1731 to 469.1735, apply to the development zones designated under this section. The governing body of the city may exercise the powers granted under Minnesota Statutes, sections 469.1731 to 469.1735, including powers that apply outside of the zones.

(b) The allocation under subdivision 3 for purposes of Minnesota Statutes, section 469.1735, subdivision 2, is appropriated to the commissioner of revenue.

Subd. 3. **Allocation of state tax reductions.** (a) The cumulative total amount of the state portion of the tax reductions for all years of the program under Minnesota Statutes, sections 469.1731 to 469.1735, for the city of Taylors Falls, is limited to \$50,000. To provide the authority under this section, the amount of the allocation for border cities under Minnesota Statutes, section 469.169, in this act is reduced by \$50,000.

(b) This allocation may be used for tax reductions provided in Minnesota Statutes, section 469.1732 or 469.1734, or for reimbursements under Minnesota Statutes, section 469.1735, subdivision 3, but only if the governing body of the city of Taylors Falls determines that the tax reduction or offset is necessary to enable a business to expand within the city or to attract a business to the city.

(c) The commissioner of revenue may waive the limit under this subdivision using the same rules and standards provided in Minnesota Statutes, section 469.169, subdivision 12, paragraph (b).

EFFECTIVE DATE. This section is effective July 1, 2017, and does not require local approval pursuant to Minnesota Statutes, section 645.023, subdivision 1, paragraph (a).

Sec. 28. **REPORT ON RENT CONSTITUTING PROPERTY TAXES.**

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

(b) "Commissioner" means the commissioner of revenue.

(c) "Renter property tax refund" means the refund for renters allowed under Minnesota Statutes, chapter 290A.

Subd. 2. **Report required.** (a) By March 1, 2018, the commissioner must report to the committees of the house of representatives and senate with jurisdiction over taxes on the percentage of rent constituting property taxes used in determining the renter property tax refund. The report must be in compliance with Minnesota Statutes, sections 3.195 and 3.197.

(b) The report must include estimates of rent constituting property tax for the following geographic regions:

(1) the city of Minneapolis;

(2) the city of St. Paul;

(3) the counties of Anoka; Dakota; Hennepin, excluding the city of Minneapolis; and Ramsey, excluding the city of St. Paul; and

(4) the remainder of the state.

The commissioner must prepare the estimates by determining the property taxes attributable to rental units for which renters submitted claims for the renter property tax refund based on rent paid in 2016. The commissioner must match the property ID number or parcel number on form CRP filed with the claim to property tax data for taxes payable in 2016. The commissioner must then calculate the percentage of rent constituting property taxes using the rent amount reported on form CRP, adjusted by the total number of months the unit was rented and the number of rental units on the property. The estimates for each geographic region must be rounded to the nearest one-tenth of one percentage point.

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

Sec. 29. APPROPRIATION; DEBT SERVICE EQUALIZATION.

For fiscal year 2019 only, \$14,773,000 is appropriated from the general fund to the Department of Education for debt service aid under Minnesota Statutes, section 123B.53. This amount is in addition to other appropriations for the same purpose.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 30. APPROPRIATION; FIRE REMEDIATION GRANTS.

\$1,392,258 is appropriated in fiscal year 2018 from the general fund to the commissioner of public safety for grants to remediate the effects of fires in the city of Melrose on September 8, 2016. The commissioner must allocate the grants as follows:

(1) \$1,296,458 to the city of Melrose; and

(2) \$95,800 to Stearns County.

A grant recipient must use the money appropriated under this section for remediation costs, including disaster recovery, infrastructure, reimbursement for emergency personnel costs, reimbursement for equipment costs, and reimbursements for property tax abatements, incurred by public or private entities as a result of the fires. This is a onetime appropriation and is available until June 30, 2018.

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

Sec. 31. **REPEALER.**

(a) Minnesota Statutes 2016, section 477A.085, is repealed.

(b) Minnesota Statutes 2016, section 477A.20, is repealed.

EFFECTIVE DATE. Paragraph (a) is effective beginning with aids payable in 2018. Paragraph (b) is effective the day following final enactment.

ARTICLE 5
LOCAL OPTION SALES AND USE TAXES

Section 1. **[471.9998] MERCHANT BAGS; PROHIBITION ON FEE OR TAX.**

Notwithstanding any other provision of law, no political subdivision may impose or require the imposition of any fee or tax, other than a local sales tax subject to section 297A.99, upon the use of paper, plastic, or reusable bags for packaging of any item or good purchased from a merchant, itinerant vendor, or peddler.

EFFECTIVE DATE. This section is effective May 31, 2017. Ordinances existing on the effective date of this section that would be prohibited under this section are invalid as of the effective date of this section.

Sec. 2. Laws 1980, chapter 511, section 1, subdivision 2, as amended by Laws 1991, chapter 291, article 8, section 22, Laws 1998, chapter 389, article 8, section 25, Laws 2003, First Special Session chapter 21, article 8, section 11, Laws 2008, chapter 154, article 5, section 2, and Laws 2014, chapter 308, article 3, section 21, is amended to read:

Subd. 2. (a) Notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or city charter provision to the contrary, the city of Duluth may, by ordinance, impose an additional sales tax of up to one and three-quarter percent on sales transactions which are described in Minnesota Statutes 2000, section 297A.01, subdivision 3, clause (c). The imposition of this tax shall not be subject to voter referendum under either state law or city charter provisions. When the city council determines that the taxes imposed under this paragraph at a rate of three-quarters of one percent and other sources of revenue produce revenue sufficient to pay debt service on bonds in the principal amount of \$40,285,000 plus issuance and discount costs, issued for capital improvements at the Duluth Entertainment and Convention Center, which include a new arena, the rate of tax under this subdivision must be reduced by three-quarters of one percent.

(b) In addition to the tax in paragraph (a) and notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or city charter provision to the contrary, the city of Duluth may, by ordinance, impose an additional sales tax of up to one-half of one percent on sales transactions which are described in Minnesota Statutes 2000, section 297A.01, subdivision 3, clause (c). This tax expires when the city council determines that the tax imposed under this paragraph, along with the tax imposed under section 22, paragraph (b), has produced revenues sufficient to pay the debt service on bonds in a principal amount of no more than \$18,000,000, plus issuance and discount costs, to finance capital improvements to public facilities to support tourism and recreational activities in that portion of the city west of ~~34th~~ 14th Avenue West and the area south of and including Skyline Parkway.

(c) The city of Duluth may sell and issue up to \$18,000,000 in general obligation bonds under Minnesota Statutes, chapter 475, plus an additional amount to pay for the costs of issuance and any premiums. The proceeds may be used to finance capital improvements to public facilities that support tourism and recreational activities in the portion of the city west of ~~34th~~ 14th Avenue West and the area south of and including Skyline Parkway, as described in paragraph (b). The issuance of the bonds is subject to the provisions of Minnesota Statutes, chapter 475,

except no election shall be required unless required by the city charter. The bonds shall not be included in computing net debt. The revenues from the taxes that the city of Duluth may impose under paragraph (b) and under section 22, paragraph (b), may be pledged to pay principal of and interest on such bonds.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Duluth and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 3. Laws 1980, chapter 511, section 2, as amended by Laws 1998, chapter 389, article 8, section 26, Laws 2003, First Special Session chapter 21, article 8, section 12, and Laws 2014, chapter 308, article 3, section 22, is amended to read:

Sec. 22. CITY OF DULUTH; TAX ON RECEIPTS BY HOTELS AND MOTELS.

(a) Notwithstanding Minnesota Statutes, section 477A.016, or any other law, or ordinance, or city charter provision to the contrary, the city of Duluth may, by ordinance, impose an additional tax of one percent upon the gross receipts from the sale of lodging for periods of less than 30 days in hotels and motels located in the city. The tax shall be collected in the same manner as the tax set forth in the Duluth city charter, section 54(d), paragraph one. The imposition of this tax shall not be subject to voter referendum under either state law or city charter provisions.

(b) In addition to the tax in paragraph (a) and notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or city charter provision to the contrary, the city of Duluth may, by ordinance, impose an additional sales tax of up to one-half of one percent on the gross receipts from the sale of lodging for periods of less than 30 days in hotels and motels located in the city. This tax expires when the city council first determines that the tax imposed under this paragraph, along with the tax imposed under section 21, paragraph (b), has produced revenues sufficient to pay the debt service on bonds in a principal amount of no more than \$18,000,000, plus issuance and discount costs, to finance capital improvements to public facilities to support tourism and recreational activities in that portion of the city west of ~~34th~~ 14th Avenue West and the area south of and including Skyline Parkway.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Duluth and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 4. Laws 1991, chapter 291, article 8, section 27, subdivision 3, as amended by Laws 1998, chapter 389, article 8, section 28, Laws 2008, chapter 366, article 7, section 9, and Laws 2009, chapter 88, article 4, section 14, is amended to read:

Subd. 3. **Use of revenues.** (a) Revenues received from taxes authorized by subdivisions 1 and 2 shall be used by the city to pay the cost of collecting the tax and to pay all or a portion of the expenses of constructing and improving facilities as part of an urban revitalization project in downtown Mankato known as Riverfront 2000. Authorized expenses include, but are not limited to, acquiring property and paying relocation expenses related to the development of Riverfront 2000 and related facilities, and securing or paying debt service on bonds or other obligations issued to finance the construction of Riverfront 2000 and related facilities. For purposes of this section, "Riverfront 2000 and related facilities" means a civic-convention center, an arena, a riverfront park, a technology center and related educational facilities, and all publicly owned real or personal property that the governing body of the city determines will be necessary to facilitate the use of these facilities, including but not limited to parking, skyways, pedestrian bridges, lighting, and landscaping. It also includes the performing arts theatre and the Southern Minnesota Women's Hockey Exposition Center, for use by Minnesota State University, Mankato.

(b) Notwithstanding Minnesota Statutes, section 297A.99, subdivision 3, and as approved by voters at the November 8, 2016, general election, the city may by ordinance also use revenues from taxes authorized under subdivisions 1 and 2, up to a maximum of \$47,000,000, plus associated bond costs, to pay all or a portion of the expenses of the following capital projects:

(1) construction and improvements to regional recreational facilities including existing hockey and curling rinks, a baseball park, youth athletic fields and facilities, the municipal swimming pool including improvements to make the pool compliant with the Americans with Disabilities Act, and indoor regional athletic facilities;

(2) improvements to flood control and the levee system;

(3) water quality improvement projects in Blue Earth and Nicollet Counties;

(4) expansion of the regional transit building and related multimodal transit improvements;

(5) regional public safety and emergency communications improvements and equipment; and

(6) matching funds for improvements to publicly owned regional facilities including a historic museum, supportive housing, and a senior center.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Mankato and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 5. Laws 1991, chapter 291, article 8, section 27, subdivision 4, as amended by Laws 2005, First Special Session chapter 3, article 5, section 25, and Laws 2008, chapter 366, article 7, section 10, is amended to read:

Subd. 4. **Expiration of taxing authority and expenditure limitation.** The authority granted by subdivisions 1 and 2 to the city to impose a sales tax and an excise tax shall expire ~~on~~ at the earlier of when revenues are sufficient to pay off the bonds, including interest and all other associated bond costs authorized under subdivision 5, or December 31, 2022 2038.

EFFECTIVE DATE. This section is effective the day following final enactment without local approval pursuant to Minnesota Statutes, section 645.023, subdivision 1.

Sec. 6. Laws 1991, chapter 291, article 8, section 27, subdivision 5, is amended to read:

Subd. 5. **Bonds.** (a) The city of Mankato may issue general obligation bonds of the city in an amount not to exceed \$25,000,000 for Riverfront 2000 and related facilities, without election under Minnesota Statutes, chapter 475, on the question of issuance of the bonds or a tax to pay them. The debt represented by bonds issued for Riverfront 2000 and related facilities shall not be included in computing any debt limitations applicable to the city of Mankato, and the levy of taxes required by section 475.61 to pay principal of and interest on the bonds shall not be subject to any levy limitation or be included in computing or applying any levy limitation applicable to the city.

(b) The city of Mankato may issue general obligation bonds of the city in an amount not to exceed \$47,000,000 for the projects listed under subdivision 3, paragraph (b), without election under Minnesota Statutes, chapter 475, on the question of issuance of the bonds or a tax to pay them. The debt represented by bonds under this paragraph shall not be included in computing any debt limitations applicable to the city of Mankato, and the levy of taxes required by Minnesota Statutes, section 475.61, to pay principal of and interest on the bonds, and shall not be subject to any levy limitation or be included in computing or applying any levy limitation applicable to the city. The city may use tax revenue in excess of one year's principal interest reserve for intended annual bond payments to pay all or a portion of the cost of capital improvements authorized in subdivision 3.

EFFECTIVE DATE. This section is effective the day following final enactment without local approval pursuant to Minnesota Statutes, section 645.023, subdivision 1.

Sec. 7. Laws 1996, chapter 471, article 2, section 29, subdivision 1, as amended by Laws 2006, chapter 259, article 3, section 3, and Laws 2011, First Special Session chapter 7, article 4, section 4, is amended to read:

Subdivision 1. **Sales tax authorized.** (a) Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of Hermantown may, by ordinance, impose an additional sales tax of up to one percent on sales transactions taxable pursuant to Minnesota Statutes, chapter 297A, that occur within the city. The proceeds of the tax imposed under this section must be used to meet the costs of:

- (1) extending a sewer interceptor line;
- (2) construction of a booster pump station, reservoirs, and related improvements to the water system; and
- (3) construction of a building containing a police and fire station and an administrative services facility.

(b) If the city imposed a sales tax of only one-half of one percent under paragraph (a), it may increase the tax to one percent to fund the purposes under paragraph (a) provided it is approved by the voters at a general election held before December 31, 2012.

(c) As approved by the voters at the November 8, 2016, general election, the proceeds under this section may also be used to meet the costs of debt service payments for construction of the Hermantown Wellness Center.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Hermantown and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 8. Laws 1996, chapter 471, article 2, section 29, subdivision 4, as amended by Laws 2006, chapter 259, article 3, section 4, is amended to read:

Subd. 4. **Termination.** The tax authorized under this section terminates on March 31, 2026 at the earlier of (1) December 31, 2036, or (2) when the Hermantown City Council first determines that sufficient funds have been received from the tax to fund the costs, including bonds and associated bond costs for the uses specified in subdivision 1. Any funds remaining after completion of the improvements and retirement or redemption of the bonds may be placed in the general fund of the city.

EFFECTIVE DATE. This section is effective the day following final enactment without local approval pursuant to Minnesota Statutes, section 645.023, subdivision 1.

Sec. 9. Laws 1999, chapter 243, article 4, section 17, subdivision 3, is amended to read:

Subd. 3. **Use of revenues.** (a) Revenues received from taxes authorized by subdivisions 1 and 2 must be used by the city to pay the cost of collecting the taxes and to pay for construction and improvement of a civic and community center and recreational facilities to serve all ages, including seniors and youth. Authorized expenses include, but are not limited to, acquiring property, paying construction and operating expenses related to the development of an authorized facility, funding facilities replacement reserves, and paying debt service on bonds or other obligations issued to finance the construction or expansion of an authorized facility. The capital expenses for all projects authorized under this subdivision that may be paid with these taxes are limited to \$9,000,000, plus an amount equal to the costs related to issuance of the bonds and funding facilities replacement reserves.

(b) Notwithstanding Minnesota Statutes, section 297A.99, subdivision 3, and as approved by the voters at the November 8, 2016, general election, the city of New Ulm may by ordinance also use revenues from taxes authorized under subdivisions 1 and 2, up to a maximum of \$14,800,000, plus associated bond costs, to pay all or a portion of the expenses of the following capital projects:

(1) constructing an indoor water park and making safety improvements to the existing recreational center pool;

(2) constructing an indoor playground, a wellness center, and a gymnastics facility;

(3) constructing a winter multipurpose dome;

(4) making improvements to Johnson Park Grandstand; and

(5) making improvements to the entrance road and parking at Hermann Heights Park.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of New Ulm and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 10. Laws 1999, chapter 243, article 4, section 17, is amended by adding a subdivision to read:

Subd. 4a. **Bonding authority; additional use and extension of tax.** As approved by the voters at the November 8, 2016, general election, and in addition to the bonds issued under subdivision 4, the city of New Ulm may issue general obligation bonds of the city in an amount not to exceed \$14,800,000 for the projects listed in subdivision 3, paragraph (b). The debt represented by bonds under this subdivision shall not be included in computing any debt limitations applicable to the city of New Ulm, and the levy of taxes required by Minnesota Statutes, section 475.61, to pay principal of and interest on the bonds, and shall not be subject to any levy limitation or be included in computing or applying any levy limitation applicable to the city.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of New Ulm and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 11. Laws 1999, chapter 243, article 4, section 17, subdivision 5, is amended to read:

Subd. 5. **Termination of taxes.** The taxes imposed under subdivisions 1 and 2 expire when the city council determines that sufficient funds have been received from the taxes to finance the capital and administrative costs for the acquisition, construction, and improvement of facilities described in subdivision 3, including the additional use of revenues under subdivision 3, paragraph (b), as approved by the voters at the November 8, 2016, general election, and to prepay or retire at maturity the principal, interest, and premium due on any bonds issued for the facilities under ~~subdivision 4~~ subdivisions 4 and 4a. Any funds remaining after completion of the project and retirement or redemption of the bonds may be placed in the general fund of the city. The taxes imposed under subdivisions 1 and 2 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of New Ulm and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 12. Laws 1999, chapter 243, article 4, section 18, subdivision 1, as amended by Laws 2008, chapter 366, article 7, section 12, is amended to read:

Subdivision 1. **Sales and use tax.** (a) Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law, ordinance, or city charter, if approved by the city voters at the first municipal general election held after the date of final enactment of this act or at a special election held November 2, 1999, the city of Proctor may impose by ordinance a sales and use tax of up to one-half of one percent for the purposes specified in subdivision 3. The provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision.

(b) Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law, ordinance, or city charter, the city of Proctor may impose by ordinance an additional sales and use tax of up to one-half of one percent as approved by the voters at the November 4, 2014, election. The revenues received from the additional tax must be used for the purposes specified in subdivision 3, paragraph (b).

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Proctor and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 13. Laws 2005, First Special Session chapter 3, article 5, section 38, subdivision 2, as amended by Laws 2006, chapter 259, article 3, section 6, is amended to read:

Subd. 2. **Use of revenues.** The proceeds of the tax imposed under this section shall be used to pay for ~~lake water quality~~ improvement projects as detailed in the Shell Rock River watershed plan and as directed by the Shell Rock River Watershed Board. Notwithstanding any provision of statute, other law, or city charter to the contrary, the city shall transfer all revenues from the tax imposed under subdivision 1, as soon as they are received, to the Shell Rock River Watershed District. ~~The city is not required to review the intended uses of the revenues by the watershed district, nor is the watershed district required to submit to the city proposed budgets, statements, or invoices explaining the intended uses of the revenues as a prerequisite for the transfer of the revenues. The Shell Rock River Watershed District shall appear before the city of Albert Lea City Council on a biannual basis to present a report of its activities, expenditures, and intended uses of the city sales tax revenue.~~

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Albert Lea and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 14. Laws 2005, First Special Session chapter 3, article 5, section 38, subdivision 4, as amended by Laws 2014, chapter 308, article 3, section 23, is amended to read:

Subd. 4. **Termination of taxes.** The taxes imposed under this section expire at the earlier of (1) ~~45~~ 30 years after the taxes are first imposed, or (2) when the city council first determines that the amount of revenues raised to pay for the projects under subdivision 2, shall meet or exceed the sum of ~~\$15,000,000~~ \$30,000,000. Any funds remaining after completion of the projects may be placed in the general fund of the city.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Albert Lea and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 15. Laws 2005, First Special Session chapter 3, article 5, section 44, subdivision 3, as amended by Laws 2014, chapter 308, article 7, section 3, is amended to read:

Subd. 3. **Use of revenues.** (a) Revenues received from taxes authorized by subdivisions 1 and 2 must be used by the city (1) to pay the cost of collecting and administering the taxes and; (2) to pay for the costs of a community center complex and; (3) to make renovations to the Memorial Auditorium; and (4) to construct public athletic facilities, provided that this use of the tax is subject to the same restrictions that apply to the issuance of debt provided in subdivision 4, paragraph (c). Authorized expenses include, but are not limited to, acquiring property and paying construction expenses related to these improvements, and paying debt service on bonds or other obligations issued to finance acquisition and construction of these improvements.

(b) Notwithstanding Minnesota Statutes, section 297A.99, subdivisions 2 and 3, if the city decides to extend the taxes in subdivisions 1 and 2, as allowed under subdivision 5, paragraph (b), the city must use any amounts in excess of the amounts necessary to meet the obligations under paragraph (a) to pay the city's share of debt service on bonds issued under Minnesota Statutes, section 469.194, to fund the Lewis and Clark Regional Water System Project.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Worthington and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 16. Laws 2005, First Special Session chapter 3, article 5, section 44, subdivision 4, is amended to read:

Subd. 4. **Bonding authority.** (a) If the tax authorized under subdivision 1 is approved by the voters, the city may issue bonds under Minnesota Statutes, chapter 475, to pay capital and administrative expenses for the improvements described in subdivision 3 in an amount that does not exceed ~~\$6,000,000~~ \$7,300,000. An election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

(b) The debt represented by the bonds is not included in computing any debt limitation applicable to the city, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest on the bonds is not subject to any levy limitation.

(c) If the Worthington City Council intends to issue debt after June 30, 2017, for the purposes of this subdivision, it must pass a resolution stating the intent to issue debt and proposing a public hearing. The resolution must be published for two successive weeks in the official newspaper of the city together with a notice setting a date for the public hearing. The hearing must be held at least two weeks, but not more than four weeks, after the first publication after passage of the resolution. Following the public hearing, if the city adopts a resolution confirming its intention to issue additional debt, that resolution must also be published in the official newspaper of the city, but the resolution is not effective for 30 days. If within 30 days after publication of the resolution confirming the city's intention to issue additional debt a petition signed by voters equal in number to ten percent of the votes cast in the city in the last general election requesting a vote on the proposed resolution is filed with the county auditor, the resolution is not effective until it has been submitted to the voters in a general or special election and a majority of the votes cast on the question of approving the resolution are in the affirmative. The commissioner of revenue shall prepare a suggested form of question to be presented at the election.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Worthington and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 17. Laws 2005, First Special Session chapter 3, article 5, section 44, subdivision 5, as amended by Laws 2014, chapter 308, article 7, section 4, is amended to read:

Subd. 5. **Termination of taxes.** (a) The taxes imposed under subdivisions 1 and 2 expire at the earlier of (1) ten years, or (2) when the city council determines that the amount of revenue received from the taxes is sufficient to pay for the projects under subdivision 3 equals or exceeds ~~\$6,000,000~~ \$7,300,000 plus the additional amount needed to pay the costs related to issuance of bonds under subdivision 4, including interest on the bonds. Any funds remaining after completion of the project and retirement or redemption of the bonds shall be placed in a capital project fund of the city. The taxes imposed under subdivisions 1 and 2 may expire at an earlier time if the city so determines by ordinance.

(b) Notwithstanding paragraph (a), the city council may, by ordinance, extend the taxes imposed under subdivisions 1 and 2 through December 31, 2039, provided that all additional revenues that exceed those necessary to fund the projects and associated financing costs listed in subdivision 3, paragraph (a), are committed to pay debt service on bonds issued under Minnesota Statutes, section 469.194, to fund the Lewis and Clark Regional Water System Project.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Worthington and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 18. Laws 2008, chapter 366, article 7, section 20, is amended to read:

Sec. 20. **CITY OF NORTH MANKATO; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax authorized.** Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law, ordinance, or city charter, pursuant to the approval of the voters on November 7, 2006, the city of North Mankato may impose by ordinance a sales and use tax of one-half of one percent for the purposes specified in subdivision 2. The provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the taxes authorized under this subdivision.

Subd. 2. **Use of revenues.** Revenues received from the tax authorized by subdivision 1 must be used to pay all or part of the capital costs of the following projects:

- (1) the local share of the Trunk Highway 14/County State-Aid Highway 41 interchange project;
- (2) development of regional parks and hiking and biking trails, including construction of indoor regional athletic facilities;
- (3) expansion of the North Mankato Taylor Library;
- (4) riverfront redevelopment; and
- (5) lake improvement projects.

The total amount of revenues from the tax in subdivision 1 that may be used to fund these projects is ~~\$6,000,000~~ \$15,000,000 plus any associated bond costs.

Subd. 2a. **Authorization to extend the tax.** Notwithstanding Minnesota Statutes, section 297A.99, subdivision 3, the North Mankato city council may, by resolution, extend the tax authorized under subdivision 1 to cover an additional \$9,000,000 in bonds, plus associated bond costs, to fund the projects in subdivision 2 pursuant to voter approval to extend the tax at the November 8, 2016, general election.

Subd. 3. **Bonds.** (a) The city of North Mankato, pursuant to the approval of the voters at the November 7, 2006 referendum authorizing the imposition of the taxes in this section, may issue bonds under Minnesota Statutes, chapter 475, to pay capital and administrative expenses for the projects described in subdivision 2, in an amount that does not exceed \$6,000,000. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

(b) The city of North Mankato, pursuant to approval of the voters at the November 8, 2016, referendum extending the tax to provide additional revenue to be spent for the projects in subdivision 2, may issue additional bonds under Minnesota Statutes, chapter 475, to pay capital and administrative expenses for those projects in an amount that does not exceed \$9,000,000. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

~~(b)~~ (c) The debt represented by the bonds is not included in computing any debt limitation applicable to the city, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation.

Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires ~~when the city council determines that the amount of revenues received from the taxes to pay for the projects under subdivision 2 first equals or exceeds \$6,000,000 plus the additional amount needed to pay the costs related to issuance of bonds under~~

subdivision 3, including interest on the bonds at the earlier of December 31, 2038, or when revenues from the taxes first equal or exceed \$15,000,000 plus the additional amount needed to pay costs related to issuance of bonds under subdivision 3, including interest. Any funds remaining after completion of the projects and retirement or redemption of the bonds shall be placed in a capital facilities and equipment replacement fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of North Mankato and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 19. **CITY OF EAST GRAND FORKS; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, ordinance, or city charter, and as approved by the voters at a special election on March 7, 2016, the city of East Grand Forks may impose, by ordinance, a sales and use tax of up to one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision.

Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by the city of East Grand Forks to pay the costs of collecting and administering the tax and to finance the capital and administrative costs of improvement to the city public swimming pool. Authorized expenses include, but are not limited to, paying construction expenses related to the renovation and the development of these facilities and improvements, and securing and paying debt service on bonds issued under subdivision 3 or other obligations issued to finance improvement of the public swimming pool in the city of East Grand Forks

Subd. 3. **Bonding authority.** (a) The city of East Grand Forks may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in subdivision 2. The aggregate principal amount of bonds issued under this subdivision may not exceed \$2,820,000, plus an amount to be applied to the payment of the costs of issuing the bonds. The bonds may be paid from or secured by any funds available to the city of East Grand Forks, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(b) The bonds are not included in computing any debt limitation applicable to the city of East Grand Forks, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the later of: (1) five years after the tax is first imposed; or (2) when the city council determines that \$2,820,000 has been received from the tax to pay for the cost of the projects authorized under subdivision 2, plus an amount sufficient to pay the costs related to issuance of the bonds authorized under subdivision 3, including interest on the bonds. Any funds remaining after payment of all such costs and retirement or redemption of the bonds shall be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of East Grand Forks and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 20. **CITY OF FAIRMONT; LOCAL TAX AUTHORIZED.**

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, ordinance, or city charter, and as approved by the voters at the general election of November 8, 2016, the city of Fairmont may impose, by ordinance, a sales and use tax of

one-half of one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision.

Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by the city of Fairmont to pay the costs of collecting and administering the tax and to finance the capital and administrative costs of constructing and funding recreational amenities, trails, and a community center. The total that may be raised from the tax to pay for these projects is limited to \$15,000,000, plus the costs related to the issuance and paying debt service on bonds for these projects.

Subd. 3. **Bonding authority.** (a) The city of Fairmont may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in subdivision 2. The aggregate principal amount of bonds issued under this subdivision may not exceed \$15,000,000, plus an amount to be applied to the payment of the costs of issuing the bonds. The bonds may be paid from or secured by any funds available to the city of Fairmont, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(b) The bonds are not included in computing any debt limitation applicable to the city of Fairmont, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the earlier of: (1) 25 years after the tax is first imposed; or (2) when the city council determines that \$15,000,000, plus an amount sufficient to pay the costs related to issuing the bonds authorized under subdivision 3, including interest on the bonds, has been received from the tax to pay for the cost of the projects authorized under subdivision 2. Any funds remaining after payment of all such costs and retirement or redemption of the bonds shall be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Fairmont and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 21. CITY OF FERGUS FALLS; TAXES AUTHORIZED.

Subdivision 1. **Sales and use tax authorized.** Notwithstanding Minnesota Statutes, section 297A.99, subdivision 1, section 477A.016, or any other law, ordinance, or city charter, and as approved by the voters at the November 8, 2016, general election, the city of Fergus Falls may impose, by ordinance, a sales and use tax of up to one-half of one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision.

Subd. 2. **Use of sales and use tax revenues.** The revenues from the tax authorized under subdivision 1 must be used by the city of Fergus Falls to pay the costs of collecting and administering the tax and securing and paying debt service on bonds issued to finance all or part of the costs of the expansion and betterment of the Fergus Falls Public Library located at 205 East Hampden Avenue in the city of Fergus Falls.

Subd. 3. **Bonding authority.** (a) The city of Fergus Falls may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in subdivision 2. The aggregate principal amount of bonds issued under this subdivision may not exceed \$9,800,000, plus an amount applied to the payment of costs of issuing the bonds. The bonds may be paid from or secured by any funds available to the city of Fergus Falls, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, section 275.60 and 275.61.

(b) The bonds are not included in computing any debt limitation applicable to the city, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the earlier of: (1) 12 years after the tax is first imposed, or (2) when the city council determines that \$9,800,000 has been received from the tax to pay for the cost of the project authorized under subdivision 2, plus an amount sufficient to pay the costs related to the issuance of the bonds authorized under subdivision 3, including interest on the bonds. Any funds remaining after payment of all such costs and retirement or redemption of the bonds shall be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at any earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Fergus Falls and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 22. **CITY OF MOOSE LAKE; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter, as approved by the voters at the November 6, 2012, general election, the city of Moose Lake may impose, by ordinance, a sales and use tax of up to one-half of one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision.

Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by the city of Moose Lake to pay the costs of collecting and administering the tax and to finance the costs of: (1) improvements to the city's park system; (2) street and related infrastructure improvements; and (3) municipal arena improvements. Authorized costs include construction and engineering costs and associated bond costs.

Subd. 3. **Bonding authority.** The city of Moose Lake may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in subdivision 2. The aggregate principal amount of bonds issued under this subdivision may not exceed \$3,000,000, plus an amount to be applied to the payment of the costs of issuing the bonds. The bonds may be paid from or secured by any funds available to the city of Moose Lake, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

The bonds are not included in computing any debt limitation applicable to the city of Moose Lake, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the earlier of: (1) 20 years after the tax is first imposed; or (2) when the city council determines that \$3,000,000 has been received from the tax to pay for the cost of the projects authorized under subdivision 2, plus an amount sufficient to pay the costs related to issuance of the bonds authorized under subdivision 3, including interest on the bonds. Any funds remaining after payment of all such costs and retirement or redemption of the bonds shall be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Moose Lake and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 23. **CITY OF NEW LONDON; TAX AUTHORIZED.**

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, ordinance, or city charter, and as approved by the voters at the general election of November 8, 2016, the city of New London may impose, by ordinance, a sales and use tax of one-half of one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision.

Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by the city of New London to pay the costs of collecting and administering the tax and to finance the capital and administrative costs of the following projects:

- (1) construction and equipping of a new library and community room;
- (2) construction of an ambulance bay at the fire hall; and
- (3) improvements to the New London Senior Citizen Center.

The total that may be raised from the tax to pay for these projects is limited to \$872,000 plus the costs related to the issuance and paying debt service on bonds for these projects.

Subd. 3. **Bonding authority.** (a) The city of New London may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in subdivision 2. The aggregate principal amount of bonds issued under this subdivision may not exceed \$872,000, plus an amount to be applied to the payment of the costs of issuing the bonds. The bonds may be paid from or secured by any funds available to the city of New London, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(b) The bonds are not included in computing any debt limitation applicable to the city of New London, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the earlier of: (1) 20 years after the tax is first imposed; or (2) when the city council determines that \$872,000, plus an amount sufficient to pay the costs related to issuing the bonds authorized under subdivision 3, including interest on the bonds, has been received from the tax to pay for the cost of the projects authorized under subdivision 2. Any funds remaining after payment of all such costs and retirement or redemption of the bonds shall be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of New London and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 24. **CITY OF SLEEPY EYE; LODGING TAX.**

Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law, ordinance, or city charter, the city council for the city of Sleepy Eye may impose, by ordinance, a tax of up to two percent on the gross receipts subject to the lodging tax under Minnesota Statutes, section 469.190. This tax is in addition to any tax imposed

under Minnesota Statutes, section 469.190, and the total tax imposed under that section and this provision must not exceed five percent. Revenue from the tax imposed under this section may only be used for the same purposes as a tax imposed under Minnesota Statutes, section 469.190.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Sleepy Eye and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 25. **CITY OF SPICER; TAX AUTHORIZED.**

Subdivision 1. Sales and use tax authorization. Notwithstanding Minnesota Statutes, section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, ordinance, or city charter, and as approved by the voters at the general election of November 8, 2016, the city of Spicer may impose, by ordinance, a sales and use tax of one-half of one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision.

Subd. 2. Use of sales and use tax revenues. The revenues derived from the tax authorized under subdivision 1 must be used by the city of Spicer to pay the costs of collecting and administering the tax and to finance the capital and administrative costs of the following projects:

(1) pedestrian public safety improvements such as a pedestrian bridge or crosswalk signals at marked Trunk Highway 23;

(2) park and trail capital improvements including signage for bicycle share the road improvements and replacement of playground and related facilities; and

(3) capital improvements to regional community facilities such as the Dethelfs roof and window replacement and the Pioneerland branch library roof replacement.

Subd. 3. Bonding authority. (a) The city of Spicer may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in subdivision 2. The aggregate principal amount of bonds issued under this subdivision may not exceed \$800,000, plus an amount to be applied to the payment of the costs of issuing the bonds. The bonds may be paid from or secured by any funds available to the city of Spicer, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(b) The bonds are not included in computing any debt limitation applicable to the city of Spicer, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. Termination of taxes. The tax imposed under subdivision 1 expires at the earlier of: (1) ten years after the tax is first imposed; (2) December 31, 2027; or (3) when the city council determines that \$800,000, plus an amount sufficient to pay the costs related to issuing the bonds authorized under subdivision 3, including interest on the bonds, has been received from the tax to pay for the cost of the projects authorized under subdivision 2. All funds not used to pay collection and administration costs of the tax must be used for projects listed in subdivision 2. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after compliance by the governing body of the city of Spicer with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 26. CITY OF WALKER; LOCAL TAXES AUTHORIZED.

Subdivision 1. Sales and use tax authorized. Notwithstanding Minnesota Statutes, section 477A.016, or any ordinance, city charter, or other provision of law, pursuant to the approval of the voters at the general election on November 6, 2012, the city of Walker may impose by ordinance a sales and use tax of 1-1/2 percent for the purposes specified in subdivision 2. The provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the taxes authorized under this subdivision.

Subd. 2. Use of revenues. Revenues received from the tax authorized by subdivision 1 must be used to pay all or part of the capital and administrative costs of underground utility, street, curb, gutter, and sidewalk improvements in the city of Walker as outlined in the 2012 capital improvement plan of the engineer of the city of Walker.

Subd. 3. Bonding authority. The city of Walker, pursuant to the approval of the voters at the November 6, 2012, referendum authorizing the imposition of the taxes in this section, may issue bonds under Minnesota Statutes, chapter 475, to pay capital and administrative expenses for the projects described in subdivision 2, in an amount that does not exceed \$20,000,000. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. Termination of tax. (a) The tax authorized under subdivision 1 terminates at the earlier of:

(1) 20 years after the date of initial imposition of the tax; or

(2) when the city council determines that sufficient funds have been raised from the tax to finance the capital and administrative costs of the improvements described in subdivision 2, plus the additional amount needed to pay the costs related to issuance of bonds under subdivision 3, including interest on the bonds.

(b) Any funds remaining after completion of the projects specified in subdivision 2 and retirement or redemption of bonds in subdivision 3 shall be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Walker and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 27. CLAY COUNTY; TAX AUTHORIZED.

Subdivision 1. Sales and use tax authorization. Notwithstanding Minnesota Statutes, section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law or ordinance, and as approved by the voters at the November 8, 2016, general election, Clay County may impose, by ordinance, a sales and use tax of up to one-half of one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision.

Subd. 2. Use of sales and use tax revenues. The revenues derived from the tax authorized under subdivision 1 must be used by Clay County to pay the costs of collecting and administering the tax and to finance the capital and administrative costs of constructing and equipping a new correctional facility, law enforcement center, and related parking facility. Authorized expenses include but are not limited to paying design, development, and construction costs related to these facilities and improvements, and securing and paying debt service on bonds issued under subdivision 3 or other obligations issued to finance the facilities listed in this subdivision.

Subd. 3. Bonding authority. Clay County may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in subdivision 2. The aggregate principal amount of bonds issued under this subdivision may not exceed \$52,000,000, plus an amount to be applied to the payment of the costs

of issuing the bonds. The bonds may be paid from or secured by any funds available to Clay County, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the earlier of: (1) 20 years after the tax is first imposed; or (2) when the county board determines that \$52,000,000, plus an amount sufficient to pay the costs related to issuance of the bonds authorized under subdivision 3, including interest on the bonds, has been received from the tax to pay for the cost of the projects authorized under subdivision 2. Any funds remaining after payment of all such costs and retirement or redemption of the bonds shall be placed in the general fund of the county. The tax imposed under subdivision 1 may expire at an earlier time if the county so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of Clay County and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 28. GARRISON, KATHIO, WEST MILLE LACS LAKE SANITARY DISTRICT; TAXES AUTHORIZED.

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, and as approved by the voters at the November 8, 2016, general election, the Garrison, Kathio, West Mille Lacs Lake Sanitary District may impose, by majority vote of the governing body of the district, a sales and use tax of up to one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision.

Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by the Garrison, Kathio, West Mille Lacs Lake Sanitary District to pay the costs of collecting and administering the tax and to repay general obligation revenue notes issued or other debt incurred for the construction of the wastewater collection system through the Minnesota Public Facilities Authority, general obligation disposal system bonds issued to finance the expense incurred in financing construction of sewer system improvements, and notes payable issued for costs associated with the sewer services agreement between the Garrison, Kathio, West Mille Lacs Lake Sanitary District and ML Wastewater Inc., and any other costs associated with system maintenance and improvements, including extension of the system to unserved customers as determined by the governing body of the district.

Subd. 3. **Bonds.** The Garrison, Kathio, West Mille Lacs Lake Sanitary District, pursuant to the approval of the voters at the November 8, 2016, referendum authorizing the imposition of the tax under this section, may issue general obligation disposal system bonds for financing construction of sewer system improvements without a separate election required under Minnesota Statutes, section 442.25 or 475.58. The amount of bonds that may be issued without a separate election is equal to \$10,000,000 minus the amount of the tax revenue under this section committed to repay other notes as allowed under subdivision 2.

Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the earlier of: (1) 20 years after the tax is first imposed; or (2) when the governing body of the Garrison, Kathio, West Mille Lacs Lake Sanitary District determines that \$10,000,000 has been received from the tax to pay for the costs authorized under subdivision 2. Any funds remaining after payment of all such costs and retirement or redemption of the bonds shall be placed in the general fund of the district. The tax imposed under subdivision 1 may expire at an earlier time if the governing body of the district so determines.

EFFECTIVE DATE. This section is effective the day after the governing body of the Garrison, Kathio, West Mille Lacs Lake Sanitary District and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 29. EFFECTIVE DATE; VALIDATION OF PRIOR ACT.

Notwithstanding the time limits in Minnesota Statutes, section 645.021, the city of Proctor may approve Laws 2008, chapter 366, article 7, section 13, and Laws 2010, chapter 389, article 5, sections 1 and 2, and file its approval with the secretary of state by January 1, 2015. If approved under this paragraph, actions undertaken by the city pursuant to the approval of the voters on November 2, 2010, and otherwise in accordance with those laws are validated.

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

ARTICLE 6
TAX INCREMENT FINANCING

Section 1. Minnesota Statutes 2016, section 469.174, subdivision 12, is amended to read:

Subd. 12. **Economic development district.** "Economic development district" means a type of tax increment financing district which consists of any project, or portions of a project, which the authority finds to be in the public interest because:

(1) it will discourage commerce, industry, or manufacturing from moving their operations to another state or municipality; ~~or~~

(2) it will result in increased employment in the state; ~~or~~

(3) it will result in preservation and enhancement of the tax base of the state; or

(4) it satisfies the requirements of a workforce housing project under section 469.176, subdivision 4c, paragraph (d).

EFFECTIVE DATE. This section is effective for districts for which the request for certification was made after June 30, 2017.

Sec. 2. Minnesota Statutes 2016, section 469.175, subdivision 3, is amended to read:

Subd. 3. **Municipality approval.** (a) A county auditor shall not certify the original net tax capacity of a tax increment financing district until the tax increment financing plan proposed for that district has been approved by the municipality in which the district is located. If an authority that proposes to establish a tax increment financing district and the municipality are not the same, the authority shall apply to the municipality in which the district is proposed to be located and shall obtain the approval of its tax increment financing plan by the municipality before the authority may use tax increment financing. The municipality shall approve the tax increment financing plan only after a public hearing thereon after published notice in a newspaper of general circulation in the municipality at least once not less than ten days nor more than 30 days prior to the date of the hearing. The published notice must include a map of the area of the district from which increments may be collected and, if the project area includes additional area, a map of the project area in which the increments may be expended. The hearing may be held before or after the approval or creation of the project or it may be held in conjunction with a hearing to approve the project.

(b) Before or at the time of approval of the tax increment financing plan, the municipality shall make the following findings, and shall set forth in writing the reasons and supporting facts for each determination:

(1) that the proposed tax increment financing district is a redevelopment district, a renewal or renovation district, a housing district, a soils condition district, or an economic development district; if the proposed district is a redevelopment district or a renewal or renovation district, the reasons and supporting facts for the determination that

the district meets the criteria of section 469.174, subdivision 10, paragraph (a), clauses (1) and (2), or subdivision 10a, must be documented in writing and retained and made available to the public by the authority until the district has been terminated;

(2) that, in the opinion of the municipality:

(i) the proposed development or redevelopment would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future; and

(ii) the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the district permitted by the plan. The requirements of this item do not apply if the district is a housing district;

(3) that the tax increment financing plan conforms to the general plan for the development or redevelopment of the municipality as a whole;

(4) that the tax increment financing plan will afford maximum opportunity, consistent with the sound needs of the municipality as a whole, for the development or redevelopment of the project by private enterprise;

(5) that the municipality elects the method of tax increment computation set forth in section 469.177, subdivision 3, paragraph (b), if applicable.

(c) When the municipality and the authority are not the same, the municipality shall approve or disapprove the tax increment financing plan within 60 days of submission by the authority. When the municipality and the authority are not the same, the municipality may not amend or modify a tax increment financing plan except as proposed by the authority pursuant to subdivision 4. Once approved, the determination of the authority to undertake the project through the use of tax increment financing and the resolution of the governing body shall be conclusive of the findings therein and of the public need for the financing.

(d) For a district that is subject to the requirements of paragraph (b), clause (2), item (ii), the municipality's statement of reasons and supporting facts must include all of the following:

(1) an estimate of the amount by which the market value of the site will increase without the use of tax increment financing;

(2) an estimate of the increase in the market value that will result from the development or redevelopment to be assisted with tax increment financing; and

(3) the present value of the projected tax increments for the maximum duration of the district permitted by the tax increment financing plan.

(e) For purposes of this subdivision, "site" means the parcels on which the development or redevelopment to be assisted with tax increment financing will be located.

(f) Before or at the time of approval of the tax increment financing plan for a district to be used to fund a workforce housing project under section 469.176, subdivision 4c, paragraph (d), the municipality shall make the following findings and set forth in writing the reasons and supporting facts for each determination:

(1) the city is located outside of the metropolitan area, as defined in section 473.121, subdivision 2;

(2) the average vacancy rate for rental housing located in the municipality and in any statutory or home rule charter city located within 15 miles or less of the boundaries of the municipality has been three percent or less for at least the immediately preceding two-year period;

(3) at least one business located in the municipality or within 15 miles of the municipality that employs a minimum of 20 full-time equivalent employees in aggregate has provided a written statement to the municipality indicating that the lack of available rental housing has impeded the ability of the business to recruit and hire employees; and

(4) the municipality and the development authority intend to use increments from the district for the development of rental housing to serve employees of businesses located in the municipality or surrounding area.

(g) The county auditor may not certify the original tax capacity of an economic development tax increment financing district for a workforce housing project if the request for certification is made after June 30, 2027.

EFFECTIVE DATE. This section is effective for districts for which the request for certification was made after June 30, 2017.

Sec. 3. Minnesota Statutes 2016, section 469.176, subdivision 4c, is amended to read:

Subd. 4c. **Economic development districts.** (a) Revenue derived from tax increment from an economic development district may not be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form to developments consisting of buildings and ancillary facilities, if more than 15 percent of the buildings and facilities (determined on the basis of square footage) are used for a purpose other than:

(1) the manufacturing or production of tangible personal property, including processing resulting in the change in condition of the property;

(2) warehousing, storage, and distribution of tangible personal property, excluding retail sales;

(3) research and development related to the activities listed in clause (1) or (2);

(4) telemarketing if that activity is the exclusive use of the property;

(5) tourism facilities; ~~or~~

(6) space necessary for and related to the activities listed in clauses (1) to (5); or

(7) a workforce housing project that satisfies the requirements of paragraph (d).

(b) Notwithstanding the provisions of this subdivision, revenues derived from tax increment from an economic development district may be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form for up to 15,000 square feet of any separately owned commercial facility located within the municipal jurisdiction of a small city, if the revenues derived from increments are spent only to assist the facility directly or for administrative expenses, the assistance is necessary to develop the facility, and all of the increments, except those for administrative expenses, are spent only for activities within the district.

(c) A city is a small city for purposes of this subdivision if the city was a small city in the year in which the request for certification was made and applies for the rest of the duration of the district, regardless of whether the city qualifies or ceases to qualify as a small city.

(d) A project qualifies as a workforce housing project under this subdivision if:

(1) increments from the district are used exclusively to assist in the acquisition of property; construction of improvements; and provision of loans or subsidies, grants, interest rate subsidies, public infrastructure, and related financing costs for rental housing developments in the municipality;

(2) the governing body of the municipality made the findings for the project required by section 469.175, subdivision 3, paragraph (f); and

(3) the governing bodies of the county and the school district, following receipt, review, and discussion of the materials required by section 469.175, subdivision 2, for the tax increment financing district, have each approved the tax increment financing plan, by resolution.

EFFECTIVE DATE. This section is effective for districts for which the request for certification was made after June 30, 2017.

Sec. 4. Minnesota Statutes 2016, section 469.1761, is amended by adding a subdivision to read:

Subd. 5. Income limits; Minnesota Housing Finance Agency challenge program. For a project receiving a loan or grant from the Minnesota Housing Finance Agency challenge program under section 462A.33, the income limits under section 462A.33 are substituted for the applicable income limits for the project under subdivision 2 or 3.

EFFECTIVE DATE. This section is effective for districts for which the request for certification was made after June 30, 2017.

Sec. 5. Minnesota Statutes 2016, section 469.1763, subdivision 1, is amended to read:

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

(b) "Activities" means acquisition of property, clearing of land, site preparation, soils correction, removal of hazardous waste or pollution, installation of utilities, construction of public or private improvements, and other similar activities, but only to the extent that tax increment revenues may be spent for such purposes under other law.

(c) "Third party" means an entity other than (1) the person receiving the benefit of assistance financed with tax increments, or (2) the municipality or the development authority or other person substantially under the control of the municipality.

(d) "Revenues derived from tax increments paid by properties in the district" means only tax increment as defined in section 469.174, subdivision 25, clause (1), and does not include tax increment as defined in section 469.174, subdivision 25, clauses (2), ~~(3), and (4)~~ to (5).

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

Sec. 6. Minnesota Statutes 2016, section 469.1763, subdivision 2, is amended to read:

Subd. 2. Expenditures outside district. (a) For each tax increment financing district, an amount equal to at least 75 percent of the total revenue derived from tax increments paid by properties in the district must be expended on activities in the district or to pay bonds, to the extent that the proceeds of the bonds were used to finance activities in the district or to pay, or secure payment of, debt service on credit enhanced bonds. For districts, other than redevelopment districts for which the request for certification was made after June 30, 1995, the in-district percentage for purposes of the preceding sentence is 80 percent. Not more than 25 percent of the total revenue

derived from tax increments paid by properties in the district may be expended, through a development fund or otherwise, on activities outside of the district but within the defined geographic area of the project except to pay, or secure payment of, debt service on credit enhanced bonds. For districts, other than redevelopment districts for which the request for certification was made after June 30, 1995, the pooling percentage for purposes of the preceding sentence is 20 percent. ~~The revenue~~ revenues derived from tax increments ~~for paid by properties in~~ the district that are expended on costs under section 469.176, subdivision 4h, paragraph (b), may be deducted first before calculating the percentages that must be expended within and without the district.

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

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

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

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

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

(3) be used to:

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

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

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

(4) be used to develop housing:

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

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

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

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

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

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

Sec. 7. Minnesota Statutes 2016, section 469.1763, subdivision 3, is amended to read:

Subd. 3. **Five-year rule.** (a) Revenues derived from tax increments paid by properties in the district are considered to have been expended on an activity within the district under subdivision 2 only if one of the following occurs:

(1) before or within five years after certification of the district, the revenues are actually paid to a third party with respect to the activity;

(2) bonds, the proceeds of which must be used to finance the activity, are issued and sold to a third party before or within five years after certification, the revenues are spent to repay the bonds, and the proceeds of the bonds either are, on the date of issuance, reasonably expected to be spent before the end of the later of (i) the five-year period, or (ii) a reasonable temporary period within the meaning of the use of that term under section 148(c)(1) of the Internal Revenue Code, or are deposited in a reasonably required reserve or replacement fund;

(3) binding contracts with a third party are entered into for performance of the activity before or within five years after certification of the district and the revenues are spent under the contractual obligation;

(4) costs with respect to the activity are paid before or within five years after certification of the district and the revenues are spent to reimburse a party for payment of the costs, including interest on unreimbursed costs; or

(5) expenditures are made for housing purposes as permitted by subdivision 2, paragraphs (b) and (d), or for public infrastructure purposes within a zone as permitted by subdivision 2, paragraph (e).

(b) For purposes of this subdivision, bonds include subsequent refunding bonds if the original refunded bonds meet the requirements of paragraph (a), clause (2).

(c) For a redevelopment district or a renewal and renovation district certified after June 30, 2003, and before April 20, 2009, the five-year periods described in paragraph (a) are extended to ten years after certification of the district. For a redevelopment district certified after April 20, 2009, and before June 30, 2012, the five-year periods described in paragraph (a) are extended to eight years after certification of the district. This extension is provided primarily to accommodate delays in development activities due to unanticipated economic circumstances.

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

Sec. 8. Minnesota Statutes 2016, section 469.178, subdivision 7, is amended to read:

Subd. 7. **Interfund loans.** (a) The authority or municipality may advance or loan money to finance expenditures under section 469.176, subdivision 4, from its general fund or any other fund under which it has legal authority to do so.

(b) Not later than 60 days after money is transferred, advanced, or spent, whichever is earliest, the loan or advance must be authorized; by resolution of the governing body or of the authority, whichever has jurisdiction over the fund from which the advance or loan is authorized, before money is transferred, advanced, or spent, whichever is earliest.

(c) The resolution may generally grant to the municipality or the authority the power to make interfund loans under one or more tax increment financing plans or for one or more districts. The resolution may be adopted before or after the adoption of the tax increment financing plan or the creation of the tax increment financing district from which the advance or loan is to be repaid.

(d) The terms and conditions for repayment of the loan must be provided in writing ~~and~~. The written terms and conditions may be in any form, but must include, at a minimum, the principal amount, the interest rate, and maximum term. Written terms may be modified or amended in writing by the municipality or the authority before the latest decertification of any tax increment financing district from which the interfund loan is to be repaid. The maximum rate of interest permitted to be charged is limited to the greater of the rates specified under section 270C.40 or 549.09 as of the date the loan or advance is authorized, unless the written agreement states that the maximum interest rate will fluctuate as the interest rates specified under section 270C.40 or 549.09 are from time to time adjusted. Loans or advances may be structured as draw-down or line-of-credit obligations of the lending fund.

(e) The authority shall report in the annual report submitted under section 469.175, subdivision 6:

(1) the amount of any interfund loan or advance made in a calendar year; and

(2) any amendment of an interfund loan or advance made in a calendar year.

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

Sec. 9. Laws 2008, chapter 154, article 9, section 21, subdivision 2, is amended to read:

Subd. 2. **Special rules.** (a) If the city elects, upon the adoption of the tax increment financing plan for a district, the rules under this section apply to a redevelopment district, renewal and renovation district, economic development district, soil condition district, or a soil deficiency district established by the city or a development authority of the city in the project area.

(b) Prior to or upon the adoption of the first tax increment plan subject to the special rules under this subdivision, the city must find by resolution that parcels consisting of at least 80 percent of the acreage of the project area (excluding street and railroad right of way) are characterized by one or more of the following conditions:

(1) peat or other soils with geotechnical deficiencies that impair development of residential or commercial buildings or infrastructure;

(2) soils or terrain that requires substantial filling in order to permit the development of commercial or residential buildings or infrastructure;

(3) landfills, dumps, or similar deposits of municipal or private waste;

(4) quarries or similar resource extraction sites;

(5) floodway; and

(6) substandard buildings within the meaning of Minnesota Statutes, section 469.174, subdivision 10.

(c) For the purposes of paragraph (b), clauses (1) through (5), a parcel is deemed to be characterized by the relevant condition if at least 70 percent of the area of the parcel contains the relevant condition. For the purposes of paragraph (b), clause (6), a parcel is deemed to be characterized by substandard buildings if the buildings occupy at least 30 percent of the area of the parcel.

(d) The four-year rule under Minnesota Statutes, section 469.176, subdivision 6, is extended to nine years for any district. The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, is extended to ten years for any district, and section 469.1763, subdivision 4, does not apply to any district.

(e) Notwithstanding anything to the contrary in section 469.1763, subdivision 2, paragraph (a), not more than 80 percent of the total revenue derived from tax increments paid by properties in any district (measured over the life of the district) may be expended on activities outside the district but within the project area.

(f) For a soil deficiency district:

(1) increments may be collected through 20 years after the receipt by the authority of the first increment from the district; and

(2) except as otherwise provided in this subdivision, increments may be used only to:

(i) acquire parcels on which the improvements described in item (ii) will occur;

(ii) pay for the cost of correcting the unusual terrain or soil deficiencies and the additional cost of installing public improvements directly caused by the deficiencies; and

(iii) pay for the administrative expenses of the authority allocable to the district.

(g) Increments spent for any infrastructure costs, whether inside a district or outside a district but within the project area, are deemed to satisfy the requirements of paragraph (f) and Minnesota Statutes, section 469.176, subdivisions 4b, 4c, and 4j.

(h) Increments from any district may not be used to pay the costs of landfill closure or public infrastructure located on the following parcels within the plat known as Burnsville Amphitheater: Lot 1, Block 1; Lots 1 and 2, Block 2; and Outlots A, B, C and D.

(i) The authority to approve tax increment financing plans to establish tax increment financing districts under this section expires on December 31, ~~2018~~ 2020.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Burnsville and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 10. Laws 2009, chapter 88, article 5, section 17, as amended by Laws 2010, chapter 382, section 84, is amended to read:

Sec. 17. SEAWAY PORT AUTHORITY OF DULUTH; TAX INCREMENT FINANCING DISTRICT; SPECIAL RULES.

(a) If the Seaway Port Authority of Duluth adopts a tax increment financing plan and the governing body of the city of Duluth approves the plan for the tax increment financing district consisting of one or more parcels identified as: 010-2730-00010; 010-2730-00020; 010-2730-00040; 010-2730-00050; 010-2730-00070; 010-2730-00080; 010-2730-00090; 010-2730-00100; 010-02730-00120; 010-02730-00130; 010-02730-00140; 010-2730-00160; 010-2730-00180; 010-2730-00200; 010-2730-00300; 010-02730-00320; 010-2746-01250; 010-2746-1330; 010-2746-01340; 010-2746-01350; 010-2746-1440; 010-2746-1380; 010-2746-01490; 010-2746-01500; 010-2746-01510; 010-2746-01520; 010-2746-01530; 010-2746-01540; 010-2746-01550; 010-2746-01560; 010-2746-01570; 010-2746-01580; 010-2746-01590; 010-3300-4560; 010-3300-4565; 010-3300-04570; 010-3300-04580; 010-3300-04640; 010-3300-04645; and 010-3300-04650, the five-year rule under Minnesota

Statutes, section 469.1763, subdivision 3, that activities must be undertaken within a five-year period from the date of certification of the tax increment financing district, must be considered to be met if the activities are undertaken within five years after the date all qualifying parcels are delisted from the Federal Superfund list.

(b) The requirements of Minnesota Statutes, section 469.1763, subdivision 4, beginning in the sixth year following certification of the district requirement, will begin in the sixth year following the date all qualifying parcels are delisted from the Federal Superfund list.

(c) The action required under Minnesota Statutes, section 469.176, subdivision 6, are satisfied if the action is commenced within four years after the date all qualifying parcels are delisted from the Federal Superfund list and evidence of the action required is submitted to the county auditor by February 1 of the fifth year following the year in which all qualifying parcels are delisted from the Federal Superfund list.

(d) For purposes of this section, "qualifying parcels" means United States Steel parcels listed in paragraph (a) and shown by the Minnesota Pollution Control Agency as part of the USS St. Louis River-U.S. Steel Superfund Site (USEPA OU 02) that are included in the tax increment financing district.

(e) In addition to the reporting requirements of Minnesota Statutes, section 469.175, subdivision 5, the Seaway Port Authority of Duluth shall report the status of all parcels listed in paragraph (a) and shown as part of the USS St. Louis River-U.S. Steel Superfund Site (USEPA OU 02). The status report must show the parcel numbers, the listed or delisted status, and if delisted, the delisting date.

(f) Notwithstanding Minnesota Statutes, section 469.178, subdivision 7, or any other law to the contrary, the Seaway Port Authority of Duluth may establish an interfund loan program before approval of the tax increment financing plan for or the establishment of the district authorized by this section. The authority may make loans under this program. The proceeds of the loans may be used for any permitted use of increments under this law or Minnesota Statutes, section 469.176, for the district and may be repaid with increments from the district established under this section. This paragraph applies to any action authorized by the Seaway Port Authority of Duluth on or after March 25, 2010.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Duluth and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 11. Laws 2014, chapter 308, article 6, section 8, subdivision 1, is amended to read:

Subdivision 1. **Authority to create districts.** (a) The governing body of the city of Edina or its development authority may establish one or more tax increment financing housing districts in the Southeast Edina Redevelopment Project Area, as the boundaries exist on March 31, 2014.

(b) The authority to request certification of districts under this section expires on ~~June 30, 2017~~ December 31, 2019.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Edina and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 12. Laws 2014, chapter 308, article 6, section 9, is amended to read:

Sec. 9. **CITY OF MAPLE GROVE; TAX INCREMENT FINANCING DISTRICT.**

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

(b) "City" means the city of Maple Grove.

(c) "Project area" means all or a portion of the area in the city commencing at a point 130 feet East and 120 feet North of the southwest corner of the Southeast Quarter of Section 23, Township 119, Range 22, Hennepin County, said point being on the easterly right-of-way line of Hemlock Lane; thence northerly along said easterly right-of-way line of Hemlock Lane to a point on the west line of the east one-half of the Southeast Quarter of section 23, thence south along said west line a distance of 1,200 feet; thence easterly to the east line of Section 23, 1,030 feet North from the southeast corner thereof; thence South 74 degrees East 1,285 feet; thence East a distance of 1,000 feet; thence North 59 degrees West a distance of 650 feet; thence northerly to a point on the northerly right-of-way line of 81st Avenue North, 650 feet westerly measured at right angles, from the east line of the Northwest Quarter of Section 24; thence North 13 degrees West a distance of 795 feet; thence West to the west line of the Southeast Quarter of the Northwest Quarter of Section 24; thence North 55 degrees West to the south line of the Northwest Quarter of the Northwest Quarter of Section 24; thence West along said south line to the east right-of-way line of Zachary Lane; thence North along the east right-of-way line of Zachary Lane to the southwest corner of Lot 1, Block 1, Metropolitan Industrial Park 5th Addition; thence East along the south line of said Lot 1 to the northeast corner of Outlot A, Metropolitan Industrial Park 5th Addition; thence South along the east line of said Outlot A and its southerly extension to the south right-of-way line of County State-Aid Highway (CSAH) 109; thence easterly along the south right-of-way line of CSAH 109 to the east line of the Northwest Quarter of the Northeast Quarter of Section 24; thence South along said east line to the north line of the South Half of the Northeast Quarter of Section 24; thence East along said north line to the westerly right-of-way line of Jefferson Highway North; thence southerly along the westerly right-of-way line of Jefferson Highway to the centerline of CSAH 130; thence continuing South along the west right-of-way line of Pilgrim Lane North to the westerly extension of the north line of Outlot A, Park North Fourth Addition; thence easterly along the north line of Outlot A, Park North Fourth Addition to the northeast corner of said Outlot A; thence southerly along the east line of said Outlot A to the southeast corner of said Outlot A; thence easterly along the south line of Lot 1, Block 1, Park North Fourth Addition to the westerly right-of-way line of State Highway 169; thence southerly, southwesterly, westerly, and northwesterly along the westerly right-of-way line of State Highway 169 and the northerly right-of-way line of Interstate 694 to its intersection with the southerly extension of the easterly right-of-way line of Zachary Lane North; thence northerly along the easterly right-of-way line of Zachary Lane North and its northerly extension to the north right-of-way line of CSAH 130; thence westerly, southerly, northerly, southwesterly, and northwesterly to the point of beginning and there terminating, provided that the project area includes the rights-of-way for all present and future highway interchanges abutting the area described in this paragraph, and may include any additional property necessary to cause the property included in the tax increment financing district to consist of complete parcels.

(d) "Soil deficiency district" means a type of tax increment financing district consisting of a portion of the project area in which the city finds by resolution that the following conditions exist:

(1) unusual terrain or soil deficiencies that occurred over 80 percent of the acreage in the district require substantial filling, grading, or other physical preparation for use; and

(2) the estimated cost of the physical preparation under clause (1), but excluding costs directly related to roads as defined in Minnesota Statutes, section 160.01, and local improvements as described in Minnesota Statutes, sections 429.021, subdivision 1, clauses (1) to (7), (11), and (12), and 430.01, exceeds the fair market value of the land before completion of the preparation.

Subd. 2. **Special rules.** (a) If the city elects, upon the adoption of the tax increment financing plan for a district, the rules under this section apply to a redevelopment district, renewal and renovation district, soil condition district, or soil deficiency district established by the city or a development authority of the city in the project area.

(b) Prior to or upon the adoption of the first tax increment plan subject to the special rules under this subdivision, the city must find by resolution that parcels consisting of at least 80 percent of the acreage of the project area, excluding street and railroad rights-of-way, are characterized by one or more of the following conditions:

(1) peat or other soils with geotechnical deficiencies that impair development of commercial buildings or infrastructure;

(2) soils or terrain that require substantial filling in order to permit the development of commercial buildings or infrastructure;

(3) landfills, dumps, or similar deposits of municipal or private waste;

(4) quarries or similar resource extraction sites;

(5) floodway; and

(6) substandard buildings, within the meaning of Minnesota Statutes, section 469.174, subdivision 10.

(c) For the purposes of paragraph (b), clauses (1) to (5), a parcel is characterized by the relevant condition if at least 70 percent of the area of the parcel contains the relevant condition. For the purposes of paragraph (b), clause (6), a parcel is characterized by substandard buildings if substandard buildings occupy at least 30 percent of the area of the parcel.

(d) The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, is extended to eight years for any district, and Minnesota Statutes, section 469.1763, subdivision 4, does not apply to any district.

(e) Notwithstanding any provision to the contrary in Minnesota Statutes, section 469.1763, subdivision 2, paragraph (a), not more than 40 percent of the total revenue derived from tax increments paid by properties in any district, measured over the life of the district, may be expended on activities outside the district but within the project area.

(f) For a soil deficiency district:

(1) increments may be collected through 20 years after the receipt by the authority of the first increment from the district;

(2) increments may be used only to:

(i) acquire parcels on which the improvements described in item (ii) will occur;

(ii) pay for the cost of correcting the unusual terrain or soil deficiencies and the additional cost of installing public improvements directly caused by the deficiencies; and

(iii) pay for the administrative expenses of the authority allocable to the district; and

(3) any parcel acquired with increments from the district must be sold at no less than their fair market value.

(g) Increments spent for any infrastructure costs, whether inside a district or outside a district but within the project area, are deemed to satisfy the requirements of Minnesota Statutes, section 469.176, subdivision 4j.

(h) The authority to approve tax increment financing plans to establish tax increment financing districts under this section expires June 30, 2020.

(i) Notwithstanding the restrictions in paragraph (f), clause (2), the city may use increments from a soil deficiency district to acquire parcels and for other infrastructure costs either inside or outside of the district, but within the project area, if the acquisition or infrastructure is for a qualified development. For purposes of this paragraph, a development is a qualified development only if all of the following requirements are satisfied:

(1) the city finds, by resolution, that the land acquisition and infrastructure are undertaken primarily to serve the development;

(2) the city has a binding, written commitment and adequate financial assurances from the developer that the development will be constructed; and

(3) the development does not consist of retail trade or housing improvements.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Maple Grove and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 13. **CITY OF ANOKA; GREENS OF ANOKA TIF DISTRICT.**

For purposes of Minnesota Statutes, section 469.1763, subdivision 3, paragraph (c), the city of Anoka's Greens of Anoka redevelopment tax increment financing district is deemed to be certified on June 29, 2012, rather than its actual certification date of July 2, 2012, and the provisions of Minnesota Statutes, section 469.1763, subdivisions 3 and 4, apply as if the district were certified on that date.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Anoka and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 14. **CITY OF COON RAPIDS; TIF DISTRICT 6-1; PORT RIVERWALK.**

Notwithstanding the provisions of Minnesota Statutes, section 469.176, subdivision 1b, or any other law to the contrary, the city of Coon Rapids may collect tax increment from District 6-1 Port Riverwalk through December 31, 2038.

EFFECTIVE DATE. This section is effective upon compliance by the governing bodies of the city of Coon Rapids, Anoka County, and Independent School District No. 11 with the requirements of Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021, subdivisions 2 and 3.

Sec. 15. **CITY OF COTTAGE GROVE; TIF DISTRICT 1-12; GATEWAY NORTH.**

The requirement of Minnesota Statutes, section 469.1763, subdivision 3, that activities must be undertaken within a five-year period from the date of certification of a tax increment financing district, is considered to be met for Tax Increment Financing District No. 1-12 (Gateway North), administered by the Cottage Grove Economic Development Authority, if the activities are undertaken prior to January 1, 2017.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Cottage Grove and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 16. **CITY OF EDINA; APPROVAL OF 2014 SPECIAL LAW.**

Notwithstanding the provisions of Minnesota Statutes, section 645.021, subdivision 3, the chief clerical officer of the city of Edina may file with the secretary of state certificate of approval of Laws 2014, chapter 308, article 6, section 8, by December 31, 2016, and, if the certificate is so filed and the requirements of Minnesota Statutes,

section 645.021, subdivision 3, are otherwise complied with, the special law is deemed approved, and all actions taken by the city before the effective date of this section in reliance on Laws 2014, chapter 308, article 6, section 8, are deemed consistent with Laws 2014, chapter 308, article 6, section 8, and this act.

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

Sec. 17. **CITY OF MOORHEAD; TIF DISTRICT; FIRST AVENUE NORTH.**

For purposes of Minnesota Statutes, section 469.1763, subdivision 3, paragraph (c), the city of Moorhead's 1st Avenue North (Central Corridors) Redevelopment Tax Increment Financing District is deemed to be certified on June 29, 2012, rather than its actual certification date of July 12, 2012, and Minnesota Statutes, section 469.1763, subdivisions 3 and 4, apply as if the district were certified on that date.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Moorhead and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 18. **CITY OF RICHFIELD; EXTENSION OF CEDAR AVENUE TIF DISTRICT.**

Notwithstanding Minnesota Statutes, section 469.176, subdivision 1b, or any other law to the contrary, the city of Richfield and the Housing and Redevelopment Authority in and for the city of Richfield may elect to extend the duration limit of the redevelopment tax increment financing district known as the Cedar Avenue Tax Increment Financing District established by Laws 2005, chapter 152, article 2, section 25, by ten years.

EFFECTIVE DATE. This section is effective upon compliance by the governing bodies of the city of Richfield, Hennepin County, and Independent School District No. 280 with the requirements of Minnesota Statutes, sections 469.1782, subdivision 2; and 645.021, subdivisions 2 and 3.

Sec. 19. **CITY OF RICHFIELD; LYNDALE GARDENS TIF DISTRICT; FIVE-YEAR RULE EXTENSION.**

The requirements of Minnesota Statutes, section 469.1763, subdivision 3, that activities must be undertaken within a five-year period from the date of certification of a tax increment financing district, are considered to be met for the Lyndale Gardens Tax Increment Financing District established by the city of Richfield and the housing and redevelopment authority in and for the city of Richfield if the activities are undertaken within seven years from the date of certification.

EFFECTIVE DATE. This section is effective the day after the city of Richfield and its chief clerical officer comply with Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021, subdivisions 2 and 3.

Sec. 20. **CITY OF ST. LOUIS PARK; ELMWOOD VILLAGE TIF DISTRICT; POOLING PERCENTAGE INCREASE.**

For purposes of the Elmwood Village Tax Increment Financing District in the city of St. Louis Park, including the duration extension authorized by Laws 2009, chapter 88, article 5, section 19, the permitted percentage of increments that may be expended on activities outside the district under Minnesota Statutes, section 469.1763, subdivision 2, is increased to 30 percent for the district.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of St. Louis Park and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 21. **CITY OF ST. PAUL; FORD SITE REDEVELOPMENT TIF DISTRICT.**

(a) For purposes of computing the duration limits under Minnesota Statutes, section 469.176, subdivision 1b, the housing and redevelopment authority of the city of St. Paul may waive receipt of increment for the Ford Site Redevelopment Tax Increment Financing District. This authority is limited to the first four years of increment or increments derived from taxes payable in 2023, whichever occurs first.

(b) If the city elects to waive receipt of increment under paragraph (a), for purposes of applying any limits based on when the district was certified under Minnesota Statutes, section 469.176, subdivision 6, or 469.1763, the date of certification for the district is deemed to be January 2 of the property tax assessment year for which increment is first received under the waiver.

EFFECTIVE DATE. This section is effective July 1, 2017, without local approval under Minnesota Statutes, section 645.023, subdivision 1, paragraph (a).

Sec. 22. **WASHINGTON COUNTY; NEWPORT REDROCK CROSSING PROJECT TIF DISTRICT; SPECIAL RULES AUTHORIZATION.**

(a) If Washington County elects, upon the adoption of a tax increment financing plan for a district, the rules under this section apply to one or more tax increment financing districts established by the county or the community development agency of the county. The area within which the tax increment districts may be created is located in the city of Newport and is south of marked Interstate Highway 494, north of 15th Street extended to the Mississippi River, east of the Mississippi River, and west of marked Trunk Highway 61 and the adjacent rights-of-way and shall be referred to as the "Newport Red Rock Crossing Project Area" or "project area."

(b) The requirements for qualifying a redevelopment district under Minnesota Statutes, section 469.174, subdivision 10, do not apply to the parcels identified by parcel identification numbers: 2602822440051, 2602822440050, 2602822440049, 2602822440048, 2602822440046, 2602822440045, 2602822440044, 2602822440043, 2602822440026, 2602822440025, 2602822440024, and 2602822440023, which are deemed substandard for the purpose of qualifying the district as a redevelopment district.

(c) Increments spent outside a district shall only be spent within the project area and on costs described in Minnesota Statutes, section 469.176, subdivision 4j.

(d) Notwithstanding anything to the contrary in Minnesota Statutes, section 469.1763, subdivision 2, paragraph (a), not more than 30 percent of the total revenue derived from tax increments paid by properties in any district, measured over the life of the district, may be expended on activities outside the district but within the project area. The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, applies as if the limit is nine years.

(e) The authority to approve a tax increment financing plan and to establish a tax increment financing district under this section expires December 31, 2027.

EFFECTIVE DATE. This section is effective and shall retroactively include the redevelopment district in the project area approved by Washington County on November 8, 2016, upon approval by the governing body of the city of Newport and upon compliance by Washington County and its chief clerical officer with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 23. **CITY OF WAYZATA; TIF DISTRICT 3; WIDSTEN.**

(a) The requirements of Minnesota Statutes, section 469.1763, subdivision 3, that activities must be undertaken within a five-year period from the date of certification of a tax increment financing district, are considered to be met for Tax Increment Financing District 3 (Widsten) in the city of Wayzata if the revenues derived from tax increments from the district are expended for any project contemplated by the original tax increment financing plan for the district, including, without limitation, a municipal parking ramp within the district.

(b) The requirements of Minnesota Statutes, section 469.1763, subdivision 4, do not apply to the district if the revenues derived from tax increment from the district are expended for any project contemplated by the original tax increment financing plan for the district, including, without limitation, a municipal parking ramp within the district.

EFFECTIVE DATE. This section is effective upon compliance by the chief clerical officer of the governing body of the city of Wayzata with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

ARTICLE 7
PUBLIC FINANCE

Section 1. Minnesota Statutes 2016, section 366.095, subdivision 1, is amended to read:

Subdivision 1. **Certificates of indebtedness.** The town board may issue certificates of indebtedness within the debt limits for a town purpose otherwise authorized by law. The certificates shall be payable in not more than ten years and be issued on the terms and in the manner as the board may determine, provided that notes issued for projects that eliminate R-22, as defined in section 240A.09, paragraph (b), clause (2), must be payable in not more than 20 years. If the amount of the certificates to be issued exceeds 0.25 percent of the estimated market value of the town, they shall not be issued for at least ten days after publication in a newspaper of general circulation in the town of the board's resolution determining to issue them. If within that time, a petition asking for an election on the proposition signed by voters equal to ten percent of the number of voters at the last regular town election is filed with the clerk, the certificates shall not be issued until their issuance has been approved by a majority of the votes cast on the question at a regular or special election. A tax levy shall be made to pay the principal and interest on the certificates as in the case of bonds.

Sec. 2. Minnesota Statutes 2016, section 383B.117, subdivision 2, is amended to read:

Subd. 2. **Equipment acquisition; capital notes.** The board may, by resolution and without public referendum, issue capital notes within existing debt limits for the purpose of purchasing ambulance and other medical equipment, road construction or maintenance equipment, public safety equipment and other capital equipment having an expected useful life at least equal to the term of the notes issued. The notes shall be payable in not more than ten years and shall be issued on terms and in a manner as the board determines, provided that notes issued for projects that eliminate R-22, as defined in section 240A.09, paragraph (b), clause (2), must be payable in not more than 20 years. The total principal amount of the notes issued for any fiscal year shall not exceed one percent of the total annual budget for that year and shall be issued solely for the purchases authorized in this subdivision. A tax levy shall be made for the payment of the principal and interest on such notes as in the case of bonds. For purposes of this subdivision, "equipment" includes computer hardware and software, whether bundled with machinery or equipment or unbundled. For purposes of this subdivision, the term "medical equipment" includes computer hardware and software and other intellectual property for use in medical diagnosis, medical procedures, research, record keeping, billing, and other hospital applications, together with application development services and training related to the use of the computer hardware and software and other intellectual property, all without regard to their useful life. For purposes of determining the amount of capital notes which the county may issue in any year, the budget of the county and Hennepin Healthcare System, Inc. shall be combined and the notes issuable under this subdivision shall be in addition to obligations issuable under section 373.01, subdivision 3.

Sec. 3. Minnesota Statutes 2016, section 410.32, is amended to read:

410.32 CITIES MAY ISSUE CAPITAL NOTES FOR CAPITAL EQUIPMENT.

(a) Notwithstanding any contrary provision of other law or charter, a home rule charter city may, by resolution and without public referendum, issue capital notes subject to the city debt limit to purchase capital equipment.

(b) For purposes of this section, "capital equipment" means:

(1) public safety equipment, ambulance and other medical equipment, road construction and maintenance equipment, and other capital equipment; and

(2) computer hardware and software, whether bundled with machinery or equipment or unbundled, together with application development services and training related to the use of the computer hardware and software.

(c) The equipment or software must have an expected useful life at least as long as the term of the notes.

(d) The notes shall be payable in not more than ten years and be issued on terms and in the manner the city determines, provided that notes issued for projects that eliminate R-22, as defined in section 240A.09, paragraph (b), clause (2), must be payable in not more than 20 years. The total principal amount of the capital notes issued in a fiscal year shall not exceed 0.03 percent of the estimated market value of taxable property in the city for that year.

(e) A tax levy shall be made for the payment of the principal and interest on the notes, in accordance with section 475.61, as in the case of bonds.

(f) Notes issued under this section shall require an affirmative vote of two-thirds of the governing body of the city.

(g) Notwithstanding a contrary provision of other law or charter, a home rule charter city may also issue capital notes subject to its debt limit in the manner and subject to the limitations applicable to statutory cities pursuant to section 412.301.

Sec. 4. Minnesota Statutes 2016, section 412.301, is amended to read:

412.301 FINANCING PURCHASE OF CERTAIN EQUIPMENT.

(a) The council may issue certificates of indebtedness or capital notes subject to the city debt limits to purchase capital equipment.

(b) For purposes of this section, "capital equipment" means:

(1) public safety equipment, ambulance and other medical equipment, road construction and maintenance equipment, and other capital equipment; and

(2) computer hardware and software, whether bundled with machinery or equipment or unbundled, together with application development services and training related to the use of the computer hardware or software.

(c) The equipment or software must have an expected useful life at least as long as the terms of the certificates or notes.

(d) Such certificates or notes shall be payable in not more than ten years and shall be issued on such terms and in such manner as the council may determine, provided, however, that notes issued for projects that eliminate R-22, as defined in section 240A.09, paragraph (b), clause (2), must be payable in not more than 20 years.

(e) If the amount of the certificates or notes to be issued to finance any such purchase exceeds 0.25 percent of the estimated market value of taxable property in the city, they shall not be issued for at least ten days after publication in the official newspaper of a council resolution determining to issue them; and if before the end of that time, a petition asking for an election on the proposition signed by voters equal to ten percent of the number of voters at the last regular municipal election is filed with the clerk, such certificates or notes shall not be issued until the proposition of their issuance has been approved by a majority of the votes cast on the question at a regular or special election.

(f) A tax levy shall be made for the payment of the principal and interest on such certificates or notes, in accordance with section 475.61, as in the case of bonds.

Sec. 5. [416.17] VOTER APPROVAL REQUIRED; LEASES OF PUBLIC BUILDINGS.

Subdivision 1. Reverse referendum; certain leases. (a) Before executing a qualified lease, a municipality must publish notice of its intention to execute the lease and the date and time of a hearing to obtain public comment on the matter. The notice must be published in the official newspaper of the municipality or in a newspaper of general circulation in the municipality and must include a statement of the amount of the obligations to be issued by the authority and the maximum amount of annual rent to be paid by the municipality under the qualified lease. The notice must be published at least 14, but not more than 28, days before the date of the hearing.

(b) A municipality may enter a lease subject to paragraph (a) only upon obtaining the approval of a majority of the voters voting on the question of issuing the obligations, if a petition requesting a vote on the issuance is signed by voters equal to ten percent of the votes cast in the municipality in the last state general election and is filed with the county auditor within 30 days after the public hearing.

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

(b) "Authority" includes any of the following governmental units, the boundaries of which include all or part of the geographic area of the municipality:

(1) a housing and redevelopment authority, as defined in section 469.002, subdivision 2;

(2) a port authority, as defined in section 469.048;

(3) an economic development authority, as established under section 469.091; or

(4) an entity established or exercising powers under a special law with powers similar to those of an entity described in clauses (1) to (3).

(c) "Municipality" means a statutory or home rule charter city, a county, or a town described in section 368.01, but does not include a city of the first class, however organized, as defined in section 410.01.

(d) "Qualified lease" means a lease for use of public land, all or part of a public building, or other public facilities consisting of real property for a term of three or more years as a lessee if the property to be leased to the municipality was acquired or improved with the proceeds of obligations, as defined in section 475.51, subdivision 3, issued by an authority.

Sec. 6. Minnesota Statutes 2016, section 469.034, subdivision 2, is amended to read:

Subd. 2. **General obligation revenue bonds.** (a) An authority may pledge the general obligation of the general jurisdiction governmental unit as additional security for bonds payable from income or revenues of the project or the authority. The authority must find that the pledged revenues will equal or exceed 110 percent of the principal and interest due on the bonds for each year. The proceeds of the bonds must be used for a qualified housing development project or projects. The obligations must be issued and sold in the manner and following the procedures provided by chapter 475, except the obligations are not subject to approval by the electors, and the maturities may extend to not more than 35 years for obligations sold to finance housing for the elderly and 40 years for other obligations issued under this subdivision. The authority is the municipality for purposes of chapter 475.

(b) The principal amount of the issue must be approved by the governing body of the general jurisdiction governmental unit whose general obligation is pledged. Public hearings must be held on issuance of the obligations by both the authority and the general jurisdiction governmental unit. The hearings must be held at least 15 days, but not more than 120 days, before the sale of the obligations.

(c) The maximum amount of general obligation bonds that may be issued and outstanding under this section equals the greater of (1) one-half of one percent of the estimated market value of the general jurisdiction governmental unit whose general obligation is pledged, or (2) ~~\$3,000,000~~ \$5,000,000. In the case of county or multicounty general obligation bonds, the outstanding general obligation bonds of all cities in the county or counties issued under this subdivision must be added in calculating the limit under clause (1).

(d) "General jurisdiction governmental unit" means the city in which the housing development project is located. In the case of a county or multicounty authority, the county or counties may act as the general jurisdiction governmental unit. In the case of a multicounty authority, the pledge of the general obligation is a pledge of a tax on the taxable property in each of the counties.

(e) "Qualified housing development project" means a housing development project providing housing either for the elderly or for individuals and families with incomes not greater than 80 percent of the median family income as estimated by the United States Department of Housing and Urban Development for the standard metropolitan statistical area or the nonmetropolitan county in which the project is located. The project must be owned for the term of the bonds either by the authority or by a limited partnership or other entity in which the authority or another entity under the sole control of the authority is the sole general partner and the partnership or other entity must receive (1) an allocation from the Department of Management and Budget or an entitlement issuer of tax-exempt bonding authority for the project and a preliminary determination by the Minnesota Housing Finance Agency or the applicable suballocator of tax credits that the project will qualify for four percent low-income housing tax credits or (2) a reservation of nine percent low-income housing tax credits from the Minnesota Housing Finance Agency or a suballocator of tax credits for the project. A qualified housing development project may admit nonelderly individuals and families with higher incomes if:

(1) three years have passed since initial occupancy;

(2) the authority finds the project is experiencing unanticipated vacancies resulting in insufficient revenues, because of changes in population or other unforeseen circumstances that occurred after the initial finding of adequate revenues; and

(3) the authority finds a tax levy or payment from general assets of the general jurisdiction governmental unit will be necessary to pay debt service on the bonds if higher income individuals or families are not admitted.

(f) The authority may issue bonds to refund bonds issued under this subdivision in accordance with section 475.67. The finding of the adequacy of pledged revenues required by paragraph (a) and the public hearing required by paragraph (b) shall not apply to the issuance of refunding bonds. This paragraph applies to refunding bonds issued on and after July 1, 1992.

Sec. 7. Minnesota Statutes 2016, section 469.101, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** An economic development authority may create and define the boundaries of economic development districts at any place or places within the city, except that the district boundaries must be contiguous, and may use the powers granted in sections 469.090 to 469.108 to carry out its purposes. First the authority must hold a public hearing on the matter. At least ten days before the hearing, the authority shall publish notice of the hearing in a ~~daily~~ newspaper of general circulation in the city. Also, the authority shall find that an economic development district is proper and desirable to establish and develop within the city.

Sec. 8. Minnesota Statutes 2016, section 473.39, is amended by adding a subdivision to read:

Subd. 1u. **Obligations.** In addition to other authority in this section, the council may issue certificates of indebtedness, bonds, or other obligations under this section in an amount not exceeding \$126,000,000 for capital expenditures as prescribed in the council's transit capital improvement program and for related costs, including the costs of issuance and sale of the obligations. Of this authorization, after July 1, 2017, the council may issue certificates of indebtedness, bonds, or other obligations in an amount not exceeding \$82,100,000, and after July 1, 2018, the council may issue certificates of indebtedness, bonds, or other obligations in an additional amount not exceeding \$43,900,000.

EFFECTIVE DATE. This section is effective the day following final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 9. Minnesota Statutes 2016, section 473.39, is amended by adding a subdivision to read:

Subd. 6. **Limitation; light rail transit.** The council is prohibited from expending any proceeds from certificates of indebtedness, bonds, or other obligations under this section for project development, land acquisition, or construction to (1) establish a light rail transit line; or (2) expand a light rail transit line, including by extending a line or adding additional stops.

EFFECTIVE DATE. This section applies to the expenditures made after the day following final enactment, but does not apply to amounts expended under binding contracts entered into before March 25, 2017. This section applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 10. Minnesota Statutes 2016, section 475.58, subdivision 3b, is amended to read:

Subd. 3b. **Street reconstruction and bituminous overlays.** (a) A municipality may, without regard to the election requirement under subdivision 1, issue and sell obligations for street reconstruction or bituminous overlays, if the following conditions are met:

(1) the streets are reconstructed or overlaid under a street reconstruction or overlay plan that describes the street reconstruction or overlay to be financed, the estimated costs, and any planned reconstruction or overlay of other streets in the municipality over the next five years, and the plan and issuance of the obligations has been approved by a vote of ~~at~~ a two-thirds majority of the members of the governing body present at the meeting following a public hearing for which notice has been published in the official newspaper at least ten days but not more than 28 days prior to the hearing; and

(2) if a petition requesting a vote on the issuance is signed by voters equal to five percent of the votes cast in the last municipal general election and is filed with the municipal clerk within 30 days of the public hearing, the municipality may issue the bonds only after obtaining the approval of a majority of the voters voting on the question of the issuance of the obligations. If the municipality elects not to submit the question to the voters, the municipality shall not propose the issuance of bonds under this section for the same purpose and in the same amount for a period of 365 days from the date of receipt of the petition. If the question of issuing the bonds is submitted and not approved by the voters, the provisions of section 475.58, subdivision 1a, shall apply.

(b) Obligations issued under this subdivision are subject to the debt limit of the municipality and are not excluded from net debt under section 475.51, subdivision 4.

(c) For purposes of this subdivision, street reconstruction and bituminous overlays includes utility replacement and relocation and other activities incidental to the street reconstruction, turn lanes and other improvements having a substantial public safety function, realignments, other modifications to intersect with state and county roads, and the local share of state and county road projects. For purposes of this subdivision, "street reconstruction" includes expenditures for street reconstruction that have been incurred by a municipality before approval of a street reconstruction plan, if such expenditures are included in a street reconstruction plan approved on or before the date of the public hearing under paragraph (a), clause (1), regarding issuance of bonds for such expenditures.

(d) Except in the case of turn lanes, safety improvements, realignments, intersection modifications, and the local share of state and county road projects, street reconstruction and bituminous overlays does not include the portion of project cost allocable to widening a street or adding curbs and gutters where none previously existed.

Sec. 11. Minnesota Statutes 2016, section 475.60, subdivision 2, is amended to read:

Subd. 2. **Requirements waived.** The requirements as to public sale shall not apply:

(1) to obligations issued under the provisions of a home rule charter or of a law specifically authorizing a different method of sale, or authorizing them to be issued in such manner or on such terms and conditions as the governing body may determine;

(2) to obligations sold by an issuer in an amount not exceeding the total sum of \$1,200,000 in any 12-month period;

(3) to obligations issued by a governing body other than a school board in anticipation of the collection of taxes or other revenues appropriated for expenditure in a single year, if sold in accordance with the most favorable of two or more proposals solicited privately;

(4) to obligations sold to any board, department, or agency of the United States of America or of the state of Minnesota, in accordance with rules or regulations promulgated by such board, department, or agency;

(5) to obligations issued to fund pension and retirement fund liabilities under section 475.52, subdivision 6, obligations issued with tender options under section 475.54, subdivision 5a, crossover refunding obligations referred to in section 475.67, subdivision 13, and any issue of obligations comprised in whole or in part of obligations bearing interest at a rate or rates which vary periodically referred to in section 475.56;

(6) to obligations to be issued for a purpose, in a manner, and upon terms and conditions authorized by law, if the governing body of the municipality, on the advice of bond counsel or special tax counsel, determines that interest on the obligations cannot be represented to be excluded from gross income for purposes of federal income taxation;

(7) to obligations issued in the form of an installment purchase contract, lease purchase agreement, or other similar agreement;

(8) to obligations sold under a bond reinvestment program; and

(9) if the municipality has retained an independent ~~financial advisor~~ municipal adviser, obligations which the governing body determines shall be sold by private negotiation.

ARTICLE 8 TAX ADMINISTRATION

Section 1. [270C.075] PRIVATE LETTER RULINGS.

Subdivision 1. **Program established.** By January 1, 2018, the commissioner shall, by administrative rule adopted under chapter 14, establish and implement a program for issuing private letter rulings to taxpayers to provide guidance as to how the commissioner will apply Minnesota tax law to a specific transaction or proposed transaction, arrangement, or other fact situation of the applying taxpayer. The commissioner must include in each ruling an explanation of the reasoning for the determination. In establishing the terms of the program, the commissioner may provide that rulings will not be issued in specified subject areas, for categories of transactions, or under specified provisions of law, if the commissioner determines doing so is in the best interests of the state and sound tax administration. The program must include a process for the representative of a taxpayer to apply for a private letter ruling and to communicate with the commissioner regarding the requested ruling.

Subd. 2. **Application procedure; fees.** (a) The commissioner shall establish an application procedure and forms for a taxpayer or the taxpayer's appointed representative to request a private letter ruling. The commissioner may require the taxpayer to provide any supporting factual information and certifications that the commissioner determines necessary or appropriate to issue a private letter ruling. The requirements may vary based on the type of ruling requested.

(b) The commissioner may, in the administrative rule, establish a fee schedule to recover the department's actual cost of preparing private letter rulings. The maximum fee per private letter ruling is \$1,000. The commissioner may require the applicant to pay the required fee for a private letter ruling before the application is considered. If the administrative rule provides for payment of a fee as a condition for providing a private letter ruling, the rule must provide a fee structure that varies the amount of the fee by the complexity of the request or the number and type of issues or both.

(c) If the commissioner fails to issue a ruling to the taxpayer within 90 days after the taxpayer's filing of a completed application, the commissioner must refund the application fee to the taxpayer; however, the commissioner must issue a private letter ruling unless the taxpayer withdraws the request.

(d) Any fees collected under this section must be deposited in the Revenue Department service and recovery special revenue fund established under section 270C.15, and are appropriated to the commissioner to offset the cost of issuing private letter rulings and related administrative costs.

Subd. 3. **Effect.** (a) A private letter ruling is binding on the commissioner with respect to the taxpayer to whom the ruling is issued if:

(1) there was no misstatement or omission of material facts in the application or other information provided to the commissioner;

(2) the facts that subsequently developed were not materially different from the facts upon which the ruling was based;

(3) the applicable statute, administrative rule, federal law referenced by state law, or other relevant law has not changed; and

(4) the taxpayer acted in good faith in applying for and relying on the ruling.

(b) Private letter rulings have no precedential effect and may not be relied upon by a taxpayer other than as provided in paragraph (a).

Subd. 4. **Public access.** The commissioner shall make private letter rulings issued under this section available to the public on the department's Web site. The commissioner must organize the private letter rulings by tax type and must make them available in a searchable format. The published rulings must redact any information that would permit identification of the requesting taxpayer.

Subd. 5. **Legislative report.** (a) By January 31 of each odd-numbered year, the commissioner shall report in writing to the legislature the following information for the immediately preceding two calendar years:

(1) the number of applications for private letter rulings;

(2) the number of private letter rulings issued, including the number issued within the 90-day time period under subdivision 2, paragraph (c);

(3) the amount of application fees refunded by tax type;

(4) the tax types for which rulings were requested;

(5) the types and characteristics of taxpayers applying for rulings; and

(6) any other information that the commissioner considers relevant to legislative oversight of the private letter ruling program.

(b) The report must be filed as provided in section 3.195, and copies must be provided to the chairs and ranking minority members of the committees of the house of representatives and the senate with jurisdiction over taxes and appropriations to the Department of Revenue.

EFFECTIVE DATE. This section is effective the day following final enactment, except that the first legislative report under subdivision 5 is due January 31, 2020.

Sec. 2. Minnesota Statutes 2016, section 270C.31, is amended by adding a subdivision to read:

Subd. 8. **Authority to request dual examination.** (a) A qualified taxpayer that is subject to an on-site examination or audit under this section of the amount of tax due under chapter 290 or 297A may request in writing that the commissioner conduct the examination or audit of the taxpayer's tax due under both chapters at the same time. The request must be made within 30 days of the receipt of the commissioner's notice of intent to conduct the on-site audit or examination in the form prescribed by the commissioner. If a qualified taxpayer files a timely written request under this subdivision and the commissioner elects to audit or examine the tax due under only one of the two chapters, the commissioner may not audit or examine the tax due under the other chapter for each taxable year or period that includes the taxable year or the period covered by the audit or examination that was conducted.

(b) For purposes of this subdivision, "qualified taxpayer" means a taxpayer that meets each of the following requirements:

(1) the taxpayer has been issued a permit to collect tax under section 297A.84;

(2) the gross receipts of the taxpayer, as reported on the return filed under chapter 290 for the most recent taxable year, is no more than \$150,000. In applying this clause to a taxpayer that is a member of a unitary business, as defined in section 290.17, gross receipts include the gross receipts of all members of the unitary business; and

(3) the commissioner audited or examined the taxpayer's return filed under chapter 290 or 297A or both for a period that ended no more than five years prior to the taxable year or the period for which the qualified taxpayer made the request under this subdivision, and the commissioner determined that no more than the greater of (1) \$1,000 or (2) five percent of the liability for tax in additional tax was owed by the taxpayer as a result of the audit or examination.

EFFECTIVE DATE. This section is effective for examinations and audits commenced after June 30, 2017.

Sec. 3. Minnesota Statutes 2016, section 270C.33, is amended by adding a subdivision to read:

Subd. 4a. **Limitations; sales taxes.** (a) The provisions of this subdivision are a limitation on the assessment authority of the commissioner under this section.

(b) The commissioner must not assess additional tax under chapter 297A if each of the following requirements are met:

(1) the tax reported by the taxpayer is consistent with and based on past reporting or other practices of the taxpayer that were fully disclosed to the commissioner and were specifically reviewed by the commissioner, including by issuing an audit assessing no additional tax liability with respect to that item for a prior taxable period; and

(2) effective for a taxable period beginning after the period covered by clause (1), neither the statute or administrative rule on which the reporting or other practice is based has been materially changed, nor has the commissioner issued a revenue notice or directly notified the taxpayer in writing of a change in the commissioner's position as to the proper reporting or other treatment of the relevant transaction or other item.

(c) For an audit of a prior taxable period by the commissioner, paragraph (b), clause (1), applies only to issues within the scope of and specifically addressed by the audit.

EFFECTIVE DATE. This section is effective for assessments made after June 30, 2017.

Sec. 4. Minnesota Statutes 2016, section 270C.33, is amended by adding a subdivision to read:

Subd. 4b. **Limit on assessments; reasonable cause for failure to collect or withhold.** (a) An assessment issued under subdivision 4 is reduced or eliminated to the extent that the amount that would otherwise be assessed arose from the taxpayer's failure to collect or withhold a tax from another individual or entity and the taxpayer had reasonable cause for not collecting or withholding the tax. A taxpayer may raise this ground for prohibition of an assessment during an audit, upon appeal from an assessment, or by refund claim following payment of the assessment.

(b) For purposes of this subdivision and section 270C.35, subdivision 4:

(1) ignorance of the law is not reasonable cause;

(2) lack of clarity as to whether the law requires collection or withholding under the circumstances may be reasonable cause; and

(3) failure to collect or withhold in accordance with prior written advice from the commissioner on the specific question of the requirement to collect or withhold under the same or similar circumstances that has not been superseded or preempted by a change in statute or administrative rule or a subsequent written notice from the commissioner to the taxpayer prior to commencement of the period for which the failure to collect or withhold occurred is reasonable cause.

EFFECTIVE DATE. This section is effective for assessments made after June 30, 2017.

Sec. 5. Minnesota Statutes 2016, section 270C.34, subdivision 1, is amended to read:

Subdivision 1. **Authority.** (a) The commissioner may abate, reduce, or refund any penalty or interest that is imposed by a law administered by the commissioner, or imposed by section 270.0725, subdivision 1 or 2, or 270.075, subdivision 2, as a result of the late payment of tax or late filing of a return, or any part of an additional tax charge under section 289A.25, subdivision 2, or 289A.26, subdivision 4, if the failure to timely pay the tax or failure to timely file the return is due to reasonable cause, or if the taxpayer is located in a presidentially declared disaster or in a presidentially declared state of emergency area or in an area declared to be in a state of emergency by the governor under section 12.31.

(b) The commissioner shall abate any part of a penalty or additional tax charge under section 289A.25, subdivision 2, or 289A.26, subdivision 4, attributable to erroneous advice given to the taxpayer in writing by an employee of the department acting in an official capacity, if the advice:

(1) was reasonably relied on and was in response to a specific written request of the taxpayer; and

(2) was not the result of failure by the taxpayer to provide adequate or accurate information.

(c) In addition to the authority under paragraphs (a) and (b), the commissioner may decline to impose or may abate any penalty under section 289A.60 or other law, or an additional tax charge under section 289A.25, subdivision 2, or 289A.26, subdivision 4.

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

Sec. 6. Minnesota Statutes 2016, section 270C.35, subdivision 4, is amended to read:

Subd. 4. **Time and content for administrative appeal.** Within 60 days after the notice date, the taxpayer must file a written appeal with the commissioner. The appeal need not be in any particular form but must contain the following information:

(1) name and address of the taxpayer;

(2) if a corporation, the state of incorporation of the taxpayer, and the principal place of business of the corporation;

(3) the Minnesota identification number or Social Security number of the taxpayer;

(4) the type of tax involved;

(5) the date;

(6) the tax years or periods involved and the amount of tax involved for each year or period;

(7) the findings in the notice that the taxpayer disputes;

(8) for a request to reduce or eliminate an assessment under section 270C.33, subdivision 4b, a statement of the taxpayer's grounds, along with a brief statement of the supporting facts, for the assertion of reasonable cause for the failure to collect or withhold tax from another individual or entity;

(9) a summary statement that the taxpayer relies on for each exception; and

~~(9)~~ (10) the taxpayer's signature or signature of the taxpayer's duly authorized agent.

EFFECTIVE DATE. This section is effective for assessments made after June 30, 2017.

Sec. 7. Minnesota Statutes 2016, section 271.06, subdivision 2a, is amended to read:

Subd. 2a. **Timely mailing treated as timely filing.** (a) If, after the period prescribed by subdivision 2, the original notice of appeal, proof of service upon the commissioner, and filing fee are delivered by United States mail to the Tax Court administrator or the court administrator of district court acting as court administrator of the Tax Court, then the date of filing is the date of the United States postmark stamped on the envelope or other appropriate wrapper in which the notice of appeal, proof of service upon the commissioner, and filing fee are mailed.

(b) This subdivision applies only if the postmark date falls within the period prescribed by subdivision 2 and the original notice of appeal, proof of service upon the commissioner, and filing fee are, within the time prescribed by subdivision 2, deposited in the mail in the United States in an envelope or other appropriate wrapper, postage prepaid, properly addressed to the Tax Court administrator or the court administrator of district court acting as court administrator of the Tax Court.

(c) Only the postmark of the United States Postal Service qualifies as proof of timely mailing under this subdivision. Private postage meters do not qualify as proof of timely filing under this subdivision. If the original notice of appeal, proof of service upon the commissioner, and filing fee are sent by United States registered mail, the date of registration is the postmark date. If the original notice of appeal, proof of service upon the commissioner, and filing fee are sent by United States certified mail and the sender's receipt is postmarked by the postal employee to whom the envelope containing the original notice of appeal, proof of service upon the commissioner, and filing fee is presented, the date of the United States postmark on the receipt is the postmark date. If the envelope or other wrapper in which the notice of appeal, proof of service upon the commissioner, and filing fee are mailed does not contain a postmark of the United States Postal Service but is delivered by United States mail to the Tax Court administrator or the court administrator of the district court acting as court administrator of the Tax Court, then the date of mailing qualifies as timely filed under this subdivision, if proof of mailing within the time prescribed by subdivision 2 is provided by affidavit of the petitioner or counsel.

(d) A reference in this section to the United States mail must be treated as including a reference to any designated delivery service and a reference in this section to a postmark by the United States Postal Service must be treated as including a reference to any date recorded or marked by any designated delivery service in accordance with section 7502(f) of the Internal Revenue Code.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to notices mailed after June 30, 2017.

Sec. 8. Minnesota Statutes 2016, section 271.06, subdivision 6, is amended to read:

Subd. 6. **Hearings; determination of issues; default.** (a) The Tax Court shall hear, consider, and determine without a jury every appeal de novo. A Tax Court judge may empanel an advisory jury upon the judge's motion. The Tax Court shall hold a public hearing in every case. All such parties shall have an opportunity to offer evidence and arguments at the hearing; provided, that the order of the commissioner or the appropriate unit of government in every case shall be prima facie valid. When an appeal to the Tax Court has been taken from an order or determination of the commissioner or from the appropriate unit of government, the proceeding shall be an original proceeding in the nature of a suit to set aside or modify the order or determination. In case no appellant shall appear the Tax Court shall enter its order affirming the order of the commissioner of revenue or the appropriate unit of government from which the appeal was taken. If the Department of Revenue's sales ratio study is introduced in Tax Court as evidence, the sales ratio data from the study shall be admissible as evidence only as provided in section 278.05, subdivision 4.

(b) The commissioner, the taxpayer, and any other party to an appeal to the Tax Court may file all necessary notices, documents, and other necessary information with the Tax Court in a manner approved by the Tax Court.

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

Sec. 9. Minnesota Statutes 2016, section 271.08, subdivision 1, is amended to read:

Subdivision 1. **Written order.** The Tax Court, except in Small Claims Division, shall determine every appeal by written order containing findings of fact and the decision of the Tax Court. A memorandum of the grounds of the decision shall be appended. Notice of the entry of the order and of the substance of the decision shall be mailed to all parties. A motion for rehearing, which includes a motion for amended findings of fact, conclusions of law, or a new trial, must be served by the moving party within ~~45~~ 30 days after mailing of the notice by the court as specified in this subdivision, and the motion must be heard within 30 days thereafter, unless the time for hearing is extended by the court within the 30-day period for good cause shown.

EFFECTIVE DATE. This section is effective for petitions and appeals filed after June 30, 2017.

Sec. 10. Minnesota Statutes 2016, section 271.18, is amended to read:

271.18 EX-JUDGES NOT TO REPRESENT CLIENTS; EXCEPTION; VIOLATION.

No judge ~~or employee~~ of the Tax Court, except referees appointed for the Small Claims Division, shall, within one year after the office or employment has terminated, act as counsel, attorney, or agent ~~for a taxpayer~~ in connection with any claim or proceeding pending ~~in the department of revenue or~~ in the Tax Court at the time of termination. No judge, referee, or employee shall, at any time after the termination of the office or employment, act as counsel, attorney, or agent in connection with any claim or proceeding of which the person terminated has knowledge which was acquired in the course of a term of office or employment in the Tax Court. Any violation of the provisions of this section shall be a gross misdemeanor.

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

Sec. 11. Minnesota Statutes 2016, section 289A.40, subdivision 1, is amended to read:

Subdivision 1. **Time limit; generally.** (a) Unless otherwise provided in this chapter, a claim for a refund of an overpayment of state tax must be filed within 3-1/2 years from the date prescribed for filing the return, plus any extension of time granted for filing the return, but only if filed within the extended time, or ~~one year from the date of an order assessing tax under section 270C.33 or an order determining an appeal under section 270C.35, subdivision 8,~~

~~or one year from the date of a return made by the commissioner under section 270C.33, subdivision 3, upon payment in full of the tax, penalties, and interest shown on the order or return made by the commissioner two years from the time the tax was paid, whichever period expires later. Claims for refund, except for taxes under chapter 297A, filed after the 3 1/2 year period but within the one year period are limited to the amount of the tax, penalties, and interest on the order or return made by the commissioner and to issues determined by the order or return made by the commissioner.~~

~~In the case of assessments under section 289A.38, subdivision 5 or 6, claims for refund under chapter 297A filed after the 3 1/2 year period but within the one year period are limited to the amount of the tax, penalties, and interest on the order or return made by the commissioner that are due for the period before the 3 1/2 year period.~~

(b) For refunds due on a report required to be filed under section 289A.38, subdivision 7, the period under paragraph (a) is extended to the due date for the report required by section 289A.38, subdivision 7.

EFFECTIVE DATE. This section is effective for claims for refund filed after the day following final enactment.

Sec. 12. Minnesota Statutes 2016, section 289A.60, subdivision 1, is amended to read:

Subdivision 1. **Penalty for failure to pay tax.** (a) If a corporate franchise, fiduciary income, mining company, estate, partnership, S corporation, or nonresident entertainer tax is not paid within the time specified for payment, a penalty of six percent is added to the unpaid tax, except that if a corporation or mining company meets the requirements of section 289A.19, subdivision 2, the penalty is not imposed.

(b) For the taxes listed in paragraph (a), in addition to the penalty in that paragraph, whether imposed or not, if a return or amended return is filed after the due date, without regard to extensions, and any tax reported as remaining due is not remitted with the return or amended return, a penalty of five percent of the tax not paid is added to the tax. If the commissioner issues an order assessing additional tax for a tax listed in paragraph (a), and the tax is not paid within 60 days after the mailing of the order or, if appealed, within 60 days after final resolution of the appeal, a penalty of five percent of the unpaid tax is added to the tax.

(c) If an individual income tax is not paid within the time specified for payment, a penalty of four percent is added to the unpaid tax. There is a presumption of reasonable cause for the late payment if the individual: (i) pays by the due date of the return at least 90 percent of the amount of tax, after credits other than withholding and estimated payments, shown owing on the return; (ii) files the return within six months after the due date; and (iii) pays the remaining balance of the reported tax when the return is filed.

(d) If the commissioner issues an order assessing additional individual income tax, and the tax is not paid within 60 days after the mailing of the order or, if appealed, within 60 days after final resolution of the appeal, a penalty of four percent of the unpaid tax is added to the tax.

(e) If a withholding or sales or use tax is not paid within the time specified for payment, a penalty must be added to the amount required to be shown as tax. The penalty is five percent of the tax not paid on or before the date specified for payment of the tax if the failure is for not more than 30 days, with an additional penalty of five percent of the amount of tax remaining unpaid during each additional 30 days or fraction of 30 days during which the failure continues, not exceeding 15 percent in the aggregate.

(f) No penalty applies under this section if:

(1) the total calculated penalty that would otherwise apply under paragraphs (a) to (e) is less than \$150; or

(2) for an underpayment of individual income tax under chapter 290 or sales tax under chapter 297A, the liability for tax on which the penalty is calculated is less than \$1,000 and the taxpayer timely filed any returns required to be filed during the prior three calendar years and was not subject to a penalty under this section, determined without regard to the provisions of this paragraph, for any taxes on returns due during that three-year period.

EFFECTIVE DATE. This section is effective for penalties imposed after January 1, 2019.

ARTICLE 9 MISCELLANEOUS

Section 1. **[16A.1246] NO SPENDING FOR CERTAIN RAIL PROJECTS.**

(a) Except as provided in paragraph (b), no appropriation or other state money, whether in the general or another fund, must be expended or used for any costs related to studying the feasibility of, planning for, designing, engineering, acquiring property or constructing facilities for or related to, or development or operation of intercity or interregional passenger rail facilities or operations between the city of Rochester or locations in its metropolitan area and any location in the metropolitan area, as defined in section 473.121, subdivision 2.

(b) The restrictions under this section do not apply to:

(1) funds obtained from contributions, grants, or other voluntary payments made by nongovernmental entities from private sources; or

(2) amounts specifically appropriated for a project or costs subject to paragraph (a), but only after enactment of a law that explicitly adds the project for which the expenditures are made to the statewide freight and passenger rail plan under section 174.03, subdivision 1b.

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

Sec. 2. **[16B.2965] PROPERTY LEASED FOR RAIL PROJECTS.**

(a) If a state official leases, loans, or otherwise makes available state lands, air rights, or any other state property for use in connection with passenger rail facilities, as described in section 16A.1246, the lease or other agreement must include or be secured by a security bond or equivalent guarantee that allows the state to recover any costs it incurs in connection with the rail project from a responsible third party or secure source of capital, if the passenger rail facilities are not constructed, do not go into operation, or are abandoned, whether or not the facilities began operations. The security bond or equivalent guarantee must remain in place for the term of lease, loan, or other agreement that makes state property available for use by the project. These costs include restoring state property to its original condition.

(b) For purposes of this section, "state official" includes the commissioner, the commissioner of transportation, or any other state official with authority to enter a lease or other agreement providing for use by a nonstate entity of state property.

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

Sec. 3. **[117.028] CONDEMNATION FOR CERTAIN RAIL FACILITIES PROHIBITED.**

Notwithstanding section 222.27 or any other law to the contrary, no condemning authority may take property for the development or construction of or for facilities related to intercity or interregional passenger rail facilities or operations between the city of Rochester or locations in its metropolitan area and any location in the metropolitan area, as defined in section 473.121, subdivision 2.

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

Sec. 4. Minnesota Statutes 2016, section 174.03, subdivision 1b, is amended to read:

Subd. 1b. **Statewide freight and passenger rail plan.** (a) The commissioner shall develop a comprehensive statewide freight and passenger rail plan to be included and revised as a part of the statewide multimodal transportation plan.

~~(b) Before the initial version of the plan is adopted, the commissioner shall provide a copy for review and comment to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over transportation policy and finance. Notwithstanding paragraph (a), the commissioner may adopt the next revision of the statewide transportation plan, scheduled to be completed in calendar year 2009, prior to completion of the initial version of the comprehensive statewide freight and passenger rail plan. The statewide freight and passenger rail plan must not include prioritization, planning, or references, other than references for historical purposes, to intercity passenger rail between the city of Rochester or locations in its metropolitan area and any location in the metropolitan area, as defined in section 473.121, subdivision 2. Before February 1, 2018, the commissioner shall revise the statewide freight and passenger rail plan to meet the requirements of this paragraph.~~

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

Sec. 5. **[222.271] PASSENGER RAIL PROJECTS; ENVIRONMENTAL INSURANCE REQUIRED.**

Subdivision 1. **Scope.** (a) This section applies to any person that seeks a federal or state permit or other formal legal authorization to construct or operate a passenger rail project with an estimated capital cost exceeding \$1,000,000,000.

(b) This section does not apply to a person whose only action within the scope of paragraph (a) is an application for a building permit.

Subd. 2. **Definitions.** (a) For purposes of this section, unless the context clearly indicates otherwise, the following definitions apply.

(b) "Commissioner" means the commissioner of the Pollution Control Agency.

(c) "Insurance" means a commercial insurance policy, a security bond, or an equivalent guarantee that provides assurance of the project's ability to pay claims for any liability under chapter 115B or similar provisions of common law or federal law resulting from construction or operation of the passenger rail project.

(d) "Passenger rail project" or "project" means a railroad or a line or lines of a railway located within or partly within Minnesota intended to provide passenger service, regardless of whether freight service is also provided, by a common carrier other than a federal or state government unit, a political subdivision of the state, or the National Railroad Passenger Corporation created under the Rail Passenger Service Act of 1970, Public Law 91-518.

(e) "Person" includes a corporation, limited liability company, partnership, other entity, or an individual.

Subd. 3. Environmental insurance required. (a) Any person subject to this section must obtain and maintain insurance that is adequate to cover potential claims and meets the other requirements of this section, as approved by the commissioner under paragraph (b). The insurance must not contain dollar limits on liability, or if it does contain a dollar limit the limit must be not less than a reasonable estimate of the potential exposure of the project for environmental remediation or impairment damages. Any dollar limit must be adjusted if the scope, size, or cost of the project increases materially. The insurance must cover any liability incurred during and after the construction and operation of the project and must not contain exclusions, limitations, or other restrictions that are not standard in comprehensive environmental remediation insurance or in environmental impairment insurance, as applicable.

(b) In order to satisfy the requirements of this section, the commissioner must determine that the insurance is adequate and that it meets the other requirements of this section. The commissioner may require that the project provide any supporting documentation to determine that insurance is adequate and meets the other requirements of this section and that the project has the financial ability to maintain insurance during the project's operations.

EFFECTIVE DATE. This section is effective for passenger rail projects for which application for a permit or other formal legal authorization to construct is made after the day following final enactment.

Sec. 6. Minnesota Statutes 2016, section 270C.13, subdivision 1, is amended to read:

Subdivision 1. Biennial report. The commissioner shall report to the legislature by March 1 of each odd-numbered year on the overall incidence of the income tax, sales and excise taxes, and property tax. The report shall present information on the distribution of the tax burden as follows: (1) for the overall income distribution, using a systemwide incidence measure such as the Suits index or other appropriate measures of equality and inequality; (2) by income classes, including at a minimum deciles of the income distribution; and (3) by other appropriate taxpayer characteristics. The report must also include information on the distribution of the burden of federal taxes borne by Minnesota residents.

Sec. 7. Minnesota Statutes 2016, section 287.08, is amended to read:

287.08 TAX, HOW PAYABLE; RECEIPTS.

(a) The tax imposed by sections 287.01 to 287.12 must be paid to the treasurer of any county in this state in which the real property or some part is located at or before the time of filing the mortgage for record. The treasurer shall endorse receipt on the mortgage and the receipt is conclusive proof that the tax has been paid in the amount stated and authorizes any county recorder or registrar of titles to record the mortgage. Its form, in substance, shall be "registration tax hereon of dollars paid." If the mortgage is exempt from taxation the endorsement shall, in substance, be "exempt from registration tax." In either case the receipt must be signed by the treasurer. In case the treasurer is unable to determine whether a claim of exemption should be allowed, the tax must be paid as in the case of a taxable mortgage. For documents submitted electronically, the endorsements and tax amount shall be affixed electronically and no signature by the treasurer will be required. The actual payment method must be arranged in advance between the submitter and the receiving county.

(b) The county treasurer may refund in whole or in part any mortgage registry tax overpayment if a written application by the taxpayer is submitted to the county treasurer within 3-1/2 years from the date of the overpayment. If the county has not issued a denial of the application, the taxpayer may bring an action in Tax Court in the county in which the tax was paid at any time after the expiration of six months from the time that the application was submitted. A denial of refund may be appealed within 60 days from the date of the denial by bringing an action in Tax Court in the county in which the tax was paid. The action is commenced by the serving of a petition for relief on the county treasurer, and by filing a copy with the court. The county attorney shall defend the action. The county treasurer shall notify the treasurer of each county that has or would receive a portion of the tax as paid.

(c) If the county treasurer determines a refund should be paid, or if a refund is ordered by the court, the county treasurer of each county that actually received a portion of the tax shall immediately pay a proportionate share of three percent of the refund using any available county funds. The county treasurer of each county that received, or would have received, a portion of the tax shall also pay their county's proportionate share of the remaining 97 percent of the court-ordered refund on or before the 20th day of the following month using solely the mortgage registry tax funds that would be paid to the commissioner of revenue on that date under section 287.12. If the funds on hand under this procedure are insufficient to fully fund 97 percent of the court-ordered refund, the county treasurer of the county in which the action was brought shall file a claim with the commissioner of revenue under section 16A.48 for the remaining portion of 97 percent of the refund, and shall pay over the remaining portion upon receipt of a warrant from the state issued pursuant to the claim.

(d) When any mortgage covers real property located in more than one county in this state the total tax must be paid to the treasurer of the county where the mortgage is first presented for recording, and the payment must be receipted as provided in paragraph (a). If the principal debt or obligation secured by such a multiple county mortgage exceeds \$10,000,000, the nonstate portion of the tax must be ~~divided and paid over by the county treasurer receiving it, on or before the 20th day of each month after receipt, to the county or counties entitled~~ remitted by the county treasurer receiving the tax to the commissioner of revenue with the state tax due under section 287.12. The commissioner shall determine the nonstate portion of the tax owed to each county in the ratio that the estimated market value of the real property covered by the mortgage in each county bears to the estimated market value of all the real property in this state described in the mortgage. The commissioner shall pay each county within 60 days of receiving the tax from the county that collected the tax. In making the division and payment the ~~county treasurer~~ commissioner of revenue shall send a statement giving the description of the real property described in the mortgage and the estimated market value of the part located in each county. For this purpose, the ~~treasurer of any county~~ commissioner of revenue may require the treasurer of any ~~other~~ county to certify to the former the estimated market value of any tract of real property in any mortgage in the county.

(e) The mortgagor must pay the tax imposed by sections 287.01 to 287.12. The mortgagee may undertake to collect and remit the tax on behalf of the mortgagor. If the mortgagee collects money from the mortgagor to remit the tax on behalf of the mortgagor, the mortgagee has a fiduciary duty to remit the tax on behalf of the mortgagor as to the amount of the tax collected for that purpose and the mortgagor is relieved of any further obligation to pay the tax as to the amount collected by the mortgagee for this purpose.

EFFECTIVE DATE. This section is effective for tax collected after June 30, 2017.

Sec. 8. Minnesota Statutes 2016, section 296A.01, subdivision 7, is amended to read:

Subd. 7. **Aviation gasoline.** "Aviation gasoline" means any gasoline that is ~~capable of use for the purpose of producing or generating~~ used to produce or generate power for propelling internal combustion engine aircraft, ~~that meets the specifications in ASTM specification D910-11, and that either,~~

Aviation gasoline includes any gasoline:

(1) is invoiced and billed by a producer, manufacturer, refiner, or blender to a distributor or dealer, by a distributor to a dealer or consumer, or by a dealer to consumer, as "aviation gasoline" that meets specifications in ASTM specification D910-16 or any other ASTM specification as gasoline appropriate for use in producing or generating power for propelling internal combustion engine aircraft; or

(2) ~~whether or not invoiced and billed as provided in clause (1), is received, sold, stored, or withdrawn from storage by any person, to be used for the purpose of producing or generating power for propelling internal combustion engine aircraft~~ sold to a dealer of aviation gasoline for dispensing directly into the fuel tank of an aircraft.

EFFECTIVE DATE. This section is effective the day following final enactment except that the change to clause (2) is effective for sales and purchases made after June 30, 2017.

Sec. 9. Minnesota Statutes 2016, section 296A.01, subdivision 12, is amended to read:

Subd. 12. **Compressed natural gas or CNG.** "Compressed natural gas" or "CNG" means natural gas, primarily methane, condensed under high pressure and stored in specially designed storage tanks at between 2,000 and 3,600 pounds per square inch. For purposes of this chapter, the energy content of CNG is considered to be ~~4,000~~ 900 BTUs per cubic foot.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2017.

Sec. 10. Minnesota Statutes 2016, section 296A.01, is amended by adding a subdivision to read:

Subd. 13a. **Dealer of aviation gasoline.** "Dealer of aviation gasoline" means any person who sells gasoline on the premises of an airport as defined under section 360.013, subdivision 39, to be dispensed directly into the fuel tank of an aircraft.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2017.

Sec. 11. Minnesota Statutes 2016, section 296A.07, subdivision 4, is amended to read:

Subd. 4. **Exemptions.** The provisions of subdivision 1 do not apply to gasoline or denatured ethanol purchased by:

(1) a transit system or transit provider receiving financial assistance or reimbursement under section 174.24, 256B.0625, subdivision 17, or 473.384;

(2) providers of transportation to recipients of medical assistance home and community-based services waivers enrolled in day programs, including adult day care, family adult day care, day treatment and habilitation, prevocational services, and structured day services;

(3) an ambulance service licensed under chapter 144E;

(4) providers of medical or dental services by a federally qualified health center, as defined under title 19 of the Social Security Act, as amended by Section 4161 of the Omnibus Budget Reconciliation Act of 1990, with a motor vehicle used exclusively as a mobile medical unit; ~~or~~

(5) a licensed distributor to be delivered to a terminal for use in blending; or

(6) a dealer of aviation gasoline, but only to the extent that the gasoline is intended to be dispensed directly into the fuel tank of an aircraft.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2017.

Sec. 12. Minnesota Statutes 2016, section 296A.08, subdivision 2, is amended to read:

Subd. 2. **Rate of tax.** The special fuel excise tax is imposed at the following rates:

(a) Liquefied petroleum gas or propane is taxed at the rate of 18.75 cents per gallon.

(b) Liquefied natural gas is taxed at the rate of 15 cents per gallon.

(c) Compressed natural gas is taxed at the rate of ~~\$2.174~~ \$1.974 per thousand cubic feet; or 25 cents per gasoline equivalent. For purposes of this paragraph, "gasoline equivalent," as defined by the National Conference on Weights and Measures, is 5.66 pounds of natural gas or 126.67 cubic feet.

(d) All other special fuel is taxed at the same rate as the gasoline excise tax as specified in section 296A.07, subdivision 2. The tax is payable in the form and manner prescribed by the commissioner.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2017.

Sec. 13. Minnesota Statutes 2016, section 296A.15, subdivision 1, is amended to read:

Subdivision 1. **Monthly gasoline report; shrinkage allowance.** (a) Except as provided in paragraph (e), on or before the 23rd day of each month, every person who is required to pay a gasoline tax shall file with the commissioner a report, in the form and manner prescribed by the commissioner, showing the number of gallons of petroleum products received by the reporter during the preceding calendar month, and other information the commissioner may require. A written report is deemed to have been filed as required in this subdivision if postmarked on or before the 23rd day of the month in which the tax is payable.

(b) The number of gallons of gasoline must be reported in United States standard liquid gallons, 231 cubic inches, except that the commissioner may upon written application and for cause shown permit the distributor to report the number of gallons of gasoline as corrected to a temperature of 60-degrees Fahrenheit. If the application is granted, all gasoline covered in the application and allowed by the commissioner must continue to be reported by the distributor on the adjusted basis for a period of one year from the date of the granting of the application. The number of gallons of petroleum products other than gasoline must be reported as originally invoiced. Each report must show separately the number of gallons of aviation gasoline received by the reporter during each calendar month and the number of gallons of gasoline sold to a dealer of aviation gasoline during each calendar month.

(c) Each report must also include the amount of gasoline tax on gasoline received by the reporter during the preceding month. In computing the tax a deduction of 2.5 percent of the quantity of gasoline received by a distributor shall be made for evaporation and loss. At the time of reporting, the reporter shall submit satisfactory evidence that one-third of the 2.5 percent deduction has been credited or paid to dealers on quantities sold to them.

(d) Each report shall contain a confession of judgment for the amount of the tax shown due to the extent not timely paid.

(e) Under certain circumstances and with the approval of the commissioner, taxpayers may be allowed to file reports annually.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2017.

Sec. 14. Minnesota Statutes 2016, section 296A.15, subdivision 4, is amended to read:

Subd. 4. **Failure to use or sell for intended purpose; report required.** (a) Any person who buys aviation gasoline, including from a dealer of aviation gasoline, or special fuel for aircraft use, and who has paid the excise taxes due directly or indirectly through the amount of the tax being included in the price, or otherwise, and uses said gasoline or special fuel in motor vehicles or knowingly sells it to any person for use in motor vehicles shall, on or before the 23rd day of the month following that in which such gasoline or special fuel was so used or sold, report the fact of the use or sale to the commissioner in the form and manner prescribed by the commissioner.

(b) Any person who buys gasoline ~~other than aviation gasoline~~ and who has paid the motor vehicle gasoline excise tax directly or indirectly through the amount of the tax being included in the price of the gasoline, or otherwise, who knowingly sells such gasoline to any person to be used for the purpose of producing or generating

power for propelling aircraft, or who receives, stores, or withdraws from storage gasoline to be used for that purpose, shall, on or before the 23rd day of the month following that in which such gasoline was so sold, stored, or withdrawn from storage, report the fact of the sale, storage, or withdrawal from storage to the commissioner in the form and manner prescribed by the commissioner.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2017.

Sec. 15. Minnesota Statutes 2016, section 296A.17, subdivision 3, is amended to read:

Subd. 3. **Refund on graduated basis.** Any person who has directly or indirectly paid the excise tax on aviation gasoline or special fuel for aircraft use provided for by this chapter and has either paid the airflight property tax under section 270.072 or is an aerial applicator with a category B, general aerial license, under section 18B.33, shall, as to all such aviation gasoline and special fuel received, stored, or withdrawn from storage by the person in this state in any calendar year and not sold or otherwise disposed of to others, or intended for sale or other disposition to others, on which such tax has been so paid, be entitled to the following graduated reductions in such tax for that calendar year, to be obtained by means of the following refunds:

- (1) on each gallon of ~~such~~ aviation gasoline or special fuel up to 50,000 gallons, all but five cents per gallon;
- (2) on each gallon of ~~such~~ aviation gasoline or special fuel above 50,000 gallons and not more than 150,000 gallons, all but two cents per gallon;
- (3) on each gallon of ~~such~~ aviation gasoline or special fuel above 150,000 gallons and not more than 200,000 gallons, all but one cent per gallon;
- (4) on each gallon of ~~such~~ aviation gasoline or special fuel above 200,000, all but one-half cent per gallon.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2017.

Sec. 16. Minnesota Statutes 2016, section 296A.19, subdivision 1, is amended to read:

Subdivision 1. **Retention.** All distributors, dealers, special fuel dealers, bulk purchasers, dealers of aviation gasoline, and all users of special fuel shall keep a true and accurate record of all purchases, transfers, sales, and use of petroleum products and special fuel, including copies of all sales tickets issued, in a form and manner approved by the commissioner, and shall retain all such records for 3-1/2 years.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2017.

Sec. 17. Minnesota Statutes 2016, section 297F.01, subdivision 13a, is amended to read:

Subd. 13a. **Premium cigar.** "Premium cigar" means any cigar that is hand-constructed ~~and hand-rolled,~~ has a wrapper that is made entirely from whole tobacco leaf, has a filler and binder that is made entirely of tobacco, except for adhesives or other materials used to maintain size, texture, or flavor, and has a wholesale price of no less than \$2.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 18. Minnesota Statutes 2016, section 297F.05, subdivision 1, is amended to read:

Subdivision 1. **Rates; cigarettes.** A tax is imposed upon the sale of cigarettes in this state, upon having cigarettes in possession in this state with intent to sell, upon any person engaged in business as a distributor, and upon the use or storage by consumers, at the rate of ~~44.5~~ 15.2 mills, or ~~44.45~~ 15.2 cents, on each cigarette.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 19. Minnesota Statutes 2016, section 297F.05, subdivision 3a, is amended to read:

Subd. 3a. **Rates; premium cigars.** (a) A tax is imposed upon all premium cigars in this state and upon any person engaged in business as a tobacco product distributor, at the lesser of:

- (1) the rate of 95 percent of the wholesale sales price of the premium cigars; or
 - (2) ~~\$3.50~~ \$0.50 per premium cigar.
- (b) The tax imposed under paragraph (a) is imposed at the time the tobacco products distributor:
- (1) brings, or causes to be brought, into this state from outside the state premium cigars for sale;
 - (2) makes, manufactures, or fabricates premium cigars in this state for sale in this state; or
 - (3) ships or transports premium cigars to retailers in this state, to be sold by those retailers.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 20. Minnesota Statutes 2016, section 297F.05, subdivision 4a, is amended to read:

Subd. 4a. **Use tax; premium cigars.** A tax is imposed upon the use or storage by consumers of all premium cigars in this state, and upon such consumers, at the lesser of:

- (1) the rate of 95 percent of the cost to the consumer of the premium cigars; or
- (2) ~~\$3.50~~ \$0.50 per premium cigar.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 21. Minnesota Statutes 2016, section 297G.03, is amended by adding a subdivision to read:

Subd. 6. **Small winery credit.** (a) A qualified winery producing wine or cider is entitled to a tax credit equal to the excise tax due under subdivision 1, paragraphs (b) to (g), on the wine or cider sold in any fiscal year beginning July 1. A qualified winery may take the credit on the 18th day of each month, but the total credit allowed may not exceed, in any fiscal year, the lesser of:

- (1) the liability for tax; or
- (2) \$136,275.

(b) For purposes of this subdivision, "qualified winery" means a winery, whether or not located in this state, manufacturing fewer than 75,000 gallons of wine and cider annually.

(c) By February 15 of each year, beginning in 2019, the commissioner of revenue shall provide a report to the chairs and ranking minority members of the legislative committees having jurisdiction over taxes that includes the following information for the previous fiscal year, regarding the credit authorized under this subdivision:

(1) the total amount of the tax expenditure for the credit, including the amount of credits claimed by Minnesota small wineries and out-of-state small wineries; and

(2) the number of claimants for the credit, including the number of Minnesota small wineries and the number of out-of-state small wineries.

EFFECTIVE DATE. This section is effective January 1, 2018.

Sec. 22. Minnesota Statutes 2016, section 298.225, subdivision 1, is amended to read:

Subdivision 1. **Guaranteed distribution.** (a) Except as provided under paragraph (c), the distribution of the taconite production tax as provided in section 298.28, subdivisions 3 to 5, 6, paragraph (b), 7, and 8, shall equal the lesser of the following amounts:

(1) the amount distributed pursuant to this section and section 298.28, with respect to 1983 production if the production for the year prior to the distribution year is no less than 42,000,000 taxable tons. If the production is less than 42,000,000 taxable tons, the amount of the distributions shall be reduced proportionately at the rate of two percent for each 1,000,000 tons, or part of 1,000,000 tons by which the production is less than 42,000,000 tons; or

(2)(i) for the distributions made pursuant to section 298.28, subdivisions 4, paragraphs (b) and (c), and 6, paragraph (c), 31.2 percent of the amount distributed pursuant to this section and section 298.28, with respect to 1983 production;

(ii) for the distributions made pursuant to section 298.28, subdivision 5, paragraphs (b) and (d), 75 percent of the amount distributed pursuant to this section and section 298.28, with respect to 1983 production provided that the aid guarantee for distributions under section 298.28, subdivision 5, paragraph (b), shall be reduced by five cents per taxable ton for production years 2014 and thereafter.

(b) The distribution of the taconite production tax as provided in section 298.28, subdivision 2, shall equal the following amount:

(1) if the production for the year prior to the distribution year is at least 42,000,000 taxable tons, the amount distributed pursuant to this section and section 298.28 with respect to 1999 production; or

(2) if the production for the year prior to the distribution year is less than 42,000,000 taxable tons, the amount distributed pursuant to this section and section 298.28 with respect to 1999 production, reduced proportionately at the rate of two percent for each 1,000,000 tons or part of 1,000,000 tons by which the production is less than 42,000,000 tons.

(c) The distribution of the taconite production tax under section 298.28, subdivision 3, paragraph (a), guaranteed under this section is equal to the amount distributed under section 298.28, with respect to 1983 production.

EFFECTIVE DATE. This section is effective for distributions in 2018 and thereafter.

Sec. 23. Minnesota Statutes 2016, section 298.227, is amended to read:

298.227 TACONITE ECONOMIC DEVELOPMENT FUND.

(a) An amount equal to that distributed pursuant to each taconite producer's taxable production and qualifying sales under section 298.28, subdivision 9a, shall be held by the Iron Range Resources and Rehabilitation Board in a separate taconite economic development fund for each taconite and direct reduced ore producer. Money from the fund for each producer shall be released by the commissioner after review by a joint committee consisting of an equal number of representatives of the salaried employees and the nonsalaried production and maintenance employees of that producer. The District 11 director of the United States Steelworkers of America, on advice of each local employee president, shall select the employee members. In nonorganized operations, the employee committee shall be elected by the nonsalaried production and maintenance employees. The review must be completed no later than six months after the producer presents a proposal for expenditure of the funds to the committee. The funds held pursuant to this section may be released only for workforce development and associated public facility improvement, concurrent reclamation, or for acquisition of plant and stationary mining equipment and facilities for the producer or for research and development in Minnesota on new mining, or taconite, iron, or steel production technology, but only if the producer provides a matching expenditure equal to the amount of the distribution to be used for the same purpose beginning with distributions in 2014. Effective for proposals for expenditures of money from the fund beginning May 26, 2007, the commissioner may not release the funds before the next scheduled meeting of the board. If a proposed expenditure is not approved by the board, the funds must be deposited in the Taconite Environmental Protection Fund under sections 298.222 to 298.225. If a producer uses money which has been released from the fund prior to May 26, 2007 to procure haulage trucks, mobile equipment, or mining shovels, and the producer removes the piece of equipment from the taconite tax relief area defined in section 273.134 within ten years from the date of receipt of the money from the fund, a portion of the money granted from the fund must be repaid to the taconite economic development fund. The portion of the money to be repaid is 100 percent of the grant if the equipment is removed from the taconite tax relief area within 12 months after receipt of the money from the fund, declining by ten percent for each of the subsequent nine years during which the equipment remains within the taconite tax relief area. If a taconite production facility is sold after operations at the facility had ceased, any money remaining in the fund for the former producer may be released to the purchaser of the facility on the terms otherwise applicable to the former producer under this section. If a producer fails to provide matching funds for a proposed expenditure within six months after the commissioner approves release of the funds, the funds are available for release to another producer in proportion to the distribution provided and under the conditions of this section. Any portion of the fund which is not released by the commissioner within one year of its deposit in the fund shall be divided between the taconite environmental protection fund created in section 298.223 and the Douglas J. Johnson economic protection trust fund created in section 298.292 for placement in their respective special accounts. Two-thirds of the unreleased funds shall be distributed to the taconite environmental protection fund and one-third to the Douglas J. Johnson economic protection trust fund.

(b)(i) Notwithstanding the requirements of paragraph (a), setting the amount of distributions and the review process, an amount equal to ten cents per taxable ton of production in 2007, for distribution in 2008 only, that would otherwise be distributed under paragraph (a), may be used for a loan or grant for the cost of providing for a value-added wood product facility located in the taconite tax relief area and in a county that contains a city of the first class. This amount must be deducted from the distribution under paragraph (a) for which a matching expenditure by the producer is not required. The granting of the loan or grant is subject to approval by the board. If the money is provided as a loan, interest must be payable on the loan at the rate prescribed in section 298.2213, subdivision 3. (ii) Repayments of the loan and interest, if any, must be deposited in the taconite environment protection fund under sections 298.222 to 298.225. If a loan or grant is not made under this paragraph by July 1, 2012, the amount that had been made available for the loan under this paragraph must be transferred to the taconite environment protection fund under sections 298.222 to 298.225. (iii) Money distributed in 2008 to the fund established under this section that exceeds ten cents per ton is available to qualifying producers under paragraph (a) on a pro rata basis.

(c) Repayment or transfer of money to the taconite environmental protection fund under paragraph (b), item (ii), must be allocated by the Iron Range Resources and Rehabilitation Board for public works projects in house legislative districts in the same proportion as taxable tonnage of production in 2007 in each house legislative district, for distribution in 2008, bears to total taxable tonnage of production in 2007, for distribution in 2008. Notwithstanding any other law to the contrary, expenditures under this paragraph do not require approval by the governor. For purposes of this paragraph, "house legislative districts" means the legislative districts in existence on May 15, 2009.

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

Sec. 24. Minnesota Statutes 2016, section 298.28, subdivision 3, is amended to read:

Subd. 3. **Cities; towns.** (a) 12.5 cents per taxable ton, less any amount distributed under subdivision 8, and paragraph (b), must be allocated to the taconite municipal aid account to be distributed as provided in section 298.282. The amount allocated to the taconite municipal aid account must be annually increased in the same proportion as the increase in the implicit price deflator as provided in section 298.24, subdivision 1.

(b) An amount must be allocated to towns or cities that is annually certified by the county auditor of a county containing a taconite tax relief area as defined in section 273.134, paragraph (b), within which there is (1) an organized township if, as of January 2, 1982, more than 75 percent of the assessed valuation of the township consists of iron ore or (2) a city if, as of January 2, 1980, more than 75 percent of the assessed valuation of the city consists of iron ore.

(c) The amount allocated under paragraph (b) will be the portion of a township's or city's certified levy equal to the proportion of (1) the difference between 50 percent of January 2, 1982, assessed value in the case of a township and 50 percent of the January 2, 1980, assessed value in the case of a city and its current assessed value to (2) the sum of its current assessed value plus the difference determined in (1), provided that the amount distributed shall not exceed \$55 per capita in the case of a township or \$75 per capita in the case of a city. For purposes of this limitation, population will be determined according to the 1980 decennial census conducted by the United States Bureau of the Census. If the current assessed value of the township exceeds 50 percent of the township's January 2, 1982, assessed value, or if the current assessed value of the city exceeds 50 percent of the city's January 2, 1980, assessed value, this paragraph shall not apply. For purposes of this paragraph, "assessed value," when used in reference to years other than 1980 or 1982, means the appropriate net tax capacities multiplied by 10.2.

(d) In addition to other distributions under this subdivision, three cents per taxable ton for distributions in 2009 must be allocated for distribution to towns that are entirely located within the taconite tax relief area defined in section 273.134, paragraph (b). For distribution in 2010 through 2014 and for distribution in 2018 and subsequent years, the three-cent amount must be annually increased in the same proportion as the increase in the implicit price deflator as provided in section 298.24, subdivision 1. The amount available under this paragraph will be distributed to eligible towns on a per capita basis, provided that no town may receive more than \$50,000 in any year under this paragraph. Any amount of the distribution that exceeds the \$50,000 limitation for a town under this paragraph must be redistributed on a per capita basis among the other eligible towns, to whose distributions do not exceed \$50,000.

EFFECTIVE DATE. This section is effective for distributions in 2018 and thereafter.

Sec. 25. **[459.36] NO SPENDING OF PUBLIC MONEY FOR CERTAIN RAIL PROJECTS.**

(a) Except as provided in paragraph (b), a governmental unit must not spend or use any money for any costs related to studying the feasibility of, planning for, designing, engineering, acquiring property or constructing facilities for or related to, or development or operation of intercity or interregional passenger rail facilities or operations between the city of Rochester, or locations in its metropolitan area, and any location in the metropolitan area, as defined in section 473.121, subdivision 2.

(b) The restrictions under this section do not apply to:

(1) funds the governmental unit obtains from contributions, grants, or other voluntary payments made by nongovernmental entities from private sources;

(2) expenditures for costs of public infrastructure, including public utilities, parking facilities, a multimode transit hub, or similar projects located within the area of the development district, as defined under section 469.40, and reflected in the development plan adopted before the enactment of this section, that are intended to serve, and that are made following the completed construction and commencement of operation of privately financed and operated intercity or interregional passenger rail facilities; or

(3) expenditures made after enactment of a law that explicitly adds the intercity or interregional passenger rail project for which the expenditures are made to the statewide freight and passenger rail plan under section 174.03, subdivision 1b.

(c) For purposes of this section, "governmental unit" means any of the following, located in development regions 10 and 11, as designated under section 462.385, subdivision 1:

(1) statutory or home rule charter city;

(2) county;

(3) special taxing district, as defined in section 275.066;

(4) metropolitan planning organization; or

(5) destination medical center entity, which includes the Destination Medical Center Corporation and agency, as those terms are defined in section 469.40, and any successor or related entity.

EFFECTIVE DATE. This section is effective the day following final enactment without local approval under Minnesota Statutes, section 645.023, subdivision 1, clause (c).

Sec. 26. [473.1467] NO SPENDING FOR CERTAIN RAIL PROJECTS.

(a) Except as provided in paragraph (b), the council must not spend or use any money for any costs related to studying the feasibility of, planning for, designing, engineering, acquiring property or constructing facilities for or related to, or development or operation of intercity or interregional passenger rail facilities or operations between the city of Rochester or locations in its metropolitan area and any location in the metropolitan area, as defined in section 473.121, subdivision 2.

(b) The restrictions under this section do not apply to:

(1) funds the council obtains from contributions, grants, or other voluntary payments made by nongovernmental entities from private sources; or

(2) expenditures made after enactment of a law that explicitly adds the intercity or interregional passenger rail project for which the expenditures are made to the statewide freight and passenger rail plan under section 174.03, subdivision 1b.

EFFECTIVE DATE; APPLICATION. This section is effective the day following final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 27. Laws 2010, chapter 216, section 58, as amended by Laws 2010, chapter 347, article 7, section 1, and Laws 2010, chapter 389, article 7, section 20, is amended to read:

Sec. 58. 2010 DISTRIBUTIONS ONLY.

For distributions in 2010 only, a special fund is established to receive the sum of the following amounts that otherwise would be allocated under Minnesota Statutes, section 298.28, subdivision 6. The following amounts are allocated to St. Louis County acting as the fiscal agent for the recipients for the specific purposes:

(1) 0.764 cent per ton must be paid to Northern Minnesota Dental to provide incentives for at least two dentists to establish dental practices in high-need areas of the taconite tax relief area;

(2) 0.955 cent per ton must be paid to the city of Virginia for repairs and geothermal heat at the Olcott Park Greenhouse/Virginia Commons project;

(3) 0.796 cent per ton must be paid to the city of Virginia for health and safety repairs at the Miners Memorial;

(4) 1.114 cents per ton must be paid to the city of Eveleth for the reconstruction of Highway 142/Grant and Park Avenues;

(5) 0.478 cent per ton must be paid to the Greenway Joint Recreation Board for upgrades and capital improvements to the public arena in Coleraine;

(6) 0.796 cent per ton must be paid to the city of Calumet for water treatment and pumphouse modifications;

(7) 0.159 cent per ton must be paid to the city of Bovey for residential and commercial claims for water damage due to water and flood-related damage caused by the Canisteo Pit;

(8) 0.637 cent per ton must be paid to the city of Nashwauk for a community and child care center;

(9) 0.637 cent per ton must be paid to the city of Keewatin for water and sewer upgrades;

(10) 0.637 cent per ton must be paid to the city of Marble for the city hall and library project;

(11) 0.955 cent per ton must be paid to the city of Grand Rapids for extension of water and sewer services for Lakewood Housing;

(12) 0.159 cent per ton must be paid to the city of Grand Rapids for exhibits at the Children's Museum;

(13) 0.637 cent per ton must be paid to the city of Grand Rapids for Block 20/21 soil corrections. This amount must be matched by local sources;

(14) 0.605 cent per ton must be paid to the city of Aitkin for three water loops;

(15) 0.048 cent per ton must be paid to the city of Aitkin for signage;

(16) 0.159 cent per ton must be paid to Aitkin County for a trail;

(17) 0.637 cent per ton must be paid to the city of Cohasset for the Beiers Road railroad crossing;

(18) 0.088 cent per ton must be paid to the town of Clinton for expansion and striping of the community center parking lot;

(19) 0.398 cent per ton must be paid to the city of Kinney for water line replacement;

(20) 0.796 cent per ton must be paid to the city of Gilbert for infrastructure improvements, milling, and overlay for Summit Street between Alaska Avenue and Highway 135;

(21) 0.318 cent per ton must be paid to the city of Gilbert for sanitary sewer main replacements and improvements in the Northeast Lower Alley area;

(22) 0.637 cent per ton must be paid to the town of White for replacement of the Stepetz Road culvert;

(23) 0.796 cent per ton must be paid to the city of Buhl for reconstruction of Sharon Street and associated infrastructure;

(24) 0.796 cent per ton must be paid to the city of Mountain Iron for site improvements at the Park Ridge development;

(25) 0.796 cent per ton must be paid to the city of Mountain Iron for infrastructure and site preparation for its renewable and sustainable energy park;

(26) 0.637 cent per ton must be paid to the city of Biwabik for sanitary sewer improvements;

(27) 0.796 cent per ton must be paid to the city of Aurora for alley and road rebuilding for the Summit Addition;

(28) 0.955 cent per ton must be paid to the city of Silver Bay for bioenergy facility improvements;

(29) 0.318 cent per ton must be paid to the city of Grand Marais for water and sewer infrastructure improvements;

(30) 0.318 cent per ton must be paid to the city of Orr for airport, water, and sewer improvements;

(31) 0.716 cent per ton must be paid to the city of Cook for street and bridge improvements and land purchase, provided that if the city sells or otherwise disposes of any of the land purchased with the money provided under this clause within a period of ~~ten~~ five years after it was purchased, the city must transfer a portion of the proceeds of the sale equal to the amount of the purchase price paid from the money provided under this clause to the commissioner of Iron Range Resources and Rehabilitation for deposit in the taconite environmental protection fund to be used for the purposes of the fund under Minnesota Statutes, section 298.223;

(32) 0.955 cent per ton must be paid to the city of Ely for street, water, and sewer improvements;

(33) 0.318 cent per ton must be paid to the city of Tower for water and sewer improvements;

(34) 0.955 cent per ton must be paid to the city of Two Harbors for water and sewer improvements;

(35) 0.637 cent per ton must be paid to the city of Babbitt for water and sewer improvements;

(36) 0.096 cent per ton must be paid to the township of Duluth for infrastructure improvements;

(37) 0.096 cent per ton must be paid to the township of Tofte for infrastructure improvements;

- (38) 3.184 cents per ton must be paid to the city of Hibbing for sewer improvements;
- (39) 1.273 cents per ton must be paid to the city of Chisholm for NW Area Project infrastructure improvements;
- (40) 0.318 cent per ton must be paid to the city of Chisholm for health and safety improvements at the athletic facility;
- (41) 0.796 cent per ton must be paid to the city of Hoyt Lakes for residential street improvements;
- (42) 0.796 cent per ton must be paid to the Bois Forte Indian Reservation for infrastructure related to a housing development;
- (43) 0.159 cent per ton must be paid to Balkan Township for building improvements;
- (44) 0.159 cent per ton must be paid to the city of Grand Rapids for a grant to a nonprofit for a signage kiosk;
- (45) 0.318 cent per ton must be paid to the city of Crane Lake for sanitary sewer lines and adjacent development near County State-Aid Highway 24; and
- (46) 0.159 cent per ton must be paid to the city of Chisholm to rehabilitate historic wall infrastructure around the athletic complex.

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

Sec. 28. **CLARIFYING AUTHORITY TO USE PREVIOUSLY DISTRIBUTED TACONITE TAX PROCEEDS.**

The commissioner of Iron Range Resources and Rehabilitation may use any unspent amounts allocated under Minnesota Statutes 2014, section 298.2961, subdivision 5, clause (19), remaining as of May 22, 2016, for the specific purposes identified in that section. Notwithstanding Minnesota Statutes, section 298.28, subdivision 11, paragraph (a), or any other law to the contrary, interest accrued on this amount shall also be distributed to the recipient. Amounts under this section are available until expended and do not lapse or cancel under Minnesota Statutes, section 16A.28.

EFFECTIVE DATE. This section is effective retroactively from May 22, 2016.

Sec. 29. **2017 TACONITE ECONOMIC DEVELOPMENT FUND ALLOCATION.**

(a) Notwithstanding Minnesota Statutes, section 298.28, subdivision 9a, paragraph (a), 25.1 cents per taxable ton of the tax collected under Minnesota Statutes, section 298.24, for production year 2016, shall be transferred by the commissioner of Iron Range Resources and Rehabilitation, as provided in paragraph (b), to the taconite economic development fund under Minnesota Statutes, section 298.227.

(b) Of the amount transferred under paragraph (a), two-thirds shall be transferred from the taconite environmental protection fund, and one-third shall be transferred from the Douglas J. Johnson economic protection fund, and deposited into the taconite economic development fund by June 30, 2017.

(c) Money from the taconite economic development fund shall be released as provided in Minnesota Statutes, section 298.227, except that no distribution shall be made to a taconite producer's fund unless the producer has timely paid its tax under Minnesota Statutes, section 298.24, by the dates provided under Minnesota Statutes, section 298.27, or as provided for by administrative agreement.

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

Sec. 30. **SUPPLEMENT TO 2017 REPORT.**

By January 2, 2018, the commissioner of revenue shall prepare a supplement to the 2017 tax incidence report containing the information required by section 6.

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

Sec. 31. **APPROPRIATION CANCELLATION.**

All unspent funds, estimated to be \$7,100,000, for a grant or forgivable loan to Hoyt Lakes pursuant to Laws 2014, chapter 312, article 2, section 2, subdivision 6, are canceled to the Minnesota 21st century fund on June 1, 2017.

Sec. 32. **APPROPRIATIONS.**

In addition to other amounts appropriated, \$5,000,000 in fiscal year 2018 and \$5,000,000 in fiscal year 2019 are appropriated from the general fund to the commissioner of revenue to administer this act.

Sec. 33. **REPEALER.**

(a) Minnesota Statutes 2016, section 297F.05, subdivision 1a, is repealed.

(b) Minnesota Rules, part 8125.1300, subpart 3, is repealed.

EFFECTIVE DATE. Paragraph (a) is effective July 1, 2017. Paragraph (b) is effective the day following final enactment.

ARTICLE 10
DEPARTMENT OF REVENUE 2015-2016
SALES SUPPRESSION PROVISIONS

Section 1. **[289A.14] USE OF AUTOMATED SALES SUPPRESSION DEVICES; DEFINITIONS.**

(a) For the purposes of sections 289A.60, subdivision 32, 289A.63, subdivision 12, and 609.5316, subdivision 3, the following terms have the meanings given.

(b) "Automated sales suppression device" or "zapper" means a software program, carried on any tangible medium, or accessed through any other means, that falsifies the electronic records of electronic cash registers and other point-of-sale systems including, but not limited to, transaction data and transaction reports.

(c) "Electronic cash register" means a device that keeps a register or supporting documents through the means of an electronic device or computer system designed to record transaction data for the purpose of computing, compiling, or processing retail sales transaction data in whatever manner.

(d) "Phantom-ware" means hidden preinstalled or later-installed programming option embedded in the operating system of an electronic cash register or hardwired into the electronic cash register that can be used to create a virtual second electronic cash register or may eliminate or manipulate transaction records that may or may not be preserved in digital formats to represent the true or manipulated record of transactions in the electronic cash register.

(e) "Transaction data" includes items purchased by a customer, the price of each item, the taxability determination for each item, a segregated tax amount for each of the taxed items, the date and time of the purchase, the name, address, and identification number of the vendor, and the receipt or invoice number of the transaction.

(f) "Transaction report" means a report documenting, but not limited to, the sales, taxes collected, media totals, and discount voids at an electronic cash register that is printed on cash register tape at the end of a day or shift, or a report documenting every action at an electronic cash register that is stored electronically.

EFFECTIVE DATE. This section is effective for activities enumerated in Minnesota Statutes, section 289A.63, subdivision 12, or 289A.60, subdivision 32, that occur on or after August 1, 2017.

Sec. 2. Minnesota Statutes 2016, section 289A.60, is amended by adding a subdivision to read:

Subd. 32. Sales suppression. (a) A person who:

(1) sells;

(2) transfers;

(3) develops;

(4) manufactures; or

(5) possesses with the intent to sell or transfer

an automated sales suppression device, zapper, phantom-ware, or similar device capable of being used to commit tax fraud or suppress sales is liable for a civil penalty calculated under paragraph (b).

(b) The amount of the civil penalty equals the greater of (1) \$2,000, or (2) the total amount of all taxes and penalties due that are attributable to the use of any automated sales suppression device, zapper, phantom-ware, or similar device facilitated by the sale, transfer, development, or manufacture of the automated sales suppression device, zapper, phantom-ware, or similar device by the person.

(c) The definitions in section 289A.14 apply to this subdivision.

(d) This subdivision does not apply to the commissioner, a person acting at the direction of the commissioner, an agent of the commissioner, law enforcement agencies, or postsecondary education institutions that possess an automated sales suppression device, zapper, or phantom-ware for study to combat the evasion of taxes by use of the automated sales suppression devices, zappers, or phantom-ware.

EFFECTIVE DATE. This section is effective for activities enumerated that occur on or after August 1, 2017.

Sec. 3. Minnesota Statutes 2016, section 289A.63, is amended by adding a subdivision to read:

Subd. 12. Felony. (a) A person who sells, purchases, installs, transfers, develops, manufactures, or uses an automated sales suppression device, zapper, phantom-ware, or similar device knowing that the device or phantom-ware is capable of being used to commit tax fraud or suppress sales is guilty of a felony and may be sentenced to imprisonment for not more than five years or to a payment of a fine of not more than \$10,000, or both.

(b) An automated sales suppression device, zapper, phantom-ware, and any other device containing an automated sales suppression, zapper, or phantom-ware device or software is contraband and subject to forfeiture under section 609.5316.

(c) The definitions in section 289A.14 apply to this subdivision.

(d) This subdivision does not apply to the commissioner, a person acting at the direction of the commissioner, an agent of the commissioner, law enforcement agencies, or postsecondary education institutions that possess an automated sales suppression device, zapper, or phantom-ware for study to combat the evasion of taxes by use of the automated sales suppression devices, zappers, or phantom-ware.

EFFECTIVE DATE. This section is effective for activities enumerated that occur on or after August 1, 2017.

Sec. 4. Minnesota Statutes 2016, section 609.5316, subdivision 3, is amended to read:

Subd. 3. **Weapons, telephone cloning paraphernalia, automated sales suppression devices, and bullet-resistant vests.** Weapons used are contraband and must be summarily forfeited to the appropriate agency upon conviction of the weapon's owner or possessor for a controlled substance crime; for any offense of this chapter or chapter 624, or for a violation of an order for protection under section 518B.01, subdivision 14. Bullet-resistant vests, as defined in section 609.486, worn or possessed during the commission or attempted commission of a crime are contraband and must be summarily forfeited to the appropriate agency upon conviction of the owner or possessor for a controlled substance crime or for any offense of this chapter. Telephone cloning paraphernalia used in a violation of section 609.894, and automated sales suppression devices, phantom-ware, and other devices containing an automated sales suppression or phantom-ware device or software used in violation of section 289A.63, subdivision 12, are contraband and must be summarily forfeited to the appropriate agency upon a conviction.

EFFECTIVE DATE. This section is effective for activities enumerated in Minnesota Statutes, section 289A.63, subdivision 12, that occur on or after August 1, 2017.

ARTICLE 11
DEPARTMENT OF REVENUE 2015-2016
POLICY AND TECHNICAL PROVISIONS; INCOME, CORPORATE FRANCHISE,
AND ESTATE TAXES

Section 1. Minnesota Statutes 2016, section 289A.08, subdivision 11, is amended to read:

Subd. 11. **Information included in income tax return.** (a) The return must state:

(1) the name of the taxpayer, or taxpayers, if the return is a joint return, and the address of the taxpayer in the same name or names and same address as the taxpayer has used in making the taxpayer's income tax return to the United States;

(2) the date or dates of birth of the taxpayer or taxpayers;

(3) the Social Security number of the taxpayer, or taxpayers, if a Social Security number has been issued by the United States with respect to the taxpayers; and

(4) the amount of the taxable income of the taxpayer as it appears on the federal return for the taxable year to which the Minnesota state return applies.

(b) The taxpayer must attach to the taxpayer's Minnesota state income tax return a copy of the federal income tax return that the taxpayer has filed or is about to file for the period, ~~unless the taxpayer is eligible to telefile the federal return and does file the Minnesota return by telefiling.~~

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

Sec. 2. Minnesota Statutes 2016, section 289A.08, subdivision 16, is amended to read:

Subd. 16. **Tax refund or return preparers; electronic filing; paper filing fee imposed.** (a) A "tax refund or return preparer," as defined in section 289A.60, ~~subdivision 13, paragraph (f)~~, who is a tax return preparer for purposes of section 6011(e) of the Internal Revenue Code, and who reasonably expects to prepare more than ten Minnesota individual income, corporate franchise, S corporation, partnership, or fiduciary income tax returns for the prior ~~calendar~~ year must file all Minnesota individual income, corporate franchise, S corporation, partnership, or fiduciary income tax returns prepared for that ~~calendar~~ year by electronic means.

(b) Paragraph (a) does not apply to a return if the taxpayer has indicated on the return that the taxpayer did not want the return filed by electronic means.

(c) For each return that is not filed electronically by a tax refund or return preparer under this subdivision, including returns filed under paragraph (b), a paper filing fee of \$5 is imposed upon the preparer. The fee is collected from the preparer in the same manner as income tax. The fee does not apply to returns that the commissioner requires to be filed in paper form.

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

Sec. 3. Minnesota Statutes 2016, section 289A.09, subdivision 2, is amended to read:

Subd. 2. **Withholding statement.** (a) A person required to deduct and withhold from an employee a tax under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, or who would have been required to deduct and withhold a tax under section 290.92, subdivision 2a or 3, or persons required to withhold tax under section 290.923, subdivision 2, determined without regard to section 290.92, subdivision 19, if the employee or payee had claimed no more than one withholding exemption, or who paid wages or made payments not subject to withholding under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, to an employee or person receiving royalty payments in excess of \$600, or who has entered into a voluntary withholding agreement with a payee under section 290.92, subdivision 20, must give every employee or person receiving royalty payments in respect to the remuneration paid by the person to the employee or person receiving royalty payments during the calendar year, on or before January 31 of the succeeding year, or, if employment is terminated before the close of the calendar year, within 30 days after the date of receipt of a written request from the employee if the 30-day period ends before January 31, a written statement showing the following:

(1) name of the person;

(2) the name of the employee or payee and the employee's or payee's Social Security account number;

(3) the total amount of wages as that term is defined in section 290.92, subdivision 1, paragraph (1); the total amount of remuneration subject to withholding under section 290.92, subdivision 20; the amount of sick pay as required under section 6051(f) of the Internal Revenue Code; and the amount of royalties subject to withholding under section 290.923, subdivision 2; and

(4) the total amount deducted and withheld as tax under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2.

(b) The statement required to be furnished by paragraph (a) with respect to any remuneration must be furnished at those times, must contain the information required, and must be in the form the commissioner prescribes.

(c) The commissioner may prescribe rules providing for reasonable extensions of time, not in excess of 30 days, to employers or payers required to give the statements to their employees or payees under this subdivision.

(d) A duplicate of any statement made under this subdivision and in accordance with rules prescribed by the commissioner, ~~along with a reconciliation in the form the commissioner prescribes of the statements for the calendar year, including a reconciliation of the quarterly returns required to be filed under subdivision 1,~~ must be filed with the commissioner on or before ~~February 28~~ January 31 of the year after the payments were made.

(e) If an employer cancels the employer's Minnesota withholding account number required by section 290.92, subdivision 24, the information required by paragraph (d), must be filed with the commissioner within 30 days of the end of the quarter in which the employer cancels its account number.

(f) The employer must submit the statements required to be sent to the commissioner ~~in the same manner required to satisfy the federal reporting requirements of section 6011(e) of the Internal Revenue Code and the regulations issued under it. An employer must submit statements to the commissioner required by this section by electronic means if the employer is required to send more than 25 statements to the commissioner, even though the employer is not required to submit the returns federally by electronic means. For statements issued for wages paid in 2011 and after, the threshold is ten. All statements issued for withholding required under section 290.92 are aggregated for purposes of determining whether the electronic submission threshold is met. The commissioner shall prescribe the content, format, and manner of the statement pursuant to section 270C.30.~~

(g) A "third-party bulk filer" as defined in section 290.92, subdivision 30, paragraph (a), clause (2), must submit the returns required by this subdivision and subdivision 1, paragraph (a), with the commissioner by electronic means.

EFFECTIVE DATE. This section is effective for statements required to be sent to the commissioner after December 31, 2017, except that the date change in paragraph (d) is effective for wages paid after December 31, 2016.

Sec. 4. Minnesota Statutes 2016, section 289A.12, subdivision 14, is amended to read:

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

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

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

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

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

EFFECTIVE DATE. This section is effective for reports required to be filed after December 31, 2017.

Sec. 5. Minnesota Statutes 2016, section 289A.18, is amended by adding a subdivision to read:

Subd. 2a. **Annual withholding returns; eligible employers.** (a) An employer who deducts and withholds an amount required to be withheld by section 290.92 may file an annual return and make an annual payment of the amount required to be deducted and withheld for that calendar year if the employer has received a notification under paragraph (b). The ability to elect to file an annual return continues through the year following the year where an employer is required to deduct and withhold more than \$500.

(b) The commissioner is authorized to determine which employers are eligible to file an annual return and to notify employers who newly qualify to file an annual return because the amount an employer is required to deduct and withhold for that calendar year is \$500 or less based on the most recent period of four consecutive quarters for which the commissioner has compiled data on that employer's withholding tax for that period. At the time of notification, eligible employers may still decide to file returns and make deposits quarterly. An employer who decides to file returns and make deposits quarterly is required to make all returns and deposits required by this chapter and, notwithstanding paragraph (a), is subject to all applicable penalties for failing to do so.

(c) If, at the end of any calendar month other than the last month of the calendar year, the aggregate amount of undeposited tax withheld by an employer who has elected to file an annual return exceeds \$500, the employer must deposit the aggregate amount with the commissioner within 30 days of the end of the calendar month.

(d) If an employer who has elected to file an annual return ceases to pay wages for which withholding is required, the employer must file a final return and deposit any undeposited tax within 30 days of the end of the calendar month following the month in which the employer ceased paying wages.

(e) An employer not subject to paragraph (c) or (d) who elects to file an annual return must file the return and pay the tax not previously deposited before February 1 of the year following the year in which the tax was withheld.

(f) A notification to an employer regarding eligibility to file an annual return under Minnesota Rules, part 8092.1400, is considered a notification under paragraph (a).

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

Sec. 6. Minnesota Statutes 2016, section 289A.20, subdivision 2, is amended to read:

Subd. 2. Withholding from wages, entertainer withholding, withholding from payments to out-of-state contractors, and withholding by partnerships, small business corporations, trusts. (a) Except as provided in section 289A.18, subdivision 2a, a tax required to be deducted and withheld during the quarterly period must be paid on or before the last day of the month following the close of the quarterly period, unless an earlier time for payment is provided. A tax required to be deducted and withheld from compensation of an entertainer and from a payment to an out-of-state contractor must be paid on or before the date the return for such tax must be filed under section 289A.18, subdivision 2. Taxes required to be deducted and withheld by partnerships, S corporations, and trusts must be paid on a quarterly basis as estimated taxes under section 289A.25 for partnerships and trusts and under section 289A.26 for S corporations.

(b) An employer who, during the previous quarter, withheld more than \$1,500 of tax under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, must deposit tax withheld under those sections with the commissioner within the time allowed to deposit the employer's federal withheld employment taxes under Code of Federal Regulations, title 26, section 31.6302-1, as amended through December 31, 2001, without regard to the safe harbor or de minimis rules in paragraph (f) or the one-day rule in paragraph (c)(3). Taxpayers must submit a copy of their federal notice of deposit status to the commissioner upon request by the commissioner.

(c) The commissioner may prescribe by rule other return periods or deposit requirements. In prescribing the reporting period, the commissioner may classify payors according to the amount of their tax liability and may adopt an appropriate reporting period for the class that the commissioner judges to be consistent with efficient tax collection. In no event will the duration of the reporting period be more than one year.

(d) If less than the correct amount of tax is paid to the commissioner, proper adjustments with respect to both the tax and the amount to be deducted must be made, without interest, in the manner and at the times the commissioner prescribes. If the underpayment cannot be adjusted, the amount of the underpayment will be assessed and collected in the manner and at the times the commissioner prescribes.

(e) If the aggregate amount of the tax withheld is \$10,000 or more in a fiscal year ending June 30, the employer must remit each required deposit for wages paid in all subsequent calendar years by electronic means.

(f) A third-party bulk filer as defined in section 290.92, subdivision 30, paragraph (a), clause (2), who remits withholding deposits must remit all deposits by electronic means as provided in paragraph (e), regardless of the aggregate amount of tax withheld during a fiscal year for all of the employers.

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

Sec. 7. Minnesota Statutes 2016, section 289A.31, subdivision 1, is amended to read:

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

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

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

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

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

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

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

(c) The ~~tax taxes~~ imposed under ~~section sections~~ sections 289A.35 and 290.0922 on partnerships ~~is~~ are the joint and several liability of the partnership and the general partners.

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

Sec. 8. Minnesota Statutes 2016, section 289A.35, is amended to read:

289A.35 ASSESSMENTS ON RETURNS.

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

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

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

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

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

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

Sec. 9. Minnesota Statutes 2016, section 290.0672, subdivision 1, is amended to read:

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

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

(1) qualifies for a deduction under section 213 of the Internal Revenue Code, disregarding the ~~7.5 percent~~ adjusted gross income test; or meets the requirements given in section 62A.46; or provides similar coverage issued under the laws of another jurisdiction; and

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

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

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

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

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2012.

Sec. 10. Minnesota Statutes 2016, section 290.068, subdivision 2, is amended to read:

Subd. 2. **Definitions.** For purposes of this section, the following terms have the meanings given.

(a) "Qualified research expenses" means (i) qualified research expenses and basic research payments as defined in section 41(b) and (e) of the Internal Revenue Code, except it does not include expenses incurred for qualified research or basic research conducted outside the state of Minnesota pursuant to section 41(d) and (e) of the Internal Revenue Code; and (ii) contributions to a nonprofit corporation established and operated pursuant to the provisions of chapter 317A for the purpose of promoting the establishment and expansion of business in this state, provided the contributions are invested by the nonprofit corporation for the purpose of providing funds for small, technologically innovative enterprises in Minnesota during the early stages of their development.

(b) "Qualified research" means qualified research as defined in section 41(d) of the Internal Revenue Code, except that the term does not include qualified research conducted outside the state of Minnesota.

(c) "Base amount" means base amount as defined in section 41(c) of the Internal Revenue Code, except that the average annual gross receipts and aggregate gross receipts must be calculated using Minnesota sales or receipts under section 290.191 and the definitions contained in ~~clauses~~ paragraphs (a) and (b) shall apply.

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

Sec. 11. Minnesota Statutes 2016, section 290.17, subdivision 2, is amended to read:

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

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

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

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

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

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

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

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

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

Gain on the sale of a partnership interest is allocable to this state in the ratio of the original cost of partnership tangible property in this state to the original cost of partnership tangible property everywhere, determined at the time of the sale. If more than 50 percent of the value of the partnership's assets consists of intangibles, gain or loss from the sale of the partnership interest is allocated to this state in accordance with the sales factor of the partnership for its first full tax period immediately preceding the tax period of the partnership during which the partnership interest was sold.

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

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

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

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

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

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

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

Sec. 12. Minnesota Statutes 2016, section 290.31, subdivision 1, is amended to read:

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

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

Sec. 13. Minnesota Statutes 2016, section 290A.19, is amended to read:

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

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

(b) The commissioner may require the owner or managing agent, through a simple process, to furnish to the commissioner on or before March 1 a copy of each certificate of rent paid furnished to a renter for rent paid in the prior year, in the content, format, and manner prescribed by the commissioner pursuant to section 270C.30. Prior to implementation, the commissioner, after consulting with representatives of owners or managing agents, shall develop an implementation and administration plan for the requirements of this paragraph that attempts to minimize financial burdens, administration and compliance costs, and takes into consideration existing systems of owners and managing agents.

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

EFFECTIVE DATE. This section is effective for certificates of rent paid furnished to a renter for rent paid after December 31, 2016.

Sec. 14. Minnesota Statutes 2016, section 291.016, subdivision 2, is amended to read:

Subd. 2. **Additions.** The following amounts, to the extent deducted in computing or otherwise excluded from the federal taxable estate, must be added in computing the Minnesota taxable estate:

(1) the amount of the deduction for state death taxes allowed under section 2058 of the Internal Revenue Code;

(2) the amount of the deduction for foreign death taxes allowed under section 2053(d) of the Internal Revenue Code; and

(3) the aggregate amount of taxable gifts as defined in section 2503 of the Internal Revenue Code, made by the decedent within three years of the date of death. For purposes of this clause, the amount of the addition equals the value of the gift under section 2512 of the Internal Revenue Code and excludes any value of the gift included in the federal estate.

EFFECTIVE DATE. This section is effective retroactively for estates of decedents dying after June 30, 2013.

Sec. 15. **REPEALER.**

(a) Minnesota Rules, part 8092.1400, is repealed.

(b) Minnesota Rules, part 8092.2000, is repealed.

EFFECTIVE DATE. Paragraph (a) is effective for taxable years beginning after December 31, 2016, except that notifications from the Department of Revenue to employers regarding eligibility to file an annual return for taxes withheld in calendar year 2017 remain in force. Paragraph (b) is effective the day following final enactment.

ARTICLE 12
DEPARTMENT OF REVENUE 2015-2016 POLICY AND TECHNICAL PROVISIONS;
SPECIAL TAXES AND SALES AND USE TAXES

Section 1. Minnesota Statutes 2016, section 69.021, subdivision 5, is amended to read:

Subd. 5. **Calculation of state aid.** (a) The amount of fire state aid available for apportionment, before the addition of the minimum fire state aid allocation amount under subdivision 7, is equal to 107 percent of the amount of premium taxes paid to the state upon the fire, lightning, sprinkler leakage, and extended coverage premiums reported to the commissioner by insurers on the Minnesota Firetown Premium Report. This amount must be reduced by the amount required to pay the state auditor's costs and expenses of the audits or exams of the firefighters relief associations.

The total amount for apportionment in respect to fire state aid must not be less than two percent of the premiums reported to the commissioner by insurers on the Minnesota Firetown Premium Report after subtracting the following amounts:

(1) the amount required to pay the state auditor's costs and expenses of the audits or exams of the firefighters relief associations; and

(2) one percent of the premiums reported by ~~town and farmers'~~ township mutual insurance companies and mutual property and casualty companies with total assets of \$5,000,000 or less.

(b) The total amount for apportionment as police state aid is equal to 104 percent of the amount of premium taxes paid to the state on the premiums reported to the commissioner by insurers on the Minnesota Aid to Police Premium Report. The total amount for apportionment in respect to the police state aid program must not be less than two percent of the amount of premiums reported to the commissioner by insurers on the Minnesota Aid to Police Premium Report.

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

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

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

Sec. 2. Minnesota Statutes 2016, section 289A.38, subdivision 6, is amended to read:

Subd. 6. **Omission in excess of 25 percent.** Additional taxes may be assessed within 6-1/2 years after the due date of the return or the date the return was filed, whichever is later, if:

(1) the taxpayer omits from gross income an amount properly includable in it that is in excess of 25 percent of the amount of gross income stated in the return;

(2) the taxpayer omits from a sales, use, or withholding tax return, or a return for a tax imposed under section 295.52, an amount of taxes in excess of 25 percent of the taxes reported in the return; or

(3) the taxpayer omits from the gross estate assets in excess of 25 percent of the gross estate reported in the return.

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

Sec. 3. Minnesota Statutes 2016, section 290.0922, subdivision 2, is amended to read:

Subd. 2. **Exemptions.** The following entities are exempt from the tax imposed by this section:

- (1) corporations exempt from tax under section 290.05;
- (2) real estate investment trusts;
- (3) regulated investment companies or a fund thereof; and
- (4) entities having a valid election in effect under section 860D(b) of the Internal Revenue Code;
- (5) ~~town and farmers'~~ township mutual insurance companies;
- (6) cooperatives organized under chapter 308A or 308B that provide housing exclusively to persons age 55 and over and are classified as homesteads under section 273.124, subdivision 3; and
- (7) a qualified business as defined under section 469.310, subdivision 11, if for the taxable year all of its property is located in a job opportunity building zone designated under section 469.314 and all of its payroll is a job opportunity building zone payroll under section 469.310.

Entities not specifically exempted by this subdivision are subject to tax under this section, notwithstanding section 290.05.

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

Sec. 4. Minnesota Statutes 2016, section 295.54, subdivision 2, is amended to read:

Subd. 2. **Pharmacy refund.** A pharmacy may claim an annual refund against the total amount of tax, if any, the pharmacy owes during that calendar year under section 295.52, subdivision 4. The refund shall equal the amount paid by the pharmacy to a wholesale drug distributor subject to tax under section 295.52, subdivision 3, for legend drugs delivered by the pharmacy outside of Minnesota, multiplied by the tax percentage specified in section 295.52, subdivision 3. If the amount of the refund exceeds the tax liability of the pharmacy under section 295.52, subdivision 4, the commissioner shall provide the pharmacy with a refund equal to the excess amount. Each qualifying pharmacy must apply for the refund on the annual return as ~~provided under section 295.55, subdivision 5~~ prescribed by the commissioner, on or before March 15 of the year following the calendar year the legend drugs were delivered outside Minnesota. The refund ~~must be claimed within 18 months from the date the drugs were delivered outside of Minnesota~~ shall not be allowed if the initial claim for refund is filed more than one year after the original due date of the return. Interest on refunds paid under this subdivision will begin to accrue 60 days after the date a claim for refund is filed. For purposes of this subdivision, the date a claim is filed is the due date of the return if a return is due or the date of the actual claim for refund, whichever is later.

EFFECTIVE DATE. This section is effective for qualifying legend drugs delivered outside Minnesota after December 31, 2017.

Sec. 5. Minnesota Statutes 2016, section 296A.01, is amended by adding a subdivision to read:

Subd. 9a. **Bulk storage or bulk storage facility.** "Bulk storage" or "bulk storage facility" means a single property, or contiguous or adjacent properties used for a common purpose and owned or operated by the same person, on or in which are located one or more stationary tanks that are used singularly or in combination for the storage or containment of more than 1,100 gallons of petroleum.

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

Sec. 6. Minnesota Statutes 2016, section 296A.01, subdivision 33, is amended to read:

Subd. 33. **Motor fuel.** "Motor fuel" means a liquid or gaseous form of fuel, regardless of its composition or properties, used to propel a motor vehicle.

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

Sec. 7. Minnesota Statutes 2016, section 296A.01, subdivision 42, is amended to read:

Subd. 42. **Petroleum products.** "Petroleum products" means all of the products defined in subdivisions 2, 7, 8, 8a, 8b, 10, 14, 16, 19, 20, 22 to 26, 28, 32, and 35.

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

Sec. 8. Minnesota Statutes 2016, section 296A.07, subdivision 1, is amended to read:

Subdivision 1. **Tax imposed.** There is imposed an excise tax on gasoline, gasoline blended with ethanol, and agricultural alcohol gasoline used in producing and generating power for propelling motor vehicles used on the public highways of this state. The tax is imposed on the first licensed distributor who received the product in Minnesota. For purposes of this section, gasoline is defined in section 296A.01, subdivisions 8b, 10, 18, 20, 23, 24, 25, 32, and 34. The tax is payable at the time and in the form and manner prescribed by the commissioner. The tax is payable at the rates specified in subdivision 3, subject to the exceptions and reductions specified in section 296A.17.

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

Sec. 9. Minnesota Statutes 2016, section 297A.82, subdivision 4, is amended to read:

Subd. 4. **Exemptions.** (a) The following transactions are exempt from the tax imposed in this chapter to the extent provided.

(b) The purchase or use of aircraft previously registered in Minnesota by a corporation or partnership is exempt if the transfer constitutes a transfer within the meaning of section 351 or 721 of the Internal Revenue Code.

(c) The sale to or purchase, storage, use, or consumption by a licensed aircraft dealer of an aircraft for which a commercial use permit has been issued pursuant to section 360.654 is exempt, if the aircraft is resold while the permit is in effect.

(d) Air flight equipment when sold to, or purchased, stored, used, or consumed by airline companies, as defined in section 270.071, subdivision 4, is exempt. For purposes of this subdivision, "air flight equipment" includes airplanes and parts necessary for the repair and maintenance of such air flight equipment, and flight simulators, but does not include ~~airplanes aircraft~~ with a gross maximum takeoff weight of less than 30,000 pounds ~~that are used on intermittent or irregularly timed flights.~~

(e) Sales of, and the storage, distribution, use, or consumption of aircraft, as defined in section 360.511 and approved by the Federal Aviation Administration, and which the seller delivers to a purchaser outside Minnesota or which, without intermediate use, is shipped or transported outside Minnesota by the purchaser are exempt, but only if the purchaser is not a resident of Minnesota and provided that the aircraft is not thereafter returned to a point within Minnesota, except in the course of interstate commerce or isolated and occasional use, and will be registered in another state or country upon its removal from Minnesota. This exemption applies even if the purchaser takes possession of the aircraft in Minnesota and uses the aircraft in the state exclusively for training purposes for a period not to exceed ten days prior to removing the aircraft from this state.

(f) The sale or purchase of the following items that relate to aircraft operated under Federal Aviation Regulations, Parts 91 and 135, and associated installation charges: equipment and parts necessary for repair and maintenance of aircraft; and equipment and parts to upgrade and improve aircraft.

EFFECTIVE DATE. This section is effective for sales and purchases made after December 31, 2017.

Sec. 10. Minnesota Statutes 2016, section 297A.82, subdivision 4a, is amended to read:

Subd. 4a. **Deposit in state airports fund.** Tax revenue, including interest and penalties, collected from the sale or purchase of an aircraft taxable under this chapter must be deposited in the state airports fund established in section 360.017. For purposes of this subdivision, "revenue" does not include the revenue, including interest and penalties, generated by the sales tax imposed under section 297A.62, subdivision 1a, which must be deposited as provided under article XI, section 15, of the Minnesota Constitution.

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

Sec. 11. Minnesota Statutes 2016, section 297E.02, subdivision 7, is amended to read:

Subd. 7. **Untaxed gambling product.** (a) In addition to penalties or criminal sanctions imposed by this chapter, a person, organization, or business entity possessing or selling a pull-tab, electronic pull-tab game, raffle board, or tipboard upon which the tax imposed by this chapter has not been paid is liable for a tax of six percent of the ideal gross of each pull-tab, electronic pull-tab game, raffle board, or tipboard. The tax on a partial deal must be assessed as if it were a full deal.

(b) In addition to penalties and criminal sanctions imposed by this chapter, a person (1) not licensed by the board who conducts bingo, linked bingo, electronic linked bingo, raffles, or paddlewheel games, or (2) who conducts gambling prohibited under sections 609.75 to 609.763, other than activities subject to tax under section 297E.03, is liable for a tax of six percent of the gross receipts from that activity.

(c) The tax ~~must~~ may be assessed by the commissioner. An assessment must be considered a jeopardy assessment or jeopardy collection as provided in section 270C.36. The commissioner shall assess the tax based on personal knowledge or information available to the commissioner. The commissioner shall mail to the taxpayer at the taxpayer's last known address, or serve in person, a written notice of the amount of tax, demand its immediate payment, and, if payment is not immediately made, collect the tax by any method described in chapter 270C, except that the commissioner need not await the expiration of the times specified in chapter 270C. The tax assessed by the commissioner is presumed to be valid and correctly determined and assessed. The burden is upon the taxpayer to show its incorrectness or invalidity. The tax imposed under this subdivision does not apply to gambling that is exempt from taxation under subdivision 2.

(d) A person, organization, or business entity conducting gambling activity under this subdivision must file monthly tax returns with the commissioner, in the form required by the commissioner. The returns must be filed on or before the 20th day of the month following the month in which the gambling activity occurred. The tax imposed by this section is due and payable at the time when the returns are required to be filed.

(e) Notwithstanding any law to the contrary, neither the commissioner nor a public employee may reveal facts contained in a tax return filed with the commissioner of revenue as required by this subdivision, nor can any information contained in the report or return be used against the tax obligor in any criminal proceeding, unless independently obtained, except in connection with a proceeding involving taxes due under this section, or as provided in section 270C.055, subdivision 1. However, this paragraph does not prohibit the commissioner from publishing statistics that do not disclose the identity of tax obligors or the contents of particular returns or reports. Any person violating this paragraph is guilty of a gross misdemeanor.

EFFECTIVE DATE. This section is effective for games played or purchased after June 30, 2017.

Sec. 12. Minnesota Statutes 2016, section 297H.06, subdivision 2, is amended to read:

Subd. 2. **Materials.** The tax is not imposed upon charges to generators of mixed municipal solid waste or upon the volume of nonmixed municipal solid waste for waste management services to manage the following materials:

- (1) mixed municipal solid waste and nonmixed municipal solid waste generated outside of Minnesota;
- (2) recyclable materials that are separated for recycling by the generator, collected separately from other waste, and recycled, to the extent the price of the service for handling recyclable material is separately itemized on a bill to the generator;
- (3) recyclable nonmixed municipal solid waste that is separated for recycling by the generator, collected separately from other waste, delivered to a waste facility for the purpose of recycling, and recycled;
- (4) industrial waste, when it is transported to a facility owned and operated by the same person that generated it;
- (5) mixed municipal solid waste from a recycling facility that separates or processes recyclable materials and reduces the volume of the waste by at least 85 percent, provided that the exempted waste is managed separately from other waste;
- (6) recyclable materials that are separated from mixed municipal solid waste by the generator, collected and delivered to a waste facility that recycles at least 85 percent of its waste, and are collected with mixed municipal solid waste that is segregated in leakproof bags, provided that the mixed municipal solid waste does not exceed five percent of the total weight of the materials delivered to the facility and is ultimately delivered to a waste facility identified as a preferred waste management facility in county solid waste plans under section 115A.46;
- (7) source-separated compostable ~~waste materials~~, if the ~~waste is~~ materials are delivered to a facility exempted as described in this clause. To initially qualify for an exemption, a facility must apply for an exemption in its application for a new or amended solid waste permit to the Pollution Control Agency. The first time a facility applies to the agency it must certify in its application that it will comply with the criteria in items (i) to (v) and the commissioner of the agency shall so certify to the commissioner of revenue who must grant the exemption. The facility must annually apply to the agency for certification to renew its exemption for the following year. The application must be filed according to the procedures of, and contain the information required by, the agency. The commissioner of revenue shall grant the exemption if the commissioner of the Pollution Control Agency finds and certifies to the commissioner of revenue that based on an evaluation of the composition of incoming waste and residuals and the quality and use of the product:

- (i) generators separate materials at the source;
- (ii) the separation is performed in a manner appropriate to the technology specific to the facility that:
 - (A) maximizes the quality of the product;
 - (B) minimizes the toxicity and quantity of ~~residuals~~ rejects; and
 - (C) provides an opportunity for significant improvement in the environmental efficiency of the operation;
- (iii) the operator of the facility educates generators, in coordination with each county using the facility, about separating the waste to maximize the quality of the waste stream for technology specific to the facility;
- (iv) process ~~residuals~~ rejects do not exceed 15 percent of the weight of the total material delivered to the facility; and
- (v) the final product is accepted for use;
- (8) waste and waste by-products for which the tax has been paid; and
- (9) daily cover for landfills that has been approved in writing by the Minnesota Pollution Control Agency.

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

Sec. 13. Minnesota Statutes 2016, section 297I.05, subdivision 2, is amended to read:

Subd. 2. ~~Town and farmers'~~ **Township mutual insurance.** A tax is imposed on ~~town and farmers' township~~ mutual insurance companies. The rate of tax is equal to one percent of gross premiums less return premiums on all direct business received by the insurer or agents of the insurer in Minnesota, in cash or otherwise, during the year.

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

Sec. 14. Minnesota Statutes 2016, section 297I.10, subdivision 1, is amended to read:

Subdivision 1. **Cities of the first class.** (a) The commissioner shall order and direct a surcharge to be collected of two percent of the fire, lightning, and sprinkler leakage gross premiums, less return premiums, on all direct business received by any licensed foreign or domestic fire insurance company on property in a city of the first class, or by its agents for it, in cash or otherwise.

(b) By July 31 and December 31 of each year, the commissioner ~~of management and budget~~ shall pay to each city of the first class a warrant for an amount equal to the total amount of the surcharge on the premiums collected within that city since the previous payment.

(c) The treasurer of the city shall place the money received under this subdivision in a special account or fund to defray all or a portion of the employer contribution requirement of public employees police and fire plan coverage for city firefighters.

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

Sec. 15. Minnesota Statutes 2016, section 297I.10, subdivision 3, is amended to read:

Subd. 3. **Appropriation.** The amount necessary to make the payments required under this section is appropriated to the commissioner of management and budget from the general fund.

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

Sec. 16. Minnesota Statutes 2016, section 298.01, subdivision 4c, is amended to read:

Subd. 4c. **Special deductions; net operating loss.** ~~(a)~~ For purposes of determining taxable income under subdivision 4, the provisions of sections 290.0133, subdivisions 7 and 9, and 290.0134, subdivisions 7 and 9, are not used to determine taxable income.

~~(b) The amount of net operating loss incurred in a taxable year beginning before January 1, 1990, that may be carried over to a taxable year beginning after December 31, 1989, is the amount of net operating loss carryover determined in the calculation of the hypothetical corporate franchise tax under Minnesota Statutes 1988, sections 298.40 and 298.402.~~

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

ARTICLE 13
DEPARTMENT OF REVENUE 2015-2016 POLICY AND TECHNICAL PROVISIONS;
PROPERTY TAX

Section 1. Minnesota Statutes 2016, section 13.51, subdivision 2, is amended to read:

Subd. 2. **Income property assessment data.** The following data collected by political subdivisions and the state from individuals or business entities concerning income properties are classified as private or nonpublic data pursuant to section 13.02, subdivisions 9 and 12:

- (a) detailed income and expense figures;
- (b) average vacancy factors;
- (c) verified net rentable areas or net usable areas, whichever is appropriate;
- (d) anticipated income and expenses;
- (e) projected vacancy factors; and
- (f) lease information.

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

Sec. 2. Minnesota Statutes 2016, section 270.071, subdivision 2, is amended to read:

Subd. 2. **Air commerce.** ~~(a)~~ "Air commerce" means the transportation by aircraft of persons or property for hire in interstate, intrastate, or international transportation on regularly scheduled flights or on intermittent or irregularly timed flights by airline companies and includes transportation by any airline company making three or more flights in or out of Minnesota, or within Minnesota, during a calendar year.

~~(b) "Air commerce" includes but is not limited to an intermittent or irregularly timed flight, a flight arranged at the convenience of an airline and the person contracting for the transportation, or a charter flight. It includes any airline company making three or more flights in or out of Minnesota during a calendar year.~~

~~(c) "Air commerce" does not include casual transportation for hire by aircraft commonly owned and used for private air flight purposes if the person furnishing the transportation does not hold out to be engaged regularly in transportation for hire.~~

EFFECTIVE DATE. This section is effective for assessment year 2018 and thereafter.

Sec. 3. Minnesota Statutes 2016, section 270.071, subdivision 7, is amended to read:

Subd. 7. **Flight property.** "Flight property" means all aircraft and flight equipment used in connection therewith, including spare flight equipment. Flight property also includes computers and computer software used in operating, controlling, or regulating aircraft and flight equipment. Flight property does not include aircraft with a maximum takeoff weight of less than 30,000 pounds.

EFFECTIVE DATE. This section is effective for assessment year 2018 and thereafter.

Sec. 4. Minnesota Statutes 2016, section 270.071, subdivision 8, is amended to read:

Subd. 8. **Person.** "Person" means ~~any an~~ individual, corporation, firm, copartnership, company, or association, ~~and includes any guardian, trustee, executor, administrator, receiver, conservator, or any person acting in any fiduciary capacity therefor~~ trust, estate, fiduciary, partnership, company, corporation, limited liability company, association, governmental unit or agency, public or private organization of any kind, or other legal entity.

EFFECTIVE DATE. This section is effective for assessment year 2018 and thereafter.

Sec. 5. Minnesota Statutes 2016, section 270.071, is amended by adding a subdivision to read:

Subd. 10. **Intermittent or irregularly timed flights.** "Intermittently or irregularly timed flights" means any flight in which the departure time, departure location, and arrival location are specifically negotiated with the customer or the customer's representative, including but not limited to charter flights.

EFFECTIVE DATE. This section is effective for assessment year 2018 and thereafter.

Sec. 6. Minnesota Statutes 2016, section 270.072, subdivision 2, is amended to read:

Subd. 2. **Assessment of flight property.** Flight property that is owned by, or is leased, loaned, or otherwise made available to an airline company operating in Minnesota shall be assessed and appraised annually by the commissioner with reference to its value on January 2 of the assessment year in the manner prescribed by sections 270.071 to 270.079. ~~Aircraft with a gross weight of less than 30,000 pounds and used on intermittent or irregularly timed flights shall be excluded from the provisions of sections 270.071 to 270.079.~~

EFFECTIVE DATE. This section is effective for assessment year 2018 and thereafter.

Sec. 7. Minnesota Statutes 2016, section 270.072, subdivision 3, is amended to read:

Subd. 3. **Report by airline company.** (a) Each year, on or before July 1, every airline company engaged in air commerce in this state shall file with the commissioner a report under oath setting forth specifically the information prescribed by the commissioner to enable the commissioner to make the assessment required in sections 270.071 to 270.079, unless the commissioner determines that the airline company ~~or person should be excluded from~~ is exempt from filing because its activities do not constitute air commerce as defined herein.

(b) The commissioner shall prescribe the content, format, and manner of the report pursuant to section 270C.30, except that a "law administered by the commissioner" includes the property tax laws. If a report is made by electronic means, the taxpayer's signature is defined pursuant to section 270C.304, except that a "law administered by the commissioner" includes the property tax laws.

EFFECTIVE DATE. The amendment to paragraph (a) is effective for reports filed in 2018 and thereafter. The amendment adding paragraph (b) is effective the day following final enactment.

Sec. 8. Minnesota Statutes 2016, section 270.072, is amended by adding a subdivision to read:

Subd. 3a. **Commissioner filed reports.** If an airline company fails to file a report required by subdivision 3, the commissioner may, from information in the commissioner's possession or obtainable by the commissioner, make and file a report for the airline company, or may issue a notice of net tax capacity and tax under section 270.075, subdivision 2.

EFFECTIVE DATE. This section is effective for assessment year 2018 and thereafter.

Sec. 9. Minnesota Statutes 2016, section 270.12, is amended by adding a subdivision to read:

Subd. 6. **Reassessment orders.** If the State Board of Equalization determines that a considerable amount of property has been undervalued or overvalued compared to like property such that the assessment is grossly unfair or inequitable, the State Board of Equalization may, pursuant to its responsibilities under subdivisions 2 and 3, issue orders to the county assessor to reassess all parcels or an identified set of parcels in a county.

EFFECTIVE DATE. This section is effective for assessment year 2018 and thereafter.

Sec. 10. Minnesota Statutes 2016, section 270C.89, subdivision 1, is amended to read:

Subdivision 1. **Initial report.** Each county assessor shall file by April 1 with the commissioner a copy of the abstract that will be acted upon by the local and county boards of review. The abstract must list the real and personal property in the county itemized by assessment districts. The assessor of each county in the state shall file with the commissioner, within ten working days following final action of the local board of review or equalization and within five days following final action of the county board of equalization, any changes made by the local or county board. The information must be filed in the manner prescribed by the commissioner. ~~It must be accompanied by a printed or typewritten copy of the proceedings of the appropriate board.~~

EFFECTIVE DATE. This section is effective for local and county boards of appeal and equalization meetings held in 2017 and thereafter.

Sec. 11. Minnesota Statutes 2016, section 272.02, subdivision 9, is amended to read:

Subd. 9. **Personal property; exceptions.** Except for the taxable personal property enumerated below, all personal property and the property described in section 272.03, subdivision 1, paragraphs (c) and (d), shall be exempt.

The following personal property shall be taxable:

(a) personal property which is part of (1) an electric generating, transmission, or distribution system ~~or~~; (2) a pipeline system transporting or distributing ~~water, gas, crude oil, or petroleum~~ products; or (3) mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings and structures;

(b) railroad docks and wharves which are part of the operating property of a railroad company as defined in section 270.80;

(c) personal property defined in section 272.03, subdivision 2, clause (3);

(d) leasehold or other personal property interests which are taxed pursuant to section 272.01, subdivision 2; 273.124, subdivision 7; or 273.19, subdivision 1; or any other law providing the property is taxable as if the lessee or user were the fee owner;

(e) manufactured homes and sectional structures, including storage sheds, decks, and similar removable improvements constructed on the site of a manufactured home, sectional structure, park trailer or travel trailer as provided in section 273.125, subdivision 8, paragraph (f); and

(f) flight property as defined in section 270.071.

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

Sec. 12. Minnesota Statutes 2016, section 272.029, subdivision 2, is amended to read:

Subd. 2. **Definitions.** (a) For the purposes of this section, ~~the term~~:

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

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

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

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

(b) For systems installed and contracted for after January 1, 2002, the total size of a wind energy conversion system under this subdivision shall be determined according to this paragraph. Unless the systems are interconnected with different distribution systems, the nameplate capacity of one wind energy conversion system shall be combined with the nameplate capacity of any other wind energy conversion system that is:

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

(2) constructed within the same ~~calendar year~~ 12-month period as the wind energy conversion system; and

(3) under common ownership.

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

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

EFFECTIVE DATE. This section is effective for reports filed in 2018 and thereafter.

Sec. 13. Minnesota Statutes 2016, section 272.029, is amended by adding a subdivision to read:

Subd. 8. **Extension.** The commissioner may, for good cause, extend the time for filing the report required by subdivision 4. The extension must not exceed 15 days.

EFFECTIVE DATE. This section is effective for reports filed in 2018 and thereafter.

Sec. 14. Minnesota Statutes 2016, section 273.061, subdivision 7, is amended to read:

Subd. 7. **Division of duties between local and county assessor.** The duty of the duly appointed local assessor shall be to view and appraise the value of all property as provided by law, but all the book work shall be done by the county assessor, or the assessor's assistants, and the value of all property subject to assessment and taxation shall be determined by the county assessor, except as otherwise hereinafter provided. If directed by the county assessor, the local assessor ~~shall~~ must perform the duties enumerated in subdivision 8, clause (16), and must enter construction and valuation data into the records in the manner prescribed by the county assessor.

EFFECTIVE DATE. This section is effective for assessment year 2018 and thereafter.

Sec. 15. Minnesota Statutes 2016, section 273.08, is amended to read:

273.08 ASSESSOR'S DUTIES.

The assessor shall actually view, and determine the market value of each tract or lot of real property listed for taxation, including the value of all improvements and structures thereon, at maximum intervals of five years and shall enter the value opposite each description. When directed by the county assessor, local assessors must enter construction and valuation data into the records in the manner prescribed by the county assessor.

EFFECTIVE DATE. This section is effective for assessment year 2018 and thereafter.

Sec. 16. Minnesota Statutes 2016, section 273.121, is amended by adding a subdivision to read:

Subd. 3. **Compliance.** A county assessor, or a city assessor having the powers of a county assessor, who does not comply with the timely notice requirement under subdivision 1 must:

(1) mail an additional valuation notice to each person who was not provided timely notice; and

(2) convene a supplemental local board of appeal and equalization or local review session no sooner than ten days after sending the additional notices required by clause (1).

EFFECTIVE DATE. This section is effective for valuation notices sent in 2018 and thereafter.

Sec. 17. Minnesota Statutes 2016, section 273.13, subdivision 22, is amended to read:

Subd. 22. **Class 1.** (a) Except as provided in subdivision 23 and in paragraphs (b) and (c), real estate which is residential and used for homestead purposes is class 1a. In the case of a duplex or triplex in which one of the units is used for homestead purposes, the entire property is deemed to be used for homestead purposes. The market value of class 1a property must be determined based upon the value of the house, garage, and land.

The first \$500,000 of market value of class 1a property has a net classification rate of one percent of its market value; and the market value of class 1a property that exceeds \$500,000 has a classification rate of 1.25 percent of its market value.

(b) Class 1b property includes homestead real estate or homestead manufactured homes used for the purposes of a homestead by:

- (1) any person who is blind as defined in section 256D.35, or the blind person and the blind person's spouse;
- (2) any person who is permanently and totally disabled or by the disabled person and the disabled person's spouse; or
- (3) the surviving spouse of a permanently and totally disabled veteran homesteading a property classified under this paragraph for taxes payable in 2008.

Property is classified and assessed under clause (2) only if the government agency or income-providing source certifies, upon the request of the homestead occupant, that the homestead occupant satisfies the disability requirements of this paragraph, and that the property is not eligible for the valuation exclusion under subdivision 34.

Property is classified and assessed under paragraph (b) only if the commissioner of revenue or the county assessor certifies that the homestead occupant satisfies the requirements of this paragraph.

Permanently and totally disabled for the purpose of this subdivision means a condition which is permanent in nature and totally incapacitates the person from working at an occupation which brings the person an income. The first \$50,000 market value of class 1b property has a net classification rate of .45 percent of its market value. The remaining market value of class 1b property ~~has a classification rate using the rates for~~ is classified as class 1a or class 2a property, whichever is appropriate, ~~of similar market value.~~

(c) Class 1c property is commercial use real and personal property that abuts public water as defined in section 103G.005, subdivision 15, and is devoted to temporary and seasonal residential occupancy for recreational purposes but not devoted to commercial purposes for more than 250 days in the year preceding the year of assessment, and that includes a portion used as a homestead by the owner, which includes a dwelling occupied as a homestead by a shareholder of a corporation that owns the resort, a partner in a partnership that owns the resort, or a member of a limited liability company that owns the resort even if the title to the homestead is held by the corporation, partnership, or limited liability company. For purposes of this paragraph, property is devoted to a commercial purpose on a specific day if any portion of the property, excluding the portion used exclusively as a homestead, is used for residential occupancy and a fee is charged for residential occupancy. Class 1c property must contain three or more rental units. A "rental unit" is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site equipped with water and electrical hookups for recreational vehicles. Class 1c property must provide recreational activities such as the rental of ice fishing houses, boats and motors, snowmobiles, downhill or cross-country ski equipment; provide marina services, launch services, or guide services; or sell bait and fishing tackle. Any unit in which the right to use the property is transferred to an individual or entity by deeded interest, or the sale of shares or stock, no longer qualifies for class 1c even though it may remain available for rent. A camping pad offered for rent by a property that otherwise qualifies for class 1c is also class 1c, regardless of the term of the

rental agreement, as long as the use of the camping pad does not exceed 250 days. If the same owner owns two separate parcels that are located in the same township, and one of those properties is classified as a class 1c property and the other would be eligible to be classified as a class 1c property if it was used as the homestead of the owner, both properties will be assessed as a single class 1c property; for purposes of this sentence, properties are deemed to be owned by the same owner if each of them is owned by a limited liability company, and both limited liability companies have the same membership. The portion of the property used as a homestead is class 1a property under paragraph (a). The remainder of the property is classified as follows: the first \$600,000 of market value is tier I, the next \$1,700,000 of market value is tier II, and any remaining market value is tier III. The classification rates for class 1c are: tier I, 0.50 percent; tier II, 1.0 percent; and tier III, 1.25 percent. Owners of real and personal property devoted to temporary and seasonal residential occupancy for recreation purposes in which all or a portion of the property was devoted to commercial purposes for not more than 250 days in the year preceding the year of assessment desiring classification as class 1c, must submit a declaration to the assessor designating the cabins or units occupied for 250 days or less in the year preceding the year of assessment by January 15 of the assessment year. Those cabins or units and a proportionate share of the land on which they are located must be designated as class 1c as otherwise provided. The remainder of the cabins or units and a proportionate share of the land on which they are located must be designated as class 3a commercial. The owner of property desiring designation as class 1c property must provide guest registers or other records demonstrating that the units for which class 1c designation is sought were not occupied for more than 250 days in the year preceding the assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5) other nonresidential facility operated on a commercial basis not directly related to temporary and seasonal residential occupancy for recreation purposes does not qualify for class 1c.

(d) Class 1d property includes structures that meet all of the following criteria:

- (1) the structure is located on property that is classified as agricultural property under section 273.13, subdivision 23;
- (2) the structure is occupied exclusively by seasonal farm workers during the time when they work on that farm, and the occupants are not charged rent for the privilege of occupying the property, provided that use of the structure for storage of farm equipment and produce does not disqualify the property from classification under this paragraph;
- (3) the structure meets all applicable health and safety requirements for the appropriate season; and
- (4) the structure is not salable as residential property because it does not comply with local ordinances relating to location in relation to streets or roads.

The market value of class 1d property has the same classification rates as class 1a property under paragraph (a).

EFFECTIVE DATE. This section is effective for assessment year 2018 and thereafter.

Sec. 18. Minnesota Statutes 2016, section 273.33, subdivision 1, is amended to read:

Subdivision 1. **Listing and assessment in county.** The personal property of express, stage and transportation companies, and of pipeline companies engaged in the business of transporting ~~natural gas, gasoline, crude oil, or other petroleum products,~~ except as otherwise provided by law, shall be listed and assessed in the county, town or district where the same is usually kept.

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

Sec. 19. Minnesota Statutes 2016, section 273.33, subdivision 2, is amended to read:

Subd. 2. **Listing and assessment by commissioner.** The personal property, consisting of the pipeline system of mains, pipes, and equipment attached thereto, of pipeline companies and others engaged in the operations or business of transporting ~~natural gas, gasoline, crude oil, or other petroleum~~ products by pipelines, shall be listed with and assessed by the commissioner of revenue and the values provided to the city or county assessor by order. This subdivision shall not apply to the assessment of the products transported through the pipelines nor to the lines of local commercial gas companies engaged primarily in the business of distributing gas products to consumers at retail nor to pipelines used by the owner thereof to supply ~~natural gas or other petroleum~~ products exclusively for such owner's own consumption and not for resale to others. If more than 85 percent of the ~~natural gas or other petroleum~~ products actually transported over the pipeline is used for the owner's own consumption and not for resale to others, then this subdivision shall not apply; provided, however, that in that event, the pipeline shall be assessed in proportion to the percentage of gas products actually transported over such pipeline that is not used for the owner's own consumption. On or before August 1, the commissioner shall certify to the auditor of each county, the amount of such personal property assessment against each company in each district in which such property is located. If the commissioner determines that the amount of personal property assessment certified on or before August 1 is in error, the commissioner may issue a corrected certification on or before October 1. The commissioner may correct errors that are merely clerical in nature until December 31.

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

Sec. 20. Minnesota Statutes 2016, section 273.372, subdivision 2, is amended to read:

Subd. 2. **Contents and filing of petition.** (a) In all appeals to court that are required to be brought against the commissioner under this section, the petition initiating the appeal must be served on the commissioner and must be filed with the Tax Court in Ramsey County, as provided in paragraph (b) or (c).

(b) If the appeal to court is from an order of the commissioner, it must be brought under chapter 271 and filed within the time period prescribed in section 271.06, subdivision 2, except that when the provisions of this section conflict with chapter 271 or 278, this section prevails. In addition, the petition must include all the parcels encompassed by that order which the petitioner claims have been partially, unfairly, or unequally assessed, assessed at a valuation greater than their real or actual value, misclassified, or are exempt. For this purpose, an order of the commissioner is either (1) a certification or notice of value by the commissioner for property described in subdivision 1, or (2) the final determination by the commissioner of either an administrative appeal conference or informal administrative appeal described in subdivision 4.

(c) If the appeal is from the tax that results from implementation of the commissioner's order, certification, or recommendation, it must be brought under chapter 278, and the provisions in that chapter apply, except that service shall be on the commissioner only and not on the local officials specified in section 278.01, subdivision 1, and if any other provision of this section conflicts with chapter 278, this section prevails. In addition, the petition must include either all the utility parcels or all the railroad parcels in the state in which the petitioner claims an interest and which the petitioner claims have been partially, unfairly, or unequally assessed, assessed at a valuation greater than their real or actual value, misclassified, or are exempt.

EFFECTIVE DATE. This section is effective for assessment year 2018 and thereafter.

Sec. 21. Minnesota Statutes 2016, section 273.372, subdivision 4, is amended to read:

Subd. 4. **Administrative appeals.** (a) Companies that submit the reports under section 270.82 or 273.371 by the date specified in that section, or by the date specified by the commissioner in an extension, may appeal administratively to the commissioner prior to bringing an action in court.

(b) ~~Companies that must submit reports under section 270.82 must submit~~ file a written request to for an appeal with the commissioner for a conference within ten 30 days after the notice date of the commissioner's valuation certification or other notice to the company, or by June 15, whichever is earlier. For purposes of this section, "notice date" means the notice date of the valuation certification, commissioner's order, recommendation, or other notice.

(c) ~~Companies that submit reports under section 273.371 must submit a written request to the commissioner for a conference within ten days after the date of the commissioner's valuation certification or notice to the company, or by July 1, whichever is earlier. The appeal need not be in any particular form but must contain the following information:~~

(1) name and address of the company;

(2) the date;

(3) its Minnesota identification number;

(4) the assessment year or period involved;

(5) the findings in the valuation that the company disputes;

(6) a summary statement specifying its reasons for disputing each item; and

(7) the signature of the company's duly authorized agent or representative.

(d) When requested in writing and within the time allowed for filing an administrative appeal, the commissioner may extend the time for filing an appeal for a period of not more than 15 days from the expiration of the time for filing the appeal.

~~(d)~~ (e) The commissioner shall conduct the conference either in person or by telephone upon the commissioner's entire files and records and such further information as may be offered. The conference must be held no later than 20 days after the date of the commissioner's valuation certification or notice to the company, or by the date specified by the commissioner in an extension request for an appeal. Within 60 30 days after the conference the commissioner shall make a final determination of the matter and shall notify the company promptly of the determination. The conference is not a contested case hearing subject to chapter 14.

~~(e) In addition to the opportunity for a conference under paragraph (a), the commissioner shall also provide the railroad and utility companies the opportunity to discuss any questions or concerns relating to the values established by the commissioner through certification or notice in a less formal manner. This does not change or modify the deadline for requesting a conference under paragraph (a), the deadline in section 271.06 for appealing an order of the commissioner, or the deadline in section 278.01 for appealing property taxes in court.~~

EFFECTIVE DATE. This section is effective for assessment year 2018 and thereafter.

Sec. 22. Minnesota Statutes 2016, section 273.372, is amended by adding a subdivision to read:

Subd. 5. **Agreement determining valuation.** When it appears to be in the best interest of the state, the commissioner may settle any matter under consideration regarding an appeal filed under this section. The agreement must be in writing and signed by the commissioner and the company or the company's authorized representative. The agreement is final and conclusive, and except upon a showing of fraud, malfeasance, or misrepresentation of a material fact, the case may not be reopened as to the matters agreed upon.

EFFECTIVE DATE. This section is effective for assessment year 2018 and thereafter.

Sec. 23. Minnesota Statutes 2016, section 273.372, is amended by adding a subdivision to read:

Subd. 6. **Dismissal of administrative appeal.** If a taxpayer files an administrative appeal from an order of the commissioner and also files an appeal to the tax court for that same order of the commissioner, the administrative appeal is dismissed and the commissioner is no longer required to make the determination of appeal under subdivision 4.

EFFECTIVE DATE. This section is effective beginning with assessment year 2017.

Sec. 24. **[273.88] EQUALIZATION OF PUBLIC UTILITY STRUCTURES.**

After making the apportionment provided in Minnesota Rules, part 8100.0600, the commissioner must equalize the values of the operating structures to the level accepted by the State Board of Equalization if the appropriate sales ratio for each county, as conducted by the Department of Revenue pursuant to section 270.12, subdivision 2, clause (6), is outside the range accepted by the State Board of Equalization. The commissioner must not equalize the value of the operating structures if the sales ratio determined pursuant to this subdivision is within the range accepted by the State Board of Equalization.

EFFECTIVE DATE. This section is effective beginning with assessment year 2017.

Sec. 25. Minnesota Statutes 2016, section 274.01, subdivision 1, is amended to read:

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

The board shall meet either at a central location within the county or at the office of the clerk to review the assessment and classification of property in the town or city. No changes in valuation or classification which are intended to correct errors in judgment by the county assessor may be made by the county assessor after the board has adjourned in those cities or towns that hold a local board of review; however, corrections of errors that are merely clerical in nature or changes that extend homestead treatment to property are permitted after adjournment until the tax extension date for that assessment year. The changes must be fully documented and maintained in the assessor's office and must be available for review by any person. A copy of the changes made during this period in those cities or towns that hold a local board of review must be sent to the county board no later than December 31 of the assessment year.

(b) The board shall determine whether the taxable property in the town or city has been properly placed on the list and properly valued by the assessor. If real or personal property has been omitted, the board shall place it on the list with its market value, and correct the assessment so that each tract or lot of real property, and each article, parcel, or class of personal property, is entered on the assessment list at its market value. No assessment of the property of any person may be raised unless the person has been duly notified of the intent of the board to do so. On application of any person feeling aggrieved, the board shall review the assessment or classification, or both, and correct it as appears just. The board may not make an individual market value adjustment or classification change that would benefit the property if the owner or other person having control over the property has refused the assessor

access to inspect the property and the interior of any buildings or structures as provided in section 273.20. A board member shall not participate in any actions of the board which result in market value adjustments or classification changes to property owned by the board member, the spouse, parent, stepparent, child, stepchild, grandparent, grandchild, brother, sister, uncle, aunt, nephew, or niece of a board member, or property in which a board member has a financial interest. The relationship may be by blood or marriage.

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

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

(e) A majority of the members may act at the meeting, and adjourn from day to day until they finish hearing the cases presented. The assessor shall attend and take part in the proceedings, but must not vote. The county assessor, or an assistant delegated by the county assessor shall attend the meetings. The board shall list separately all omitted property added to the list by the board and all items of property increased or decreased, with the market value of each item of property, added or changed by the board. The county assessor shall enter all changes made by the board.

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

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

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

Sec. 26. Minnesota Statutes 2016, section 274.13, subdivision 1, is amended to read:

Subdivision 1. **Members; meetings; rules for equalizing assessments.** The county commissioners, or a majority of them, with the county auditor, or, if the auditor cannot be present, the deputy county auditor, or, if there is no deputy, the court administrator of the district court, shall form a board for the equalization of the assessment of the property of the county, including the property of all cities whose charters provide for a board of equalization. This board shall be referred to as the county board of appeal and equalization. The board shall meet annually, on the date specified in section 274.14, at the office of the auditor. Each member shall take an oath to fairly and impartially perform duties as a member. Members shall not participate in any actions of the board which result in market value adjustments or classification changes to property owned by the board member, the spouse, parent, stepparent, child, stepchild, grandparent, grandchild, brother, sister, uncle, aunt, nephew, or niece of a board member, or property in which a board member has a financial interest. The relationship may be by blood or marriage. The board shall examine and compare the returns of the assessment of property of the towns or districts, and equalize them so that each tract or lot of real property and each article or class of personal property is entered on the assessment list at its market value, subject to the following rules:

(1) The board shall raise the valuation of each tract or lot of real property which in its opinion is returned below its market value to the sum believed to be its market value. The board must first give notice of intention to raise the valuation to the person in whose name it is assessed, if the person is a resident of the county. The notice must fix a time and place for a hearing.

(2) The board shall reduce the valuation of each tract or lot which in its opinion is returned above its market value to the sum believed to be its market value.

(3) The board shall raise the valuation of each class of personal property which in its opinion is returned below its market value to the sum believed to be its market value. It shall raise the aggregate value of the personal property of individuals, firms, or corporations, when it believes that the aggregate valuation, as returned, is less than the market value of the taxable personal property possessed by the individuals, firms, or corporations, to the sum it believes to be the market value. The board must first give notice to the persons of intention to do so. The notice must set a time and place for a hearing.

(4) The board shall reduce the valuation of each class of personal property that is returned above its market value to the sum it believes to be its market value. Upon complaint of a party aggrieved, the board shall reduce the aggregate valuation of the individual's personal property, or of any class of personal property for which the individual is assessed, which in its opinion has been assessed at too large a sum, to the sum it believes was the market value of the individual's personal property of that class.

(5) The board must not reduce the aggregate value of all the property of its county, as submitted to the county board of equalization, with the additions made by the auditor under this chapter, by more than one percent of its whole valuation. The board may raise the aggregate valuation of real property, and of each class of personal property, of the county, or of any town or district of the county, when it believes it is below the market value of the property, or class of property, to the aggregate amount it believes to be its market value.

(6) The board shall change the classification of any property which in its opinion is not properly classified.

(7) The board does not have the authority to grant an exemption or to order property removed from the tax rolls.

(8) The board may not make an individual market value adjustment or classification change that would benefit property if the owner or other person having control over the property has refused the assessor access to inspect the property and the interior of any buildings or structures as provided in section 273.20.

EFFECTIVE DATE. This section is effective for county board of appeal and equalization meetings in 2018 and thereafter.

Sec. 27. Minnesota Statutes 2016, section 275.065, subdivision 1, is amended to read:

Subdivision 1. **Proposed levy.** (a) Notwithstanding any law or charter to the contrary, on or before September 30, each county and each home rule charter or statutory city shall certify to the county auditor the proposed property tax levy for taxes payable in the following year.

(b) Notwithstanding any law or charter to the contrary, on or before September 15, each town and each special taxing district shall adopt and certify to the county auditor a proposed property tax levy for taxes payable in the following year. For towns, the final certified levy shall also be considered the proposed levy.

(c) On or before September 30, each school district that has not mutually agreed with its home county to extend this date shall certify to the county auditor the proposed property tax levy for taxes payable in the following year. Each school district that has agreed with its home county to delay the certification of its proposed property tax levy must certify its proposed property tax levy for the following year no later than October 7. The school district shall certify the proposed levy as:

(1) a specific dollar amount by school district fund, broken down between voter-approved and non-voter-approved levies and between referendum market value and tax capacity levies; or

(2) the maximum levy limitation certified by the commissioner of education according to section 126C.48, subdivision 1.

(d) If the board of estimate and taxation or any similar board that establishes maximum tax levies for taxing jurisdictions within a first class city certifies the maximum property tax levies for funds under its jurisdiction by charter to the county auditor by the date specified in paragraph (a), the city shall be deemed to have certified its levies for those taxing jurisdictions.

(e) For purposes of this section, "special taxing district" means a special taxing district as defined in section 275.066. Intermediate school districts that levy a tax under chapter 124 or 136D, joint powers boards established under sections 123A.44 to 123A.446, and Common School Districts No. 323, Franconia, and No. 815, Prinsburg, are also special taxing districts for purposes of this section.

(f) At the meeting at which a taxing authority, other than a town, adopts its proposed tax levy under this subdivision, the taxing authority shall announce the time and place of ~~its~~ any subsequent regularly scheduled meetings at which the budget and levy will be discussed and at which the public will be allowed to speak. The time and place of those meetings must be included in the proceedings or summary of proceedings published in the official newspaper of the taxing authority under section 123B.09, 375.12, or 412.191.

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

Sec. 28. Minnesota Statutes 2016, section 275.62, subdivision 2, is amended to read:

Subd. 2. **Local governments required to report.** For purposes of this section, "local governmental unit" means a county, home rule charter or statutory city with a population greater than 2,500, ~~a town with a population greater than 5,000, or a home rule charter or statutory city or town that receives a distribution from the tacomite municipal aid account in the levy year.~~

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

Sec. 29. Minnesota Statutes 2016, section 278.01, subdivision 1, is amended to read:

Subdivision 1. **Determination of validity.** (a) Any person having personal property, or any estate, right, title, or interest in or lien upon any parcel of land, who claims that such property has been partially, unfairly, or unequally assessed in comparison with other property in the (1) city, or (2) county, or (3) in the case of a county containing a city of the first class, the portion of the county excluding the first class city, or that the parcel has been assessed at a valuation greater than its real or actual value, or that the tax levied against the same is illegal, in whole or in part, or has been paid, or that the property is exempt from the tax so levied, may have the validity of the claim, defense, or objection determined by the district court of the county in which the tax is levied or by the Tax Court by serving one copy of a petition for such determination upon the county auditor, one copy on the county attorney, one copy on the county treasurer, and three copies on the county assessor. The county assessor shall immediately forward one copy of the petition to the appropriate governmental authority in a home rule charter or statutory city or town in which the property is located if that city or town employs its own certified assessor. A copy of the petition shall also be forwarded by the assessor to the school board of the school district in which the property is located.

(b) In counties where the office of county treasurer has been combined with the office of county auditor, the county may elect to require the petitioner to serve the number of copies as determined by the county. The county assessor shall immediately forward one copy of the petition to the appropriate governmental authority in a home rule

charter or statutory city or town in which the property is located if that city or town employs its own certified assessor. A list of petitioned properties, including the name of the petitioner, the identification number of the property, and the estimated market value, shall be sent on or before the first day of July by the county auditor/treasurer to the school board of the school district in which the property is located.

(c) For all counties, the petitioner must file the copies with proof of service, in the office of the court administrator of the district court on or before April 30 of the year in which the tax becomes payable. A petition for determination under this section may be transferred by the district court to the Tax Court. An appeal may also be taken to the Tax Court under chapter 271 at any time following receipt of the valuation notice that county assessors or city assessors having the powers of a county assessor are required by section 273.121 to send to persons whose property is to be included on the assessment roll that year, but prior to May 1 of the year in which the taxes are payable.

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

Sec. 30. Minnesota Statutes 2016, section 282.01, subdivision 1a, is amended to read:

Subd. 1a. **Conveyance to public entities.** (a) Upon written request from a state agency or a governmental subdivision of the state, a parcel of unsold tax-forfeited land must be withheld from sale or lease to others for a maximum of six months. The request must be submitted to the county auditor. Upon receipt, the county auditor must withhold the parcel from sale or lease to any other party for six months, and must confirm the starting date of the six-month withholding period to the requesting agency or subdivision. If the request is from a governmental subdivision of the state, the governmental subdivision must pay the maintenance costs incurred by the county during the period the parcel is withheld. The county board may approve a sale or conveyance to the requesting party during the withholding period. A conveyance of the property to the requesting party terminates the withholding period.

A governmental subdivision of the state must not make, and a county auditor must not act upon, a second request to withhold a parcel from sale or lease within 18 months of a previous request for that parcel. A county may reject a request made under this paragraph if the request is made more than 30 days after the county has given notice to the requesting state agency or governmental subdivision of the state that the county intends to sell or otherwise dispose of the property.

(b) Nonconservation tax-forfeited lands may be sold by the county board, for their market value as determined by the county board, to an organized or incorporated governmental subdivision of the state for any public purpose for which the subdivision is authorized to acquire property. When the term "market value" is used in this section, it means an estimate of the full and actual market value of the parcel as determined by the county board, but in making this determination, the board and the persons employed by or under contract with the board in order to perform, conduct, or assist in the determination, are exempt from the licensure requirements of chapter 82B.

(c) Nonconservation tax-forfeited lands may be ~~released from the trust in favor of the taxing districts on application to sold by~~ the county board by, for their market value as determined by the county board, to a state agency for an authorized use at not less than their market value as determined by the county board any public purpose for which the agency is authorized to acquire property.

(d) Nonconservation tax-forfeited lands may be sold by the county board to an organized or incorporated governmental subdivision of the state or state agency for less than their market value if:

(1) the county board determines that a sale at a reduced price is in the public interest because a reduced price is necessary to provide an incentive to correct the blighted conditions that make the lands undesirable in the open market, or the reduced price will lead to the development of affordable housing; and

(2) the governmental subdivision or state agency has documented its specific plans for correcting the blighted conditions or developing affordable housing, and the specific law or laws that empower it to acquire real property in furtherance of the plans.

If the sale under this paragraph is to a governmental subdivision of the state, the commissioner of revenue must convey the property on behalf of the state by quitclaim deed. If the sale under this paragraph is to a state agency, the property is released from the trust in favor of the taxing districts and the commissioner of revenue must issue a conveyance document that releases the property from the trust in favor of the taxing districts ~~convey the property on behalf of the state by quitclaim deed to the agency.~~

(e) Nonconservation tax-forfeited land held in trust in favor of the taxing districts may be conveyed by the commissioner of revenue in the name of the state to a governmental subdivision for an authorized public use, if an application is submitted to the commissioner which includes a statement of facts as to the use to be made of the tract and the favorable recommendation of the county board. For the purposes of this paragraph, "authorized public use" means a use that allows an indefinite segment of the public to physically use and enjoy the property in numbers appropriate to its size and use, or is for a public service facility. Authorized public uses as defined in this paragraph are limited to:

- (1) a road, or right-of-way for a road;
- (2) a park that is both available to, and accessible by, the public that contains improvements such as campgrounds, playgrounds, athletic fields, trails, or shelters;
- (3) trails for walking, bicycling, snowmobiling, or other recreational purposes, along with a reasonable amount of surrounding land maintained in its natural state;
- (4) transit facilities for buses, light rail transit, commuter rail or passenger rail, including transit ways, park-and-ride lots, transit stations, maintenance and garage facilities, and other facilities related to a public transit system;
- (5) public beaches or boat launches;
- (6) public parking;
- (7) civic recreation or conference facilities; and
- (8) public service facilities such as fire halls, police stations, lift stations, water towers, sanitation facilities, water treatment facilities, and administrative offices.

No monetary compensation or consideration is required for the conveyance, except as provided in subdivision 1g, but the conveyance is subject to the conditions provided in law, including, but not limited to, the reversion provisions of subdivisions 1c and 1d.

(f) The commissioner of revenue shall convey a parcel of nonconservation tax-forfeited land to a local governmental subdivision of the state by quitclaim deed on behalf of the state upon the favorable recommendation of the county board if the governmental subdivision has certified to the board that prior to forfeiture the subdivision was entitled to the parcel under a written development agreement or instrument, but the conveyance failed to occur prior to forfeiture. No compensation or consideration is required for, and no conditions attach to, the conveyance.

(g) The commissioner of revenue shall convey a parcel of nonconservation tax-forfeited land to the association of a common interest community by quitclaim deed upon the favorable recommendation of the county board if the association certifies to the board that prior to forfeiture the association was entitled to the parcel under a written agreement, but the conveyance failed to occur prior to forfeiture. No compensation or consideration is required for, and no conditions attach to, the conveyance.

(h) Conservation tax-forfeited land may be sold to a governmental subdivision of the state for less than its market value for either: (1) creation or preservation of wetlands; (2) drainage or storage of storm water under a storm water management plan; or (3) preservation, or restoration and preservation, of the land in its natural state. The deed must contain a restrictive covenant limiting the use of the land to one of these purposes for 30 years or until the property is reconveyed back to the state in trust. At any time, the governmental subdivision may reconvey the property to the state in trust for the taxing districts. The deed of reconveyance is subject to approval by the commissioner of revenue. No part of a purchase price determined under this paragraph shall be refunded upon a reconveyance, but the amount paid for a conveyance under this paragraph may be taken into account by the county board when setting the terms of a future sale of the same property to the same governmental subdivision under paragraph (b) or (d). If the lands are unplatted and located outside of an incorporated municipality and the commissioner of natural resources determines there is a mineral use potential, the sale is subject to the approval of the commissioner of natural resources.

(i) A park and recreation board in a city of the first class is a governmental subdivision for the purposes of this section.

(j) Tax-forfeited land held in trust in favor of the taxing districts may be conveyed by the commissioner of revenue in the name of the state to a governmental subdivision for a school forest under section 89.41. An application that includes a statement of facts as to the use to be made of the tract and the favorable recommendation of the county board and the commissioner of natural resources must be submitted to the commissioner of revenue. No monetary compensation or consideration is required for the conveyance, but the conveyance is subject to the conditional use and reversion provisions of subdivisions 1c and 1d, paragraph (e). At any time, the governmental subdivision may reconvey the property back to the state in trust for the taxing districts. The deed of reconveyance is subject to approval by the commissioner of revenue.

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

Sec. 31. Minnesota Statutes 2016, section 282.01, subdivision 1d, is amended to read:

Subd. 1d. **Reverter for failure to use; conveyance to state.** (a) After three years from the date of any conveyance of tax-forfeited land to a governmental subdivision for an authorized public use as provided in this section, regardless of when the deed for the authorized public use was executed, if the governmental subdivision has failed to put the land to that use, or abandons that use, the governing body of the subdivision must: (1) with the approval of the county board, purchase the property for an authorized public purpose at the present market value as determined by the county board, or (2) authorize the proper officers to convey the land, or the part of the land not required for an authorized public use, to the state of Minnesota in trust for the taxing districts. If the governing body purchases the property under clause (1), the commissioner of revenue shall, upon proper application submitted by the county auditor and upon the reconveyance of the land subject to the conditional use deed to the state, convey the property on behalf of the state by quitclaim deed to the subdivision free of a use restriction and the possibility of reversion or defeasement. If the governing body decides to reconvey the property to the state under this clause, the officers shall execute a deed of conveyance immediately. The conveyance is subject to the approval of the commissioner and its form must be approved by the attorney general. For 15 years from the date of the conveyance, there is no failure to put the land to the authorized public use and no abandonment of that use if a formal plan of the governmental subdivision, including, but not limited to, a comprehensive plan or land use plan, shows an intended future use of the land for the authorized public use.

(b) Property held by a governmental subdivision of the state under a conditional use deed executed under this section by the commissioner of revenue on or after January 1, 2007, may be acquired by that governmental subdivision after 15 years from the date of the conveyance if the commissioner determines upon written application from the subdivision that the subdivision has in fact put the property to the authorized public use for which it was conveyed, and the subdivision has made a finding that it has no current plans to change the use of the lands. Prior to

conveying the property, the commissioner shall inquire whether the county board where the land is located objects to a conveyance of the property to the subdivision without conditions and without further act by or obligation of the subdivision. If the county does not object within 60 days, and the commissioner makes a favorable determination, the commissioner shall issue a quitclaim deed on behalf of the state unconditionally conveying the property to the governmental subdivision. For purposes of this paragraph, demonstration of an intended future use for the authorized public use in a formal plan of the governmental subdivision does not constitute use for that authorized public use.

(c) Property held by a governmental subdivision of the state under a conditional use deed executed under this section by the commissioner of revenue before January 1, 2007, is released from the use restriction and possibility of reversion on January 1, 2022, if the county board records a resolution describing the land and citing this paragraph. The county board may authorize the county treasurer to deduct the amount of the recording fees from future settlements of property taxes to the subdivision.

(d) Except for tax-forfeited land conveyed to establish a school forest under section 89.41, property conveyed under a conditional use deed executed under this section by the commissioner of revenue, regardless of when the deed for the authorized public use was executed, is released from the use restriction and reverter, and any use restriction or reverter for which no declaration of reversion has been recorded with the county recorder or registrar of titles, as appropriate, is nullified on the later of: (1) January 1, 2015; (2) 30 years from the date the deed was acknowledged; or (3) final resolution of an appeal to district court under subdivision 1e, if a lis pendens related to the appeal is recorded in the office of the county recorder or registrar of titles, as appropriate, prior to January 1, 2015.

(e) Notwithstanding paragraphs (a) to (d), tax-forfeited land conveyed to establish a school forest under section 89.41 is subject to a perpetual conditional use deed and reverter. The property reverts to the state in trust for the taxing districts by operation of law if the commissioner of natural resources determines and reports to the commissioner of revenue under section 89.41, subdivision 3, that the governmental subdivision has failed to use the land for school forest purposes for three consecutive years. The commissioner of revenue shall record a declaration of reversion for land that has reverted under this paragraph.

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

Sec. 32. Minnesota Statutes 2016, section 477A.013, is amended by adding a subdivision to read:

Subd. 14. **Communication by electronic mail.** Prior to receiving aid pursuant to this section, a city must register an official electronic mail address with the commissioner, which the commissioner may use as an exclusive means to communicate with the city.

EFFECTIVE DATE. This section is effective for aids payable in 2018 and thereafter.

Sec. 33. Minnesota Statutes 2016, section 477A.19, is amended by adding a subdivision to read:

Subd. 3a. **Certification.** On or before June 1 of each year, the commissioner of natural resources shall certify to the commissioner of revenue the number of watercraft launches and the number of watercraft trailer parking spaces in each county.

EFFECTIVE DATE. This section is effective for aids payable in 2018 and thereafter.

Sec. 34. Minnesota Statutes 2016, section 477A.19, is amended by adding a subdivision to read:

Subd. 3b. **Certification.** On or before June 1 of each year, the commissioner of natural resources shall certify to the commissioner of revenue the counties that complied with the requirements of subdivision 3 the prior year and are eligible to receive aid under this section.

EFFECTIVE DATE. This section is effective for aids payable in 2018 and thereafter.

Sec. 35. Minnesota Statutes 2016, section 559.202, subdivision 2, is amended to read:

Subd. 2. **Exception.** This section does not apply to sales made under chapter 282 or if the purchaser is represented throughout the transaction by either:

(1) a person licensed to practice law in this state; or

(2) a person licensed as a real estate broker or salesperson under chapter 82, provided that the representation does not create a dual agency, as that term is defined in section 82.55, subdivision 6.

EFFECTIVE DATE. This section is effective for sales of tax-forfeited land occurring the day following final enactment and thereafter.

Sec. 36. Laws 2014, chapter 308, article 9, section 94, is amended to read:

Sec. 94. **REPEALER.**

(a) Minnesota Statutes 2012, sections 273.1398, subdivision 4b; 290.01, subdivision 19e; 290.0674, subdivision 3; 290.191, subdivision 4; and 290.33, and Minnesota Rules, part 8007.0200, are repealed.

(b) Minnesota Statutes 2012, sections 16D.02, subdivisions 5 and 8; 16D.11, subdivision 2; 270C.53; 270C.991, subdivision 4; 272.02, subdivisions 1, 1a, 43, 48, 51, 53, 67, 72, and 82; ~~272.027, subdivision 2~~; 272.031; 273.015, subdivision 1; 273.03, subdivision 3; 273.075; 273.13, subdivision 21a; 273.1383; 273.1386; 273.80; 275.77; 279.32; 281.173, subdivision 8; 281.174, subdivision 8; 281.328; 282.10; 282.23; 287.20, subdivision 4; 287.27, subdivision 2; 290.01, subdivisions 4b and 20e; 295.52, subdivision 7; 297A.666; 297A.71, subdivisions 4, 5, 7, 9, 10, 17, 18, 20, 32, and 41; 297F.08, subdivision 11; 297H.10, subdivision 2; 469.174, subdivision 10c; 469.175, subdivision 2b; 469.176, subdivision 1i; 469.177, subdivision 10; 477A.0124, subdivisions 1 and 6; and 505.173, Minnesota Statutes 2013 Supplement, section 273.1103, Laws 1993, chapter 375, article 9, section 47, and Minnesota Rules, parts 8002.0200, subpart 8; 8100.0800; and 8130.7500, subpart 7, are repealed.

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

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

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

EFFECTIVE DATE. This section is effective retroactively from May 20, 2014, and pursuant to Minnesota Statutes, section 645.36, Minnesota Statutes, section 272.027, subdivision 2, is revived and reenacted as of that date.

Sec. 37. **REPEALER.**

(a) Minnesota Statutes 2016, section 281.22, is repealed.

(b) Minnesota Rules, part 8100.0700, is repealed.

EFFECTIVE DATE. Paragraph (a) is effective the day following final enactment. Paragraph (b) is effective for assessment year 2017 and thereafter.

ARTICLE 14
DEPARTMENT OF REVENUE 2015-2016 POLICY AND TECHNICAL PROVISIONS;
MISCELLANEOUS

Section 1. Minnesota Statutes 2016, section 270.82, subdivision 1, is amended to read:

Subdivision 1. **Annual report required.** Every railroad company doing business in Minnesota shall annually file with the commissioner on or before March 31 a report under oath setting forth the information prescribed by the commissioner to enable the commissioner to make the valuation and equalization required by sections 270.80 to 270.87. The commissioner shall prescribe the content, format, and manner of the report pursuant to section 270C.30, except that a "law administered by the commissioner" includes the property tax laws. If a report is made by electronic means, the taxpayer's signature is defined pursuant to section 270C.304, except that a "law administered by the commissioner" includes the property tax laws.

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

Sec. 2. Minnesota Statutes 2016, section 270A.03, subdivision 5, is amended to read:

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

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

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

- (1) for an unmarried debtor, an income of ~~\$8,800~~ \$12,560 or less;
- (2) for a debtor with one dependent, an income of ~~\$11,270~~ \$16,080 or less;
- (3) for a debtor with two dependents, an income of ~~\$13,330~~ \$19,020 or less;
- (4) for a debtor with three dependents, an income of ~~\$15,120~~ \$21,580 or less;

(5) for a debtor with four dependents, an income of ~~\$15,950~~ \$22,760 or less; and

(6) for a debtor with five or more dependents, an income of ~~\$16,630~~ \$23,730 or less.

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

(c) The commissioner shall adjust the income amounts in paragraph (b) by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) the word "~~1999~~ 2014" shall be substituted for the word "1992." For ~~2001~~ 2016, the commissioner shall then determine the percent change from the 12 months ending on August 31, ~~1999~~ 2014, to the 12 months ending on August 31, ~~2000~~ 2015, and in each subsequent year, from the 12 months ending on August 31, ~~1999~~ 2014, to the 12 months ending on August 31 of the year preceding the taxable year. The determination of the commissioner pursuant to this subdivision shall not be considered a "rule" and shall not be subject to the Administrative Procedure Act contained in chapter 14. The income amount as adjusted must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount is rounded up to the nearest \$10 amount.

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

EFFECTIVE DATE. The section is effective retroactively for debts incurred after December 31, 2014.

Sec. 3. Minnesota Statutes 2016, section 270B.14, subdivision 1, is amended to read:

Subdivision 1. **Disclosure to commissioner of human services.** (a) On the request of the commissioner of human services, the commissioner shall disclose return information regarding taxes imposed by chapter 290, and claims for refunds under chapter 290A, to the extent provided in paragraph (b) and for the purposes set forth in paragraph (c).

(b) Data that may be disclosed are limited to data relating to the identity, whereabouts, employment, income, and property of a person owing or alleged to be owing an obligation of child support.

(c) The commissioner of human services may request data only for the purposes of carrying out the child support enforcement program and to assist in the location of parents who have, or appear to have, deserted their children. Data received may be used only as set forth in section 256.978.

(d) The commissioner shall provide the records and information necessary to administer the supplemental housing allowance to the commissioner of human services.

(e) At the request of the commissioner of human services, the commissioner of revenue shall electronically match the Social Security numbers and names of participants in the telephone assistance plan operated under sections 237.69 to 237.71, with those of property tax refund filers, and determine whether each participant's household income is within the eligibility standards for the telephone assistance plan.

(f) The commissioner may provide records and information collected under sections 295.50 to 295.59 to the commissioner of human services for purposes of the Medicaid Voluntary Contribution and Provider-Specific Tax Amendments of 1991, Public Law 102-234. Upon the written agreement by the United States Department of Health

and Human Services to maintain the confidentiality of the data, the commissioner may provide records and information collected under sections 295.50 to 295.59 to the Centers for Medicare and Medicaid Services section of the United States Department of Health and Human Services for purposes of meeting federal reporting requirements.

(g) The commissioner may provide records and information to the commissioner of human services as necessary to administer the early refund of refundable tax credits.

(h) The commissioner may disclose information to the commissioner of human services as necessary to verify income for income verification for eligibility and premium payment under the MinnesotaCare program, under section 256L.05, subdivision 2, as well as the medical assistance program under chapter 256B.

(i) The commissioner may disclose information to the commissioner of human services necessary to verify whether applicants or recipients for the Minnesota family investment program, general assistance, food support, Minnesota supplemental aid program, and child care assistance have claimed refundable tax credits under chapter 290 and the property tax refund under chapter 290A, and the amounts of the credits.

(j) The commissioner may disclose information to the commissioner of human services necessary to verify income for purposes of calculating parental contribution amounts under section 252.27, subdivision 2a.

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

Sec. 4. Minnesota Statutes 2016, section 270C.30, is amended to read:

270C.30 RETURNS AND OTHER DOCUMENTS; FORMAT; FURNISHING.

Except as otherwise provided by law, the commissioner shall prescribe the content ~~and~~ format, and manner of all returns and other forms required to be filed under a law administered by the commissioner, and may furnish them subject to charge on application.

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

Sec. 5. Minnesota Statutes 2016, section 270C.33, subdivision 5, is amended to read:

Subd. 5. **Prohibition against collection during appeal period of an order.** No collection action can be taken on an order of assessment, or any other order imposing a liability, including the filing of liens under section 270C.63, and no late payment penalties may be imposed when a return has been filed for the tax type and period upon which the order is based, during the appeal period of an order. The appeal period of an order ends: (1) 60 days after the ~~order has been mailed to the taxpayer~~ notice date designated by the commissioner on the order; (2) if an administrative appeal is filed under section 270C.35, 60 days after the notice date designated by the commissioner on the written determination of the administrative appeal; (3) if an appeal to Tax Court is filed under chapter 271, when the decision of the Tax Court is made; or (4) if an appeal to Tax Court is filed and the appeal is based upon a constitutional challenge to the tax, 60 days after final determination of the appeal. This subdivision does not apply to a jeopardy assessment under section 270C.36, or a jeopardy collection under section 270C.36.

EFFECTIVE DATE. This section is effective for orders dated after December 31, 2017.

Sec. 6. Minnesota Statutes 2016, section 270C.33, subdivision 8, is amended to read:

Subd. 8. **Sufficiency of notice.** An assessment of tax made by the commissioner, sent postage prepaid by United States mail to the taxpayer at the taxpayer's last known address, or sent by electronic mail to the taxpayer's last known electronic mailing address as provided for in section 325L.08, is sufficient even if the taxpayer is

deceased or is under a legal disability, or, in the case of a corporation, has terminated its existence, unless the commissioner has been provided with a new address by a party authorized to receive notices of assessment. Notice of an assessment is sufficient if it is sent on or before the notice date designated by the commissioner on the assessment.

EFFECTIVE DATE. This section is effective for assessments dated after December 31, 2017.

Sec. 7. Minnesota Statutes 2016, section 270C.34, subdivision 2, is amended to read:

Subd. 2. **Procedure.** (a) A request for abatement of penalty under subdivision 1 or section 289A.60, subdivision 4, or a request for abatement of interest or additional tax charge, must be filed with the commissioner within 60 days of the notice date of the notice was mailed to the taxpayer's last known address, stating that a penalty has been imposed or additional tax charge. For purposes of this section, "notice date" means the notice date designated by the commissioner on the order or other notice that a penalty or additional tax charge has been imposed.

(b) If the commissioner issues an order denying a request for abatement of penalty, interest, or additional tax charge, the taxpayer may file an administrative appeal as provided in section 270C.35 or appeal to Tax Court as provided in section 271.06.

(c) If the commissioner does not issue an order on the abatement request within 60 days from the date the request is received, the taxpayer may appeal to Tax Court as provided in section 271.06.

EFFECTIVE DATE. This section is effective for orders and notices dated after December 31, 2017.

Sec. 8. Minnesota Statutes 2016, section 270C.35, subdivision 3, is amended to read:

Subd. 3. **Notice date.** For purposes of this section, ~~the term~~ "notice date" means the notice date of designated by the commissioner on the order adjusting the tax or order denying a request for abatement, or, in the case of a denied refund, the notice date of designated by the commissioner on the notice of denial.

EFFECTIVE DATE. This section is effective for orders and notices dated after December 31, 2017.

Sec. 9. Minnesota Statutes 2016, section 270C.35, is amended by adding a subdivision to read:

Subd. 11. **Dismissal of administrative appeal.** If a taxpayer files an administrative appeal for an order of the commissioner and also files an appeal to the Tax Court for that same order of the commissioner, the administrative appeal is dismissed and the commissioner is no longer required to make a determination of appeal under subdivision 6.

EFFECTIVE DATE. This section is effective for all administrative appeals filed after June 30, 2017.

Sec. 10. Minnesota Statutes 2016, section 270C.38, subdivision 1, is amended to read:

Subdivision 1. **Sufficient notice.** (a) If no method of notification of a written determination or action of the commissioner is otherwise specifically provided for by law, notice of the determination or action sent postage prepaid by United States mail to the taxpayer or other person affected by the determination or action at the taxpayer's or person's last known address, is sufficient. If the taxpayer or person being notified is deceased or is under a legal disability, or, in the case of a corporation being notified that has terminated its existence, notice to the last known address of the taxpayer, person, or corporation is sufficient, unless the department has been provided with a new address by a party authorized to receive notices from the commissioner.

(b) If a taxpayer or other person agrees to accept notification by electronic means, notice of a determination or action of the commissioner sent by electronic mail to the taxpayer's or person's last known electronic mailing address as provided for in section 325L.08 is sufficient.

(c) Notice of a determination or action of the commissioner is sufficient if it is sent on or before the notice date designated by the commissioner on the notice.

EFFECTIVE DATE. This section is effective for notices dated after December 31, 2017.

Sec. 11. Minnesota Statutes 2016, section 270C.445, is amended by adding a subdivision to read:

Subd. 9. Enforcement; limitations. (a) Notwithstanding any other law, the imposition of a penalty or any other action against a tax preparer authorized by subdivision 6 with respect to a return may be taken by the commissioner within the period provided by section 289A.38 to assess tax on that return.

(b) Imposition of a penalty or other action against a tax preparer authorized by subdivision 6 other than with respect to a return must be taken by the commissioner within five years of the violation of statute.

EFFECTIVE DATE. This section is effective for tax preparation services provided after the day following final enactment.

Sec. 12. Minnesota Statutes 2016, section 270C.72, subdivision 4, is amended to read:

Subd. 4. Licensing authority; duties. All licensing authorities must require the applicant to provide the applicant's Social Security number or individual taxpayer identification number and Minnesota business identification number, as applicable, on all license applications. Upon request of the commissioner, the licensing authority must provide the commissioner with a list of all applicants, including the name, address, business name and address, and Social Security number, or individual taxpayer identification number and business identification number, as applicable, of each applicant. The commissioner may request from a licensing authority a list of the applicants no more than once each calendar year.

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

Sec. 13. Minnesota Statutes 2016, section 271.06, subdivision 2, is amended to read:

Subd. 2. Time; notice; intervention. Except as otherwise provided by law, within 60 days after ~~the~~ notice ~~of the making and filing date~~ of an order of the commissioner of revenue, the appellant, or the appellant's attorney, shall serve a notice of appeal upon the commissioner and file the original, with proof of such service, with the Tax Court administrator or with the court administrator of district court acting as court administrator of the Tax Court; provided, that the Tax Court, for cause shown, may by written order extend the time for appealing for an additional period not exceeding 30 days. For purposes of this section, "notice date" means the notice date designated by the commissioner on the order. The notice of appeal shall be in the form prescribed by the Tax Court. Within five days after receipt, the commissioner shall transmit a copy of the notice of appeal to the attorney general. The attorney general shall represent the commissioner, if requested, upon all such appeals except in cases where the attorney general has appealed in behalf of the state, or in other cases where the attorney general deems it against the interests of the state to represent the commissioner, in which event the attorney general may intervene or be substituted as an appellant in behalf of the state at any stage of the proceedings.

Upon a final determination of any other matter over which the court is granted jurisdiction under section 271.01, subdivision 5, the taxpayer or the taxpayer's attorney shall file a petition or notice of appeal as provided by law with the court administrator of district court, acting in the capacity of court administrator of the Tax Court, with proof of

service of the petition or notice of appeal as required by law and within the time required by law. As used in this subdivision, "final determination" includes a notice of assessment and equalization for the year in question received from the local assessor, an order of the local board of equalization, or an order of a county board of equalization.

The Tax Court shall prescribe a filing system so that the notice of appeal or petition filed with the district court administrator acting as court administrator of the Tax Court is forwarded to the Tax Court administrator. In the case of an appeal or a petition concerning property valuation for which the assessor, a local board of equalization, a county board of equalization or the commissioner of revenue has issued an order, the officer issuing the order shall be notified of the filing of the appeal. The notice of appeal or petition shall be in the form prescribed by the Tax Court.

EFFECTIVE DATE. This section is effective for orders dated after December 31, 2017.

Sec. 14. Minnesota Statutes 2016, section 271.06, subdivision 7, is amended to read:

Subd. 7. **Rules.** Except as provided in section 278.05, subdivision 6, the Rules of Evidence and Civil Procedure for the district court of Minnesota shall govern the procedures in the Tax Court, where practicable. The Rules of Civil Procedure do not apply to alter the 60-day period of time to file a notice of appeal provided in subdivision 2. The Tax Court may adopt rules under chapter 14.

EFFECTIVE DATE. This section is effective for orders dated after December 31, 2017.

Sec. 15. Minnesota Statutes 2016, section 272.02, subdivision 10, is amended to read:

Subd. 10. **Personal property used for pollution control.** Personal property used primarily for the abatement and control of air, water, or land pollution is exempt to the extent that it is so used, and real property is exempt if it is used primarily for abatement and control of air, water, or land pollution as part of an agricultural operation, as a part of a centralized treatment and recovery facility operating under a permit issued by the Minnesota Pollution Control Agency pursuant to chapters 115 and 116 and Minnesota Rules, parts 7001.0500 to 7001.0730, and 7045.0020 to 7045.1030, as a wastewater treatment facility and for the treatment, recovery, and stabilization of metals, oils, chemicals, water, sludges, or inorganic materials from hazardous industrial wastes, or as part of an electric generation system. For purposes of this subdivision, personal property includes ponderous machinery and equipment used in a business or production activity that at common law is considered real property.

Any taxpayer requesting exemption of all or a portion of any real property or any equipment or device, or part thereof, operated primarily for the control or abatement of air, water, or land pollution shall file an application with the commissioner of revenue. The commissioner shall develop an electronic means to notify interested parties when electric power generation facilities have filed an application. The commissioner shall prescribe the content, format, and manner of the application pursuant to section 270C.30, except that a "law administered by the commissioner" includes the property tax laws, and if an application is made by electronic means, the taxpayer's signature is defined pursuant to section 270C.304, except that a "law administered by the commissioner" includes the property tax laws. The Minnesota Pollution Control Agency shall upon request of the commissioner furnish information and advice to the commissioner.

The information and advice furnished by the Minnesota Pollution Control Agency must include statements as to whether the equipment, device, or real property meets a standard, rule, criteria, guideline, policy, or order of the Minnesota Pollution Control Agency, and whether the equipment, device, or real property is installed or operated in accordance with it. On determining that property qualifies for exemption, the commissioner shall issue an order exempting the property from taxation. The commissioner shall develop an electronic means to notify interested

parties when the commissioner has issued an order exempting property from taxation under this subdivision. The equipment, device, or real property shall continue to be exempt from taxation as long as the order issued by the commissioner remains in effect.

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

Sec. 16. Minnesota Statutes 2016, section 272.0211, subdivision 1, is amended to read:

Subdivision 1. **Efficiency determination and certification.** An owner or operator of a new or existing electric power generation facility, excluding wind energy conversion systems, may apply to the commissioner of revenue for a market value exclusion on the property as provided for in this section. This exclusion shall apply only to the market value of the equipment of the facility, and shall not apply to the structures and the land upon which the facility is located. The commissioner of revenue shall prescribe the ~~forms~~ content, format, manner, and procedures for this application pursuant to section 270C.30, except that a "law administered by the commissioner" includes the property tax laws. If an application is made by electronic means, the taxpayer's signature is defined pursuant to section 270C.304, except that a "law administered by the commissioner" includes the property tax laws. Upon receiving the application, the commissioner of revenue shall: (1) request the commissioner of commerce to make a determination of the efficiency of the applicant's electric power generation facility; and (2) shall develop an electronic means to notify interested parties when electric power generation facilities have filed an application. The commissioner of commerce shall calculate efficiency as the ratio of useful energy outputs to energy inputs, expressed as a percentage, based on the performance of the facility's equipment during normal full load operation. The commissioner must include in this formula the energy used in any on-site preparation of materials necessary to convert the materials into the fuel used to generate electricity, such as a process to gasify petroleum coke. The commissioner shall use the Higher Heating Value (HHV) for all substances in the commissioner's efficiency calculations, except for wood for fuel in a biomass-eligible project under section 216B.2424; for these instances, the commissioner shall adjust the heating value to allow for energy consumed for evaporation of the moisture in the wood. The applicant shall provide the commissioner of commerce with whatever information the commissioner deems necessary to make the determination. Within 30 days of the receipt of the necessary information, the commissioner of commerce shall certify the findings of the efficiency determination to the commissioner of revenue and to the applicant. The commissioner of commerce shall determine the efficiency of the facility and certify the findings of that determination to the commissioner of revenue every two years thereafter from the date of the original certification.

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

Sec. 17. Minnesota Statutes 2016, section 272.025, subdivision 1, is amended to read:

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

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

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

(d) The commissioner of revenue shall prescribe the ~~form and contents~~ content, format, and manner of the statement of exemption pursuant to section 270C.30, except that a "law administered by the commissioner" includes the property tax laws.

(e) If a statement is made by electronic means, the taxpayer's signature is defined pursuant to section 270C.304, except that a "law administered by the commissioner" includes the property tax laws.

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

Sec. 18. Minnesota Statutes 2016, section 272.029, subdivision 4, is amended to read:

Subd. 4. **Reports.** (a) An owner of a wind energy conversion system subject to tax under subdivision 3 shall file a report with the commissioner of revenue annually on or before ~~February 1~~ January 15 detailing the amount of electricity in kilowatt-hours that was produced by the wind energy conversion system for the previous calendar year. The commissioner shall prescribe the ~~form~~ content, format, and manner of the report pursuant to section 270C.30, except that a "law administered by the commissioner" includes the property tax laws. The report must contain the information required by the commissioner to determine the tax due to each county under this section for the current year. If an owner of a wind energy conversion system subject to taxation under this section fails to file the report by the due date, the commissioner of revenue shall determine the tax based upon the nameplate capacity of the system multiplied by a capacity factor of 60 percent.

(b) If a report is made by electronic means, the taxpayer's signature is defined pursuant to section 270C.304, except that a "law administered by the commissioner" includes the property tax laws.

~~(b)~~ (c) On or before February 28, the commissioner of revenue shall notify the owner of the wind energy conversion systems of the tax due to each county for the current year and shall certify to the county auditor of each county in which the systems are located the tax due from each owner for the current year.

EFFECTIVE DATE. This section is effective the day following final enactment, except that the amendment in paragraph (a) moving the date to file the report is effective for reports filed in 2018 and thereafter.

Sec. 19. Minnesota Statutes 2016, section 272.0295, subdivision 4, is amended to read:

Subd. 4. **Reports.** An owner of a solar energy generating system subject to tax under this section shall file a report with the commissioner of revenue annually on or before January 15 detailing the amount of electricity in megawatt-hours that was produced by the system in the previous calendar year. The commissioner shall prescribe the ~~form~~ content, format, and manner of the report pursuant to section 270C.30. The report must contain the information required by the commissioner to determine the tax due to each county under this section for the current year. If an owner of a solar energy generating system subject to taxation under this section fails to file the report by the due date, the commissioner of revenue shall determine the tax based upon the nameplate capacity of the system multiplied by a capacity factor of 30 percent.

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

Sec. 20. Minnesota Statutes 2016, section 272.115, subdivision 2, is amended to read:

Subd. 2. **Form; information required.** The certificate of value shall require such facts and information as may be determined by the commissioner to be reasonably necessary in the administration of the state education aid formulas. The ~~form~~ commissioner shall prescribe the content, format, and manner of the certificate of value ~~shall be prescribed by the Department of Revenue which shall provide an adequate supply of forms to each county auditor~~ pursuant to section 270C.30, except that a "law administered by the commissioner" includes the property tax laws.

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

Sec. 21. Minnesota Statutes 2016, section 273.124, subdivision 13, is amended to read:

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

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

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

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

Owners or spouses occupying residences owned by their spouses and previously occupied with the other spouse, either of whom fail to include the other spouse's name and Social Security number on the homestead application or provide the affidavits or other proof requested, will be deemed to have elected to receive only partial homestead treatment of their residence. The remainder of the residence will be classified as nonhomestead residential. When an owner or spouse's name and Social Security number appear on homestead applications for two separate residences and only one application is signed, the owner or spouse will be deemed to have elected to homestead the residence for which the application was signed.

(d) If residential real estate is occupied and used for purposes of a homestead by a relative of the owner and qualifies for a homestead under subdivision 1, paragraph (c), in order for the property to receive homestead status, a homestead application must be filed with the assessor. The Social Security number of each relative and spouse of a relative occupying the property shall be required on the homestead application filed under this subdivision. If a different relative of the owner subsequently occupies the property, the owner of the property must notify the assessor within 30 days of the change in occupancy. The Social Security number of a relative or relative's spouse occupying the property is private data on individuals as defined by section 13.02, subdivision 12, but may be disclosed to the commissioner of revenue, or, for the purposes of proceeding under the Revenue Recapture Act to recover personal property taxes owing, to the county treasurer.

(e) The homestead application shall also notify the property owners that if the property is granted homestead status for any assessment year, that same property shall remain classified as homestead until the property is sold or transferred to another person, or the owners, the spouse of the owner, or the relatives no longer use the property as their homestead. Upon the sale or transfer of the homestead property, a certificate of value must be timely filed with the county auditor as provided under section 272.115. Failure to notify the assessor within 30 days that the property has been sold, transferred, or that the owner, the spouse of the owner, or the relative is no longer occupying the property as a homestead, shall result in the penalty provided under this subdivision and the property will lose its current homestead status.

(f) If a homestead application has not been filed with the county by December 15, the assessor shall classify the property as nonhomestead for the current assessment year for taxes payable in the following year, provided that the owner may be entitled to receive the homestead classification by proper application under section 375.192.

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

Sec. 22. Minnesota Statutes 2016, section 273.371, is amended to read:

273.371 REPORTS OF UTILITY COMPANIES.

Subdivision 1. **Report required.** Every electric light, power, gas, water, express, stage, ~~and~~ transportation ~~company~~, and pipeline ~~company~~ doing business in Minnesota shall annually file with the commissioner on or before March 31 a report under oath setting forth the information prescribed by the commissioner to enable the commissioner to make valuations, recommended valuations, and equalization required under sections 273.33, 273.35, 273.36, 273.37, and 273.3711. The commissioner shall prescribe the content, format, and manner of the report pursuant to section 270C.30, except that a "law administered by the commissioner" includes the property tax laws. If all the required information is not available on March 31, the company or pipeline shall file the information that is available on or before March 31, and the balance of the information as soon as it becomes available. If a report is made by electronic means, the taxpayer's signature is defined pursuant to section 270C.304, except that a "law administered by the commissioner" includes the property tax laws.

Subd. 2. **Extension.** The commissioner for good cause may extend the time for filing the report required by subdivision 1. The extension ~~may~~ must not exceed 15 days.

Subd. 3. **Reports filed by the commissioner.** If a company fails to file a report required by subdivision 1, the commissioner may, from information in the commissioner's possession or obtainable by the commissioner, make and file a report for the company or make the valuations, recommended valuations, and equalizations required under sections 273.33, 273.35 to 273.37, and 273.3711.

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

Sec. 23. Minnesota Statutes 2016, section 287.2205, is amended to read:

287.2205 TAX-FORFEITED LAND.

Before a state deed for tax-forfeited land may be issued, the deed tax must be paid by the purchaser of tax-forfeited land whether the purchase is the result of a public auction or private sale or a repurchase of tax-forfeited land. State agencies and local units of government that acquire tax-forfeited land by purchase or any other means are subject to this section. The deed tax is \$1.65 for a conveyance of tax-forfeited lands to a governmental subdivision for an authorized public use under section 282.01, subdivision 1a, for a school forest under section 282.01, subdivision 1a, or for redevelopment purposes under section 282.01, subdivision 1b.

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

Sec. 24. Minnesota Statutes 2016, section 289A.08, is amended by adding a subdivision to read:

Subd. 17. **Format.** The commissioner shall prescribe the content, format, and manner of the returns and other documents pursuant to section 270C.30. This does not authorize the commissioner to require individual income taxpayers to file individual income tax returns electronically.

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

Sec. 25. Minnesota Statutes 2016, section 289A.09, subdivision 1, is amended to read:

Subdivision 1. **Returns.** (a) An employer who is required to deduct and withhold tax under section 290.92, subdivision 2a or 3, and a person required to deduct and withhold tax under section 290.923, subdivision 2, must file a return with the commissioner for each quarterly period unless otherwise prescribed by the commissioner.

(b) A person or corporation required to make deposits under section 290.9201, subdivision 8, must file an entertainer withholding tax return with the commissioner.

(c) A person required to withhold an amount under section 290.9705, subdivision 1, must file a return.

(d) A partnership required to deduct and withhold tax under section 290.92, subdivision 4b, must file a return.

(e) An S corporation required to deduct and withhold tax under section 290.92, subdivision 4c, must also file a return.

(f) ~~Returns must be filed in the form and manner, and contain the information prescribed by the commissioner. The commissioner shall prescribe the content, format, and manner of the returns pursuant to section 270C.30.~~ Every return for taxes withheld must be signed by the employer, entertainment entity, contract payor, partnership, or S corporation, or a designee.

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

Sec. 26. Minnesota Statutes 2016, section 289A.11, subdivision 1, is amended to read:

Subdivision 1. **Return required.** (a) Except as provided in section 289A.18, subdivision 4, for the month in which taxes imposed by chapter 297A are payable, or for which a return is due, a return for the preceding reporting period must be filed with the commissioner ~~in the form and manner the commissioner prescribes. The commissioner shall prescribe the content, format, and manner of the returns pursuant to section 270C.30.~~ A person making sales at retail at two or more places of business may file a consolidated return subject to rules prescribed by the commissioner. In computing the dollar amount of items on the return, the amounts are rounded off to the nearest whole dollar, disregarding amounts less than 50 cents and increasing amounts of 50 cents to 99 cents to the next highest dollar.

(b) Notwithstanding this subdivision, a person who is not required to hold a sales tax permit under chapter 297A and who makes annual purchases, for use in a trade or business, of less than \$18,500, or a person who is not required to hold a sales tax permit and who makes purchases for personal use, that are subject to the use tax imposed by section 297A.63, may file an annual use tax return ~~on a form prescribed by the commissioner. The commissioner shall prescribe the content, format, and manner of the return pursuant to section 270C.30.~~ If a person who qualifies for an annual use tax reporting period is required to obtain a sales tax permit or makes use tax purchases, for use in a trade or business, in excess of \$18,500 during the calendar year, the reporting period must be considered ended at the end of the month in which the permit is applied for or the purchase in excess of \$18,500 is made and a return must be filed for the preceding reporting period.

(c) Notwithstanding ~~paragraph~~ paragraphs (a) and (b), a person prohibited by the person's religious beliefs from using electronics shall be allowed to file by mail, without any additional fees. The filer must notify the commissioner of revenue of the intent to file by mail on a form prescribed by the commissioner. A return filed under this paragraph must be postmarked no later than the day the return is due in order to be considered filed on a timely basis.

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

Sec. 27. Minnesota Statutes 2016, section 289A.18, subdivision 1, is amended to read:

Subdivision 1. **Individual income, fiduciary income, corporate franchise, and entertainment taxes; partnership and S corporation returns; information returns; mining company returns.** The returns required to be made under sections 289A.08 and 289A.12 must be filed at the following times:

(1) returns made on the basis of the calendar year must be filed on April 15 following the close of the calendar year, except that returns of corporations and partnerships must be filed on the due date for filing the federal income tax return;

(2) returns made on the basis of the fiscal year must be filed on the 15th day of the fourth month following the close of the fiscal year, except that returns of corporations and partnerships must be filed on the due date for filing the federal income tax return;

(3) returns for a fractional part of a year must be filed on the due date for filing the federal income tax return;

(4) in the case of a final return of a decedent for a fractional part of a year, the return must be filed on the 15th day of the fourth month following the close of the 12-month period that began with the first day of that fractional part of a year;

(5) in the case of the return of a cooperative association, returns must be filed on or before the 15th day of the ninth month following the close of the taxable year;

(6) if a corporation has been divested from a unitary group and files a return for a fractional part of a year in which it was a member of a unitary business that files a combined report under section 290.17, subdivision 4, the divested corporation's return must be filed on the 15th day of the third month following the close of the common accounting period that includes the fractional year;

(7) returns of entertainment entities must be filed on April 15 following the close of the calendar year;

(8) returns required to be filed under section 289A.08, subdivision 4, must be filed on the 15th day of the fifth month following the close of the taxable year;

(9) returns of mining companies must be filed on May 1 following the close of the calendar year; and

(10) returns required to be filed with the commissioner under section 289A.12, subdivision 2, 4 to 10, or 16 must be filed within 30 days after being demanded by the commissioner.

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

Sec. 28. Minnesota Statutes 2016, section 289A.37, subdivision 2, is amended to read:

Subd. 2. **Erroroneous refunds.** ~~An erroneous refund is considered an underpayment of tax on the date made. An assessment of a deficiency arising out of an erroneous refund may be made at any time within two years from the making of the refund. If part of the refund was induced by fraud or misrepresentation of a material fact, the assessment may be made at any time.~~ (a) Except as provided in paragraph (b), an erroneous refund occurs when the commissioner issues a payment to a person that exceeds the amount the person is entitled to receive under law. An erroneous refund is considered an underpayment of tax on the date issued.

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

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

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

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

(d) Assessments of amounts that are not erroneous refunds under paragraph (b) must be conducted under section 289A.38.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 29. Minnesota Statutes 2016, section 289A.50, subdivision 7, is amended to read:

Subd. 7. **Remedies.** (a) If the taxpayer is notified by the commissioner that the refund claim is denied in whole or in part, the taxpayer may:

(1) file an administrative appeal as provided in section 270C.35, or an appeal with the Tax Court, within 60 days after ~~issuance~~ the notice date of the commissioner's notice of denial; or

(2) file an action in the district court to recover the refund.

(b) An action in the district court on a denied claim for refund must be brought within 18 months of the notice date of the denial of the claim by the commissioner. For the purposes of this section, "notice date" has the meaning given in section 270C.35, subdivision 3.

(c) No action in the district court or the Tax Court shall be brought within six months of the filing of the refund claim unless the commissioner denies the claim within that period.

(d) If a taxpayer files a claim for refund and the commissioner has not issued a denial of the claim, the taxpayer may bring an action in the district court or the Tax Court at any time after the expiration of six months from the time the claim was filed.

(e) The commissioner and the taxpayer may agree to extend the period for bringing an action in the district court.

(f) An action for refund of tax by the taxpayer must be brought in the district court of the district in which lies the county of the taxpayer's residence or principal place of business. In the case of an estate or trust, the action must be brought at the principal place of its administration. Any action may be brought in the district court for Ramsey County.

EFFECTIVE DATE. This section is effective for claims for refund denied after December 31, 2017.

Sec. 30. **[290B.11] FORMS.**

The commissioner shall prescribe the content, format, and manner of all forms and other documents required to be filed under this chapter pursuant to section 270C.30.

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

Sec. 31. **[293.15] FORMS.**

The commissioner shall prescribe the content, format, and manner of all forms and other documents required to be filed under this chapter pursuant to section 270C.30.

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

Sec. 32. Minnesota Statutes 2016, section 295.55, subdivision 6, is amended to read:

Subd. 6. **Form of returns.** ~~The estimated payments and annual return must contain the information and be in the form prescribed by the commissioner.~~ The commissioner shall prescribe the content, format, and manner of the estimated payment forms and annual return pursuant to section 270C.30.

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

Sec. 33. Minnesota Statutes 2016, section 296A.02, is amended by adding a subdivision to read:

Subd. 5. **Forms.** The commissioner shall prescribe the content, format, and manner of all forms and other documents required to be filed under this chapter pursuant to section 270C.30.

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

Sec. 34. Minnesota Statutes 2016, section 296A.22, subdivision 9, is amended to read:

Subd. 9. **Abatement of penalty.** (a) The commissioner may by written order abate any penalty imposed under this section, if in the commissioner's opinion there is reasonable cause to do so.

(b) A request for abatement of penalty must be filed with the commissioner within 60 days of the notice date of the notice stating that a penalty has been imposed was mailed to the taxpayer's last known address. For purposes of this section, "notice date" means the notice date designated by the commissioner on the order or other notice that a penalty has been imposed.

(c) If the commissioner issues an order denying a request for abatement of penalty, the taxpayer may file an administrative appeal as provided in section 270C.35 or appeal to Tax Court as provided in section 271.06. If the commissioner does not issue an order on the abatement request within 60 days from the date the request is received, the taxpayer may appeal to Tax Court as provided in section 271.06.

EFFECTIVE DATE. This section is effective for orders and notices dated after December 31, 2017.

Sec. 35. Minnesota Statutes 2016, section 296A.26, is amended to read:

296A.26 JUDICIAL REVIEW; APPEAL TO TAX COURT.

In lieu of an administrative appeal under section 270C.35, any person aggrieved by an order of the commissioner fixing a tax, penalty, or interest under this chapter may, within 60 days from the notice date of the notice of the order, appeal to the Tax Court in the manner provided under section 271.06. For purposes of this section, "notice date" means the notice date designated by the commissioner on the order fixing a tax, penalty, or interest.

EFFECTIVE DATE. This section is effective for orders dated after December 31, 2017.

Sec. 36. Minnesota Statutes 2016, section 297D.02, is amended to read:

297D.02 ADMINISTRATION.

The commissioner of revenue shall administer this chapter. The commissioner shall prescribe the content, format, and manner of all forms and other documents required to be filed under this chapter pursuant to section 270C.30. Payments required by this chapter must be made to the commissioner on the form provided by the commissioner. Tax obligors are not required to give their name, address, Social Security number, or other identifying information on the form. The commissioner shall collect all taxes under this chapter.

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

Sec. 37. Minnesota Statutes 2016, section 297E.02, subdivision 3, is amended to read:

Subd. 3. **Collection; disposition.** (a) Taxes imposed by this section are due and payable to the commissioner when the gambling tax return is required to be filed. Distributors must file their monthly sales figures with the commissioner on a form prescribed by the commissioner. Returns covering the taxes imposed under this section must be filed with the commissioner on or before the 20th day of the month following the close of the previous calendar month. ~~The commissioner may require that the returns be filed via magnetic media or electronic data transfer.~~ The commissioner shall prescribe the content, format, and manner of returns or other documents pursuant to section 270C.30. The proceeds, along with the revenue received from all license fees and other fees under sections 349.11 to 349.191, 349.211, and 349.213, must be paid to the commissioner of management and budget for deposit in the general fund.

(b) The sales tax imposed by chapter 297A on the sale of pull-tabs and tipboards by the distributor is imposed on the retail sales price. The retail sale of pull-tabs or tipboards by the organization is exempt from taxes imposed by chapter 297A and is exempt from all local taxes and license fees except a fee authorized under section 349.16, subdivision 8.

(c) One-half of one percent of the revenue deposited in the general fund under paragraph (a), is appropriated to the commissioner of human services for the compulsive gambling treatment program established under section 245.98. One-half of one percent of the revenue deposited in the general fund under paragraph (a), is appropriated to the commissioner of human services for a grant to the state affiliate recognized by the National Council on Problem Gambling to increase public awareness of problem gambling, education and training for individuals and organizations providing effective treatment services to problem gamblers and their families, and research relating to problem gambling. Money appropriated by this paragraph must supplement and must not replace existing state funding for these programs.

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

Sec. 38. Minnesota Statutes 2016, section 297E.04, subdivision 1, is amended to read:

Subdivision 1. **Reports of sales.** A manufacturer who sells gambling product for use or resale in this state, or for receipt by a person or entity in this state, shall file with the commissioner, on a form prescribed by the commissioner, a report of gambling product sold to any person in the state, including the established governing body of an Indian tribe recognized by the United States Department of the Interior. The report must be filed monthly on or before the 20th day of the month succeeding the month in which the sale was made. ~~The commissioner may require that the report be submitted via magnetic media or electronic data transfer.~~ The commissioner shall prescribe the content, format, and manner of returns or other documents pursuant to section 270C.30. The commissioner may inspect the premises, books, records, and inventory of a manufacturer without notice during the normal business hours of the manufacturer. A person violating this section is guilty of a misdemeanor.

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

Sec. 39. Minnesota Statutes 2016, section 297E.05, subdivision 4, is amended to read:

Subd. 4. **Reports.** A distributor shall report monthly to the commissioner, on a form the commissioner prescribes, its sales of each type of gambling product. This report must be filed monthly on or before the 20th day of the month succeeding the month in which the sale was made. ~~The commissioner may require that a distributor submit the monthly report and invoices required in this subdivision via magnetic media or electronic data transfer.~~ The commissioner shall prescribe the content, format, and manner of returns or other documents pursuant to section 270C.30.

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

Sec. 40. Minnesota Statutes 2016, section 297E.06, subdivision 1, is amended to read:

Subdivision 1. **Reports.** An organization must file with the commissioner, on a form prescribed by the commissioner, a report showing all gambling activity conducted by that organization for each month. Gambling activity includes all gross receipts, prizes, all gambling taxes owed or paid to the commissioner, all gambling expenses, and all lawful purpose and board-approved expenditures. The report must be filed with the commissioner on or before the 20th day of the month following the month in which the gambling activity takes place. ~~The commissioner may require that the reports be filed via magnetic media or electronic data transfer.~~ The commissioner shall prescribe the content, format, and manner of returns or other documents pursuant to section 270C.30.

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

Sec. 41. Minnesota Statutes 2016, section 297F.09, subdivision 1, is amended to read:

Subdivision 1. **Monthly return; cigarette distributor.** On or before the 18th day of each calendar month, a distributor with a place of business in this state shall file a return with the commissioner showing the quantity of cigarettes manufactured or brought in from outside the state or purchased during the preceding calendar month and the quantity of cigarettes sold or otherwise disposed of in this state and outside this state during that month. A licensed distributor outside this state shall in like manner file a return showing the quantity of cigarettes shipped or transported into this state during the preceding calendar month. ~~Returns must be made in the form and manner prescribed by~~ The commissioner shall prescribe the content, format, and manner of returns pursuant to section 270C.30, and the returns must contain any other information required by the commissioner. The return must be accompanied by a remittance for the full unpaid tax liability shown by it. For distributors subject to the accelerated tax payment requirements in subdivision 10, the return for the May liability is due two business days before June 30th of the year and the return for the June liability is due on or before August 18th of the year.

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

Sec. 42. Minnesota Statutes 2016, section 297F.23, is amended to read:

297F.23 JUDICIAL REVIEW.

In lieu of an administrative appeal under section 270C.35, a person aggrieved by an order of the commissioner fixing a tax, penalty, or interest under this chapter may, within 60 days from the notice date of ~~the notice of the~~ order, appeal to the Tax Court in the manner provided under section 271.06. For purposes of this section, "notice date" means the notice date designated by the commissioner on the order fixing a tax, penalty, or interest.

EFFECTIVE DATE. This section is effective for orders dated after December 31, 2017.

Sec. 43. Minnesota Statutes 2016, section 297G.09, subdivision 1, is amended to read:

Subdivision 1. **Monthly returns; manufacturers, wholesalers, brewers, or importers.** On or before the 18th day of each calendar month following the month in which a licensed manufacturer or wholesaler first sells wine and distilled spirits within the state, or a brewer or importer first sells or imports fermented malt beverages, or a wholesaler knowingly acquires title to or possession of untaxed fermented malt beverages, the licensed manufacturer, wholesaler, brewer, or importer liable for the excise tax must file a return with the commissioner, and in addition must keep records and render reports as required by the commissioner. ~~Returns must be made in a form and manner prescribed by the commissioner, and~~ The commissioner shall prescribe the content, format, and manner of returns pursuant to section 270C.30. The returns must contain any other information required by the commissioner. Returns must be accompanied by a remittance for the full unpaid tax liability. Returns must be filed regardless of whether a tax is due.

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

Sec. 44. Minnesota Statutes 2016, section 297G.22, is amended to read:

297G.22 JUDICIAL REVIEW.

In lieu of an administrative appeal under this chapter, a person aggrieved by an order of the commissioner fixing a tax, penalty, or interest under this chapter may, within 60 days from ~~the date of~~ the notice date of the order, appeal to the Tax Court in the manner provided under section 271.06. For purposes of this section, "notice date" means the notice date designated by the commissioner on the order fixing a tax, penalty, or interest.

EFFECTIVE DATE. This section is effective for orders dated after December 31, 2017.

Sec. 45. Minnesota Statutes 2016, section 297I.30, is amended by adding a subdivision to read:

Subd. 11. **Format.** The commissioner shall prescribe the content, format, and manner of returns or other documents pursuant to section 270C.30.

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

Sec. 46. Minnesota Statutes 2016, section 297I.60, subdivision 2, is amended to read:

Subd. 2. **Remedies.** (a) If the taxpayer is notified that the refund claim is denied in whole or in part, the taxpayer may contest the denial by:

- (1) filing an administrative appeal with the commissioner under section 270C.35;
- (2) filing an appeal in Tax Court within 60 days of the notice date of the ~~notice of~~ denial; or
- (3) filing an action in the district court to recover the refund.

(b) An action in the district court must be brought within 18 months ~~following of~~ the notice date of the ~~notice of~~ denial. For purposes of this section, "notice date" has the meaning given in section 270C.35, subdivision 3. An action for refund of tax or surcharge must be brought in the district court of the district in which lies the taxpayer's principal place of business or in the District Court for Ramsey County. If a taxpayer files a claim for refund and the commissioner has not issued a denial of the claim, the taxpayer may bring an action in the district court or the Tax Court at any time after the expiration of six months from the time the claim was filed.

EFFECTIVE DATE. This section is effective for claims for refund denied after December 31, 2017.

Sec. 47. Minnesota Statutes 2016, section 469.319, subdivision 5, is amended to read:

Subd. 5. **Waiver authority.** (a) The commissioner may waive all or part of a repayment required under subdivision 1, if the commissioner, in consultation with the commissioner of employment and economic development and appropriate officials from the local government units in which the qualified business is located, determines that requiring repayment of the tax is not in the best interest of the state or the local government units and the business ceased operating as a result of circumstances beyond its control including, but not limited to:

- (1) a natural disaster;
- (2) unforeseen industry trends; or
- (3) loss of a major supplier or customer.

(b)(1) The commissioner shall waive repayment required under subdivision 1a if the commissioner has waived repayment by the operating business under subdivision 1, unless the person that received benefits without having to operate a business in the zone was a contributing factor in the qualified business becoming subject to repayment under subdivision 1;

(2) the commissioner shall waive the repayment required under subdivision 1a, even if the repayment has not been waived for the operating business if:

(i) the person that received benefits without having to operate a business in the zone and the business that operated in the zone are not related parties as defined in section 267(b) of the Internal Revenue Code of 1986, as amended through December 31, 2007; and

(ii) actions of the person were not a contributing factor in the qualified business becoming subject to repayment under subdivision 1.

(c) Requests for waiver must be made no later than 60 days after the earlier of the notice date of an order issued under subdivision 4, paragraph (d), or the date of a tax statement issued under subdivision 4, paragraph (c). For purposes of this section, "notice date" means the notice date designated by the commissioner on the order.

EFFECTIVE DATE. This section is effective for orders of the commissioner of revenue dated after December 31, 2017.

Sec. 48. Laws 2016, chapter 187, section 5, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective for orders and notices dated after ~~September 30, 2015~~ December 31, 2017.

EFFECTIVE DATE. This section is effective retroactively from September 30, 2015.

ARTICLE 15
DEPARTMENT OF REVENUE 2015-2016
SUSTAINABLE FOREST INCENTIVE ACT PROVISIONS

Section 1. Minnesota Statutes 2016, section 290C.03, is amended to read:

290C.03 ELIGIBILITY REQUIREMENTS.

(a) Land may be enrolled in the sustainable forest incentive program under this chapter if all of the following conditions are met:

(1) the land consists of at least 20 contiguous acres and at least 50 percent of the land must meet the definition of forest land in section 88.01, subdivision 7, during the enrollment;

(2) a forest management plan for the land must be (i) prepared by an approved plan writer and implemented during the period in which the land is enrolled, and (ii) registered with the Department of Natural Resources;

(3) timber harvesting and forest management guidelines must be used in conjunction with any timber harvesting or forest management activities conducted on the land during the period in which the land is enrolled;

(4) the land must be enrolled for a minimum of eight years;

(5) there are no delinquent property taxes on the land; ~~and~~

(6) claimants enrolling more than 1,920 acres in the sustainable forest incentive program must allow year-round, nonmotorized access to fish and wildlife resources and motorized access on established and maintained roads and trails, unless the road or trail is temporarily closed for safety, natural resource, or road damage reasons on enrolled land except within one-fourth mile of a permanent dwelling or during periods of high fire hazard as determined by the commissioner of natural resources; and

(7) the land is not classified as 2c managed forest land.

(b) Claimants required to allow access under paragraph (a), clause (6), do not by that action:

(1) extend any assurance that the land is safe for any purpose;

(2) confer upon the person the legal status of an invitee or licensee to whom a duty of care is owed; or

(3) assume responsibility for or incur liability for any injury to the person or property caused by an act or omission of the person.

(c) A minimum of three acres must be excluded from enrolled land when the land is improved with a structure that is not a minor, ancillary, or nonresidential structure. If land does not meet the definition of forest land in section 290C.02, subdivision 6, because the land is (1) enrolled in the reinvest in Minnesota program, (2) enrolled in a state or federal conservation reserve or easement program under sections 103F.501 to 103F.531, (3) subject to the Minnesota agricultural property tax under section 273.111, or (4) subject to agricultural land preservation controls or restrictions as defined in section 40A.02 or the Metropolitan Agricultural Preserves Act under chapter 473H, the entire parcel that contains the land is not eligible to be enrolled in the program.

EFFECTIVE DATE. The amendment to paragraph (a), clause (2), is effective for certifications filed after July 1, 2018. The amendment adding paragraph (a), clause (7), is effective for certifications and applications due in 2017 and thereafter. The amendment adding paragraph (c) is effective the day following final enactment.

Sec. 2. [290C.051] VERIFICATION OF FOREST MANAGEMENT PLAN.

On request of the commissioner, the commissioner of natural resources must annually provide verification that the claimant has a current forest management plan on file with the Department of Natural Resources.

EFFECTIVE DATE. This section is effective for certifications filed after July 1, 2018.

Sec. 3. **REPEALER.**

Minnesota Statutes 2016, sections 290C.02, subdivisions 5 and 9; and 290C.06, are repealed.

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

ARTICLE 16

DEPARTMENT OF REVENUE INDIVIDUAL INCOME, CORPORATE FRANCHISE,
AND ESTATE TAX TECHNICAL PROVISIONS

Section 1. Minnesota Statutes 2016, section 290.0132, subdivision 21, is amended to read:

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

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

Sec. 2. Minnesota Statutes 2016, section 290A.03, subdivision 3, is amended to read:

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

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

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

(i) all nontaxable income;

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

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

(iv) cash public assistance and relief;

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

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

(vii) workers' compensation;

(viii) nontaxable strike benefits;

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

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

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

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

(xiii) nontaxable scholarship or fellowship grants;

(xiv) the amount of deduction allowed under section 199 of the Internal Revenue Code;

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

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

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

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

(b) "Income" does not include:

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

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

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

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

(5) relief granted under this chapter;

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

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

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

- (1) for the claimant's first dependent, the exemption amount multiplied by 1.4;
- (2) for the claimant's second dependent, the exemption amount multiplied by 1.3;
- (3) for the claimant's third dependent, the exemption amount multiplied by 1.2;
- (4) for the claimant's fourth dependent, the exemption amount multiplied by 1.1;
- (5) for the claimant's fifth dependent, the exemption amount; and

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

(d) For purposes of this subdivision, the "exemption amount" means the exemption amount under section 151(d) of the Internal Revenue Code for the taxable year for which the income is reported; "retirement base amount" means the deductible amount for the taxable year for the claimant and spouse under section 219(b)(5)(A) of the Internal Revenue Code, adjusted for inflation as provided in section 219(b)(5) ~~(D)~~ (C) of the Internal Revenue Code, without regard to whether the claimant or spouse claimed a deduction; and "traditional or Roth style retirement account or plan" means retirement plans under sections 401, 403, 408, 408A, and 457 of the Internal Revenue Code.

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

Sec. 3. Minnesota Statutes 2016, section 290A.10, is amended to read:

290A.10 PROOF OF TAXES PAID.

~~Every~~ If requested by the commissioner of revenue, a claimant who files a claim for relief for property taxes payable shall ~~include with the claim~~ provide a property tax statement or a reproduction thereof in a form deemed satisfactory by the commissioner of revenue indicating that there are no delinquent property taxes on the homestead. Indication on the property tax statement from the county treasurer that there are no delinquent taxes on the homestead shall be sufficient proof. Taxes included in a confession of judgment under section 277.23 or 279.37 shall not constitute delinquent taxes as long as the claimant is current on the payments required to be made under section 277.23 or 279.37.

EFFECTIVE DATE. This section is effective for refunds based on rent paid after December 31, 2015, and property taxes payable after December 31, 2016.

Sec. 4. Minnesota Statutes 2016, section 291.075, is amended to read:

291.075 SPECIAL USE VALUATION OF QUALIFIED PROPERTY.

If, after the final determination of the tax imposed by this chapter, the property valued pursuant to section 2032A of the Internal Revenue Code is disposed of or fails to qualify and an additional tax is imposed pursuant to section 2032A(c), any increase in ~~the credit for state death taxes~~ federal gross or taxable estate shall be reported to the commissioner within 90 days ~~after final determination of the increased credit of the federal adjustment.~~ Upon notification the commissioner may assess an additional tax in accordance with section 291.03, subdivision 1.

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

Sec. 5. **REPEALER.**

Minnesota Statutes 2016, sections 290.9743; and 290.9744, are repealed.

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

ARTICLE 17
DEPARTMENT OF REVENUE PROPERTY TAX AND LOCAL GOVERNMENT AID
TECHNICAL PROVISIONS

Section 1. Minnesota Statutes 2016, section 270.078, subdivision 1, is amended to read:

Subdivision 1. **Conformance to federal law.** If any provision of sections 270.071 to 270.079 is contrary to any provision of any law of the United States of America, hereinafter enacted, providing for or relating to the ad valorem taxation by a state of aircraft or flying equipment of an airline company, such provision shall be of no effect and the commissioner is authorized and directed to prescribe by rule such provisions as may be necessary to make sections 270.071 to 270.079 conform to the federal act and to effectuate the purposes of sections 270.071 to 270.079, provided such rules do not prescribe a rate of taxation higher than that provided in section 270.075 or a net tax capacity based on a percentage higher than that provided in section 270.074, subdivision 2 3.

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

Sec. 2. Minnesota Statutes 2016, section 273.135, subdivision 1, is amended to read:

Subdivision 1. **Reduction in tax; tax relief area.** The property tax to be paid in respect to property taxable within a tax relief area as defined in section 273.134, paragraph (b), on homestead property, as otherwise determined by law and regardless of the market value of the property, and on nonhomestead portions of property classified as both homestead and nonhomestead property as provided in section 273.124, subdivision 11, for all purposes shall be reduced in the amount prescribed by subdivision 2, subject to the limitations contained therein.

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

Sec. 3. Minnesota Statutes 2016, section 414.09, subdivision 2, is amended to read:

Subd. 2. **Transmittal of order.** The chief administrative law judge shall see that copies of the order are mailed to all parties entitled to mailed notice of hearing under subdivision 1, the secretary of state, ~~the Department of Revenue,~~ the state demographer, individual property owners if initiated in that manner, affected county auditor, and any other party of record. The affected county auditor shall record the order against the affected property.

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

Sec. 4. Minnesota Statutes 2016, section 477A.0124, subdivision 2, is amended to read:

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

(b) "County program aid" means the sum of "county need aid," "county tax base equalization aid," and "county transition aid."

(c) "Age-adjusted population" means a county's population multiplied by the county age index.

(d) "County age index" means the percentage of the population ~~over~~ age 65 and over within the county divided by the percentage of the population ~~over~~ age 65 and over within the state, except that the age index for any county may not be greater than 1.8 nor less than 0.8.

(e) "Population ~~over~~ age 65 and over" means the population ~~over~~ age 65 and over established as of July 15 in an aid calculation year by the most recent federal census, by a special census conducted under contract with the United States Bureau of the Census, by a population estimate made by the Metropolitan Council, or by a population estimate of the state demographer made pursuant to section 4A.02, whichever is the most recent as to the stated date of the count or estimate for the preceding calendar year and which has been certified to the commissioner of revenue on or before July 15 of the aid calculation year. A revision to an estimate or count is effective for these purposes only if certified to the commissioner on or before July 15 of the aid calculation year. Clerical errors in the certification or use of estimates and counts established as of July 15 in the aid calculation year are subject to correction within the time periods allowed under section 477A.014.

(f) "Part I crimes" means the three-year average annual number of Part I crimes reported for each county by the Department of Public Safety for the most recent years available. By July 1 of each year, the commissioner of public safety shall certify to the commissioner of revenue the number of Part I crimes reported for each county for the three most recent calendar years available.

(g) "Households receiving food stamps" means the average monthly number of households receiving food stamps for the three most recent years for which data is available. By July 1 of each year, the commissioner of human services must certify to the commissioner of revenue the average monthly number of households in the state and in each county that receive food stamps, for the three most recent calendar years available.

(h) "County net tax capacity" means the county's adjusted net tax capacity under section 273.1325.

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

Sec. 5. Minnesota Statutes 2016, section 477A.013, subdivision 1, is amended to read:

Subdivision 1. **Towns.** (a) In 2014 and thereafter, each town is eligible for a distribution under this subdivision equal to the product of (i) its agricultural property factor, (ii) its town area factor, (iii) its population factor, and (iv) 0.0045. As used in this subdivision, the following terms have the meanings given them:

(1) "agricultural property factor" means the ratio of the adjusted net tax capacity of agricultural property located in a town, ~~divided by~~ to the adjusted net tax capacity of all other property located in the town. The agricultural property factor cannot exceed eight;

(2) "agricultural property" means property classified under section 273.13, as homestead and nonhomestead agricultural property, rural vacant land, and noncommercial seasonal recreational property;

(3) "town area factor" means the most recent estimate of total acreage, not to exceed 50,000 acres, located in the township available as of July 1 in the aid calculation year, estimated or established by:

(i) the United States Bureau of the Census;

(ii) the State Land Management Information Center; or

(iii) the secretary of state; and

(4) "population factor" means the square root of the towns' population.

(b) If the sum of the aids payable to all towns under this subdivision exceeds the limit under section 477A.03, subdivision 2c, the distribution to each town must be reduced proportionately so that the total amount of aids distributed under this section does not exceed the limit in section 477A.03, subdivision 2c.

(c) Data used in calculating aids to towns under this subdivision, other than acreage, shall be the most recently available data as of January 1 in the year in which the aid is calculated.

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

ARTICLE 18
DEPARTMENT OF REVENUE SALES AND USE,
AND SPECIAL TAXES TECHNICAL PROVISIONS

Section 1. Minnesota Statutes 2016, section 270C.171, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) If a special law grants a local government unit or group of units the authority to impose a local tax other than sales tax, including but not limited to taxes such as lodging, entertainment, admissions, or food and beverage taxes, and the Department of Revenue either has agreed to or is required to administer the tax, such that the tax is reported and paid with the chapter 297A taxes, then ~~the local government unit or group of units must adopt each definition term~~ used in the special law is defined as follows:

(1) ~~the definition must be identical to the definition found as defined~~ in chapter 297A or in Minnesota Rules, chapter 8130; or

(2) if the specific term is not defined either in chapter 297A or in Minnesota Rules, chapter 8130, then ~~the definition must be~~ defined consistent with the position of the Department of Revenue as to the extent of the tax base.

(b) This subdivision does not apply to terms that are defined by the authorizing special law.

(c) This subdivision applies notwithstanding whether a local government unit or group of units adopts consistent definitions into local law.

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

Sec. 2. Minnesota Statutes 2016, section 298.01, subdivision 3, is amended to read:

Subd. 3. **Occupation tax; other ores.** Every person engaged in the business of mining, refining, or producing ores, metals, or minerals in this state, except iron ore or taconite concentrates, shall pay an occupation tax to the state of Minnesota as provided in this subdivision. For purposes of this subdivision, mining includes the application of hydrometallurgical processes. Hydrometallurgical processes are processes that extract the ores, metals, or minerals, by use of aqueous solutions that leach, concentrate, and recover the ore, metal, or mineral. The tax is determined in the same manner as the tax imposed by section 290.02, except that sections 290.05, subdivision 1, clause (a), 290.17, subdivision 4, and 290.191, subdivision 2, do not apply, and the occupation tax must be computed by applying to taxable income the rate of 2.45 percent. ~~A person subject to occupation tax under this section shall apportion its net income on the basis of the percentage obtained by taking the sum of:~~

~~(1) 75 percent of the percentage which the sales made within this state in connection with the trade or business during the tax period are of the total sales wherever made in connection with the trade or business during the tax period;~~

~~(2) 12.5 percent of the percentage which the total tangible property used by the taxpayer in this state in connection with the trade or business during the tax period is of the total tangible property, wherever located, used by the taxpayer in connection with the trade or business during the tax period; and~~

~~(3) 12.5 percent of the percentage which the taxpayer's total payrolls paid or incurred in this state or paid in respect to labor performed in this state in connection with the trade or business during the tax period are of the taxpayer's total payrolls paid or incurred in connection with the trade or business during the tax period.~~

The tax is in addition to all other taxes.

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

Sec. 3. Minnesota Statutes 2016, section 298.01, subdivision 4, is amended to read:

Subd. 4. **Occupation tax; iron ore; taconite concentrates.** A person engaged in the business of mining or producing of iron ore, taconite concentrates or direct reduced ore in this state shall pay an occupation tax to the state of Minnesota. The tax is determined in the same manner as the tax imposed by section 290.02, except that sections 290.05, subdivision 1, clause (a), 290.17, subdivision 4, and 290.191, subdivision 2, do not apply, and the occupation tax shall be computed by applying to taxable income the rate of 2.45 percent. ~~A person subject to occupation tax under this section shall apportion its net income on the basis of the percentage obtained by taking the sum of:~~

~~(1) 75 percent of the percentage which the sales made within this state in connection with the trade or business during the tax period are of the total sales wherever made in connection with the trade or business during the tax period;~~

~~(2) 12.5 percent of the percentage which the total tangible property used by the taxpayer in this state in connection with the trade or business during the tax period is of the total tangible property, wherever located, used by the taxpayer in connection with the trade or business during the tax period; and~~

~~(3) 12.5 percent of the percentage which the taxpayer's total payrolls paid or incurred in this state or paid in respect to labor performed in this state in connection with the trade or business during the tax period are of the taxpayer's total payrolls paid or incurred in connection with the trade or business during the tax period.~~

The tax is in addition to all other taxes.

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

Sec. 4. Minnesota Statutes 2016, section 298.24, subdivision 1, is amended to read:

Subdivision 1. **Imposed; calculation.** (a) For concentrate produced in 2013, there is imposed upon taconite and iron sulphides, and upon the mining and quarrying thereof, and upon the production of iron ore concentrate therefrom, and upon the concentrate so produced, a tax of \$2.56 per gross ton of merchantable iron ore concentrate produced therefrom. ~~The tax is also imposed upon other iron bearing material.~~

(b) For concentrates produced in 2014 and subsequent years, the tax rate shall be equal to the preceding year's tax rate plus an amount equal to the preceding year's tax rate multiplied by the percentage increase in the implicit price deflator from the fourth quarter of the second preceding year to the fourth quarter of the preceding year. "Implicit price deflator" means the implicit price deflator for the gross domestic product prepared by the Bureau of Economic Analysis of the United States Department of Commerce.

(c) An additional tax is imposed equal to three cents per gross ton of merchantable iron ore concentrate for each one percent that the iron content of the product exceeds 72 percent, when dried at 212 degrees Fahrenheit.

(d) The tax on taconite and iron sulphides shall be imposed on the average of the production for the current year and the previous two years. The rate of the tax imposed will be the current year's tax rate. This clause shall not apply in the case of the closing of a taconite facility if the property taxes on the facility would be higher if this clause and section 298.25 were not applicable. ~~The tax on other iron-bearing material shall be imposed on the current year production.~~

(e) The tax under paragraph (a) is also imposed upon other iron-bearing material. The tax on other iron-bearing material shall be imposed on the current year production. The rate of the tax imposed is the current year's tax rate.

~~(e)~~ (f) If the tax or any part of the tax imposed by this subdivision is held to be unconstitutional, a tax of \$2.56 per gross ton of merchantable iron ore concentrate produced shall be imposed.

~~(f)~~ (g) Consistent with the intent of this subdivision to impose a tax based upon the weight of merchantable iron ore concentrate, the commissioner of revenue may indirectly determine the weight of merchantable iron ore concentrate included in fluxed pellets by subtracting the weight of the limestone, dolomite, or olivine derivatives or other basic flux additives included in the pellets from the weight of the pellets. For purposes of this paragraph, "fluxed pellets" are pellets produced in a process in which limestone, dolomite, olivine, or other basic flux additives are combined with merchantable iron ore concentrate. No subtraction from the weight of the pellets shall be allowed for binders, mineral and chemical additives other than basic flux additives, or moisture.

~~(g)~~ (h) (1) Notwithstanding any other provision of this subdivision, for the first two years of a plant's commercial production of direct reduced ore from ore mined in this state, no tax is imposed under this section. As used in this paragraph, "commercial production" is production of more than 50,000 tons of direct reduced ore in the current year or in any prior year, "noncommercial production" is production of 50,000 tons or less of direct reduced ore in any year, and "direct reduced ore" is ore that results in a product that has an iron content of at least 75 percent. For the third year of a plant's commercial production of direct reduced ore, the rate to be applied to direct reduced ore is 25 percent of the rate otherwise determined under this subdivision. For the fourth commercial production year, the rate is 50 percent of the rate otherwise determined under this subdivision; for the fifth commercial production year, the rate is 75 percent of the rate otherwise determined under this subdivision; and for all subsequent commercial production years, the full rate is imposed.

(2) Subject to clause (1), production of direct reduced ore in this state is subject to the tax imposed by this section, but if that production is not produced by a producer of taconite, iron sulfides, or other iron-bearing material, the production of taconite, iron sulfides, or other iron-bearing material, that is consumed in the production of direct reduced ~~iron ore~~ in this state is not subject to the tax imposed by this section on taconite, iron sulfides, or other iron-bearing material.

(3) Notwithstanding any other provision of this subdivision, no tax is imposed on direct reduced ore under this section during the facility's noncommercial production of direct reduced ore. The taconite or iron sulphides consumed in the noncommercial production of direct reduced ore is subject to the tax imposed by this section on taconite and iron sulphides. Three-year average production of direct reduced ore does not include production of direct reduced ore in any noncommercial year. Three-year average production for a direct reduced ore facility that has noncommercial production is the average of the commercial production of direct reduced ore for the current year and the previous two commercial years.

(4) This paragraph applies only to plants for which all environmental permits have been obtained and construction has begun before July 1, 2008.

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

Sec. 5. Minnesota Statutes 2016, section 298.28, subdivision 2, is amended to read:

Subd. 2. **City or town where quarried or produced.** (a) 4.5 cents per gross ton of merchantable iron ore concentrate, hereinafter referred to as "taxable ton," plus the amount provided in paragraph (c), must be allocated to the city or town in the county in which the lands from which taconite was mined or quarried were located or within which the concentrate was produced. If the mining, quarrying, and concentration, or different steps in either thereof are carried on in more than one taxing district, the commissioner shall apportion equitably the proceeds of the part of the tax going to cities and towns among such subdivisions upon the basis of attributing 50 percent of the proceeds of the tax to the operation of mining or quarrying the taconite, and the remainder to the concentrating plant and to the processes of concentration, and with respect to each thereof giving due consideration to the relative extent of such operations performed in each such taxing district. The commissioner's order making such apportionment shall be subject to review by the Tax Court at the instance of any of the interested taxing districts, in the same manner as other orders of the commissioner.

(b) (1) Four cents per taxable ton shall be allocated to cities and organized townships affected by mining because their boundaries are within three miles of a taconite mine pit that:

(i) was actively mined by LTV Steel Mining Company in 1999; or

(ii) has been actively mined in at least one of the prior three years.

(2) If a city or town is located near more than one mine meeting ~~these~~ the criteria under this paragraph, the city or town is eligible to receive aid calculated from only the mine producing the largest taxable tonnage. When more than one municipality qualifies for aid based on one company's production, the aid must be apportioned among the municipalities in proportion to their populations. The amounts distributed under this paragraph to each municipality must be used for infrastructure improvement projects.

(c) The amount that would have been computed for the current year under Minnesota Statutes 2008, section 126C.21, subdivision 4, for a school district shall be distributed to the cities and townships within the school district in the proportion that their taxable net tax capacity within the school district bears to the taxable net tax capacity of the school district for property taxes payable in the year prior to distribution.

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

Sec. 6. Minnesota Statutes 2016, section 298.28, subdivision 5, is amended to read:

Subd. 5. **Counties.** (a) 21.05 cents per taxable ton for distributions in 2015 through 2023, and 26.05 cents per taxable ton for distributions beginning in 2024, is allocated to counties to be distributed, based upon certification by the commissioner of revenue, under paragraphs (b) to (d).

(b) 10.525 cents per taxable ton shall be distributed to the county in which the taconite is mined or quarried or in which the concentrate is produced, less any amount which is to be distributed pursuant to paragraph (c). The apportionment formula prescribed in subdivision 2 is the basis for the distribution.

(c) ~~If 1.0 cent per taxable ton of the tax distributed to the counties under paragraph (b) shall be paid to a county that received a distribution under this section in 2000 because there was located in the county an electric power plant owned by and providing the primary source of power for a taxpayer mining and concentrating taconite is located in a different county other than the county in which the mining and the concentrating processes are conducted, one cent per taxable ton of the tax distributed to the counties pursuant to paragraph (b) and imposed on and collected from such taxpayer shall be paid to the county in which the power plant is located.~~

(d) 10.525 cents per taxable ton for distributions in 2015 through 2023, and 15.525 cents per taxable ton for distributions beginning in 2024, shall be paid to the county from which the taconite was mined, quarried or concentrated to be deposited in the county road and bridge fund. If the mining, quarrying and concentrating, or separate steps in any of those processes are carried on in more than one county, the commissioner shall follow the apportionment formula prescribed in subdivision 2.

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

ARTICLE 19
DEPARTMENT OF REVENUE PROPERTY TAX AND LOCAL GOVERNMENT AID
POLICY PROVISIONS

Section 1. Minnesota Statutes 2016, section 270.074, subdivision 1, is amended to read:

Subdivision 1. **Valuation.** The commissioner shall determine the market valuation of all flight property operated or used by every airline company in air commerce in this state. The valuation apportioned to this state of such flight property shall be the proportion of the total valuation thereof determined on the basis of the total of the following percentages:

~~(1) 33 1/3 percent of the percentage which the total tonnage of passengers, express and freight first received by the airline company in this state during the preceding calendar year plus the total tonnage of passengers, express and freight finally discharged by it within this state during the preceding calendar year is of the total of such tonnage first received by the airline company or finally discharged by it, within and without this state during the preceding calendar year.~~

~~(2) 33 1/3 percent of the percentage which, in equated plane hours, the total time of all aircraft of the airline company in flight in this state during the preceding calendar year, is of the total of such time in flight within and without this state during the preceding calendar year.~~

~~(3) 33 1/3~~ (1) 50 percent of the percentage which the number of revenue ton miles of passengers, mail, express and freight flown by the airline company within this state during the preceding calendar year is of the total number of such miles flown by it within and without this state during the preceding calendar year.

(2) 50 percent of the percentage that the total departures performed by the airline company within this state during the preceding calendar year is of the total departures performed within and without this state during the preceding calendar year.

EFFECTIVE DATE. This section is effective for assessment year 2018 and thereafter.

Sec. 2. Minnesota Statutes 2016, section 272.025, subdivision 1, is amended to read:

Subdivision 1. **Statement of exemption.** (a) Except in the case of property owned by the state of Minnesota or any political subdivision thereof, ~~and property exempt from taxation under section 272.02, subdivisions 9, 10, 13, 15, 18, 20, and 22 to 25, and at the times provided in subdivision 3,~~ a taxpayer claiming an exemption from taxation on property described in section 272.02, ~~subdivisions 2 to 33,~~ must file a statement of exemption with the assessor of the assessment district in which the property is located. By February 1, 2018, and by February 1 of each third year thereafter, the commissioner of revenue shall publish on its Web site a list of the exemptions for which a taxpayer claiming an exemption must file a statement of exemption. The commissioner's requirement that a taxpayer file a statement of exemption pursuant to this subdivision shall not be considered a rule and is not subject to the Administrative Procedure Act, chapter 14.

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

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

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

EFFECTIVE DATE. This section is effective for applications for exemption submitted in 2018 and thereafter.

Sec. 3. Minnesota Statutes 2016, section 272.0295, is amended by adding a subdivision to read:

Subd. 8. **Extension.** The commissioner may, for good cause, extend the time for filing the report required by subdivision 4. The extension must not exceed 15 days.

EFFECTIVE DATE. This section is effective for reports filed in 2018 and thereafter.

Sec. 4. Minnesota Statutes 2016, section 272.115, subdivision 1, as amended by Laws 2017, chapter 16, section 1, is amended to read:

Subdivision 1. **Requirement.** Except as otherwise provided in subdivision 5, 6, or 7, whenever any real estate is sold for a consideration in excess of ~~\$1,000~~ **\$1,500**, whether by warranty deed, quitclaim deed, contract for deed or any other method of sale, the grantor, grantee or the legal agent of either shall file a certificate of value with the county auditor in the county in which the property is located when the deed or other document is presented for recording. Contract for deeds are subject to recording under section 507.235, subdivision 1. Value shall, in the case of any deed not a gift, be the amount of the full actual consideration thereof, paid or to be paid, including the amount of any lien or liens assumed. The items and value of personal property transferred with the real property must be listed and deducted from the sale price. The certificate of value shall include the classification to which the property belongs for the purpose of determining the fair market value of the property, and shall include any proposed change in use of the property known to the person filing the certificate that could change the classification of the property. The certificate shall include financing terms and conditions of the sale which are necessary to determine the actual, present value of the sale price for purposes of the sales ratio study. If the property is being acquired as part of a like-kind exchange under section 1031 of the Internal Revenue Code of 1986, as amended through December 31, 2006, that must be indicated on the certificate. The commissioner of revenue shall promulgate administrative rules specifying the financing terms and conditions which must be included on the certificate. The certificate of value must include the Social Security number or the federal employer identification number of the grantors and grantees. However, a married person who is not an owner of record and who is signing a conveyance instrument along with the person's spouse solely to release and convey their marital interest, if any, in the real property being conveyed is not a grantor for the purpose of the preceding sentence. A statement in the deed that is substantially in the following form is sufficient to allow the county auditor to accept a certificate for filing without the Social Security number of the named spouse: "(Name) claims no ownership interest in the real property being conveyed and is executing this instrument solely to release and convey a marital interest, if any, in that real property." The identification numbers of the grantors and grantees are private data on individuals or nonpublic data as defined in section 13.02, subdivisions 9 and 12, but, notwithstanding that section, the private or nonpublic data may be disclosed to the commissioner of revenue for purposes of tax administration. The information required to be shown on the certificate of value is limited to the information required as of the date of the acknowledgment on the deed or other document to be recorded. The commissioner's determination of the amount for which a certificate of value is required pursuant to this subdivision shall not be considered a rule and is not subject to the Administrative Procedure Act, chapter 14.

EFFECTIVE DATE. This section is effective for certificates of value filed after December 31, 2017.

Sec. 5. Minnesota Statutes 2016, section 272.115, subdivision 2, is amended to read:

Subd. 2. **Form; information required.** The certificate of value shall require such facts and information as may be determined by the commissioner to be reasonably necessary in the administration of the state education aid formulas. The form of the certificate of value shall be prescribed by the Department of Revenue ~~which shall provide an adequate supply of forms to each county auditor.~~

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

Sec. 6. Minnesota Statutes 2016, section 272.115, subdivision 3, is amended to read:

Subd. 3. **Copies transmitted; homestead status.** The county auditor shall transmit ~~two true copies of the~~ certificate of value to the assessor who shall insert into the certificate of value the most recent market value and when available, the year of original construction of each parcel of property ~~on both copies,~~ and shall transmit ~~one copy~~ the certificate of value to the Department of Revenue. Upon the request of a city council located within the county, a copy of each certificate of value for property located in that city shall be made available to the governing body of the city. The assessor shall remove the homestead classification for the following assessment year from a property which is sold or transferred, unless the grantee or the person to whom the property is transferred completes a homestead application under section 273.124, subdivision 13, and qualifies for homestead status.

EFFECTIVE DATE. This section is effective for certificates of value filed after December 31, 2017.

Sec. 7. Minnesota Statutes 2016, section 273.0755, is amended to read:

273.0755 TRAINING AND EDUCATION OF PROPERTY TAX PERSONNEL.

(a) Beginning with the four-year period starting on July 1, 2000, every person licensed by the state Board of Assessors at the Accredited Minnesota Assessor level or higher, shall successfully complete a weeklong Minnesota laws course sponsored by the Department of Revenue at least once in every four-year period. An assessor need not attend the course if they successfully pass the test for the course.

(b) The commissioner of revenue may require that each county, and each city for which the city assessor performs the duties of county assessor, have (i) a person on the assessor's staff who is certified by the Department of Revenue in sales ratio calculations, (ii) an officer or employee who is certified by the Department of Revenue in tax calculations, and (iii) an officer or employee who is certified by the Department of Revenue in the proper preparation of abstracts of assessment. The commissioner of revenue may require that each county have an officer or employee who is certified by the Department of Revenue in the proper preparation of abstracts of tax lists. Certifications under this paragraph expire after four years.

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

(d) The commissioner of revenue may require that at least one employee of any county or city that performs functions related to property tax administration complete additional training that the commissioner deems necessary to promote uniform and equitable implementation of the property tax laws, as defined in section 270C.01, subdivision 7.

EFFECTIVE DATE. This section is effective for assessment year 2018 and thereafter.

Sec. 8. Minnesota Statutes 2016, section 273.124, subdivision 13, is amended to read:

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

(b) The format and contents of a uniform homestead application shall be prescribed by the commissioner of revenue. The application must clearly inform the taxpayer that this application must be signed by all owners who occupy the property or by the qualifying relative and returned to the county assessor in order for the property to receive homestead treatment.

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

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

Owners or spouses occupying residences owned by their spouses and previously occupied with the other spouse, either of whom fail to include the other spouse's name and Social Security number on the homestead application or provide the affidavits or other proof requested, will be deemed to have elected to receive only partial homestead treatment of their residence. The remainder of the residence will be classified as nonhomestead residential. When an owner or spouse's name and Social Security number appear on homestead applications for two separate residences and only one application is signed, the owner or spouse will be deemed to have elected to homestead the residence for which the application was signed.

(d) If residential real estate is occupied and used for purposes of a homestead by a relative of the owner and qualifies for a homestead under subdivision 1, paragraph (c), in order for the property to receive homestead status, a homestead application must be filed with the assessor. The Social Security number of each relative occupying the property and the name and Social Security number of the spouse of a relative occupying the property shall be required on the homestead application filed under this subdivision. If a different relative of the owner subsequently occupies the property, the owner of the property must notify the assessor within 30 days of the change in occupancy. The Social Security number of a relative occupying the property or ~~relative's~~ the spouse of a relative occupying the property is private data on individuals as defined by section 13.02, subdivision 12, but may be disclosed to the commissioner of revenue, or, for the purposes of proceeding under the Revenue Recapture Act to recover personal property taxes owing, to the county treasurer.

(e) The homestead application shall also notify the property owners that if the property is granted homestead status for any assessment year, that same property shall remain classified as homestead until the property is sold or transferred to another person, or the owners, the spouse of the owner, or the relatives no longer use the property as their homestead. Upon the sale or transfer of the homestead property, a certificate of value must be timely filed with the county auditor as provided under section 272.115. Failure to notify the assessor within 30 days that the property has been sold, transferred, or that the owner, the spouse of the owner, or the relative is no longer occupying the property as a homestead, shall result in the penalty provided under this subdivision and the property will lose its current homestead status.

(f) If a homestead application has not been filed with the county by December 15, the assessor shall classify the property as nonhomestead for the current assessment year for taxes payable in the following year, provided that the owner may be entitled to receive the homestead classification by proper application under section 375.192.

EFFECTIVE DATE. This section is effective for applications for homestead filed in 2018 and thereafter.

Sec. 9. Minnesota Statutes 2016, section 273.124, subdivision 13d, is amended to read:

Subd. 13d. **Homestead data.** On or before April 30 each year beginning in 2007, each county must provide the commissioner with the following data for each parcel of homestead property by electronic means as defined in section 289A.02, subdivision 8:

- (1) the property identification number assigned to the parcel for purposes of taxes payable in the current year;
- (2) the name and Social Security number of each occupant of homestead property who is the property owner, ~~property owner's spouse, or~~ qualifying relative of a property owner, and the spouse of the property owner who occupies homestead property or spouse of a qualifying relative of a property owner who occupies homestead property;
- (3) the classification of the property under section 273.13 for taxes payable in the current year and in the prior year;
- (4) an indication of whether the property was classified as a homestead for taxes payable in the current year because of occupancy by a relative of the owner or by a spouse of a relative;
- (5) the property taxes payable as defined in section 290A.03, subdivision 13, for the current year and the prior year;
- (6) the market value of improvements to the property first assessed for tax purposes for taxes payable in the current year;
- (7) the assessor's estimated market value assigned to the property for taxes payable in the current year and the prior year;
- (8) the taxable market value assigned to the property for taxes payable in the current year and the prior year;
- (9) whether there are delinquent property taxes owing on the homestead;
- (10) the unique taxing district in which the property is located; and
- (11) such other information as the commissioner decides is necessary.

The commissioner shall use the information provided on the lists as appropriate under the law, including for the detection of improper claims by owners, or relatives of owners, under chapter 290A.

EFFECTIVE DATE. This section is effective for applications for homestead filed in 2018 and thereafter.

Sec. 10. Minnesota Statutes 2016, section 274.014, subdivision 3, is amended to read:

Subd. 3. **Proof of compliance; transfer of duties.** (a) Any city or town that conducts local boards of appeal and equalization meetings must ~~provide proof to the county assessor by February 1 that it is in compliance~~ comply with the training requirements of subdivision 2 by February 1, by having at least one member who has attended an appeals and equalization course described in subdivision 2 within the last four years. ~~This notice must also verify~~

~~that there was a quorum of voting members at each meeting of the board of appeal and equalization in the previous year.~~ A city or town that does not comply with these requirements is deemed to have transferred its board of appeal and equalization powers to the county for a minimum of two assessment years, beginning with the current year's assessment and continuing thereafter unless the powers are reinstated under paragraph (c).

(b) The county shall notify the taxpayers when the board of appeal and equalization for a city or town has been transferred to the county under this subdivision and, prior to the meeting time of the county board of equalization, the county shall make available to those taxpayers a procedure for a review of the assessments, including, but not limited to, open book meetings. This alternate review process shall take place in April and May.

(c) A local board whose powers are transferred to the county under this subdivision may be reinstated by resolution of the governing body of the city or town and upon proof of compliance with the requirements of subdivision 2. The resolution and proofs must be provided to the county assessor by February 1 in order to be effective for the following year's assessment.

(d) A local board whose powers are transferred to the county under this subdivision may continue to employ a local assessor and is not deemed to have transferred its powers to make assessments.

EFFECTIVE DATE. This section is effective for board of appeal and equalization meetings held in 2018 and thereafter.

Sec. 11. Minnesota Statutes 2016, section 274.135, subdivision 3, is amended to read:

Subd. 3. **Proof of compliance; transfer of duties.** (a) Any county that conducts county boards of appeal and equalization meetings must ~~provide proof to the commissioner by December 1, 2009, and each year thereafter, that it is in compliance~~ comply with the training requirements of subdivision 2 by February 1, by having at least one member who has attended an appeals and equalization course described in subdivision 2 within the last four years. ~~Beginning in 2009, this notice must also verify that there was a quorum of voting members at each meeting of the board of appeal and equalization in the current year.~~ A county that does not comply with these requirements is deemed to have transferred its board of appeal and equalization powers to the special board of equalization appointed pursuant to section 274.13, subdivision 2, for a minimum of two assessment years, beginning with the following year's assessment and continuing thereafter unless the powers are reinstated under paragraph (c). A county that does not comply with the requirements of subdivision 2 and has not appointed a special board of equalization shall appoint a special board of equalization before the following year's assessment.

(b) The county shall notify the taxpayers when the board of appeal and equalization for a county has been transferred to the special board of equalization under this subdivision and, prior to the meeting time of the special board of equalization, the county shall make available to those taxpayers a procedure for a review of the assessments, including, but not limited to, open book meetings. This alternate review process must take place in April and May.

(c) A county board whose powers are transferred to the special board of equalization under this subdivision may be reinstated by resolution of the county board and upon proof of compliance with the requirements of subdivision 2. The resolution and proofs must be provided to the commissioner by ~~December~~ February 1 in order to be effective for the ~~following current~~ year's assessment.

(d) If a person who was entitled to appeal to the county board of appeal and equalization or to the county special board of equalization is not able to do so in a particular year because the county board or special board did not meet the quorum and training requirements in this section and section 274.13, or because the special board was not appointed, that person may instead appeal to the commissioner of revenue, provided that the appeal is received by the commissioner prior to August 1. The appeal is not subject to either chapter 14 or section 270C.92. The

commissioner must issue an appropriate order to the county assessor in response to each timely appeal, either upholding or changing the valuation or classification of the property. Prior to October 1 of each year, the commissioner must charge and bill the county where the property is located \$500 for each tax parcel covered by an order issued under this paragraph in that year. Amounts received by the commissioner under this paragraph must be deposited in the state's general fund. If payment of a billed amount is not received by the commissioner before December 1 of the year when billed, the commissioner must deduct that unpaid amount from any state aid the commissioner would otherwise pay to the county under chapter 477A in the next year. Late payments may either be returned to the county uncashed and undeposited or may be accepted. If a late payment is accepted, the state aid paid to the county under chapter 477A must be adjusted within 12 months to eliminate any reduction that occurred because the payment was late. Amounts needed to make these adjustments are included in the appropriation under section 477A.03, subdivision 2.

EFFECTIVE DATE. This section is effective for board of appeal and equalization meetings held in 2018 and thereafter.

Sec. 12. **REPEALER.**

Minnesota Statutes 2016, section 270.074, subdivision 2, is repealed.

EFFECTIVE DATE. This section is effective for assessment year 2018 and thereafter.

ARTICLE 20
DEPARTMENT OF REVENUE SALES AND USE,
AND SPECIAL TAXES POLICY PROVISIONS

Section 1. Minnesota Statutes 2016, section 84.82, subdivision 10, is amended to read:

Subd. 10. **Proof of sales tax payment; collection and refund.** (a) A person applying for initial registration of a snowmobile must provide a snowmobile purchaser's certificate, showing a complete description of the snowmobile, the seller's name and address, the full purchase price of the snowmobile, and the trade-in allowance, if any. The certificate must include information showing either receipt, invoice, or other document to prove that:

(1) ~~that~~ the sales and use tax under chapter 297A was paid ~~on~~;

(2) the purchase was exempt from tax under chapter 297A. ~~The commissioner of public safety, in consultation with the commissioner and the commissioner of revenue, shall prescribe the form of the certificate. The certificate is not required if the applicant provides a receipt, invoice, or other document that shows; or~~

(3) the snowmobile was purchased from a retailer that is maintaining a place of business in this state as defined in section 297A.66, subdivision 1, and is a dealer.

(b) The commissioner or authorized deputy registrars, acting as agents of the commissioner of revenue under an agreement between the commissioner and the commissioner of revenue, as provided in section 297A.825:

(1) must collect use tax from the applicant if the applicant does not provide the proof required under paragraph (a); and

(2) are authorized to issue refunds of use tax paid to them in error.

(c) Subdivision 11 does not apply to refunds under this subdivision.

EFFECTIVE DATE. This section is effective for snowmobiles registered after June 30, 2017.

Sec. 2. Minnesota Statutes 2016, section 84.922, subdivision 11, is amended to read:

Subd. 11. **Proof of sales tax payment; collection and refund.** (a) A person applying for initial registration in Minnesota of an all-terrain vehicle ~~shall~~ must provide a ~~purchaser's certificate showing a complete description of the all-terrain vehicle, the seller's name and address, the full purchase price of the all-terrain vehicle, and the trade-in allowance, if any. The certificate also must include information showing either receipt, invoice, or other document to prove that:~~

(1) the sales and use tax under chapter 297A was paid, ~~or~~;

(2) the purchase was exempt from tax under chapter 297A. ~~The certificate is not required if the applicant provides a receipt, invoice, or other document that shows; or~~

(3) the all-terrain vehicle was purchased from a retailer that is maintaining a place of business in this state as defined in section 297A.66, subdivision 1, and is a dealer.

(b) The commissioner or authorized deputy registrars, acting as agents of the commissioner of revenue under an agreement between the commissioner and the commissioner of revenue, as provided in section 297A.825:

(1) must collect use tax from the applicant if the applicant does not provide the proof required under paragraph (a); and

(2) are authorized to issue refunds of use tax paid to them in error.

(c) Subdivision 12 does not apply to refunds under this subdivision.

EFFECTIVE DATE. This section is effective for all-terrain vehicles registered after June 30, 2017.

Sec. 3. Minnesota Statutes 2016, section 86B.401, subdivision 12, is amended to read:

Subd. 12. **Proof of sales tax payment; collection and refund.** (a) A person applying for initial licensing of a watercraft must provide a ~~watercraft purchaser's certificate, showing a complete description of the watercraft, the seller's name and address, the full purchase price of the watercraft, and the trade-in allowance, if any. The certificate must include information showing either receipt, invoice, or other document to prove that:~~

(1) ~~that~~ the sales and use tax under chapter 297A was paid ~~or~~;

(2) the purchase was exempt from tax under chapter 297A. ~~The commissioner of public safety, in consultation with the commissioner and the commissioner of revenue, shall prescribe the form of the certificate. The certificate is not required if the applicant provides a receipt, invoice, or other document that shows; or~~

(3) the watercraft was purchased from a retailer that is maintaining a place of business in this state as defined in section 297A.66, subdivision 1, and is a dealer.

(b) The commissioner or authorized deputy registrars, acting as agents of the commissioner of revenue under an agreement between the commissioner and the commissioner of revenue, as provided in section 297A.825:

(1) must collect use tax from the applicant if the applicant does not provide the proof required under paragraph (a); and

(2) are authorized to issue refunds of use tax paid to them in error.

(c) Section 86B.415, subdivision 11, does not apply to refunds under this subdivision.

EFFECTIVE DATE. This section is effective for watercraft licensed after June 30, 2017.

Sec. 4. Minnesota Statutes 2016, section 270B.14, is amended by adding a subdivision to read:

Subd. 20. **Department of Natural Resources; authorized deputy registrars of motor vehicles.** The commissioner may disclose return information related to the taxes imposed by chapter 297A to the Department of Natural Resources or an authorized deputy registrar of motor vehicles only;

(1) if the commissioner has an agreement with the commissioner of natural resources under section 297A.825, subdivision 1; and

(2) to the extent necessary for the Department of Natural Resources or an authorized deputy registrar of motor vehicles, as agents for the commissioner, to verify that the applicable sales or use tax has been paid or that a sales tax exemption applies on the purchase of a snowmobile, all-terrain vehicle, or watercraft, and to administer sections 84.82, subdivision 10; 84.922, subdivision 11; 86B.401, subdivision 12; and 297A.825, regarding either their collection of use tax or their issuance of refunds to applicants of use tax paid to them in error.

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

Sec. 5. Minnesota Statutes 2016, section 270B.14, is amended by adding a subdivision to read:

Subd. 21. **Department of Transportation.** The commissioner may disclose return information related to the taxes imposed by chapter 297A to the Department of Transportation only;

(1) if the commissioner has an agreement with the commissioner of transportation under section 297A.82, subdivision 7; and

(2) to the extent necessary for the Department of Transportation, as agent for the commissioner, to verify that the applicable sales or use tax has been paid or that a sales tax exemption applies on the lease, purchase, or sale of an aircraft by an individual or business who owns and operates the aircraft that must be registered or licensed in Minnesota under section 360.018, and to otherwise administer section 297A.82, regarding the collection of tax by the Department of Transportation.

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

Sec. 6. Minnesota Statutes 2016, section 289A.50, subdivision 2a, is amended to read:

Subd. 2a. **Refund of sales tax to purchasers.** (a) If a vendor has collected from a purchaser a tax on a transaction that is not subject to the tax imposed by chapter 297A, the purchaser may apply directly to the commissioner for a refund under this section if:

(1) the purchaser is currently registered or was registered during the period of the claim, to collect and remit the sales tax or to remit the use tax; and

(2) either

(i) the amount of the refund to be applied for exceeds \$500, or

(ii) the amount of the refund to be applied for does not exceed \$500, but the purchaser also applies for a capital equipment claim at the same time, and the total of the two refunds exceeds \$500.

(b) The purchaser may not file more than two applications for refund under this subdivision in a calendar year.

(c) Refunds shall not be issued for sales for resale where the vendor has a published no resale policy.

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

Sec. 7. [297A.825] SNOWMOBILES; ALL-TERRAIN VEHICLES; WATERCRAFT; PAYMENT OF TAXES; REFUNDS.

Subdivision 1. Agreement with commissioners of natural resources and public safety; collection and refunds. The commissioner may enter into an agreement with the commissioner of natural resources, in consultation with the commissioner of public safety, that provides that:

(1) the commissioner of natural resources and authorized deputy registrars of motor vehicles must collect use tax on snowmobiles, all-terrain vehicles, and watercraft from persons applying for initial registration or license of the item unless the applicant provides a receipt, invoice, or other document to prove that:

(i) sales tax was paid on the purchase;

(ii) the purchase was exempt under this chapter;

(iii) use tax was paid to the commissioner in a form prescribed by the commissioner; or

(iv) the item was purchased from a retailer that is maintaining a place of business in this state as defined in section 297A.66, subdivision 1, and is a dealer as defined in section 84.81, subdivision 10; 84.92, subdivision 3; or 86B.005, subdivision 4; and

(2) the commissioner of natural resources and authorized deputy registrars of motor vehicles are authorized to issue refunds of use tax paid to them in error, meaning that either the sales or use tax had already been paid or that the purchase was exempt from tax under this chapter.

Subd. 2. Agents. For the purposes of collecting or refunding the tax under this section, the commissioner of natural resources and authorized deputy registrars of motor vehicles are the agents of the commissioner and are subject to, and must strictly comply with, all rules consistent with this chapter prescribed by the commissioner.

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

Sec. 8. Minnesota Statutes 2016, section 297B.07, is amended to read:

297B.07 PRESUMPTIONS.

Subdivision 1. Presumption; sale and registration. For the purpose of the proper administration of Laws 1971, chapter 853 this chapter, and to prevent evasion of the tax, the following presumptions shall apply:

(a) Evidence that a motor vehicle was sold for delivery in this state shall be prima facie evidence that it was sold for use in this state.

(b) When an application for registration plates for a motor vehicle is received by the motor vehicle registrar within 30 days of the date it was purchased or acquired by the purchaser, it shall be presumed, until the contrary is shown by the purchaser, that it was purchased or acquired for use in this state. This presumption shall apply whether or not such vehicle was previously titled or registered in another state.

Subd. 2. Presumption; ownership. (a) When a business entity not organized under the laws of this state owns a motor vehicle that is under the control of a Minnesota resident, it is presumed that the Minnesota resident is the owner of the motor vehicle if two or more of the following are true:

- (1) the business entity lacks a specific business activity or purpose other than the avoidance of tax;
- (2) the business entity maintains no physical location in the jurisdiction where it is organized;
- (3) the business entity earns de minimis or no revenue;
- (4) the business entity maintains minimal or no business records;
- (5) the business entity fails to employ individual persons and provide those persons with federal income tax W-2 wage and tax statements; or
- (6) the business entity fails to file federal income tax returns or fails to file a required state tax return where it is organized.

(b) For purposes of this subdivision, a motor vehicle is under the control of a Minnesota resident if the Minnesota resident:

- (1) is a partner, member, or shareholder of the business entity;
- (2) is insured to drive the vehicle; and
- (3) operates or stores the vehicle in Minnesota for any period of time.

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

Sec. 9. Minnesota Statutes 2016, section 297I.30, subdivision 7, is amended to read:

Subd. 7. Surcharge. ~~(a) By April 30 of each year, every company required to pay the surcharge under section 297I.10, subdivision 1, shall file a return for the five-month period ending March 31 in the form prescribed by the commissioner.~~

~~(b)~~ (a) By June 30 of each year, every company required to pay the surcharge under section 297I.10, subdivision 1, shall file a return for the ~~two-month~~ seven-month period ending May 31 in the form prescribed by the commissioner.

~~(c)~~ (b) By November 30 of each year, every company required to pay the surcharge under section 297I.10, subdivision 1, shall file a return for the five-month period ending October 31 in the form prescribed by the commissioner.

EFFECTIVE DATE. This section is effective for returns due after October 31, 2017.

Sec. 10. **REPEALER.**

Minnesota Rules, part 8125.1300, subpart 3, is repealed.

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

ARTICLE 21

DEPARTMENT OF REVENUE PAID PREPARER POLICY PROVISIONS

Section 1. Minnesota Statutes 2016, section 270C.445, subdivision 2, is amended to read:

Subd. 2. **Definitions.** (a) For purposes of this section and sections 270C.4451 to 270C.447, the following terms have the meanings given.

(b) "Advertise" means to solicit business through any means or medium.

(c) "Client" means ~~an individual~~ a person for whom a tax preparer performs or agrees to perform tax preparation services.

(d) "Facilitate" means to individually or in conjunction or cooperation with another person:

(1) accept an application for a refund anticipation loan;

(2) pay to a client the proceeds, through direct deposit, a negotiable instrument, or any other means, of a refund anticipation loan; or

(3) offer, arrange, process, provide, or in any other manner act to allow the making of, a refund anticipation loan.

~~(e) "Person" means an individual, corporation, partnership, limited liability company, association, trustee, or other legal entity.~~

~~(f)~~ (e) "Refund anticipation check" means a negotiable instrument provided to a client by the tax preparer or another person, which is issued from the proceeds of a taxpayer's federal or state income tax refund or both and represents the net of the refund minus the tax preparation fee and any other fees. A refund anticipation check includes a refund transfer.

~~(g)~~ (f) "Refund anticipation loan" means a loan or any other extension of credit, whether provided by the tax preparer or another entity such as a financial institution, in anticipation of, and whose payment is secured by, a client's federal or state income tax refund or both.

~~(h)~~ (g) "Tax preparation services" means services provided for ~~a fee or other consideration~~ compensation to a client to:

(1) assist with preparing or filing ~~state or federal individual income tax returns~~ a return;

(2) assume final responsibility for completed work on ~~an individual income tax~~ a return on which preliminary work has been done by another; ~~or~~

(3) sign or include on a return the preparer tax identification number required under section 6109(a)(4) of the Internal Revenue Code; or

~~(3)~~ (4) facilitate the provision of a refund anticipation ~~loans and loan~~ or a refund anticipation ~~checks~~ check.

~~(+)~~ (h) "Tax preparer" or "preparer" means a person providing tax preparation services ~~subject to this section.~~
except:

(1) an employee who prepares their employer's return;

(2) any fiduciary, or the regular employees of a fiduciary, while acting on behalf of the fiduciary estate, testator, trustor, grantor, or beneficiaries of them;

(3) nonprofit organizations providing tax preparation services under the Internal Revenue Service Volunteer Income Tax Assistance Program or Tax Counseling for the Elderly Program;

(4) a person who merely furnishes typing, reproducing, or other mechanical assistance;

(5) a third-party bulk filer as defined in section 290.92, subdivision 30, that is currently registered with the commissioner; and

(6) a certified service provider as defined in section 297A.995, subdivision 2, paragraph (c), that provides all of the sales tax functions for a retailer not maintaining a place of business in this state as described in section 297A.66.

(i) Except as otherwise provided, "return" means:

(1) a return as defined in section 270C.01, subdivision 8;

(2) a claim for refund of an overpayment;

(3) a claim filed pursuant to chapter 290A; and

(4) a claim for a credit filed under section 290.0677, subdivision 1.

EFFECTIVE DATE. This section is effective for claims and returns filed after December 31, 2017.

Sec. 2. Minnesota Statutes 2016, section 270C.445, subdivision 3, is amended to read:

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

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

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

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

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

~~(4)~~ (5) fail or refuse to give a client a copy of any document requiring the client's signature within a reasonable time after the client signs the document;

~~(5)~~ (6) fail to retain for at least four years a copy of ~~individual income tax~~ a client's returns;

- (~~6~~) (7) fail to maintain a confidential relationship with clients or former clients;
- (~~7~~) (8) fail to take commercially reasonable measures to safeguard a client's nonpublic personal information;
- (~~8~~) (9) make, authorize, publish, disseminate, circulate, or cause to make, either directly or indirectly, any false, deceptive, or misleading statement or representation relating to or in connection with the offering or provision of tax preparation services;
- (~~9~~) (10) require a client to enter into a loan arrangement in order to complete a ~~tax~~ client's return;
- (~~10~~) (11) claim credits or deductions on a client's ~~tax~~ return for which the tax preparer knows or reasonably should know the client does not qualify;
- (12) report a household income on a client's claim filed under chapter 290A that the tax preparer knows or reasonably should know is not accurate;
- (13) engage in any conduct that is subject to a penalty under section 289A.60, subdivision 13, 20, 20a, 26, or 28;
- (14) whether or not acting as a taxpayer representative, fail to conform to the standards of conduct required by Minnesota Rules, part 8052.0300, subpart 4;
- (15) whether or not acting as a taxpayer representative, engage in any conduct that is incompetent conduct under Minnesota Rules, part 8052.0300, subpart 5;
- (16) whether or not acting as a taxpayer representative, engage in any conduct that is disreputable conduct under Minnesota Rules, part 8052.0300, subpart 6;
- (~~11~~) (17) charge, offer to accept, or accept a fee based upon a percentage of an anticipated refund for tax preparation services;
- (~~12~~) (18) under any circumstances, withhold or fail to return to a client a document provided by the client for use in preparing the client's ~~tax~~ return;
- (~~13~~) (19) establish an account in the preparer's name to receive a client's refund through a direct deposit or any other instrument unless the client's name is also on the account, except that a taxpayer may assign the portion of a refund representing the Minnesota education credit available under section 290.0674 to a bank account without the client's name, as provided under section 290.0679;
- (~~14~~) (20) fail to act in the best interests of the client;
- (~~15~~) (21) fail to safeguard and account for any money handled for the client;
- (~~16~~) (22) fail to disclose all material facts of which the preparer has knowledge which might reasonably affect the client's rights and interests;
- (~~17~~) (23) violate any provision of section 332.37;
- (~~18~~) (24) include any of the following in any document provided or signed in connection with the provision of tax preparation services:
- (i) a hold harmless clause;

(ii) a confession of judgment or a power of attorney to confess judgment against the client or appear as the client in any judicial proceeding;

(iii) a waiver of the right to a jury trial, if applicable, in any action brought by or against a debtor;

(iv) an assignment of or an order for payment of wages or other compensation for services;

(v) a provision in which the client agrees not to assert any claim or defense otherwise available;

(vi) a waiver of any provision of this section or a release of any obligation required to be performed on the part of the tax preparer; or

(vii) a waiver of the right to injunctive, declaratory, or other equitable relief or relief on a class basis; or

~~(49)~~ (25) if making, providing, or facilitating a refund anticipation loan, fail to provide all disclosures required by the federal Truth in Lending Act, United States Code, title 15, in a form that may be retained by the client.

EFFECTIVE DATE. This section is effective for claims and returns filed after December 31, 2017.

Sec. 3. Minnesota Statutes 2016, section 270C.445, subdivision 5a, is amended to read:

Subd. 5a. **Nongame wildlife checkoff.** A tax preparer must give written notice of the option to contribute to the nongame wildlife management account in section 290.431 to corporate clients that file an income tax return and to individual clients who file an income tax return or ~~property tax refund claim form~~ under chapter 290A. This notification must be included with information sent to the client at the same time as the preliminary worksheets or other documents used in preparing the client's return and must include a line for displaying contributions.

EFFECTIVE DATE. This section is effective for claims and returns filed after December 31, 2017.

Sec. 4. Minnesota Statutes 2016, section 270C.445, subdivision 6, is amended to read:

Subd. 6. **Enforcement; administrative order; penalties; cease and desist.** (a) The commissioner may impose an administrative penalty of not more than \$1,000 per violation of subdivision 3, ~~3a, 4, 5, or 5b~~ or 5, or section 270C.4451, provided that a penalty may not be imposed for any conduct ~~that is also subject to the~~ for which a tax return preparer penalties in penalty is imposed under section 289A.60, subdivision 13. The commissioner may terminate a tax preparer's authority to transmit returns electronically to the state, if the commissioner determines the tax preparer engaged in a pattern and practice of violating this section. Imposition of a penalty under this ~~subdivision paragraph~~ is subject to the contested case procedure under chapter 14. The commissioner shall collect the penalty in the same manner as the income tax. There is no right to make a claim for refund under section 289A.50 of the penalty imposed under this paragraph. Penalties imposed under this ~~subdivision paragraph~~ are public data.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

EFFECTIVE DATE. This section is effective for claims and returns filed after December 31, 2017.

Sec. 5. Minnesota Statutes 2016, section 270C.445, subdivision 6a, is amended to read:

Subd. 6a. **Exchange of data; State Board of Accountancy.** The State Board of Accountancy shall refer to the commissioner complaints it receives about tax preparers who are not subject to the jurisdiction of the State Board of Accountancy and who are alleged to have violated the provisions of ~~subdivisions 3, 3a, 4, 4a, 4b, 5, and 5b~~ this section, except subdivision 5a, or section 270C.4451.

EFFECTIVE DATE. This section is effective for claims and returns filed after December 31, 2017.

Sec. 6. Minnesota Statutes 2016, section 270C.445, subdivision 6b, is amended to read:

Subd. 6b. **Exchange of data; Lawyers Board of Professional Responsibility.** The Lawyers Board of Professional Responsibility may refer to the commissioner complaints it receives about tax preparers who are not subject to its jurisdiction and who are alleged to have violated the provisions of ~~subdivisions 3, 3a, 4, 4a, 4b, 5, and 5b~~ this section, except subdivision 5a, or section 270C.4451.

EFFECTIVE DATE. This section is effective for claims and returns filed after December 31, 2017.

Sec. 7. Minnesota Statutes 2016, section 270C.445, subdivision 6c, is amended to read:

Subd. 6c. **Exchange of data; commissioner.** The commissioner shall refer ~~information and~~ complaints about tax preparers who are alleged to have violated the provisions of ~~subdivisions 3, 3a, 4, 4a, 4b, 5, and 5b~~ this section, except subdivision 5a, or section 270C.4451, to:

- (1) the State Board of Accountancy, if the tax preparer is under its jurisdiction; and
- (2) the Lawyers Board of Professional Responsibility, if the tax preparer is under its jurisdiction.

EFFECTIVE DATE. This section is effective for claims and returns filed after December 31, 2017.

Sec. 8. Minnesota Statutes 2016, section 270C.445, subdivision 7, is amended to read:

Subd. 7. **Enforcement; civil actions.** (a) Any violation of this section or section 270C.4451 is an unfair, deceptive, and unlawful trade practice within the meaning of section 8.31. An action taken under this section is in the public interest.

(b) A client may bring a civil action seeking redress for a violation of this section in the conciliation or the district court of the county in which unlawful action is alleged to have been committed or where the respondent resides or has a principal place of business.

(c) A court finding for the plaintiff must award:

(1) actual damages;

(2) incidental and consequential damages;

(3) statutory damages of twice the sum of: (i) the tax preparation fees; and (ii) if the plaintiff violated ~~subdivision 3a, 4, or 5b~~ section 270C.4451, subdivision 1, 2, or 5, all interest and fees for a refund anticipation loan;

(4) reasonable attorney fees;

(5) court costs; and

(6) any other equitable relief as the court considers appropriate.

EFFECTIVE DATE. This section is effective for claims and returns filed after December 31, 2017.

Sec. 9. Minnesota Statutes 2016, section 270C.445, subdivision 8, is amended to read:

Subd. 8. **Limited exemptions.** ~~(a) Except as provided in paragraph (b), the provisions of this section, except for subdivisions 3a, 4, and 5b, subdivisions 3; 5; 5a; 6, paragraphs (a) to (n); and 7, do not apply to:~~

(1) an attorney admitted to practice under section 481.01;

(2) ~~a registered accounting practitioner, a registered accounting practitioner firm, a certified public accountant, or other person who is subject to the jurisdiction of the State Board of Accountancy~~ a certified public accountant firm, licensed in accordance with chapter 326A;

(3) an enrolled agent who has passed the special enrollment examination administered by the Internal Revenue Service; ~~or~~

(4) ~~anyone~~ a person who provides, or assists in providing, tax preparation services within the scope of duties as an employee ~~or supervisor~~ under the direction or supervision of a person who is exempt under this subdivision; or

(5) a person acting as a supervisor to a tax preparer who is exempt under this subdivision.

(b) The provisions of subdivisions 3; 6, paragraphs (a) to (n); and 7, apply to a tax preparer who would otherwise be exempt under paragraph (a) if the tax preparer has:

(1) had a professional license suspended or revoked for cause, not including a failure to pay a professional licensing fee, by any authority of any state, territory, or possession of the United States, including a commonwealth, or the District of Columbia, any federal court of record, or any federal agency, body, or board;

(2) irrespective of whether an appeal has been taken, been convicted of any crime involving dishonesty or breach of trust;

(3) been censured, suspended, or disbarred under United States Treasury Department Circular 230;

(4) been sanctioned by a court of competent jurisdiction, whether in a civil or criminal proceeding, including suits for injunctive relief, relating to any taxpayer's tax liability or the tax preparer's own tax liability, for:

(i) instituting or maintaining proceedings primarily for delay;

(ii) advancing frivolous or groundless arguments; or

(iii) failing to pursue available administrative remedies; or

(5) demonstrated a pattern of willful disreputable conduct by:

(i) failing to file a return that the tax preparer was required to file annually for two of the three immediately preceding tax periods; or

(ii) failing to file a return that the tax preparer was required to file more frequently than annually for three of the six immediately preceding tax periods.

EFFECTIVE DATE. This section is effective for claims and returns filed after December 31, 2017.

Sec. 10. Minnesota Statutes 2016, section 270C.445, is amended by adding a subdivision to read:

Subd. 10. Powers additional. The powers and authority granted in this section are in addition to all other powers of the commissioner. The use of the powers granted in this section does not preclude the use of any other power or authority of the commissioner.

EFFECTIVE DATE. This section is effective for claims and returns filed after December 31, 2017.

Sec. 11. Minnesota Statutes 2016, section 270C.446, subdivision 2, is amended to read:

Subd. 2. Required and excluded tax preparers. (a) Subject to the limitations of paragraph (b), the commissioner must publish lists of tax preparers as defined in section ~~289A.60, subdivision 13, paragraph (f)~~ 270C.445, subdivision 2, paragraph (h), who have been:

(1) convicted under section 289A.63 for returns or claims prepared as a tax preparer or;

(2) assessed penalties in excess of \$1,000 under section 289A.60, subdivision 13, paragraph (a);

(3) convicted for identity theft under section 609.527, or a similar statute, for a return filed with the commissioner, the Internal Revenue Service, or another state;

(4) assessed a penalty under section 270C.445, subdivision 6, paragraph (a), in excess of \$1,000;

(5) issued a cease and desist order under section 270C.445, subdivision 6, paragraph (b), that has become a final order; or

(6) assessed a penalty under section 270C.445, subdivision 6, paragraph (l), for violating a cease and desist order.

(b) For the purposes of this section, tax preparers are not subject to publication if:

(1) an administrative or court action contesting ~~the~~ or appealing a penalty described in paragraph (a), clause (2), (4), or (6), has been filed or served and is unresolved at the time when notice would be given under subdivision 3;

(2) an appeal period to contest ~~the~~ a penalty described in paragraph (a), clause (2), (4), or (6), has not expired; or

(3) the commissioner has been notified that the tax preparer is deceased;

(4) an appeal period to contest a cease and desist order issued under section 270C.445, subdivision 6, paragraph (b), has not expired;

(5) an administrative or court action contesting or appealing a cease and desist order issued under section 270C.445, subdivision 6, paragraph (b), has been filed or served and is unresolved at the time when notice would be given under subdivision 3;

(6) a direct appeal of a conviction described in paragraph (a), clause (1) or (3), has been filed or served and is unresolved at the time when the notice would be given under subdivision 3; or

(7) an appeal period to contest a conviction described in paragraph (a), clause (1) or (3), has not expired.

EFFECTIVE DATE. This section is effective for claims and returns filed after December 31, 2017.

Sec. 12. Minnesota Statutes 2016, section 270C.446, subdivision 3, is amended to read:

Subd. 3. **Notice to tax preparer.** (a) At least 30 days before publishing the name of a tax preparer subject to ~~penalty publication under this section,~~ the commissioner shall mail a written notice to the tax preparer, detailing the ~~amount and nature of each penalty basis for the publication~~ and the intended publication of the information listed in subdivision 4 related to the penalty. The notice must be ~~mailed by first class and certified mail sent to the tax preparer~~ addressed to the last known address of the tax preparer. The notice must include information regarding the exceptions listed in subdivision 2, paragraph (b), and must state that the tax preparer's information will not be published if the tax preparer provides information establishing that subdivision 2, paragraph (b), prohibits publication of the tax preparer's name.

(b) Thirty days after the notice is mailed and if the tax preparer has not proved to the commissioner that subdivision 2, paragraph (b), prohibits publication, the commissioner may publish in a list of tax preparers subject to penalty the information about the tax preparer that is listed in subdivision 4.

EFFECTIVE DATE. This section is effective for claims and returns filed after December 31, 2017.

Sec. 13. Minnesota Statutes 2016, section 270C.446, subdivision 4, is amended to read:

Subd. 4. **Form of list.** The list may be published by any medium or method. The list must contain the name, associated business name or names, address or addresses, and violation or violations ~~for which a penalty was imposed of that make~~ each tax preparer subject to ~~penalty publication.~~

EFFECTIVE DATE. This section is effective for claims and returns filed after December 31, 2017.

Sec. 14. Minnesota Statutes 2016, section 270C.446, subdivision 5, is amended to read:

Subd. 5. **Removal from list.** The commissioner shall remove the name of a tax preparer from the list of tax preparers published under this section:

(1) when the commissioner determines that the name was included on the list in error;

(2) within ~~90 days~~ three years after the preparer has demonstrated to the commissioner that the preparer fully paid all fines and penalties imposed, served any suspension, satisfied any sentence imposed, successfully completed any probationary period imposed, and successfully completed any remedial actions required by the commissioner, the State Board of Accountancy, or the Lawyers Board of Professional Responsibility; or

(3) when the commissioner has been notified that the tax preparer is deceased.

EFFECTIVE DATE. This section is effective for claims and returns filed after December 31, 2017.

Sec. 15. Minnesota Statutes 2016, section 270C.447, subdivision 1, is amended to read:

Subdivision 1. **Commencement of action.** (a) Whenever it appears to the commissioner that a tax preparer doing business in Minnesota has engaged in any conduct described in subdivision 2, a civil action in the name of the state of Minnesota may be commenced to enjoin any person who is a tax return preparer doing business in this state from further engaging in any conduct described in subdivision 2 the conduct and enforce compliance.

(b) An action under this subdivision must be brought by the attorney general in:

(1) the district court for the judicial district of the tax return preparer's residence or principal place of business; or in which the;

(2) the district court for the judicial district of the residence of any taxpayer with respect to whose tax return the action is brought resides; or

(3) Ramsey County District Court.

(c) The court may exercise its jurisdiction over the action separate and apart from any other action brought by the state of Minnesota against the tax ~~return~~ preparer or any taxpayer. The court must grant a permanent injunction or other appropriate relief if the commissioner shows that the person has engaged in conduct constituting a violation of a law administered by the commissioner or a cease and desist order issued by the commissioner. The commissioner shall not be required to show irreparable harm.

EFFECTIVE DATE. This section is effective for claims and returns filed after December 31, 2017.

Sec. 16. Minnesota Statutes 2016, section 270C.447, subdivision 2, is amended to read:

Subd. 2. **Injunction prohibiting specific conduct.** In an action under subdivision 1, the court may enjoin the person from further engaging in that conduct if the court finds that a tax ~~return~~ preparer has:

(1) engaged in any conduct subject to a civil penalty under section 289A.60 ~~or~~, a criminal penalty under section 289A.63, or a criminal penalty under section 609.527 or a similar statute for a return filed with the commissioner, the Internal Revenue Service, or another state;

(2) misrepresented the preparer's eligibility to practice before the Department of Revenue, or otherwise misrepresented the preparer's experience or education as a tax return preparer;

(3) guaranteed the payment of any tax refund or the allowance of any tax credit; ~~or~~

(4) violated a cease and desist order issued by the commissioner; or

(4) (5) engaged in any other fraudulent or deceptive conduct that substantially interferes with the proper administration of a law administered by the commissioner, and injunctive relief is appropriate to prevent the recurrence of that conduct;

~~the court may enjoin the person from further engaging in that conduct.~~

EFFECTIVE DATE. This section is effective for claims and returns filed after December 31, 2017.

Sec. 17. Minnesota Statutes 2016, section 270C.447, subdivision 3, is amended to read:

Subd. 3. **Injunction prohibiting all business activities.** If the court finds that a tax ~~return~~ preparer has continually or repeatedly engaged in conduct described in subdivision 2, and that an injunction prohibiting that conduct would not be sufficient to prevent the person's interference with the proper administration of a law administered by the commissioner, the court may enjoin the person from acting as a tax ~~return~~ preparer. The court may not enjoin the employer of a tax ~~return~~ preparer for conduct described in subdivision 2 engaged in by one or more of the employer's employees unless the employer was also actively involved in that conduct.

EFFECTIVE DATE. This section is effective for claims and returns filed after December 31, 2017.

Sec. 18. Minnesota Statutes 2016, section 270C.447, is amended by adding a subdivision to read:

Subd. 3a. **Enforcement of cease and desist orders.** (a) Whenever the commissioner under subdivision 1 or 3 seeks to enforce compliance with a cease and desist order, the court must consider the allegations in the cease and desist order conclusively established if the order is a final order.

(b) If the court finds the tax preparer was not in compliance with a cease and desist order, the court may impose a further civil penalty against the tax preparer for contempt in an amount up to \$10,000 for each violation and may grant any other relief the court determines is just and proper in the circumstances. A civil penalty imposed by a court under this section may be collected and enforced by the commissioner as an income tax liability.

(c) The court may not require the commissioner to post a bond in an action or proceeding under this section.

EFFECTIVE DATE. This section is effective for claims and returns filed after December 31, 2017.

Sec. 19. Minnesota Statutes 2016, section 289A.60, subdivision 13, is amended to read:

Subd. 13. **Penalties for tax ~~return~~ preparers.** (a) If an understatement of liability with respect to a return or claim for refund is due to a reckless disregard of laws and rules or willful attempt in any manner to understate the liability for a tax by a person who is a tax ~~return~~ preparer with respect to the return or claim, the person shall pay to the commissioner a penalty of \$500. If a part of a ~~property tax refund~~ claim filed under section 290.0677, subdivision 1, or chapter 290A is excessive due to a reckless disregard or willful attempt in any manner to overstate the claim ~~for relief allowed under chapter 290A~~ by a person who is a tax ~~refund or return~~ preparer, the ~~person tax preparer~~ shall pay to the commissioner a penalty of \$500 with respect to the claim. These penalties may not be assessed against the employer of a tax ~~return~~ preparer unless the employer was actively involved in the reckless disregard or willful attempt to understate the liability for a tax or to overstate the claim for refund. These penalties are income tax liabilities and may be assessed at any time as provided in section 289A.38, subdivision 5.

(b) A civil action in the name of the state of Minnesota may be commenced to enjoin any person who is a tax ~~return~~ preparer doing business in this state as provided in section 270C.447.

(c) The commissioner may terminate or suspend a tax preparer's authority to transmit returns electronically to the state, if the commissioner determines that the tax preparer has engaged in a pattern and practice of conduct in violation of paragraph (a) of this subdivision or has been convicted under section 289A.63.

(d) For purposes of this subdivision, the term "understatement of liability" means an understatement of the net amount payable with respect to a tax imposed by state tax law, or an overstatement of the net amount creditable or refundable with respect to a tax. The determination of whether or not there is an understatement of liability must be made without regard to any administrative or judicial action involving the taxpayer. For purposes of this subdivision, the amount determined for underpayment of estimated tax under either section 289A.25 or 289A.26 is not considered an understatement of liability.

(e) For purposes of this subdivision, the term "overstatement of claim" means an overstatement of the net amount refundable with respect to a claim ~~for property tax relief provided by~~ filed under section 290.0677, subdivision 1, or chapter 290A. The determination of whether or not there is an overstatement of a claim must be made without regard to administrative or judicial action involving the claimant.

(f) For purposes of this section, the term ~~"tax refund or return preparer" means an individual who prepares for compensation, or who employs one or more individuals to prepare for compensation, a return of tax, or a claim for refund of tax. The preparation of a substantial part of a return or claim for refund is treated as if it were the preparation of the entire return or claim for refund. An individual is not considered a tax return preparer merely because the individual:~~

~~(1) gives typing, reproducing, or other mechanical assistance;~~

~~(2) prepares a return or claim for refund of the employer, or an officer or employee of the employer, by whom the individual is regularly and continuously employed;~~

~~(3) prepares a return or claim for refund of any person as a fiduciary for that person; or~~

~~(4) prepares a claim for refund for a taxpayer in response to a tax order issued to the taxpayer. "tax preparer" or "preparer" has the meaning given in section 270C.445, subdivision 2, paragraph (h).~~

EFFECTIVE DATE. This section is effective for claims and returns filed after December 31, 2017.

Sec. 20. Minnesota Statutes 2016, section 289A.60, subdivision 28, is amended to read:

Subd. 28. **Preparer identification number.** ~~Any Minnesota individual income tax return or claim for refund prepared by a "tax refund or return preparer" as defined in subdivision 13, paragraph (f), shall bear the identification number the preparer is required to use federally under section 6109(a)(4) of the Internal Revenue Code. (a) Each of the following that is prepared by a tax preparer must include the tax preparer's tax identification number:~~

(1) a tax return required to be filed under this chapter;

(2) a claim filed under section 290.0677, subdivision 1, or chapter 290A; and

(3) a claim for refund of an overpayment.

(b) A tax preparer is not required to include their preparer tax identification number on a filing if the number is not required in the forms or filing requirements provided by the commissioner.

(c) A tax ~~refund or return~~ preparer who prepares a Minnesota individual income tax return or claim for refund and fails to include the required preparer tax identification number on the return or claim as required by this section is subject to a penalty of \$50 for each failure.

(d) A tax preparer who fails to include the preparer tax identification number as required by this section, and who is required to have a valid preparer tax identification number issued under section 6109(a)(4) of the Internal Revenue Code, but does not have one, is subject to a \$500 penalty for each failure. A tax preparer subject to the penalty in this paragraph is not subject to the penalty in paragraph (c).

(e) For the purposes of this subdivision, "tax preparer" has the meaning given in section 270C.445, subdivision 2, paragraph (h), and "preparer tax identification number" means the number the tax preparer is required to use federally under section 6109(a)(4) of the Internal Revenue Code.

EFFECTIVE DATE. This section is effective for claims and returns filed after December 31, 2017.

Sec. 21. **REVISOR'S INSTRUCTION.**

(a) The revisor of statutes shall renumber the provisions of Minnesota Statutes listed in column A to the references listed in column B.

Column A

270C.445, subdivision 3a
270C.445, subdivision 4
270C.445, subdivision 4a
270C.445, subdivision 4b
270C.445, subdivision 5b

Column B

270C.4451, subdivision 1
270C.4451, subdivision 2
270C.4451, subdivision 3
270C.4451, subdivision 4
270C.4451, subdivision 5

(b) The revisor shall make necessary cross-reference changes in Minnesota Statutes and Minnesota Rules consistent with the renumbering of Minnesota Statutes, section 270C.445, subdivisions 3a, 4, 4a, 4b, and 5b.

(c) The revisor shall publish the statutory derivations of the laws renumbered in this act in Laws of Minnesota and report the derivations in Minnesota Statutes.

(d) If Minnesota Statutes, section 270C.445, subdivisions 3a, 4, 4a, 4b, and 5b, are further amended in the 2017 legislative session, the revisor shall codify the amendments in a manner consistent with this act. The revisor may make necessary changes to sentence structure to preserve the meaning of the text.

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

Sec. 22. **REPEALER.**

Minnesota Statutes 2016, sections 270C.445, subdivision 1; and 270C.447, subdivision 4, are repealed.

EFFECTIVE DATE. This section is effective for claims and returns filed after December 31, 2017."

Delete the title and insert:

"A bill for an act relating to financing and operation of state and local government; making changes to individual income, corporate franchise, estate, property, sales and use, excise, mineral, tobacco, special, local, and other miscellaneous taxes and tax-related provisions; providing for new income tax subtractions, additions, and credits;

providing for a Social Security subtraction; providing section 179 expensing conformity; providing a student loan credit; modifying the research and development credit; establishing a first-time home buyer savings account program; modifying the education credit and subtraction; providing a credit for donations to fund K-12 scholarships; modifying the child and dependent care credit; modifying residency definitions; providing estate tax conformity and modifying exemption amount and rates; modifying debt service equalization revenue; establishing and modifying property tax exemptions and classifications; establishing school building bond agricultural credit; modifying state general levy; modifying certain local government aids; providing exemption from certain property taxes for a Major League Soccer stadium; authorizing assessor accreditation waivers; modifying provisions related to tax-forfeited land; modifying sales tax definitions and exemptions; providing sales tax exemptions; clarifying the appropriation for certain sales tax refunds; establishing sales tax collection duties for marketplace providers and certain retailers; dedicating certain sales and use tax revenues from the sale of fireworks; providing an exemption from sales and use taxes for a Major League Soccer stadium; providing sales tax exemptions for certain construction projects; modifying the exemption for Super Bowl admission, events, and parking; providing exemptions for suite licenses and stadium builder's licenses; authorizing certain tax increment financing authority; prohibiting municipalities from taxing paper or plastic bags; authorizing and modifying certain local sales and use taxes; restricting rail project expenditures; modifying provisions related to taconite; modifying taxes on tobacco products and cigarettes; providing for a private letter ruling program; modifying tax administration procedures; making minor policy, technical, and conforming changes; requiring reports; appropriating money; amending Minnesota Statutes 2016, sections 13.51, subdivision 2; 40A.18, subdivision 2; 69.021, subdivision 5; 84.82, subdivision 10; 84.922, subdivision 11; 86B.401, subdivision 12; 116J.8737, subdivisions 5, 12; 116J.8738, subdivisions 3, 4; 123B.53, subdivisions 4, 5; 126C.17, subdivision 9; 127A.45, subdivision 10; 128C.24; 174.03, subdivision 1b; 270.071, subdivisions 2, 7, 8, by adding a subdivision; 270.072, subdivisions 2, 3, by adding a subdivision; 270.074, subdivision 1; 270.078, subdivision 1; 270.12, by adding a subdivision; 270.82, subdivision 1; 270A.03, subdivision 5; 270B.14, subdivision 1, by adding subdivisions; 270C.13, subdivision 1; 270C.171, subdivision 1; 270C.30; 270C.31, by adding a subdivision; 270C.33, subdivisions 5, 8, by adding subdivisions; 270C.34, subdivisions 1, 2; 270C.35, subdivisions 3, 4, by adding a subdivision; 270C.38, subdivision 1; 270C.445, subdivisions 2, 3, 5a, 6, 6a, 6b, 6c, 7, 8, by adding subdivisions; 270C.446, subdivisions 2, 3, 4, 5; 270C.447, subdivisions 1, 2, 3, by adding a subdivision; 270C.72, subdivision 4; 270C.89, subdivision 1; 270C.9901; 271.06, subdivisions 2, 2a, 6, 7; 271.08, subdivision 1; 271.18; 272.02, subdivisions 9, 10, 23, 86, by adding subdivisions; 272.0211, subdivision 1; 272.0213; 272.025, subdivision 1; 272.029, subdivisions 2, 4, by adding a subdivision; 272.0295, subdivision 4, by adding a subdivision; 272.115, subdivisions 1, as amended, 2, 3; 272.162; 273.061, subdivision 7; 273.0755; 273.08; 273.121, by adding a subdivision; 273.124, subdivisions 13, 13d, 14, 21; 273.125, subdivision 8; 273.13, subdivisions 22, 23, 25, 34; 273.135, subdivision 1; 273.1392; 273.1393; 273.33, subdivisions 1, 2; 273.371; 273.372, subdivisions 2, 4, by adding subdivisions; 274.01, subdivision 1; 274.014, subdivision 3; 274.13, subdivision 1; 274.135, subdivision 3; 275.025, subdivisions 1, 2, 4, by adding a subdivision; 275.065, subdivisions 1, 3; 275.07, subdivisions 1, 2; 275.08, subdivision 1b; 275.62, subdivision 2; 276.017, subdivision 3; 276.04, subdivision 2; 278.01, subdivision 1; 279.01, subdivisions 1, 2, 3; 279.37, by adding a subdivision; 281.17; 281.173, subdivision 2; 281.174, subdivision 3; 282.01, subdivisions 1a, 1d, 4, by adding a subdivision; 282.016; 282.018, subdivision 1; 282.02; 282.04, subdivision 2; 282.241, subdivision 1; 282.322; 287.08; 287.2205; 289A.08, subdivisions 11, 16, by adding a subdivision; 289A.09, subdivisions 1, 2; 289A.10, subdivision 1; 289A.11, subdivision 1; 289A.12, subdivision 14; 289A.18, subdivision 1, by adding a subdivision; 289A.20, subdivision 2; 289A.31, subdivision 1; 289A.35; 289A.37, subdivision 2; 289A.38, subdivision 6; 289A.40, subdivision 1; 289A.50, subdivisions 2a, 7; 289A.60, subdivisions 1, 13, 28, by adding a subdivision; 289A.63, by adding a subdivision; 290.01, subdivision 7; 290.0131, subdivision 10, as amended, by adding subdivisions; 290.0132, subdivisions 4, 21, by adding subdivisions; 290.0133, subdivision 12, as amended, by adding a subdivision; 290.06, subdivision 22, by adding subdivisions; 290.067, subdivisions 1, 2b; 290.0671, subdivision 1, as amended; 290.0672, subdivision 1; 290.0674, subdivisions 1, 2, by adding a subdivision; 290.068, subdivisions 1, 2, by adding a subdivision; 290.0692, by adding a subdivision; 290.081; 290.091, subdivision 2; 290.0922, subdivision 2; 290.17, subdivision 2; 290.31, subdivision 1; 290A.03, subdivision 3; 290A.10; 290A.19; 290C.03; 291.005, subdivision 1, as amended; 291.016, subdivisions 2, 3; 291.03, subdivision 1; 291.075; 295.54, subdivision 2; 295.55, subdivision 6; 296A.01, subdivisions 7, 12, 33, 42, by adding subdivisions; 296A.02, by adding a subdivision; 296A.07,

subdivisions 1, 4; 296A.08, subdivision 2; 296A.15, subdivisions 1, 4; 296A.17, subdivision 3; 296A.19, subdivision 1; 296A.22, subdivision 9; 296A.26; 297A.61, subdivisions 3, 34; 297A.66, subdivisions 1, 2, 4, by adding a subdivision; 297A.67, subdivisions 2, 4, 5, 6, by adding subdivisions; 297A.68, subdivisions 5, 9, 19, 35a, by adding a subdivision; 297A.70, subdivisions 4, 12, 14, by adding subdivisions; 297A.71, subdivision 44, by adding subdivisions; 297A.75, subdivisions 1, 2, 3, 5; 297A.82, subdivisions 4, 4a; 297A.94; 297A.9905; 297B.07; 297D.02; 297E.02, subdivisions 3, 7; 297E.04, subdivision 1; 297E.05, subdivision 4; 297E.06, subdivision 1; 297F.01, subdivision 13a; 297F.05, subdivisions 1, 3a, 4a; 297F.09, subdivision 1; 297F.23; 297G.03, by adding a subdivision; 297G.09, subdivision 1; 297G.22; 297H.06, subdivision 2; 297I.05, subdivision 2; 297I.10, subdivisions 1, 3; 297I.30, subdivision 7, by adding a subdivision; 297I.60, subdivision 2; 298.01, subdivisions 3, 4, 4c; 298.225, subdivision 1; 298.227; 298.24, subdivision 1; 298.28, subdivisions 2, 3, 5; 366.095, subdivision 1; 383B.117, subdivision 2; 410.32; 412.301; 414.09, subdivision 2; 469.034, subdivision 2; 469.101, subdivision 1; 469.169, by adding a subdivision; 469.174, subdivision 12; 469.175, subdivision 3; 469.176, subdivision 4c; 469.1761, by adding a subdivision; 469.1763, subdivisions 1, 2, 3; 469.178, subdivision 7; 469.319, subdivision 5; 473.39, by adding subdivisions; 473H.09; 473H.17, subdivision 1a; 475.58, subdivision 3b; 475.60, subdivision 2; 477A.011, subdivisions 34, 45; 477A.0124, subdivision 2; 477A.013, subdivisions 1, 8, 9, 13, by adding a subdivision; 477A.03, subdivisions 2a, 2b; 477A.12, subdivision 1; 477A.17; 477A.19, by adding subdivisions; 504B.285, subdivision 1; 559.202, subdivision 2; 609.5316, subdivision 3; Laws 1980, chapter 511, sections 1, subdivision 2, as amended; 2, as amended; Laws 1991, chapter 291, article 8, section 27, subdivisions 3, as amended, 4, as amended, 5; Laws 1996, chapter 471, article 2, section 29, subdivisions 1, as amended, 4, as amended; article 3, section 51; Laws 1999, chapter 243, article 4, sections 17, subdivisions 3, 5, by adding a subdivision; 18, subdivision 1, as amended; Laws 2005, First Special Session chapter 3, article 5, sections 38, subdivisions 2, as amended, 4, as amended; 44, subdivisions 3, as amended, 4, 5, as amended; Laws 2008, chapter 154, article 9, section 21, subdivision 2; Laws 2008, chapter 366, article 7, section 20; Laws 2009, chapter 88, article 5, section 17, as amended; Laws 2010, chapter 216, sections 12, as amended; 58, as amended; Laws 2014, chapter 308, article 6, sections 8, subdivision 1; 9; article 9, section 94; Laws 2016, chapter 187, section 5; proposing coding for new law in Minnesota Statutes, chapters 16A; 16B; 41B; 88; 117; 222; 270C; 273; 281; 289A; 290; 290B; 290C; 293; 297A; 416; 459; 471; 473; 477A; proposing coding for new law as Minnesota Statutes, chapter 462D; repealing Minnesota Statutes 2016, sections 136A.129; 270.074, subdivision 2; 270C.445, subdivision 1; 270C.447, subdivision 4; 281.22; 289A.10, subdivision 1a; 289A.12, subdivision 18; 289A.18, subdivision 3a; 289A.20, subdivision 3a; 290.06, subdivision 36; 290.067, subdivision 2; 290.9743; 290.9744; 290C.02, subdivisions 5, 9; 290C.06; 291.03, subdivisions 8, 9, 10, 11; 297F.05, subdivision 1a; 477A.085; 477A.20; Minnesota Rules, parts 8092.1400; 8092.2000; 8100.0700; 8125.1300, subpart 3."

We request the adoption of this report and repassage of the bill.

House Conferees: GREG DAVIDS, STEVE DRAZKOWSKI, JOE McDONALD and JERRY HERTAUS.

Senate Conferees: ROGER C. CHAMBERLAIN, GARY H. DAHMS, JEREMY R. MILLER and DAVID H. SENJEM.

Dauids moved that the report of the Conference Committee on H. F. No. 4 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 4, A bill for an act relating to financing and operation of state and local government; making changes to individual income, corporate franchise, estate, property, sales and use, excise, mineral, tobacco, gambling, special, local, and other miscellaneous taxes and tax-related provisions; modifying provisions related to taxpayer empowerment, local government aids, credits, refunds, in perpetuity payments on land purchases, tax increment financing, and public finance; providing for new income tax subtractions, additions, and credits; establishing a first-time home buyer savings account program; providing for conformity to federal tax extenders by administrative

action; modifying the education credit; providing a credit for donations to fund K-12 scholarships; modifying residency definitions; providing estate tax conformity; modifying property tax exemptions, classifications, and refunds; allowing a reverse referendum for property tax levies under certain circumstances; establishing school building bond agricultural tax credit; modifying state general levy; modifying certain local government aids; modifying sales tax definitions and exemptions; providing sales tax exemptions; clarifying the appropriation for sales tax refunds; establishing sales tax collection duties for marketplace providers and certain retailers; dedicating certain sales tax revenues; providing exemptions from sales taxes and property taxes for a Major League Soccer stadium; authorizing certain tax increment financing authority; prohibiting municipalities from taxing paper or plastic bags; modifying county levy authority; authorizing certain local taxes; requiring voter approval for certain transportation sales taxes; restricting rail project expenditures; modifying provisions related to taconite; repealing political contribution refund; modifying taxes on tobacco products and cigarettes; providing for a private letter ruling program; modifying tax administration procedures; dedicating transportation-related taxes; modifying vehicle taxes and fees; making minor policy, technical, and conforming changes; requiring reports; appropriating money; amending Minnesota Statutes 2016, sections 13.4967, by adding a subdivision; 13.51, subdivision 2; 40A.18, subdivision 2; 69.021, subdivision 5; 84.82, subdivision 10; 84.922, subdivision 11; 86B.401, subdivision 12; 97A.056, subdivisions 1a, 3, by adding subdivisions; 116P.02, subdivision 1, by adding subdivisions; 116P.08, subdivisions 1, 4; 123B.63, subdivision 3; 126C.17, subdivision 9; 127A.45, subdivisions 10, 13; 128C.24; 168.013, subdivision 1a, by adding a subdivision; 169.011, by adding a subdivision; 205.10, subdivision 1; 205A.05, subdivision 1; 216B.36; 216B.46; 237.19; 270.071, subdivisions 2, 7, 8, by adding a subdivision; 270.072, subdivisions 2, 3, by adding a subdivision; 270.074, subdivision 1; 270.078, subdivision 1; 270.12, by adding a subdivision; 270.82, subdivision 1; 270A.03, subdivisions 5, 7; 270B.14, subdivision 1, by adding subdivisions; 270C.13, subdivision 1; 270C.171, subdivision 1; 270C.30; 270C.31, by adding a subdivision; 270C.33, subdivisions 5, 8, by adding subdivisions; 270C.34, subdivisions 1, 2; 270C.35, subdivisions 3, 4, by adding a subdivision; 270C.38, subdivision 1; 270C.445, subdivisions 2, 3, 5a, 6, 6a, 6b, 6c, 7, 8, by adding a subdivision; 270C.446, subdivisions 2, 3, 4, 5; 270C.447, subdivisions 1, 2, 3, by adding a subdivision; 270C.72, subdivision 4; 270C.89, subdivision 1; 271.06, subdivisions 2, 2a, 6, 7; 271.08, subdivision 1; 271.18; 272.02, subdivisions 9, 10, 23, 86, by adding a subdivision; 272.0211, subdivision 1; 272.0213; 272.025, subdivision 1; 272.029, subdivisions 2, 4, by adding a subdivision; 272.0295, subdivision 4, by adding a subdivision; 272.115, subdivisions 1, 2, 3; 272.162; 273.061, subdivision 7; 273.0755; 273.08; 273.121, by adding a subdivision; 273.124, subdivisions 3a, 13, 13d, 14, 21; 273.125, subdivision 8; 273.13, subdivisions 22, 23, 25, 34; 273.135, subdivision 1; 273.1392; 273.1393; 273.33, subdivisions 1, 2; 273.371; 273.372, subdivisions 2, 4, by adding subdivisions; 274.01, subdivision 1; 274.014, subdivision 3; 274.13, subdivision 1; 274.135, subdivision 3; 275.025, subdivisions 1, 2, 4, by adding a subdivision; 275.065, subdivisions 1, 3; 275.066; 275.07, subdivisions 1, 2; 275.08, subdivision 1b; 275.60; 275.62, subdivision 2; 276.017, subdivision 3; 276.04, subdivisions 1, 2; 278.01, subdivision 1; 279.01, subdivisions 1, 2, 3; 279.37, by adding a subdivision; 281.17; 281.173, subdivision 2; 281.174, subdivision 3; 282.01, subdivisions 1a, 1d, 4, 6, by adding a subdivision; 282.016; 282.018, subdivision 1; 282.02; 282.241, subdivision 1; 282.322; 287.08; 287.2205; 289A.08, subdivisions 11, 16, by adding a subdivision; 289A.09, subdivisions 1, 2; 289A.10, subdivision 1; 289A.11, subdivision 1; 289A.12, subdivision 14; 289A.18, subdivision 1, by adding a subdivision; 289A.20, subdivision 2; 289A.31, subdivision 1; 289A.35; 289A.37, subdivision 2; 289A.38, subdivision 6; 289A.40, subdivision 1; 289A.50, subdivisions 1, 2a, 7; 289A.60, subdivisions 1, 13, 28, by adding a subdivision; 289A.63, by adding a subdivision; 290.01, subdivisions 6, 7; 290.0131, by adding subdivisions; 290.0132, subdivisions 4, 14, 21, by adding subdivisions; 290.0133, by adding a subdivision; 290.06, subdivision 22, by adding subdivisions; 290.067, subdivisions 1, 2b; 290.0672, subdivision 1; 290.0674, subdivisions 1, 2, by adding a subdivision; 290.068, subdivisions 1, 2, 3, 6a; 290.0685, subdivision 1; 290.091, subdivision 2; 290.0922, subdivision 2; 290.17, subdivision 2; 290.31, subdivision 1; 290A.03, subdivisions 3, 11, 13; 290A.10; 290A.19; 290C.03; 291.005, subdivision 1, as amended; 291.016, subdivisions 2, 3; 291.03, subdivisions 1, 9, 11; 291.075; 295.54, subdivision 2; 295.55, subdivision 6; 296A.01, subdivisions 7, 12, 33, 42, by adding a subdivision; 296A.02, by adding a subdivision; 296A.07, subdivision 1; 296A.08, subdivision 2; 296A.16, subdivision 2; 296A.22, subdivision 9; 296A.26; 297A.66, subdivisions 1, 2, 4, by adding a subdivision; 297A.67, subdivision 13a, by adding a subdivision; 297A.68, subdivisions 5, 9, 19, 35a; 297A.70, subdivisions 4, 12, 14, by adding subdivisions; 297A.71, subdivision 44, by adding subdivisions; 297A.75, subdivisions 1, 2, 3, 5; 297A.815,

subdivision 3; 297A.82, subdivisions 4, 4a; 297A.94; 297A.992, subdivision 6a; 297A.993, subdivisions 1, 2, by adding subdivisions; 297B.07; 297D.02; 297E.02, subdivisions 3, 6, 7; 297E.04, subdivision 1; 297E.05, subdivision 4; 297E.06, subdivision 1; 297F.01, subdivision 13a; 297F.05, subdivisions 1, 3, 3a, 4a; 297F.09, subdivision 1; 297F.23; 297G.09, subdivision 1; 297G.22; 297H.06, subdivision 2; 297I.05, subdivision 2; 297I.10, subdivisions 1, 3; 297I.20, by adding a subdivision; 297I.30, subdivision 7, by adding a subdivision; 297I.60, subdivision 2; 298.01, subdivisions 3, 4, 4c; 298.225, subdivision 1; 298.24, subdivision 1; 298.28, subdivisions 2, 3, 5; 366.095, subdivision 1; 383B.117, subdivision 2; 398A.10, subdivisions 3, 4; 410.32; 412.221, subdivision 2; 412.301; 414.09, subdivision 2; 426.19, subdivision 2; 447.045, subdivisions 2, 3, 4, 6, 7; 452.11; 455.24; 455.29; 459.06, subdivision 1; 462.353, subdivision 4; 469.053, subdivision 5; 469.101, subdivision 1; 469.107, subdivision 2; 469.169, by adding a subdivision; 469.174, subdivision 12; 469.175, subdivision 3; 469.176, subdivision 4c; 469.1761, by adding a subdivision; 469.1763, subdivisions 1, 2, 3; 469.178, subdivision 7; 469.190, subdivisions 1, 5; 469.319, subdivision 5; 471.57, subdivision 3; 471.571, subdivision 3; 471.572, subdivisions 2, 4; 473.39, by adding subdivisions; 473H.09; 473H.17, subdivision 1a; 475.59; 475.60, subdivision 2; 477A.011, subdivisions 34, 45; 477A.0124, subdivision 2; 477A.013, subdivisions 1, 8, 9, by adding a subdivision; 477A.10; 477A.11, by adding subdivisions; 477A.19, by adding subdivisions; 504B.285, subdivision 1; 504B.365, subdivision 3; 559.202, subdivision 2; 609.5316, subdivision 3; Laws 1980, chapter 511, sections 1, subdivision 2, as amended; 2, as amended; Laws 1991, chapter 291, article 8, section 27, subdivisions 3, as amended, 4, as amended, 5; Laws 1996, chapter 471, article 2, section 29, subdivisions 1, as amended, 4, as amended; article 3, section 51; Laws 1999, chapter 243, article 4, sections 17, subdivisions 3, 5, by adding a subdivision; 18, subdivision 1, as amended; Laws 2005, First Special Session chapter 3, article 5, section 38, subdivisions 2, as amended, 4, as amended; Laws 2008, chapter 154, article 9, section 21, subdivision 2; Laws 2008, chapter 366, article 7, section 20; Laws 2009, chapter 88, article 5, section 17, as amended; Laws 2014, chapter 308, article 6, sections 8, subdivision 1; 9; article 9, section 94; Laws 2016, chapter 187, section 5; proposing coding for new law in Minnesota Statutes, chapters 11A; 16A; 16B; 41B; 88; 103C; 116P; 117; 174; 222; 270C; 273; 274; 275; 281; 289A; 290; 290B; 290C; 293; 297A; 416; 459; 462A; 471; 473; 477A; proposing coding for new law as Minnesota Statutes, chapter 462D; repealing Minnesota Statutes 2016, sections 10A.322, subdivision 4; 13.4967, subdivision 2; 136A.129; 205.10, subdivision 3; 270.074, subdivision 2; 270C.445, subdivision 1; 270C.447, subdivision 4; 270C.9901; 281.22; 289A.10, subdivision 1a; 289A.12, subdivision 18; 289A.18, subdivision 3a; 289A.20, subdivision 3a; 290.06, subdivisions 23, 36; 290.067, subdivision 2; 290.9743; 290.9744; 290C.02, subdivisions 5, 9; 290C.06; 291.03, subdivisions 8, 9, 10, 11; 297A.992, subdivision 12; 297F.05, subdivision 1a; 477A.085; 477A.20; Minnesota Rules, parts 4503.1400, subpart 4; 8092.1400; 8092.2000; 8100.0700; 8125.1300, subpart 3.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 76 yeas and 57 nays as follows:

Those who voted in the affirmative were:

| | | | | | |
|--------------|------------|-------------|------------|------------|------------|
| Albright | Davids | Haley | Layman | O'Neill | Swedzinski |
| Anderson, P. | Dean, M. | Hamilton | Lohmer | Peppin | Theis |
| Anderson, S. | Dettmer | Heintzeman | Loon | Petersburg | Torkelson |
| Anselmo | Drazkowski | Hertaus | Loonan | Peterson | Uglen |
| Backer | Erickson | Hoppe | Lucero | Pierson | Urdahl |
| Bahr, C. | Fenton | Howe | Lueck | Poston | Vogel |
| Baker | Franke | Jessup | McDonald | Pugh | West |
| Barr, R. | Franson | Johnson, B. | Miller | Quam | Whelan |
| Bennett | Garofalo | Jurgens | Nash | Rarick | Wills |
| Bliss | Green | Kiel | Neu | Runbeck | Zerwas |
| Christensen | Grossell | Knoblach | Newberger | Schomacker | Spk. Daudt |
| Cornish | Gruenhagen | Koznick | Nornes | Scott | |
| Daniels | Gunther | Kresha | O'Driscoll | Smith | |

Those who voted in the negative were:

| | | | | | |
|-------------|-----------|---------------|------------|-----------|----------|
| Allen | Dehn, R. | Hortman | Loeffler | Nelson | Schultz |
| Applebaum | Ecklund | Johnson, C. | Mahoney | Olson | Slocum |
| Becker-Finn | Fischer | Johnson, S. | Mariani | Omar | Sundin |
| Bernardy | Flanagan | Koegel | Marquart | Pelowski | Thissen |
| Bly | Freiberg | Kunesh-Podein | Masin | Pinto | Wagenius |
| Carlson, A. | Halverson | Lee | Maye Quade | Poppe | Ward |
| Carlson, L. | Hansen | Lesch | Metsa | Pryor | Youakim |
| Clark | Hausman | Liebling | Moran | Rosenthal | |
| Considine | Hilstrom | Lien | Murphy, E. | Sandstede | |
| Davnie | Hornstein | Lillie | Murphy, M. | Sauke | |

The bill was repassed, as amended by Conference, and its title agreed to.

Smith was excused for the remainder of today's session.

CONFERENCE COMMITTEE REPORT ON H. F. No. 861

A bill for an act relating to transportation finance; establishing the budget for transportation activities; modifying various provisions governing transportation finance and policy; establishing a fund; requiring reports; appropriating money; authorizing the sale and issuance of state bonds; amending Minnesota Statutes 2016, sections 16A.88, subdivision 2; 53C.01, subdivision 2; 115A.908, subdivision 2; 117.189; 160.18, by adding a subdivision; 161.081, subdivision 3; 161.088, subdivisions 4, 5, 7; 161.115, subdivision 190; 161.14, by adding subdivisions; 161.321, subdivision 6; 161.38, by adding a subdivision; 161.44, subdivisions 5, 6a, by adding a subdivision; 162.145, subdivision 2; 168.021, subdivisions 1, 2, 2a; 168.27, by adding a subdivision; 168.33, subdivision 2; 168A.09, subdivision 1; 169.011, subdivision 34; 169.18, subdivisions 5, 7; 169.345, subdivisions 1, 3; 169.442, subdivision 5; 169.443, subdivision 2; 169.444, subdivision 2; 169.449, subdivision 1; 169.4501, subdivisions 1, 2; 169.4503, subdivisions 4, 7, 14, 23, 30; 169.64, subdivision 8; 169.865, subdivision 3; 171.02, subdivision 2b; 171.06, subdivision 2a; 171.061, subdivision 3; 171.12, subdivision 6; 173.02, subdivisions 18, 23, by adding subdivisions; 173.06, subdivision 1; 173.07, subdivision 1; 173.08, by adding subdivisions; 173.13, subdivision 11; 173.16, by adding subdivisions; 174.03, subdivisions 1a, 1c, by adding a subdivision; 174.50, subdivisions 5, 6b, 6c, 7; 174.56, subdivisions 1, 2, by adding a subdivision; 174.93; 219.166; 219.20, subdivision 1; 221.031, by adding a subdivision; 222.49; 222.50, subdivision 6, by adding a subdivision; 299D.03, subdivision 6; 473.13, subdivision 1; 473.146, subdivision 3; 473.388, subdivision 4; 473.39, by adding a subdivision; 473.3994, by adding subdivisions; 473.4051, subdivision 3; Laws 2015, chapter 75, article 1, section 3, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 168; 169; 173; 174; 219; 398A; 471; 473; repealing Minnesota Statutes 2016, sections 161.115, subdivision 32; 169.4502, subdivision 5; 473.4051, subdivision 2; Minnesota Rules, parts 8810.0800, subpart 3; 8810.1300, subpart 4.

May 9, 2017

The Honorable Kurt L. Daudt
Speaker of the House of Representatives

The Honorable Michelle L. Fischbach
President of the Senate

We, the undersigned conferees for H. F. No. 861 report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 861 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1
TRANSPORTATION APPROPRIATIONS

Section 1. **TRANSPORTATION APPROPRIATIONS**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the trunk highway fund, or another named fund, and are available for the fiscal years indicated for each purpose. Amounts for "Total Appropriation" and sums shown in the corresponding columns marked "Appropriations by Fund" are summary only and do not have legal effect. Unless specified otherwise, the amounts in the second year under "Appropriations by Fund" show the base within the meaning of Minnesota Statutes, section 16A.11, subdivision 3, by fund. The figures "2018" and "2019" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2018, or June 30, 2019, respectively. "The first year" is fiscal year 2018. "The second year" is fiscal year 2019. "The biennium" is fiscal years 2018 and 2019.

APPROPRIATIONS
Available for the Year
Ending June 30
2018 **2019**

Sec. 2. **DEPARTMENT OF TRANSPORTATION**

Subdivision 1. **Total Appropriation** **\$2,990,529,000** **\$2,912,541,000**

Appropriations by Fund

| | <u>2018</u> | <u>2019</u> |
|------------------------|----------------------|----------------------|
| <u>General</u> | <u>23,458,000</u> | <u>38,358,000</u> |
| <u>Airports</u> | <u>34,812,000</u> | <u>21,909,000</u> |
| <u>C.S.A.H.</u> | <u>775,251,000</u> | <u>802,819,000</u> |
| <u>M.S.A.S.</u> | <u>194,122,000</u> | <u>201,020,000</u> |
| <u>Special Revenue</u> | <u>2,500,000</u> | <u>0</u> |
| <u>Trunk Highway</u> | <u>1,960,386,000</u> | <u>1,848,435,000</u> |

The appropriations in this section are to the commissioner of transportation. The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. **Multimodal Systems**

(a) **Aeronautics**

(1) **Airport Development and Assistance** 26,001,000 16,598,000

This appropriation is from the state airports fund and must be spent according to Minnesota Statutes, section 360.305, subdivision 4.

Notwithstanding Minnesota Statutes, section 16A.28, subdivision 6, this appropriation is available for five years after the year of the appropriation. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

\$6,619,000 in the first year is for a grant to the Duluth Airport Authority to provide the federal match to design and construct runway infrastructure at the Duluth International Airport or the Sky Harbor Airport in accordance with Minnesota Statutes, section 360.017. For the purposes of this appropriation, the commissioner may waive the requirements of Minnesota Statutes, section 360.305, subdivision 4, paragraph (b). This is a onetime appropriation.

\$2,334,000 in the first year is for a grant to the city of Rochester to design, rehabilitate, demolish, and expand portions of the existing passenger terminal building at the Rochester International Airport, provided that this amount also includes money to remodel, construct, furnish, and equip the existing passenger terminal building and associated appurtenances to meet the United States Customs and Border Protection and Transportation Security Administration standards for safety, security, and processing time to accommodate domestic and international flights. The capital improvements paid for with this appropriation may be used as the local contribution required by Minnesota Statutes, section 360.305, subdivision 4. This appropriation may be used to reimburse the city for costs incurred after May 1, 2016. This appropriation is not available until the commissioner of management and budget has determined that at least an equal amount has been committed to the project from nonstate sources. Work that may be completed with this appropriation includes but is not limited to (i) site preparation, including utilities, site civil work, testing, and construction administration services, (ii) the relocation, modification, and addition of airline ticket counters, baggage claim devices, public spaces, offices, restrooms, support space, break rooms, lockers, equipment storage, communications, hallways, building signage, medical visitor rooms, special needs accommodations, hold rooms, secure storage, equipment maintenance area, and building engineering and technology systems, (iii) improvements needed outside the terminal to remove, restore, and tie into adjacent utilities, sidewalks, driveways, parking lots, and aircraft aprons, and (iv) the construction of covered exterior equipment storage. This is a onetime appropriation.

Notwithstanding Minnesota Statutes, section 360.017, \$250,000 in the first year is for a grant to the city of St. Cloud for an air transport optimization planning study for the St. Cloud Regional Airport. The study must be comprehensive and market-based, using economic development and air service expertise to research, analyze, and develop models and strategies that maximize the return on investments made to enhance the use and impact of the

St. Cloud Regional Airport. By January 5, 2018, the city of St. Cloud shall submit a report to the governor and the members and staff of the legislative committees with jurisdiction over capital investment, transportation, and economic development with recommendations based on the findings of the study. This is a onetime appropriation.

If the commissioner of transportation determines that a balance remains in the state airports fund following the appropriations made in this article and that the appropriations made are insufficient for advancing airport development and assistance projects, an amount necessary to advance the projects, not to exceed the balance in the state airports fund, is appropriated in each year to the commissioner and must be spent according to Minnesota Statutes, section 360.305, subdivision 4. Within two weeks of a determination under this contingent appropriation, the commissioner of transportation must notify the commissioner of management and budget and the chairs, ranking minority members, and staff of the legislative committees with jurisdiction over transportation finance concerning the funds appropriated. Funds appropriated under this contingent appropriation do not adjust the base for fiscal years 2020 and 2021.

The base is \$15,298,000 in each of fiscal years 2020 and 2021.

| | | |
|---|------------------|------------------|
| <u>(2) Aviation Support and Services</u> | <u>6,710,000</u> | <u>6,854,000</u> |
|---|------------------|------------------|

Appropriations by Fund

| | <u>2018</u> | <u>2019</u> |
|----------------------|------------------|------------------|
| <u>Airports</u> | <u>5,231,000</u> | <u>5,231,000</u> |
| <u>Trunk Highway</u> | <u>1,479,000</u> | <u>1,623,000</u> |

| | | |
|------------------------------------|------------------|---------------|
| <u>(3) Civil Air Patrol</u> | <u>3,580,000</u> | <u>80,000</u> |
|------------------------------------|------------------|---------------|

This appropriation is from the state airports fund for the Civil Air Patrol.

\$3,500,000 in the first year is for a grant to renovate a portion of and construct an addition to the training and maintenance facility located at the South St. Paul airport, and to furnish and equip the facility, including communications equipment. Notwithstanding Minnesota Statutes, section 16A.28, subdivision 6, this appropriation is available for five years after the year of the appropriation. This is a onetime appropriation.

| | | |
|---------------------------|------------------|-------------------|
| <u>(b) Transit</u> | <u>1,241,000</u> | <u>18,268,000</u> |
|---------------------------|------------------|-------------------|

Appropriations by Fund

| | <u>2018</u> | <u>2019</u> |
|---------------|-------------|-------------|
| General | 395,000 | 17,395,000 |
| Trunk Highway | 846,000 | 873,000 |

\$150,000 in each year is from the general fund for grants to transportation management organizations that provide services exclusively or primarily in the city located along the marked Interstate Highway 494 corridor having the highest population as of the effective date of this section. The commissioner must not retain any portion of the funds appropriated under this section. From the appropriation in each fiscal year, the commissioner must make grant payments in full by July 31. Permissible uses of funds under this grant include administrative expenses and programming and service expansion, including but not limited to staffing, communications, outreach and education program development, and operations management. This is a onetime appropriation.

The base from the general fund is \$17,245,000 in each year for fiscal years 2020 and 2021.

| | | |
|---|------------------|----------------|
| <u>(c) Safe Routes to School</u> | <u>1,500,000</u> | <u>500,000</u> |
|---|------------------|----------------|

This appropriation is from the general fund for the safe routes to school program under Minnesota Statutes, section 174.40.

(d) Freight

| | | |
|---|------------------|------------------|
| <u>(1) Freight and Commercial Vehicle Operations</u> | <u>9,356,000</u> | <u>5,928,000</u> |
|---|------------------|------------------|

Appropriations by Fund

| | <u>2018</u> | <u>2019</u> |
|-----------------|-------------|-------------|
| General | 1,506,000 | 406,000 |
| Special Revenue | 2,500,000 | 0 |
| Trunk Highway | 5,350,000 | 5,522,000 |

\$1,100,000 in the first year is from the general fund for port development assistance grants under Minnesota Statutes, chapter 457A, to the city of Red Wing and to the Port Authority of Winona. Any improvements made with the proceeds of the grants must be publicly owned. This is a onetime appropriation and is available in the second year.

\$150,000 in each year is from the general fund for additional rail safety and rail service activities.

\$1,000,000 in the first year is from the rail service improvement account in the special revenue fund for a grant to the city of Grand Rapids to fund rail planning studies, design, and preliminary engineering relating to the construction of a freight rail line located in the counties of Itasca, St. Louis, and Lake to serve local producers and shippers. The city of Grand Rapids shall collaborate with the Itasca Economic Development Corporation and the Itasca County Regional Railroad Authority in the activities funded with the proceeds of this grant. This is a onetime appropriation and is available until June 30, 2019.

\$1,500,000 in the first year is from the rail service improvement account in the special revenue fund for a grant to a railroad company classified by federal law as a Class III railroad or Class III carrier, to repair or rehabilitate a line of railroad track that serves at least one industrial park located in the metropolitan area, as defined in Minnesota Statutes, section 473.121, subdivision 2. This is a onetime appropriation and is available until June 30, 2019.

(2) Hazardous Materials Rail Safety

3,000,000

3,000,000

This appropriation is from the general fund for the hazardous materials rail safety program and grants under Minnesota Statutes, section 219.016. This is a onetime appropriation.

Subd. 3. State Roads

(a) Operations and Maintenance

344,325,000

332,313,000

The base is \$324,256,000 in fiscal year 2020 and \$322,674,000 in fiscal year 2021.

(b) Program Planning and Delivery

(1) Planning and Research

34,588,000

32,643,000

If a balance remains of this appropriation, the commissioner may transfer up to that amount for program delivery under clause (2).

Up to \$160,000 in the first year is for the highway construction costs and cost inflation study under article 3, section 137. This is a onetime appropriation.

\$130,000 in each year is available for administrative costs of the targeted group business program.

\$266,000 in each year is available for grants to metropolitan planning organizations outside the seven-county metropolitan area.

\$900,000 in each year is available for grants for transportation studies outside the metropolitan area to identify critical concerns, problems, and issues. These grants are available:

(1) to regional development commissions;

(2) in regions where no regional development commission is functioning, to joint powers boards established under agreement of two or more political subdivisions in the region to exercise the planning functions of a regional development commission; and

(3) in regions where no regional development commission or joint powers board is functioning, to the Department of Transportation district office for that region.

The base is \$31,972,000 in fiscal year 2020 and \$31,840,000 in fiscal year 2021.

(2) Program Delivery

231,855,000

224,764,000

This appropriation includes use of consultants to support development and management of projects.

Up to \$140,000 in the first year is for development, implementation, and reporting on project selection policy under article 3, section 128. This is a onetime appropriation.

\$1,000,000 in each year is available for management of contaminated and regulated material on property owned by the Department of Transportation, including mitigation of property conveyances, facility acquisition or expansion, chemical release at maintenance facilities, and spills on the trunk highway system where there is no known responsible party. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

The base is \$219,393,000 in fiscal year 2020 and \$218,338,000 in fiscal year 2021.

(c) State Road Construction

1,012,315,000

891,055,000

This appropriation is for the actual construction, reconstruction, and improvement of trunk highways, including design-build contracts, internal department costs associated with delivering the construction program, consultant usage to support these activities, and the cost of actual payments to landowners for lands acquired for highway rights-of-way, payment to lessees, interest subsidies, and relocation expenses.

This appropriation includes federal highway aid.

The commissioner may expend up to one-half of one percent of the federal appropriations under this paragraph as grants to opportunity industrialization centers and other nonprofit job training centers for job training programs related to highway construction.

The commissioner may transfer up to \$15,000,000 each year to the transportation revolving loan fund.

The commissioner may receive money covering other shares of the cost of partnership projects. These receipts are appropriated to the commissioner for these projects.

The base is \$871,586,000 in fiscal year 2020 and \$867,763,000 in fiscal year 2021.

| | | |
|---|-------------------|-------------------|
| <u>(d) Corridors of Commerce</u> | <u>25,000,000</u> | <u>25,000,000</u> |
|---|-------------------|-------------------|

This appropriation is for the corridors of commerce program under Minnesota Statutes, section 161.088.

The commissioner may use up to 17 percent of the amount each year for program delivery.

| | | |
|--|--------------------|--------------------|
| <u>(e) Highway Debt Service</u> | <u>225,536,000</u> | <u>253,625,000</u> |
|--|--------------------|--------------------|

\$216,036,000 in fiscal year 2018 and \$244,125,000 in fiscal year 2019 are for transfer to the state bond fund. If this appropriation is insufficient to make all transfers required in the year for which it is made, the commissioner of management and budget must transfer the deficiency amount under the statutory open appropriation and notify the chairs, ranking minority members, and staff of the legislative committees with jurisdiction over transportation finance and the chairs of the senate Finance Committee and the house of representatives Ways and Means Committee of the amount of the deficiency. Any excess appropriation cancels to the trunk highway fund.

| | | |
|--|------------------|------------------|
| <u>(f) Statewide Radio Communications</u> | <u>5,648,000</u> | <u>5,829,000</u> |
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Appropriations by Fund

| | <u>2018</u> | <u>2019</u> |
|----------------------|------------------|------------------|
| <u>General</u> | <u>3,000</u> | <u>3,000</u> |
| <u>Trunk Highway</u> | <u>5,645,000</u> | <u>5,826,000</u> |

\$3,000 in each year is from the general fund to equip and operate the Roosevelt signal tower for Lake of the Woods weather broadcasting.

Subd. 4. Local Roads**(a) County State-Aid Roads**782,251,000809,819,000Appropriations by Fund

| | <u>2018</u> | <u>2019</u> |
|----------|--------------------|--------------------|
| C.S.A.H. | <u>775,251,000</u> | <u>802,819,000</u> |
| General | <u>7,000,000</u> | <u>7,000,000</u> |

The appropriation from the county state-aid highway fund is under Minnesota Statutes, sections 161.081 and 297A.815, subdivision 3, and chapter 162, and is available until June 30, 2027.

\$5,000,000 in each year is from the general fund for distribution to counties in the metropolitan area, as defined in Minnesota Statutes, section 473.121, subdivision 4, for construction, reconstruction, and maintenance of county highways, including county state-aid highways. The distribution must be calculated so that each county receives from this amount the percentage that its population, as defined in Minnesota Statutes, section 477A.011, subdivision 3, estimated or established by July 15 of the year prior to the current calendar year, bears to the total population of the counties receiving funds under this rider. For purposes of this rider, the population of each county containing a statutory or home rule charter city of the first class is calculated at 0.25 multiplied by that county's population as otherwise determined. All projects must be located outside cities of the first class. This is a onetime appropriation.

\$2,000,000 in each year is from the general fund for town roads, to be distributed in the manner provided under Minnesota Statutes, section 162.081. This is a onetime appropriation.

If the commissioner of transportation determines that a balance remains in the county state-aid highway fund following the appropriations and transfers made in this paragraph, and that the appropriations made are insufficient for advancing county state-aid highway projects, an amount necessary to advance the projects, not to exceed the balance in the county state-aid highway fund, is appropriated in each year to the commissioner. Within two weeks of a determination under this contingent appropriation, the commissioner of transportation shall notify the commissioner of management and budget and the chairs, ranking minority members, and staff of the legislative committees with jurisdiction over transportation finance concerning funds appropriated. The commissioner shall identify in the next budget submission to the legislature under Minnesota Statutes, section 16A.11, any amount that is appropriated under this paragraph.

(b) Municipal State-Aid Roads194,122,000201,020,000

This appropriation is from the municipal state-aid street fund under Minnesota Statutes, chapter 162, and is available until June 30, 2027.

If the commissioner of transportation determines that a balance remains in the municipal state-aid street fund following the appropriations and transfers made in this paragraph, and that the appropriations made are insufficient for advancing municipal state-aid street projects, an amount necessary to advance the projects, not to exceed the balance in the municipal state-aid street fund, is appropriated in each year to the commissioner. Within two weeks of a determination under this contingent appropriation, the commissioner of transportation shall notify the commissioner of management and budget and the chairs, ranking minority members, and staff of the legislative committees with jurisdiction over transportation finance concerning funds appropriated. The commissioner shall identify in the next budget submission to the legislature under Minnesota Statutes, section 16A.11, any amount that is appropriated under this paragraph.

(c) Small Cities Assistance10,000,00010,000,000

This appropriation is from the general fund for the small cities assistance program under Minnesota Statutes, section 162.145. This is a onetime appropriation.

Subd. 5. Agency Management**(a) Agency Services**44,316,00045,206,000**(b) Buildings**28,585,00029,439,000**Appropriations by Fund**

| | <u>2018</u> | <u>2019</u> |
|---------------|-------------------|-------------------|
| General | 54,000 | 54,000 |
| Trunk Highway | <u>28,531,000</u> | <u>29,385,000</u> |

Any money appropriated to the commissioner of transportation for building construction for any fiscal year before the first year is available to the commissioner during the biennium to the extent that the commissioner spends the money on the building construction projects for which the money was originally encumbered during the fiscal year for which it was appropriated. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

(c) Tort Claims600,000600,000

If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Subd. 6. Transfers

(a) With the approval of the commissioner of management and budget, the commissioner of transportation may transfer unencumbered balances among the appropriations from the trunk highway fund and the state airports fund made in this section. Transfers under this paragraph must not be made:

(1) between funds;

(2) from the appropriations for state road construction or debt service; or

(3) from the appropriations for operations and maintenance or program delivery, except for a transfer to state road construction or debt service.

(b) The commissioner of transportation must immediately report transfers under paragraph (a) to the chairs, ranking minority members, and staff of the legislative committees with jurisdiction over transportation finance. The authority for the commissioner of transportation to make transfers under Minnesota Statutes, section 16A.285, is superseded by the authority and requirements under this paragraph.

(c) The commissioner of transportation must transfer from the flexible highway account in the county state-aid highway fund the entire amount in each year to the county turnback account in the county state-aid highway fund. The funds transferred are for highway turnback purposes under Minnesota Statutes, section 161.081, subdivision 3.

Subd. 7. Previous State Road Construction Appropriations

Any money appropriated to the commissioner of transportation for state road construction for any fiscal year before the first year is available to the commissioner during the biennium to the extent that the commissioner spends the money on the state road construction project for which the money was originally encumbered during the fiscal year for which it was appropriated.

Subd. 8. Contingent Appropriations

The commissioner of transportation, with the approval of the governor and the written approval of at least five members of a group consisting of the members of the Legislative Advisory

Commission under Minnesota Statutes, section 3.30, and the ranking minority members of the legislative committees with jurisdiction over transportation finance, may transfer all or part of the unappropriated balance in the trunk highway fund to an appropriation:

(1) for trunk highway design, construction, or inspection that takes advantage of an unanticipated receipt of income to the trunk highway fund or federal advanced construction funding;

(2) for emergency trunk highway maintenance; or

(3) to pay tort or environmental claims.

Nothing in this subdivision authorizes the commissioner to increase the use of federal advanced construction funding beyond amounts specifically authorized. Any transfer as a result of the use of federal advanced construction funding must include an analysis of the effects on the long-term trunk highway fund balance. The amount transferred is appropriated for the purpose of the account to which it is transferred.

Subd. 9. Requirements for Certain Legal Activities

The commissioner of transportation is prohibited from permitting legal counsel employed by the Department of Transportation to perform activities related to response to a data practices request of the department under Minnesota Statutes, chapter 13, and the commissioner must enter into an agreement with the attorney general for exclusive services regarding these activities.

Sec. 3. METROPOLITAN COUNCIL

\$116,046,000

\$114,820,000

This appropriation is from the general fund for transit system operations under Minnesota Statutes, sections 473.371 to 473.449.

\$1,000,000 in the first year is for financial assistance to replacement service providers under Minnesota Statutes, section 473.388, for the purposes of the suburb-to-suburb transit demonstration project authorized under Laws 2015, chapter 75, article 1, section 4. The council must not retain any portion of the funds under this appropriation. This is a onetime appropriation.

Up to \$226,000 in the first year is for the comprehensive transit finance report under Minnesota Statutes, section 174.93. This is a onetime appropriation and is available in the second year.

The base is \$89,820,000 in fiscal year 2020 and \$89,820,000 in fiscal year 2021.

Sec. 4. **DEPARTMENT OF PUBLIC SAFETY**Subdivision 1. **Total Appropriation****\$199,838,000****\$199,407,000**Appropriations by Fund

| | <u>2018</u> | <u>2019</u> |
|------------------------|--------------------|--------------------|
| <u>General</u> | <u>19,971,000</u> | <u>14,381,000</u> |
| <u>Special Revenue</u> | <u>63,945,000</u> | <u>65,087,000</u> |
| <u>H.U.T.D.</u> | <u>10,474,000</u> | <u>10,486,000</u> |
| <u>Trunk Highway</u> | <u>105,448,000</u> | <u>109,453,000</u> |

The appropriations in this section are to the commissioner of public safety. The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. **Administration and Related Services**(a) **Office of Communications**553,000573,000Appropriations by Fund

| | <u>2018</u> | <u>2019</u> |
|----------------------|----------------|----------------|
| <u>General</u> | <u>127,000</u> | <u>130,000</u> |
| <u>Trunk Highway</u> | <u>426,000</u> | <u>443,000</u> |

(b) **Public Safety Support**6,372,0006,569,000Appropriations by Fund

| | <u>2018</u> | <u>2019</u> |
|----------------------|------------------|------------------|
| <u>General</u> | <u>1,225,000</u> | <u>1,235,000</u> |
| <u>H.U.T.D.</u> | <u>1,366,000</u> | <u>1,366,000</u> |
| <u>Trunk Highway</u> | <u>3,781,000</u> | <u>3,968,000</u> |

(c) **Public Safety Officer Survivor Benefits**640,000640,000

This appropriation is from the general fund for payment of public safety officer survivor benefits under Minnesota Statutes, section 299A.44.

If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

(d) Public Safety Officer Reimbursements1,367,0001,367,000

This appropriation is from the general fund to be deposited in the public safety officer's benefit account. This money is available for reimbursements under Minnesota Statutes, section 299A.465.

(e) Soft Body Armor Reimbursements700,000700,000Appropriations by Fund

| | <u>2018</u> | <u>2019</u> |
|----------------------|----------------|----------------|
| <u>General</u> | <u>600,000</u> | <u>600,000</u> |
| <u>Trunk Highway</u> | <u>100,000</u> | <u>100,000</u> |

This appropriation is for soft body armor reimbursements under Minnesota Statutes, section 299A.38.

(f) Technology and Support Service3,777,0003,814,000Appropriations by Fund

| | <u>2018</u> | <u>2019</u> |
|----------------------|------------------|------------------|
| <u>General</u> | <u>1,353,000</u> | <u>1,365,000</u> |
| <u>H.U.T.D.</u> | <u>19,000</u> | <u>19,000</u> |
| <u>Trunk Highway</u> | <u>2,405,000</u> | <u>2,430,000</u> |

Subd. 3. State Patrol**(a) Patrolling Highways**95,689,00093,323,000Appropriations by Fund

| | <u>2018</u> | <u>2019</u> |
|----------------------|-------------------|-------------------|
| <u>General</u> | <u>5,787,000</u> | <u>37,000</u> |
| <u>H.U.T.D.</u> | <u>92,000</u> | <u>92,000</u> |
| <u>Trunk Highway</u> | <u>89,810,000</u> | <u>93,194,000</u> |

\$5,750,000 from the general fund in the first year is to purchase a helicopter for the State Patrol. This is a onetime appropriation.

From this appropriation, State Patrol trainee salaries as provided under Minnesota Statutes, section 299D.03, subdivision 6, must be provided as follows: (1) for trainees in the Law Enforcement Training Opportunity program, 80 percent of the basic salary for patrol officers; and (2) for all other trainees, 100 percent of the basic salary.

| | | |
|--|------------------|------------------|
| (b) <u>Commercial Vehicle Enforcement</u> | <u>8,455,000</u> | <u>8,826,000</u> |
|--|------------------|------------------|

| | | |
|------------------------------------|------------------|------------------|
| (c) <u>Capitol Security</u> | <u>8,402,000</u> | <u>8,537,000</u> |
|------------------------------------|------------------|------------------|

This appropriation is from the general fund.

The commissioner must not:

(1) spend any money from the trunk highway fund for capitol security; or

(2) permanently transfer any state trooper from the patrolling highways activity to capitol security.

The commissioner must not transfer any money appropriated to the commissioner under this section:

(1) to capitol security; or

(2) from capitol security.

| | | |
|---------------------------------------|----------------|----------------|
| (d) <u>Vehicle Crimes Unit</u> | <u>761,000</u> | <u>773,000</u> |
|---------------------------------------|----------------|----------------|

This appropriation is from the highway user tax distribution fund.

This appropriation is to investigate:

(1) registration tax and motor vehicle sales tax liabilities from individuals and businesses that currently do not pay all taxes owed; and

(2) illegal or improper activity related to the sale, transfer, titling, and registration of motor vehicles.

Subd. 4. Driver and Vehicle Services

| | | |
|------------------------------------|-------------------|-------------------|
| (a) <u>Vehicle Services</u> | <u>30,745,000</u> | <u>31,159,000</u> |
|------------------------------------|-------------------|-------------------|

Appropriations by Fund

| | <u>2018</u> | <u>2019</u> |
|-----------------|-------------------|-------------------|
| Special Revenue | <u>22,509,000</u> | <u>22,923,000</u> |
| H.U.T.D. | <u>8,236,000</u> | <u>8,236,000</u> |

The special revenue fund appropriation is from the vehicle services operating account.

| | | |
|-----------------------------------|-------------------|-------------------|
| (b) <u>Driver Services</u> | <u>32,014,000</u> | <u>32,725,000</u> |
|-----------------------------------|-------------------|-------------------|

This appropriation is from the driver services operating account in the special revenue fund.

\$156,000 in each year is to maintain the automated knowledge test system.

| | | |
|--|------------------|------------------|
| <u>(c) Minnesota Licensing and Registration System (MNLARS)</u> | <u>8,000,000</u> | <u>8,000,000</u> |
|--|------------------|------------------|

This appropriation is for operations and maintenance of the driver and vehicle information system known as the Minnesota Licensing and Registration System.

\$1,000,000 in the first year and \$5,265,000 in the second year are from the driver services operating account in the special revenue fund. This is a onetime appropriation.

\$7,000,000 in the first year and \$2,735,000 in the second year are from the vehicle services operating account in the special revenue fund. This is a onetime appropriation.

| | | |
|---------------------------------------|----------------|----------------|
| Subd. 5. <u>Traffic Safety</u> | <u>941,000</u> | <u>962,000</u> |
|---------------------------------------|----------------|----------------|

Appropriations by Fund

| | <u>2018</u> | <u>2019</u> |
|----------------------|----------------|----------------|
| <u>General</u> | <u>470,000</u> | <u>470,000</u> |
| <u>Trunk Highway</u> | <u>471,000</u> | <u>492,000</u> |

The appropriation from the general fund in each year is for maintenance of the crash record system.

| | | |
|--|------------------|------------------|
| Subd. 6. <u>Pipeline Safety</u> | <u>1,422,000</u> | <u>1,439,000</u> |
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This appropriation is from the pipeline safety account in the special revenue fund.

Sec. 5. **MINNESOTA RAIL SERVICE IMPROVEMENT ACCOUNT TRANSFER.**

\$3,500,000 in fiscal year 2018 is transferred from the general fund to the rail service improvement account in the special revenue fund. This is a onetime transfer.

Sec. 6. **APPROPRIATION CANCELLATION.**

\$1,100,000 of the appropriation for port development assistance under Laws 2015, chapter 75, article 1, section 3, subdivision 2, paragraph (e), is canceled to the general fund on June 30, 2017.

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

Sec. 7. **APPROPRIATIONS BUDGET.**

(a) In the budget submission to the legislature under Minnesota Statutes, section 16A.11, for fiscal years 2020 and 2021, the commissioner of transportation, and the commissioner of public safety with respect to the transportation portion of the public safety budget, must present budget narratives and proposed appropriations for each appropriation established in sections 2 and 4.

(b) In the budget submission to the legislature under Minnesota Statutes, section 16A.11, for fiscal years 2020 and 2021, the metropolitan council must present budget narratives and the proposed appropriations, if any, for each of the following categories: metro mobility, contracted bus service, regular route bus service, light rail transit, commuter rail, transportation planning, and allocation to the regional administration.

ARTICLE 2 TRANSPORTATION BONDS

Section 1. **BOND APPROPRIATIONS.**

The sums shown in the column under "Appropriations" are appropriated from the bond proceeds account in the trunk highway fund to the state agencies or officials indicated, to be spent for public purposes. Appropriations of bond proceeds must be spent as authorized by the Minnesota Constitution, articles XI and XIV. Unless otherwise specified, money appropriated in this article for a capital program or project may be used to pay state agency staff costs that are attributed directly to the capital program or project in accordance with accounting policies adopted by the commissioner of management and budget.

SUMMARY

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|--|-----------------------------|
| <u>Department of Transportation</u> | <u>\$600,000,000</u> |
| <u>Department of Management and Budget</u> | <u>600,000</u> |
| <u>TOTAL</u> | <u>\$600,600,000</u> |

APPROPRIATIONS

Sec. 2. **DEPARTMENT OF TRANSPORTATION**

| | |
|--|-----------------------------|
| Subdivision 1. <u>Corridors of Commerce</u> | <u>\$300,000,000</u> |
|--|-----------------------------|

This appropriation is to the commissioner of transportation for the corridors of commerce program under Minnesota Statutes, section 161.088.

The commissioner may use up to 17 percent of the amount each year for program delivery.

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| Subd. 2. <u>State Road Construction</u> | <u>\$300,000,000</u> |
|--|-----------------------------|

This appropriation is to the commissioner of transportation for construction, reconstruction, and improvement of trunk highways, including design-build contracts and use of consultants to support these activities. This includes the cost of actual payment to landowners for lands acquired for highway rights-of-way, payment to lessees, interest subsidies, and relocation expenses.

This appropriation is available in fiscal year 2019.

Subd. 3. Cancellations

The appropriations in this section cancel as specified under Minnesota Statutes, section 16A.642, except that the commissioner of management and budget shall count the start of authorization for issuance of state bonds as the first day of the fiscal year during which the bonds are available to be issued as specified under subdivision 1 or 2, and not as the date of enactment of this section.

Sec. 3. BOND SALE EXPENSES**\$600,000**

This appropriation is to the commissioner of management and budget for bond sale expenses under Minnesota Statutes, sections 16A.641, subdivision 8, and 167.50, subdivision 4, and is available in the amount of \$300,000 in each of fiscal years 2018 and 2019.

Sec. 4. BOND SALE AUTHORIZATION.

To provide the money appropriated in this article from the bond proceeds account in the trunk highway fund, the commissioner of management and budget shall sell and issue bonds of the state in an amount up to \$600,600,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 167.50 to 167.52, and by the Minnesota Constitution, article XIV, section 11, at the times and in the amounts requested by the commissioner of transportation. The proceeds of the bonds, except accrued interest and any premium received from the sale of the bonds, must be deposited in the bond proceeds account in the trunk highway fund.

Sec. 5. EFFECTIVE DATE.

This article is effective July 1, 2017.

ARTICLE 3
TRANSPORTATION POLICY AND FINANCE

Section 1. Minnesota Statutes 2016, section 15A.0815, subdivision 3, is amended to read:

Subd. 3. **Group II salary limits.** The salary for a position listed in this subdivision shall not exceed 120 percent of the salary of the governor. This limit must be adjusted annually on January 1. The new limit must equal the limit for the prior year increased by the percentage increase, if any, in the Consumer Price Index for all urban consumers from October of the second prior year to October of the immediately prior year. The commissioner of management and budget must publish the limit on the department's Web site. This subdivision applies to the following positions:

Executive director of Gambling Control Board;

Commissioner, Iron Range Resources and Rehabilitation Board;

Commissioner, Bureau of Mediation Services;

Ombudsman for Mental Health and Developmental Disabilities;

~~Chair, Metropolitan Council;~~

School trust lands director;

Executive director of pari-mutuel racing; and

Commissioner, Public Utilities Commission.

EFFECTIVE DATE. This section is effective January 1, 2019, and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 2. Minnesota Statutes 2016, section 53C.01, subdivision 2, is amended to read:

Subd. 2. **Cash sale price.** "Cash sale price" means the price at which the seller would in good faith sell to the buyer, and the buyer would in good faith buy from the seller, the motor vehicle which is the subject matter of the retail installment contract, if such sale were a sale for cash, instead of a retail installment sale. The cash sale price may include any taxes, charges for delivery, servicing, repairing, or improving the motor vehicle, including accessories and their installation, and any other charges agreed upon between the parties. The cash price may ~~not~~ include a documentary fee or document administration fee ~~in excess of \$75 for services actually rendered to, for, or on behalf of, the retail buyer in preparing, handling, and processing documents relating to the motor vehicle and the closing of the retail sale authorized under section 168.27, subdivision 31. "Documentary fee" and "document administration fee" do not include an optional electronic transfer fee as defined under subdivision 14.~~

Sec. 3. Minnesota Statutes 2016, section 85.016, is amended to read:

85.016 BICYCLE TRAIL PROGRAM.

The commissioner of natural resources ~~shall~~ must establish a program for the development of bicycle trails utilizing the state trails authorized by section 85.015, other state parks and recreation land, and state forests. "Bicycle trail," as used in this section, has the meaning given in section 169.011. The program ~~shall~~ must be coordinated with the local park trail grant program established by the commissioner pursuant to section 85.019, with the ~~bikeway program~~ state bicycle routes established by the commissioner of transportation pursuant to section ~~160.265~~ 160.266, and with existing and proposed local bikeways. In the metropolitan area as defined in section 473.121, the program ~~shall~~ must be developed in accordance with plans and priorities established by the Metropolitan Council. The commissioner ~~shall~~ must provide technical assistance to local units of government in planning and developing bicycle trails in local parks. The bicycle trail program ~~shall~~ must, as a minimum, describe the location, design, construction, maintenance, and land acquisition needs of each component trail ~~and shall give due consideration to the model standards for the establishment of recreational vehicle lanes promulgated by the commissioner of transportation pursuant to section 160.262.~~ The program ~~shall~~ must be developed after consultation with the state trail council and regional and local units of government and bicyclist organizations.

Sec. 4. Minnesota Statutes 2016, section 116.03, is amended by adding a subdivision to read:

Subd. 7. **Clean Air Act settlement money.** "Clean Air Act settlement money" means money required to be paid to the state as a result of litigation or settlements of alleged violations of the federal Clean Air Act, United States Code, title 42, section 7401, et seq., or rules adopted thereunder, by an automobile manufacturer. The commissioner of management and budget must establish the Clean Air Act settlement account in the environmental fund. Notwithstanding sections 16A.013 to 16A.016, the commissioner of management and budget must deposit Clean Air Act settlement money into the Clean Air Act settlement account. Clean Air Act settlement money must not be spent until it is specifically appropriated by law. The commissioner of management and budget must eliminate the Clean Air Act settlement account in the environmental fund after all Clean Air Act settlement money has been expended.

Sec. 5. Minnesota Statutes 2016, section 117.189, is amended to read:

117.189 PUBLIC SERVICE CORPORATION EXCEPTIONS.

(a) Sections 117.031; 117.036; 117.055, subdivision 2, paragraph (b); 117.186; 117.187; 117.188; and 117.52, subdivisions 1a and 4, do not apply to the use of eminent domain authority by public service corporations for any purpose other than construction or expansion of:

(1) a high-voltage transmission line of 100 kilovolts or more, or ancillary substations; ~~or~~

(2) a natural gas, petroleum, or petroleum products pipeline, or ancillary compressor stations or pumping stations; ~~or~~

(3) a light rail transit or bus rapid transit line.

(b) For purposes of an award of appraisal fees under section 117.085, the fees awarded may not exceed \$1,500 for all types of property except for a public service corporation's use of eminent domain for:

(1) a high-voltage transmission line, where the award may not exceed \$3,000; and

(2) a light rail transit or bus rapid transit line, where the award shall be as provided in section 117.085.

(c) For purposes of this section, "pipeline" does not include a natural gas distribution line transporting gas to an end user.

EFFECTIVE DATE. This section is effective retroactively from January 1, 2017.

Sec. 6. Minnesota Statutes 2016, section 160.02, is amended by adding a subdivision to read:

Subd. 1a. **Bikeway.** "Bikeway" means a bicycle lane, bicycle path, shared use path, bicycle route, or similar bicycle facility, regardless of whether designed for the exclusive use of bicycles or for shared use with other transportation modes.

Sec. 7. Minnesota Statutes 2016, section 160.02, subdivision 27, is amended to read:

Subd. 27. **Roadway; bicycle lane; bicycle route; bicycle path; ~~bikeway~~.** The terms "roadway," "bicycle lane," "bicycle route," and "bicycle path," ~~and "bikeway"~~ have the meanings given in section 169.011.

Sec. 8. Minnesota Statutes 2016, section 160.02, is amended by adding a subdivision to read:

Subd. 27a. **Shared use path.** "Shared use path" means a bicycle facility that is (1) physically separated from motorized vehicular traffic by an open space or barrier, (2) located within either the highway right-of-way or an independent right-of-way, and (3) available for use by other nonmotorized users.

Sec. 9. Minnesota Statutes 2016, section 160.18, is amended by adding a subdivision to read:

Subd. 4. **Trunk highway appeal process.** If the commissioner denies or revokes a trunk highway access permit, the property owner or occupant must be notified of the denial or revocation in writing within ten days of the denial or revocation. Within 30 days of receiving the notice of denial or revocation, the property owner or occupant may appeal the commissioner's action in a contested case proceeding under chapter 14. Notwithstanding section 14.61, the report or order of the administrative law judge constitutes the final decision.

Sec. 10. Minnesota Statutes 2016, section 160.262, subdivision 1, is amended to read:

Subdivision 1. ~~Model standards~~ **Bikeways; powers and duties; design guidelines.** (a) The legislature determines that it is in the interests of the public health, safety and welfare, to provide for the addition of ~~bicycle and recreational vehicle lanes~~ bikeways to proposed and existing public highways. ~~The commissioner of transportation shall adopt, in the manner provided in chapter 14, model standards for the establishment of recreational vehicle lanes on and along proposed and existing public highways. The model standards shall include but not be limited to the following: (a) criteria for desirability of a lane in any given location, (b) provision for maintenance of the lanes, and (c) the placement of the lanes in relation to roads. The model standards shall govern state trunk highways. The commissioner of transportation is authorized to plan, design, establish, and maintain bikeways on the right-of-way of any trunk highway. The commissioner is responsible for the design and construction of all bikeway projects within the right-of-way of any trunk highway. The commissioner must consider the development of bikeways during the planning, design, construction, reconstruction, or improvement of any trunk highway, or allow the establishment of such bikeways within trunk highway right-of-way.~~

(b) The commissioner must maintain bikeway design guidelines consistent with the state transportation goals in section 174.01.

(c) The commissioner must compile and maintain a map of bikeways in the state and must publish and distribute the map's information at least once every two years in a form and manner suitable to assist persons wishing to use the bikeways.

(d) The commissioner must maintain bikeways within the limits of trunk highway right-of-way unless a written agreement or limited use permit provides otherwise.

Sec. 11. Minnesota Statutes 2016, section 160.262, subdivision 3, is amended to read:

Subd. 3. **Cooperation among agencies and governments.** ~~The following departments and agencies shall cooperate in providing~~ on the nonmotorized transportation advisory committee identified in section 174.37 must provide information and advice for ~~amendments to the model standards~~ the bikeway design guidelines maintained by the commissioner of transportation: ~~the Departments of Agriculture, Transportation, Natural Resources, Commerce, and Employment and Economic Development, and the Board of Water and Soil Resources.~~ The commissioner may cooperate with and enter into agreements with the United States government, any department of the state of Minnesota, any unit of local government ~~and, any tribal government, or~~ any public or private corporation in order to effect the purposes of this section.

Sec. 12. Minnesota Statutes 2016, section 160.262, subdivision 4, is amended to read:

Subd. 4. **Design-build bridges for nonmotorized vehicles.** For streets and highways, the commissioner ~~shall~~ must allow for the acceptance of performance-specification bids, made by the lowest responsible bidder, for constructing design-build bridges for ~~bicycle paths, bicycle trails, bikeways~~ and pedestrian facilities that are:

(1) designed and used primarily for nonmotorized transportation, but may allow for motorized wheelchairs, golf carts, necessary maintenance vehicles and, when otherwise permitted by law, rule, or ordinance, snowmobiles; and

(2) located apart from any road or highway or protected by barriers, provided that a design-built bridge may cross over and above a road or highway.

Sec. 13. Minnesota Statutes 2016, section 160.266, is amended by adding a subdivision to read:

Subd. 1a. State bicycle route; definition. For the purposes of this section, "state bicycle route" means a linear series of one or more roads or bikeways that is designated for bicycle travel, regardless of whether for exclusive use by bicycles or shared use with other modes of transportation.

Sec. 14. Minnesota Statutes 2016, section 160.266, is amended by adding a subdivision to read:

Subd. 1b. State bicycle routes. The commissioner of transportation must identify state bicycle routes primarily on existing road right-of-way and trails. State bicycle routes must be identified in cooperation with road and trail authorities, including the commissioner of natural resources, and with the advice of the advisory committee on nonmotorized transportation under section 174.37. In a metropolitan area, state bicycle routes must be identified in coordination with the plans and priorities established by metropolitan planning organizations, as defined in United States Code, title 23, section 134.

Sec. 15. Minnesota Statutes 2016, section 160.266, subdivision 3, is amended to read:

Subd. 3. Connections with other bikeways. (a) The commissioner, in cooperation with road and trail authorities including the commissioner of natural resources, ~~shall~~ must:

(1) identify existing bikeways of regional significance that are in reasonable proximity but not connected to the ~~bikeway~~ state bicycle routes established ~~in~~ under this section, ~~including but not limited to the Lake Wobegon Trail in the counties of Stearns and Todd;~~ and

(2) support development of linkages between ~~bikeways identified under clause (1) and the bikeway~~ state bicycle routes established ~~in~~ under this section.

(b) The requirements of this subdivision are a secondary priority for use of funds available under this section following establishment and enhancement of ~~the bikeway~~ state bicycle routes under ~~subdivision 4~~ this section.

Sec. 16. Minnesota Statutes 2016, section 160.266, subdivision 4, is amended to read:

Subd. 4. Cooperation with other entities. The commissioner may contract and enter into agreements with federal agencies, other state agencies, local governments, ~~and tribal governments,~~ or private entities to establish, develop, maintain, and operate ~~the bikeway~~ state bicycle routes and to interpret associated natural and cultural resources.

Sec. 17. Minnesota Statutes 2016, section 160.266, subdivision 5, is amended to read:

Subd. 5. Funding. ~~Bicycle~~ Shared use paths included within ~~the bikeway~~ state bicycle routes and not administered by the commissioner of natural resources are eligible for funding from the environment and natural resources trust fund under chapter 116P, from the parks and trails grant program under section 85.535, from the local recreation grants program under section 85.019, subdivision 4b, and from other sources.

Sec. 18. Minnesota Statutes 2016, section 160.266, is amended by adding a subdivision to read:

Subd. 6. Mississippi River Trail. The Mississippi River Trail bikeway must originate at Itasca State Park in Clearwater, Beltrami, and Hubbard Counties, then generally parallel the Mississippi River through the cities of Bemidji in Beltrami County, Grand Rapids in Itasca County, Brainerd in Crow Wing County, Little Falls in Morrison County, Sauk Rapids in Benton County, St. Cloud in Stearns County, Minneapolis in Hennepin County, St. Paul in Ramsey County, Hastings in Dakota County, Red Wing in Goodhue County, Wabasha in Wabasha County, Winona in Winona County, and La Crescent in Houston County to Minnesota's boundary with Iowa and there terminate. Where opportunities exist, the bikeway may be designated on both sides of the Mississippi River.

Sec. 19. **[160.801] HIGHWAY SPONSORSHIP PROGRAM.**

Subdivision 1. Sponsorship program. (a) The commissioner is authorized to establish a program designed to encourage businesses, civic groups, or individuals to voluntarily assist with the improvement and maintenance of real property comprising the trunk highway system, including bicycle and pedestrian trails, roadside monuments, and historic sites.

(b) All support provided by volunteers or vendors must be carried out in a manner consistent with construction and maintenance plans approved by the commissioner after consultation with the volunteers.

(c) The commissioner may provide assistance to (1) enhance volunteer safety, and (2) facilitate the implementation and administration of the sponsorship program.

Subd. 2. Agreements. The commissioner may enter into volunteer agreements with businesses, civic groups, or individuals to support, maintain, and make improvements to real property included in the trunk highway system. Agreements under this section are not subject to section 161.32.

Subd. 3. Support activities. (a) The volunteer support activities include but are not limited to:

(1) work to create, protect, and enhance pollinator habitat along highway rights-of-way;

(2) work to pick up litter along roadsides;

(3) work to install enhancements, including landscaping materials, on trunk highway property;

(4) financial support provided to the department for specific roadside improvements;

(5) financial support consisting of the sponsor hiring a professional landscape contractor to install vegetation, maintain landscape plantings, or pick up litter, or for other similar activities along a selected area of highway right-of-way; or

(6) installation of features that enhance the aesthetics of trunk highway property or the amenities available to highway users.

(b) All volunteer support activities must have prior commissioner approval.

Subd. 4. Acknowledgment of sponsors. The commissioner may erect signs to publicly recognize and express appreciation to businesses, civic groups, and individuals that provide volunteer funding or services under the sponsorship program.

Subd. 5. Highway sponsorship program account; appropriation. Funds received under this section must be deposited in the highway sponsorship program account, which is created in the special revenue fund. The account consists of funds as provided by law, and any other money donated, allotted, transferred, or otherwise provided to the account. Funds in the account are annually appropriated to the commissioner for the purpose specified in the volunteer agreement.

Subd. 6. Prohibition. The commissioner must not take action under this section that would result in the loss of federal highway funds or require payment of highway funds to the federal government.

Sec. 20. Minnesota Statutes 2016, section 161.04, subdivision 5, is amended to read:

Subd. 5. **Trunk highway emergency relief account.** (a) The trunk highway emergency relief account is created in the trunk highway fund. Money in the account is appropriated to the commissioner to be used to fund relief activities related to an emergency, as defined in section 161.32, subdivision 3, or under section 12A.16, subdivision 1.

(b) Reimbursements by the Federal Highway Administration for emergency relief payments made from the trunk highway emergency relief account must be credited to the account. Notwithstanding section 16A.28, money in the account is available until spent. If the balance of the account at the end of a fiscal year is greater than \$10,000,000, the amount above \$10,000,000 must be canceled to the trunk highway fund.

~~(c) By September 1, 2012, and in every subsequent even-numbered year by September 1, the commissioner shall submit a report to the chairs and ranking minority members of the senate and house of representatives committees having jurisdiction over transportation policy and finance. The report must include the balance, as well as details of payments made from and deposits made to the trunk highway emergency relief account since the last report.~~

Sec. 21. Minnesota Statutes 2016, section 161.081, subdivision 3, is amended to read:

Subd. 3. **Flexible highway account; turnback accounts.** (a) The flexible highway account is created in the state treasury. Money in the account ~~shall be used~~ must be allocated as follows:

~~(1) in fiscal years 2009 and 2010, 100 percent of the excess sum, as calculated in paragraph (i), and in fiscal years 2011 and thereafter, 50~~ 16 percent of the excess sum, as calculated in paragraph (i), amount available in the flexible highway account for counties in the metropolitan area, as defined in section 473.121, subdivision 4, but for the purposes of the calculation cities of the first class will be excluded in the metropolitan area distributed proportionally based on the most recent estimate of county population excluding the population of any city of the first class; and

(2) of the amount available in the flexible highway account less the amount under clause (1), as determined by the commissioner under this section for:

(i) restoration of former trunk highways that have reverted to counties or to statutory or home rule charter cities, or for trunk highways that will be restored and subsequently turned back by agreement between the commissioner and the local road authority;

(ii) safety improvements on county highways, municipal highways, streets, or town roads; and

(iii) routes of regional significance.

(b) For purposes of this subdivision, "restoration" means the level of effort required to improve the route that will be turned back to an acceptable condition as determined by agreement made between the commissioner and the county or city before the route is turned back.

(c) The commissioner shall review the need for funds to restore highways that have been or will be turned back. The commissioner shall determine, on a biennial basis, the percentage of funds in the flexible highway account to be distributed to each district, and within each district the percentage to be used for each of the purposes specified in paragraph (a). Money in the account may be used for safety improvements and routes of regional significance only after money is set aside to restore the identified turnbacks. The commissioner shall make these determinations only after meeting and holding discussions with committees selected by the statewide associations of both county commissioners and municipal officials. The commissioner shall, to the extent feasible, annually allocate 50 percent of the funds in the flexible highway account to the department's metropolitan district, and 50 percent to districts in greater Minnesota.

(d) Money that will be used for the restoration of trunk highways that have reverted or that will revert to cities must be deposited in the municipal turnback account, which is created in the state treasury.

(e) Money that will be used for the restoration of trunk highways that have reverted or that will revert to counties must be deposited in the county turnback account, which is created in the state treasury.

(f) Money that will be used for safety improvements must be deposited in the highway safety improvement account, which is created in the state treasury to be used as grants to statutory or home rule charter cities, towns, and counties to assist in paying the costs of constructing or reconstructing city streets, county highways, or town roads to reduce crashes, deaths, injuries, and property damage.

(g) Money that will be used for routes of regional significance must be deposited in the routes of regional significance account, which is created in the state treasury, and used as grants to statutory or home rule charter cities, towns, and counties to assist in paying the costs of constructing or reconstructing city streets, county highways, or town roads with statewide or regional significance that have not been fully funded through other state, federal, or local funding sources.

(h) As part of each biennial budget submission to the legislature, the commissioner shall describe how the money in the flexible highway account will be apportioned among the county turnback account, the municipal turnback account, the trunk highway fund for routes turned back to local governments by agreement, the highway safety improvement account, and the routes of regional significance account.

~~(i) The excess sum is calculated as the sum of revenue within the flexible highway account:~~

~~(1) attributed to that portion of the gasoline excise tax rate under section 296A.07, subdivision 3, in excess of 20 cents per gallon, and to that portion of the excise tax rates in excess of the energy equivalent of a gasoline excise tax rate of 20 cents per gallon for E85 and M85 under section 296A.07, subdivision 3, and special fuel under section 296A.08, subdivision 2;~~

~~(2) attributed to a change in the passenger vehicle registration tax under section 168.013, imposed on or after July 1, 2008, that exceeds (i) the amount collected in fiscal year 2008, multiplied by (ii) the annual average United States Consumer Price Index for the calendar year previous to the current calendar year, divided by the annual average United States Consumer Price Index for calendar year 2007; and~~

~~(3) attributed to that portion of the motor vehicle sales tax revenue in excess of the percentage allocated to the flexible highway account in fiscal year 2007.~~

~~(j) For purposes of this subdivision, the United States Consumer Price Index identified in paragraph (i), clause (2), is for all urban consumers, United States city average, as determined by the United States Department of Labor.~~

Sec. 22. Minnesota Statutes 2016, section 161.088, subdivision 4, is amended to read:

Subd. 4. **Project eligibility.** (a) The commissioner shall establish eligibility requirements for projects that can be funded under the program. ~~Eligibility must include~~ are:

(1) consistency with the statewide multimodal transportation plan under section 174.03;

(2) location of the project on an interregional corridor, for a project located outside of the Department of Transportation metropolitan district;

(3) placement into at least one project classification under subdivision 3;

(4) ~~a maximum~~ project construction work will commence within three years, or a longer length of time, as determined by the commissioner, ~~until commencement of construction work on the project; and~~

(5) for each type of project classification under subdivision 3, a maximum allowable amount for the total project cost estimate, as determined by the commissioner with available data.

(b) A project whose construction is programmed in the state transportation improvement program is not eligible for funding under the program. This paragraph does not apply to a project that is programmed as result of selection under this section.

(c) A project may be, but is not required to be, identified in the 20-year state highway ~~capital~~ investment plan under section 174.03.

(d) For each project, the commissioner must consider all of the eligibility requirements under paragraph (a). The commissioner is prohibited from considering any eligibility requirement not specified under paragraph (a).

Sec. 23. Minnesota Statutes 2016, section 161.088, subdivision 5, is amended to read:

Subd. 5. **Project selection process; criteria.** (a) The commissioner ~~shall~~ must establish a process ~~for identification, evaluation, and selection of~~ to identify, evaluate, and select projects under the program. The process must be consistent with the requirements of this subdivision and must not include any additional evaluation criteria.

(b) As part of the project selection process, the commissioner ~~shall~~ must annually accept recommendations on candidate projects from area transportation partnerships and other interested stakeholders in each Department of Transportation district. The commissioner must determine the eligibility for each candidate project identified under this paragraph; the commissioner shall determine eligibility, classify, and if appropriate, evaluate the project for the program. For each eligible project, the commissioner must classify and evaluate the project for the program, using all of the criteria established under paragraph (c).

~~(c) Project evaluation and prioritization must be performed on the basis of objective criteria, which must include~~
Projects must be evaluated using all of the following criteria:

(1) a return on investment measure that provides for comparison across eligible projects;

(2) measurable impacts on commerce and economic competitiveness;

(3) efficiency in the movement of freight, including but not limited to:

(i) measures of annual average daily traffic and commercial vehicle miles traveled, which may include data near the project location on that trunk highway or on connecting trunk and local highways; and

(ii) measures of congestion or travel time reliability, which may be within or near the project limits, or both;

(4) improvements to traffic safety;

(5) connections to regional trade centers, local highway systems, and other transportation modes;

(6) the extent to which the project addresses multiple transportation system policy objectives and principles; ~~and~~

(7) support and consensus for the project among members of the surrounding community; and

(8) regional balance throughout the state.

(d) The list of all projects evaluated must be made public and must include the score of each project.

(e) As part of the project selection process, the commissioner may divide funding to be separately available among projects within each classification under subdivision 3, and may apply separate or modified criteria among those projects falling within each classification.

Sec. 24. Minnesota Statutes 2016, section 161.088, subdivision 7, is amended to read:

Subd. 7. **Legislative report; evaluation.** (a) ~~Starting in 2014,~~ Annually by November 1, the commissioner ~~shall~~ must electronically submit a report on the corridors of commerce program to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance. At a minimum, the report must include:

(1) a summary of the program, including a review of ~~the~~

(i) project selection process details that address program design and implementation, decision-making procedures, and eligibility and criteria; evaluation;

(ii) criteria measurement methodologies and criteria weighting used in project selection; and

(iii) the policy that provides the weight given each criterion;

(2) a summary of program finance, including funds expended in the previous selection cycle, any future operating costs assigned under subdivision 6, and total funds expended since program inception;

~~(2)~~ (3) a listing list of projects funded under the program in the previous selection cycle, including:

(i) project classification;

(ii) a breakdown of project costs and funding sources; and

(iii) ~~any future operating costs assigned under subdivision 6; and~~

~~(iv)~~ a brief project description that is comprehensible to a lay audience;

~~(3)~~ (4) a listing comprehensive list of evaluated projects and candidate project recommendations as required under subdivision 5, paragraph (b), including that identifies for each project: eligibility, classification, evaluation results for each criterion, score, and disposition in the selection process; and

~~(4)~~ (5) any recommendations for changes to statutory requirements of the program.

(b) ~~Starting in 2016, and~~ In every even-numbered year ~~thereafter,~~ the commissioner ~~shall~~ must incorporate into the report the results of an independent evaluation of impacts and effectiveness of the program. The evaluation must be performed by agency staff or a consultant. The individual or individuals performing the evaluation must have experience in program evaluation, but must not be regularly involved in the program's implementation.

(c) Notwithstanding paragraph (a), a report is not required in a year in which:

(1) no project selection was completed during the preceding 12 months; and

(2) an evaluation under paragraph (b) is not due.

Sec. 25. Minnesota Statutes 2016, section 161.115, subdivision 190, is amended to read:

Subd. 190. **Route No. 259.** Beginning at a point on Statutory Route No. 100, at or near Henderson; thence extending in a general southeasterly direction to a point ~~on Statutory Route No. 123~~, at or near Le Sueur.

EFFECTIVE DATE. This section is effective the day after the commissioner of transportation receives a copy of the agreement between the commissioner of transportation and the governing body of Le Sueur County to transfer jurisdiction of Legislative Route No. 123 and after the commissioner notifies the revisor of statutes under section 145, paragraph (b).

Sec. 26. Minnesota Statutes 2016, section 161.14, is amended by adding a subdivision to read:

Subd. 83. **Chip A. Imker Memorial Highway.** That segment of marked Trunk Highway 65 from Isanti County State-Aid Highway 19, known as 305th Avenue NE, to the northerly limit of Cambridge Township is designated as "Chip A. Imker Memorial Highway." Subject to section 161.139, the commissioner shall adopt a suitable design to mark this highway and erect appropriate signs.

Sec. 27. Minnesota Statutes 2016, section 161.14, is amended by adding a subdivision to read:

Subd. 84. **Medal of Honor Recipient Kenneth L. Olson Highway.** That segment of marked Trunk Highway 23 within the city of Paynesville and the town of Paynesville is designated as "Medal of Honor Recipient Kenneth L. Olson Highway." Subject to section 161.139, the commissioner shall adopt a suitable design to mark this highway and erect appropriate signs.

Sec. 28. Minnesota Statutes 2016, section 161.14, is amended by adding a subdivision to read:

Subd. 85. **Corporal Benjamin S. Kopp Bridge.** The bridge on Dakota County State-Aid Highway 46, known as Brandel Drive within the city of Coates, over marked U.S. Highway 52 is designated as "Corporal Benjamin S. Kopp Bridge." Subject to section 161.139, the commissioner shall adopt a suitable design to mark this highway and erect appropriate signs.

Sec. 29. Minnesota Statutes 2016, section 161.14, is amended by adding a subdivision to read:

Subd. 86. **Senator Jim Metzen Memorial Highway.** That segment of marked U.S. Highway 52 located within Dakota County is designated as "Senator Jim Metzen Memorial Highway." Notwithstanding section 161.139, the commissioner shall adopt a suitable design to mark this highway and erect appropriate signs.

Sec. 30. Minnesota Statutes 2016, section 161.21, subdivision 1, is amended to read:

Subdivision 1. **Location and design of highways.** The commissioner may make or cause to be made such studies and investigations as the commissioner deems necessary for the purpose of determining the most advantageous location and design of trunk highways from the standpoint of both present and future traffic needs, and in making such determinations the commissioner may take into consideration the probable future development of both urban and rural areas and the effect of such development on future traffic needs as indicated by such studies and investigations and the location and design with respect to ~~recreational vehicle lane~~ bikeway establishment.

Sec. 31. Minnesota Statutes 2016, section 161.321, subdivision 6, is amended to read:

Subd. 6. **Rules; eligibility.** ~~(a)~~ The rules adopted by the commissioner of administration to define small businesses and to set time and other eligibility requirements for participation in programs under sections 16C.16 to 16C.19 apply to this section. The commissioner may promulgate other rules necessary to carry out this section.

~~(b) In addition to other eligibility requirements, a small targeted group business or veteran owned small business is eligible for the bid preferences under this section only for eight years following the latest of:~~

~~(1) May 1, 2012;~~

~~(2) for a targeted group business, the date of initial certification by the commissioner of administration, as provided under section 16C.19;~~

~~(3) for a veteran owned small business, the date of initial certification by the United States Department of Veterans Affairs, as provided under section 16C.19, paragraph (d); or~~

~~(4) for a veteran owned small business, the release or discharge of any one of the owners from military active service, as defined in section 190.05, subdivision 5, lasting for a period of 179 days or longer.~~

Sec. 32. Minnesota Statutes 2016, section 161.38, is amended by adding a subdivision to read:

Subd. 8. **Spending on trunk highway system.** The commissioner must maintain information on expenditures by local road authorities from local funding sources for trunk highway system projects.

Sec. 33. Minnesota Statutes 2016, section 161.44, subdivision 5, is amended to read:

Subd. 5. **Conveyance to highest bidder in certain cases.** If the larger tract has been platted into lots or divided into smaller tracts and the commissioner elects to proceed under this subdivision, ~~or if the lands constituted an entire tract and the person from whom the lands were acquired and the person's spouse are deceased, or if the offers as provided for are not accepted and the amount of money not tendered within the time prescribed, the lands may be sold and conveyed to the owner of the land abutting upon the lands in the same manner and under the same terms provided under subdivision 2, or the commissioner may sell the lands to the~~ highest responsible bidder upon three weeks' published notice of such sale in a newspaper or other periodical of general circulation in the general area where the lands are located. All bids may be rejected and new bids received upon like advertisement.

Sec. 34. Minnesota Statutes 2016, section 161.44, subdivision 6a, is amended to read:

Subd. 6a. **Services of licensed real estate broker.** If the lands ~~remain unsold after being offered for sale to the highest bidder are withdrawn from sale under subdivision 6b,~~ the commissioner may retain the services of a licensed real estate broker to find a buyer. The sale price may be negotiated by the broker, but must not be less than 90 percent of the appraised market value as determined by the commissioner. The broker's fee must be established by prior agreement between the commissioner and the broker, and must not exceed ten percent of the sale price for sales of \$10,000 or more. The broker's fee must be paid to the broker from the proceeds of the sale.

Sec. 35. Minnesota Statutes 2016, section 161.44, is amended by adding a subdivision to read:

Subd. 6b. **Unsold lands.** If lands remain unsold after being offered for sale to the highest bidder, the commissioner may offer the remaining lands to any person who agrees to pay the minimum bid established for the public sale. The sale must continue until all eligible lands have been sold or the commissioner withdraws the remaining lands from sale. The lands to be sold must be listed on the department's Unsold Property Inventory list.

Sec. 36. Minnesota Statutes 2016, section 168.013, subdivision 1a, is amended to read:

Subd. 1a. **Passenger automobile; hearse.** (a) On passenger automobiles as defined in section 168.002, subdivision 24, and hearses, except as otherwise provided, the tax ~~shall be~~ is \$10 plus an additional tax equal to 1.25 percent of the base value.

(b) Subject to the classification provisions herein, "base value" means the manufacturer's suggested retail price of the vehicle including destination charge using list price information published by the manufacturer or determined by the registrar if no suggested retail price exists, and shall not include the cost of each accessory or item of optional equipment separately added to the vehicle and the suggested retail price.

(c) If the manufacturer's list price information contains a single vehicle identification number followed by various descriptions and suggested retail prices, the registrar shall select from those listings only the lowest price for determining base value.

(d) If unable to determine the base value because the vehicle is specially constructed, or for any other reason, the registrar may establish such value upon the cost price to the purchaser or owner as evidenced by a certificate of cost but not including Minnesota sales or use tax or any local sales or other local tax.

(e) The registrar shall classify every vehicle in its proper base value class as follows:

| FROM | TO |
|-------|----------|
| \$0 | \$199.99 |
| \$200 | \$399.99 |

and thereafter a series of classes successively set in brackets having a spread of \$200 consisting of such number of classes as will permit classification of all vehicles.

(f) The base value for purposes of this section shall be the middle point between the extremes of its class.

(g) The registrar shall establish the base value, when new, of every passenger automobile and hearse registered prior to the effective date of Extra Session Laws 1971, chapter 31, using list price information published by the manufacturer or any nationally recognized firm or association compiling such data for the automotive industry. If unable to ascertain the base value of any registered vehicle in the foregoing manner, the registrar may use any other available source or method. The registrar shall calculate tax using base value information available to dealers and deputy registrars at the time the application for registration is submitted. The tax on all previously registered vehicles shall be computed upon the base value thus determined taking into account the depreciation provisions of paragraph (h).

(h) The annual additional tax must be computed upon a percentage of the base value as follows: during the first year of vehicle life, upon 100 percent of the base value; for the second year, 90 percent of such value; for the third year, 80 percent of such value; for the fourth year, 70 percent of such value; for the fifth year, 60 percent of such value; for the sixth year, 50 percent of such value; for the seventh year, 40 percent of such value; for the eighth year, 30 percent of such value; for the ninth year, 20 percent of such value; for the tenth year, ten percent of such value; for the 11th and each succeeding year, the sum of \$25.

(i) In no event shall the annual additional tax be less than \$25.

(j) For any vehicle previously registered in Minnesota and regardless of prior ownership, the ~~annual additional tax~~ total amount due under this subdivision and subdivision 1m must not exceed the smallest total amount of ~~annual additional tax~~ previously paid or due on the vehicle.

EFFECTIVE DATE. This section is effective the day following final enactment, and applies to taxes payable for a registration period starting on or after January 1, 2018.

Sec. 37. Minnesota Statutes 2016, section 168.013, is amended by adding a subdivision to read:

Subd. 1m. **Electric vehicle.** In addition to the tax under subdivision 1a, a surcharge of \$75 is imposed for an all-electric vehicle, as defined in section 169.011, subdivision 1a. Notwithstanding subdivision 8, revenue from the fee imposed under this subdivision must be deposited in the highway user tax distribution fund.

EFFECTIVE DATE. This section is effective the day following final enactment, and applies to a registration period starting on or after January 1, 2018.

Sec. 38. Minnesota Statutes 2016, section 168.021, subdivision 1, is amended to read:

Subdivision 1. **Disability plates; application.** (a) When a motor vehicle registered under section 168.017, a motorcycle, a motorized bicycle, a one-ton pickup truck, or a self-propelled recreational vehicle is owned or primarily operated by a permanently physically disabled person or a custodial parent or guardian of a permanently physically disabled ~~minor~~ person, the owner may apply for and secure from the commissioner (1) immediately, a temporary permit valid for 30 days if the applicant is eligible for the disability plates issued under this section and (2) two disability plates with attached emblems, one plate to be attached to the front, and one to the rear of the motor vehicle, truck, or recreational vehicle, or, in the case of a motorcycle or a motorized bicycle, one disability plate the same size as a regular motorcycle plate.

(b) The commissioner shall not issue more than one plate to the owner of a motorcycle or a motorized bicycle and not more than one set of plates to any owner of another vehicle described in paragraph (a) at the same time unless the state Council on Disability approves the issuance of a second plate or set of plates to an owner.

(c) When the owner first applies for the disability plate or plates, the owner must submit a medical statement in a format approved by the commissioner under section 169.345, or proof of physical disability provided for in that section.

(d) No medical statement or proof of disability is required when an owner applies for a plate or plates for one or more vehicles listed in paragraph (a) that are specially modified for and used exclusively by permanently physically disabled persons.

(e) The owner of a vehicle listed in paragraph (a) may apply for and secure (i) immediately, a permit valid for 30 days, if the applicant is eligible to receive the disability plate or plates issued under this section, and (ii) a disability plate or plates for the vehicle if:

(1) the owner employs a permanently physically disabled person who would qualify for the disability plate or plates under this section; and

(2) the owner furnishes the motor vehicle to the physically disabled person for the exclusive use of that person in the course of employment.

EFFECTIVE DATE. This section is effective January 1, 2018.

Sec. 39. Minnesota Statutes 2016, section 168.021, subdivision 2, is amended to read:

Subd. 2. **Plate design; furnished by commissioner.** The commissioner shall design and furnish two disability plates, or one disability plate for a motorcycle or a motorized bicycle that is the same size as a regular motorcycle plate, with attached emblem or emblems to an eligible owner. The emblem must bear the internationally accepted

wheelchair symbol, as designated in section 326B.106, subdivision 9, approximately three inches square. The emblem must be large enough to be visible plainly from a distance of 50 feet. An applicant eligible for a disability plate or plates shall pay the motor vehicle registration fee authorized by sections 168.013 and 168.09.

EFFECTIVE DATE. This section is effective January 1, 2018.

Sec. 40. Minnesota Statutes 2016, section 168.021, subdivision 2a, is amended to read:

Subd. 2a. **Plate transfer.** (a) When ownership of a vehicle described in subdivision 1, is transferred, the owner of the vehicle shall remove the disability plate or plates. The buyer of the motor vehicle is entitled to receive a regular plate or plates for the vehicle without further cost for the remainder of the registration period.

(b) Notwithstanding section 168.12, subdivision 1, the disability plate or plates may be transferred to a replacement vehicle on notification to the commissioner. However, the disability plate or plates may not be transferred unless the replacement vehicle (1) is listed under section 168.012, subdivision 1, and, in case of a single plate for a motorcycle or a motorized bicycle, the replacement vehicle is a motorcycle or a motorized bicycle, and (2) is owned or primarily operated by the permanently physically disabled person.

EFFECTIVE DATE. This section is effective January 1, 2018.

Sec. 41. **[168.1256] RETIRED LAW ENFORCEMENT SPECIAL PLATES.**

Subdivision 1. **Issuance of plates.** The commissioner shall issue retired law enforcement license special plates or a single motorcycle plate to an applicant who:

(1) is a registered owner of a passenger automobile, noncommercial one-ton pickup truck, motorcycle, or recreational vehicle;

(2) is a retired peace officer as defined in section 626.84, subdivision 1, paragraph (c) or (d);

(3) provides a letter from the chief law enforcement officer affirming that the applicant is a retired peace officer who served ten or more years and separated in good standing;

(4) pays a fee of \$10 for each set of plates, along with any other fees required by this chapter;

(5) pays the registration tax as required under section 168.013; and

(6) complies with this chapter and rules governing registration of motor vehicles and licensing of drivers.

Subd. 2. **Design.** The commissioner shall design an emblem and inscription for the special plates, in consultation with interested law enforcement agencies and organizations.

Subd. 3. **Plates transfer.** On application to the commissioner and payment of a transfer fee of \$5, special plates issued under this section may be transferred to another motor vehicle if the subsequent vehicle is:

(1) qualified under subdivision 1, clause (1), to bear the special plates; and

(2) registered to the same individual to whom the special plates were originally issued.

Subd. 4. **Exemption.** Special plates issued under this section are not subject to section 168.1293, subdivision 2.

EFFECTIVE DATE. This section is effective January 1, 2018, for special retired law enforcement plates issued on or after that date.

Sec. 42. **[168.1294] "START SEEING MOTORCYCLES" SPECIAL PLATES.**

Subdivision 1. **Issuance of plates.** The commissioner must issue "Start Seeing Motorcycles" special license plates or a single motorcycle plate to an applicant who:

(1) is a registered owner of a passenger automobile, noncommercial one-ton pickup truck, motorcycle, or recreational vehicle;

(2) pays a fee of \$10 for each set of plates;

(3) pays the registration tax as required under section 168.013, along with any other fees required by this chapter;

(4) contributes a minimum of \$10 annually to the motorcycle safety fund, created under section 171.06, subdivision 2a, paragraph (a), clause (1); and

(5) complies with this chapter and rules governing registration of motor vehicles and licensing of drivers.

Subd. 2. **Design.** The representatives of American Bikers for Awareness, Training, and Education of Minnesota must design the special plate to contain the inscription "Start Seeing Motorcycles" between the bolt holes on the bottom of the plate with a design area on the left side of the plate, subject to the approval of the commissioner.

Subd. 3. **Plates transfer.** On application to the commissioner and payment of a transfer fee of \$5, special plates issued under this section may be transferred to another motor vehicle if the subsequent vehicle is:

(1) qualified under subdivision 1, clause (1), to bear the special plates; and

(2) registered to the same individual to whom the special plates were originally issued.

Subd. 4. **Exemption.** Special plates issued under this section are not subject to section 168.1293, subdivision 2.

Subd. 5. **Fees.** Fees collected under subdivision 1, clause (2), and subdivision 3 are credited to the vehicle services operating account in the special revenue fund.

Subd. 6. **No refund.** Contributions under this section must not be refunded.

EFFECTIVE DATE. This section is effective January 1, 2018, for special "Start Seeing Motorcycles" plates issued on or after that date.

Sec. 43. Minnesota Statutes 2016, section 168.27, is amended by adding a subdivision to read:

Subd. 31. **Documentary fee.** (a) A motor vehicle dealer may not charge a documentary fee or document administration fee in excess of the amounts provided under paragraph (b) for services actually rendered to, for, or on behalf of the retail buyer or lessee to prepare, handle, and process documents for the closing of a motor vehicle retail sale or lease. The fee must be separately stated on the sales agreement maintained under Minnesota Rules, part 7400.5200, and may be excluded from the dealer's advertised price.

(b) For motor vehicle sales or leases made on or after July 1, 2017, through June 30, 2020, the maximum fee is \$100. For motor vehicle sales or leases made on or after July 1, 2020, the maximum fee is \$125.

(c) "Documentary fee" and "document administration fee" do not include an optional electronic transfer fee as defined under section 53C.01, subdivision 14.

Sec. 44. Minnesota Statutes 2016, section 168.33, subdivision 2, is amended to read:

Subd. 2. **Deputy registrars.** (a) The commissioner may appoint, and for cause discontinue, a deputy registrar for any statutory or home rule charter city as the public interest and convenience may require, without regard to whether the county auditor of the county in which the city is situated has been appointed as the deputy registrar for the county or has been discontinued as the deputy registrar for the county, and without regard to whether the county in which the city is situated has established a county license bureau that issues motor vehicle licenses as provided in section 373.32.

(b) The commissioner may appoint, and for cause discontinue, a deputy registrar for any statutory or home rule charter city as the public interest and convenience may require, if the auditor for the county in which the city is situated chooses not to accept appointment as the deputy registrar for the county or is discontinued as a deputy registrar, or if the county in which the city is situated has not established a county license bureau that issues motor vehicle licenses as provided in section 373.32.

(c) The commissioner may appoint, and for cause discontinue, the county auditor of each county as a deputy registrar.

(d) Despite any other provision, a person other than a county auditor or a director of a county license bureau, who was appointed by the registrar before August 1, 1976, as a deputy registrar for any statutory or home rule charter city, may continue to serve as deputy registrar and may be discontinued for cause only by the commissioner. The county auditor who appointed the deputy registrars is responsible for the acts of deputy registrars appointed by the auditor.

(e) Each deputy, before entering upon the discharge of duties, shall take and subscribe an oath to faithfully discharge the duties and to uphold the laws of the state.

(f) If a deputy registrar appointed under this subdivision is not an officer or employee of a county or statutory or home rule charter city, the deputy shall in addition give bond to the state in the sum of \$10,000, or a larger sum as may be required by the commissioner, conditioned upon the faithful discharge of duties as deputy registrar.

(g) A corporation governed by chapter 302A or 317A may be appointed a deputy registrar. Upon application by an individual serving as a deputy registrar and the giving of the requisite bond as provided in this subdivision, personally assured by the individual or another individual approved by the commissioner, a corporation named in an application then becomes the duly appointed and qualified successor to the deputy registrar.

(h) Each deputy registrar appointed under this subdivision shall keep and maintain office locations approved by the commissioner for the registration of vehicles and the collection of taxes and fees on vehicles.

(i) The deputy registrar shall keep records and make reports to the commissioner as the commissioner requires. The records must be maintained at the offices of the deputy registrar: in a manner that complies with sections 13.05, subdivision 5, and 13.055. As an alternative to paper copy storage, a deputy registrar may retain records and documents in a secure electronic medium that complies with the security requirements under the United States Federal Bureau of Investigation, Criminal Justice Information Services Division, Policy 5.4 or any successor policy, provided 60 days have elapsed since the transaction and subject to standards established by the commissioner. The

deputy registrar is responsible for all costs associated with the conversion to electronic records and maintenance of the electronic storage medium, including the destruction of existing paper records after conversion to the electronic format. All queries and responses in the secure electronic medium, and all actions in which data are entered, updated, accessed, or shared or disseminated by the deputy registrar must be contained in a data audit trail. Data contained in the audit trail are public to the extent the data are not otherwise classified under this section. The records and offices of the deputy registrar must at all times be open to the inspection of the commissioner or the commissioner's agents. The deputy registrar shall report to the commissioner by the next working day following receipt all registrations made and taxes and fees collected by the deputy registrar.

(j) The filing fee imposed under subdivision 7 must be deposited in the treasury of the place for which appointed or, if not a public official, a deputy shall retain the filing fee, but the registration tax and any additional fees for delayed registration the deputy registrar has collected the deputy registrar shall deposit by the next working day following receipt in an approved state depository to the credit of the state through the commissioner of management and budget. The place for which the deputy registrar is appointed through its governing body must provide the deputy registrar with facilities and personnel to carry out the duties imposed by this subdivision if the deputy is a public official. In all other cases, the deputy shall maintain a suitable facility for serving the public.

Sec. 45. Minnesota Statutes 2016, section 168A.09, subdivision 1, is amended to read:

Subdivision 1. **Application, issuance, form, bond, and notice.** (a) In the event a certificate of title is lost, stolen, mutilated, ~~or~~ destroyed, or becomes illegible, the owner or legal representative of the owner named in the certificate may ~~make~~ submit an application to the department or a deputy registrar for a duplicate in a format prescribed by the department. The department ~~shall~~ or deputy registrar must issue a duplicate certificate of title if satisfied that the applicant is entitled ~~thereto~~ to the duplicate certificate of title. The duplicate certificate of title ~~shall~~ must be plainly marked as a duplicate and mailed or delivered to the owner. The department ~~shall~~ or deputy registrar must indicate in ~~its~~ the driver and vehicle information system records that a duplicate certificate of title has been issued. As a condition to issuing a duplicate certificate of title, the department may require a bond from the applicant in the manner and format prescribed in section 168A.07, subdivision 1, clause (2). The duplicate certificate of title ~~shall~~ must contain the legend: "This duplicate certificate of title may be subject to the rights of a person under the original certificate."

(b) On and after the effective date of this section, the commissioner must allow duplicate certificate of title issuance by a deputy registrar, subject to procedures established by the commissioner.

EFFECTIVE DATE. This section is effective August 1, 2018.

Sec. 46. **[168A.125] TRANSFER-ON-DEATH TITLE TO MOTOR VEHICLE.**

Subdivision 1. **Titled as transfer-on-death.** A natural person who is the owner of a motor vehicle may have the motor vehicle titled in transfer-on-death or TOD form by including in the application for the certificate of title a designation of a beneficiary or beneficiaries to whom the motor vehicle must be transferred on death of the owner or the last survivor of joint owners with rights of survivorship, subject to the rights of secured parties.

Subd. 2. **Designation of beneficiary.** A motor vehicle is registered in transfer-on-death form by designating on the certificate of title the name of the owner and the names of joint owners with identification of rights of survivorship, followed by the words "transfer-on-death to (name of beneficiary or beneficiaries)." The designation "TOD" may be used instead of "transfer-on-death." A title in transfer-on-death form is not required to be supported by consideration, and the certificate of title in which the designation is made is not required to be delivered to the beneficiary or beneficiaries in order for the designation to be effective. If the owner of the motor vehicle is married at the time of the designation, the designation of a beneficiary other than the owner's spouse requires the spouse's written consent.

Subd. 3. **Interest of beneficiary.** The transfer-on-death beneficiary or beneficiaries have no interest in the motor vehicle until the death of the owner or the last survivor of joint owners with rights of survivorship. A beneficiary designation may be changed at any time by the owner or by all joint owners with rights of survivorship, without the consent of the beneficiary or beneficiaries, by filing an application for a new certificate of title.

Subd. 4. **Vesting of ownership in beneficiary.** Ownership of a motor vehicle titled in transfer-on-death form vests in the designated beneficiary or beneficiaries on the death of the owner or the last of the joint owners with rights of survivorship, subject to the rights of secured parties. The transfer-on-death beneficiary or beneficiaries who survive the owner may apply for a new certificate of title to the motor vehicle upon submitting a certified death record of the owner of the motor vehicle. If no transfer-on-death beneficiary or beneficiaries survive the owner of a motor vehicle, the motor vehicle must be included in the probate estate of the deceased owner. A transfer of a motor vehicle to a transfer-on-death beneficiary or beneficiaries is not a testamentary transfer.

Subd. 5. **Rights of creditors.** (a) This section does not limit the rights of any secured party or creditor of the owner of a motor vehicle against a transfer-on-death beneficiary or beneficiaries.

(b) The state or a county agency with a claim or lien authorized by section 246.53, 256B.15, 261.04, or 270C.63 is a creditor for purposes of this subdivision. A claim authorized by section 256B.15 against the estate of an owner of a motor vehicle titled in transfer-on-death form voids any transfer-on-death conveyance of a motor vehicle as described in this section. A claim or lien under section 246.53, 261.04, or 270C.63 continues to apply against the designated beneficiary or beneficiaries after the transfer under this section if other assets of the deceased owner's estate are insufficient to pay the amount of the claim. The claim or lien continues to apply to the motor vehicle until the designated beneficiary sells or transfers it to a person against whom the claim or lien does not apply and who did not have actual notice or knowledge of the claim or lien.

Sec. 47. Minnesota Statutes 2016, section 168A.141, is amended to read:

168A.141 MANUFACTURED HOME AFFIXED TO REAL PROPERTY.

Subdivision 1. **Certificates surrendered for cancellation.** (a) When a manufactured home is to be affixed or is affixed, as defined in section 273.125, subdivision 8, paragraph (b), to real property, ~~and financed by the giving of a mortgage on the real property,~~ the owner of the manufactured home ~~shall~~ may surrender the manufacturer's certificate of origin or certificate of title to the department for cancellation. ~~The owner of so that the manufactured home shall give the department the address and legal description of the~~ becomes an improvement to real property. The department may require the filing of other information and is no longer titled as personal property. The department must not issue a certificate of title for a manufactured home under chapter 168A if the manufacturer's certificate of origin is or has been surrendered under this subdivision, except as provided in section 168A.142. Upon surrender of the manufacturer's certificate of origin or the certificate of title, the department ~~shall~~ must issue notice of surrender to the owner, and upon recording an affidavit of affixation, which the county recorder or registrar of titles, as applicable, must accept, the manufactured home is deemed to be an improvement to real property. ~~The notice of surrender may be recorded in the office of the county recorder or with the registrar of titles if the land is registered but need not contain an acknowledgment. An affidavit of affixation by the owner of the manufactured home must include the following information:~~

(1) the name, residence address, and mailing address of owner or owners of the manufactured home;

(2) the legal description of the real property in which the manufactured home is, or will be, located;

(3) a copy of the surrendered manufacturer's certificate of origin or certificate of title and the notice of surrender;

(4) a written statement from the county auditor or county treasurer of the county where the manufactured home is located stating that all property taxes payable in the current year, as provided under section 273.125, subdivision 8, paragraph (b), have been paid, or are not applicable;

(5) the name and address of the person designated by the applicant to record the original affidavit of affixation with the county recorder or registrar of titles for the county where the real property is located; and

(6) the signature of the person who executes the affidavit, properly executed before a person authorized to authenticate an affidavit in this state.

(b) The person designated in paragraph (a), clause (5), must record, or arrange for the recording of, the affidavit of affixation, accompanied by the fees for recording and for issuing a certified copy of the notice, including all attachments, showing the recording date. Upon obtaining the certified copy of the notice under this paragraph, the person designated in the affidavit must deliver the certified copy to the county auditor of the county in which the real property to which the manufactured home was affixed is located.

(c) The department is not liable for any errors, omissions, misstatements, or other deficiencies or inaccuracies in documents presented to the department under this section, if the documents presented appear to satisfy the requirements of this section. The department has no obligation to investigate the accuracy of statements contained in the documents.

Subd. 1a. **Affidavit form.** An affidavit of affixation must be in substantially the following form and must contain the following information.

MANUFACTURED HOME AFFIDAVIT OF AFFIXATION

PURSUANT TO MINNESOTA STATUTES, SECTION 168A.141

Homeowner, being duly sworn, on his or her oath, states as follows:

1. Homeowner owns the manufactured home ("home") described as follows:

.....

| <u>New/Used</u> | <u>Year</u> | <u>Manufacturer's Name</u> | <u>Model Name or Model No.</u> | <u>Manufacturer's Serial No.</u> | <u>Length/Width</u> |
|-----------------|-------------|--------------------------------|------------------------------------|--------------------------------------|---------------------|
|-----------------|-------------|--------------------------------|------------------------------------|--------------------------------------|---------------------|

2. A copy of the surrendered manufacturer's certificate of origin or certificate of title is attached.

3. A copy of the notice of surrender issued from the Minnesota Department of Public Safety Driver and Vehicle Services is attached.

4. The home is or will be located at the following "Property Address":

.....

Street or Route City County State Zip Code

5. The legal description of the property address ("land") is as follows or as attached hereto:

.....

6. The homeowner is the owner of the land.

7. The home is, or must be promptly upon delivery, anchored to the land by attachment to a permanent foundation and connected to appropriate residential utilities (e.g., water, gas, electricity, sewer).

8. The homeowner intends that the home be an immovable permanent improvement to the land, free of any personal property security interest.

9. A copy of the written statement from the county auditor or county treasurer of the county in which the manufactured home is then located, stating that all property taxes payable in the current year (pursuant to Minnesota Statutes, section 273.125, subdivision 8, paragraph (b)), have been paid, or are not applicable, is attached.

10. The home must be assessed and taxed as an improvement to the land.

11. The name and address of the person designated by the homeowner to record the original affidavit of surrender with the county recorder or registrar of titles of the county in which the real estate is located is:

Name

Street Address

City, State, Zip Code

Phone

E-mail

IN WITNESS WHEREOF, homeowner(s) have executed this affidavit on this day of, 20...

.....
Homeowner Signature

.....
Address

.....
Printed Name

.....
City, State

.....
Homeowner Signature (if applicable)

.....
Printed Name

This instrument was drafted by, and when recorded return to:

.....
.....
.....

Subscribed and sworn to before me this day of,

.....
Signature of Notary Public or Other Official

Notary Stamp or Seal

(optional)

Lender's Statement of Intent:

The undersigned ("lender") intends that the home be immovable and a permanent improvement to the land free of any personal property security interest.

.....
Lender

By.....

Authorized Signature

STATE OF

.....) ss:

COUNTY OF

On the day of in the year before me, the undersigned, a Notary Public in and for said state, personally appeared

.....
personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person on behalf of which the individual(s) acted, executed the instrument.

.....
Notary Signature

.....
Notary Printed Name

Notary Public, State of

Qualified in the County of

My commission expires

Official seal:

Subd. 2. **Perfected security interest avoids cancellation prevents surrender.** The department may not cancel a certificate of title if, under this chapter, a security interest has been perfected on the manufactured home. If a security interest has been perfected, the department ~~shall~~ must notify the owner ~~and that~~ each secured party ~~that the~~ must release or satisfy the security interest prior to proceeding with surrender of the manufacturer's certificate of origin or certificate of title and a description of the security interest have been surrendered to the department ~~and that the department will not cancel the certificate of title until the security interest is satisfied for cancellation.~~ Permanent attachment to real property or the recording of an affidavit of affixation does not extinguish an otherwise valid security interest in or tax lien on the manufactured home, unless the requirements of section 168A.141, subdivisions 1, 1a, and 2, including the release of any security interest, have been satisfied.

Subd. 3. **Notice of security interest avoids surrender.** ~~The manufacturer's certificate of origin or the certificate of title need not be surrendered to the department under subdivision 1~~ When a perfected security interest exists, or will exist, on the manufactured home at the time the manufactured home is affixed to real property, ~~if and the owner has not satisfied the requirements of section 168A.141, subdivision 1,~~ the owner of the manufactured home ~~files,~~ or its secured party, may record a notice with the county recorder, or with the registrar of titles, if the land is registered, stating that the manufactured home located on the property is encumbered by a perfected security interest and is not an improvement to real property. The notice must state the name and address of the secured party as set forth on the certificate of title, the legal description of the real property, and the name and address of the record fee owner of the real property on which the manufactured home is affixed. When the security interest is released or satisfied, the secured party ~~shall~~ must attach a copy of the release or satisfaction to a notice executed by the secured party containing the county recorder or registrar of titles document number of the notice of security

interest. The notice of release or satisfaction must be ~~filed~~ recorded with the county recorder, or registrar of titles, if the land is registered. Neither the notice described in this subdivision nor the security interest on the certificate of title is deemed to be an encumbrance on the real property. The notices provided for in this subdivision need not be acknowledged.

Sec. 48. Minnesota Statutes 2016, section 168A.142, is amended to read:

168A.142 MANUFACTURED HOME UNAFFIXED FROM REALTY.

Subdivision 1. **Certificate of title requirements.** The department ~~shall~~ must issue an initial certificate of title or reissue a previously surrendered certificate of title for a manufactured home to an applicant if:

(1) ~~for the purpose of affixing the manufactured home to real property,~~ the owner of the manufactured home, or a previous owner, surrendered the manufacturer's certificate of origin or certificate of title to the department as provided in section 168A.141, subdivision 1 ~~or 2~~;

(2) the applicant provides the written proof evidence specified in subdivision 2 ~~that the applicant owns (i) the manufactured home and (ii) the real property to which the manufactured home was affixed as provided under section 273.125, subdivision 8, paragraph (b);~~

~~(3) the applicant provides proof that no liens exist on the manufactured home, including liens on the real property to which it is affixed; and~~

~~(4)~~ (3) the owner of the manufactured home ~~meets~~ fulfills the applicable application requirements of section 168A.04; and

(4) the application is accompanied by a written statement from the county auditor or county treasurer of the county in which the manufactured home is then located and affixed, stating that all property taxes payable in the current year, as provided under section 273.125, subdivision 8, paragraph (b), have been paid.

Subd. 2. **Proof Evidence of eligibility for reissuance.** (a) The ~~proof~~ proof evidence required under subdivision 1, ~~clauses clause (2) and (3),~~ is as follows:

(1) an affidavit of severance recorded in the office of the county recorder or registrar of titles, which they shall accept, and whichever applies to the real property, of the county ~~in which~~ where the affidavit of affixation or notice of surrender was recorded ~~under~~ as required in section 168A.141, subdivision 1, and the affidavit of severance contains:

(i) the name, residence address, and mailing address of the owner or owners of the manufactured home;

(ii) a description of the manufactured home being severed, including the name of the manufacturer; ~~the make, model number, model year, and~~ dimensions, and if available, the make, model year, and manufacturer's serial number of the manufactured home; and ~~whether the manufactured home is new or used, such information as may be available from the previously recorded affidavit of affixation or notice of surrender as required in section 168A.141, subdivision 1; and~~

(iii) a statement of any facts or information known to the person executing the affidavit that could affect the validity of the title of the manufactured home ~~or, the existence or~~ nonexistence of a security interest in the manufactured home ~~or a lien on it, or, and~~ a statement that no such facts or information are known to the person executing the affidavit;

(2) as an attachment to the affidavit of severance, an opinion by an attorney admitted to practice law in this state, stating:

(i) the nature of the examination of title performed prior to giving this opinion by the person signing the opinion;

(ii) that the manufactured home and the real property on which it is located is not subject to, or pending completion of a refinance, purchase, or sale transaction, and will not be subject to any recorded mortgages, security interests, liens, or other encumbrances of any kind;

(iii) that the person signing the opinion knows of no facts or circumstances that could affect the validity of the title of the manufactured home or the existence or nonexistence of any recorded mortgages, security interests, or other encumbrances of any kind, other than property taxes payable in the year the affidavit is signed;

(iv) the person or persons owning record title to the real property to which the manufactured home has been affixed and the nature and extent of the title owned by each of these persons; and

(v) that the person signing the opinion has reviewed all provisions of the affidavit of severance and certifies that they are correct and complete to the best of the knowledge of the person signing the opinion;

(3) the name and address of the person ~~or~~ persons designated by the applicant to file ~~a certified copy of the original~~ affidavit of severance with ~~the county auditor of the county in which the real estate is located, after the affidavit has been properly recorded in the office of~~ the county recorder or county registrar of titles, whichever applies to the real property; and

(4) the signature of the person who executes the affidavit, properly executed before a person authorized to authenticate an affidavit in this state.

(b) The person designated in paragraph (a), clause (3), ~~shall~~ must record, or arrange for the recording of, the affidavit of severance as referenced in that item, accompanied by the fees for recording and for issuing a certified copy of the affidavit, including all attachments, showing the recording date.

(c) Upon obtaining the certified copy under paragraph (b), the person designated in the affidavit ~~shall~~ must deliver the certified copy to the county auditor of the county in which the real estate to which it was affixed is located.

(d) The department is not liable for any errors, omissions, misstatements, or other deficiencies or inaccuracies in documents presented to the department under this section, so long as the documents presented appear to satisfy the requirements of this section. The department has no obligation to investigate the accuracy of statements contained in the documents.

Subd. 3. **Affidavit form.** The affidavit of severance must be in substantially the following form and must contain the following information.

MANUFACTURED HOME AFFIDAVIT OF SEVERANCE

PURSUANT TO MINNESOTA STATUTES, SECTION 168A.142

Homeowner, being duly sworn, on his or her oath, states as follows:

1. Homeowner owns the manufactured home ("home") described as follows:

.....

| <u>New/Used</u> | <u>Year</u> | <u>Manufacturer's Name</u> | <u>Model Name or Model No.</u> | <u>Manufacturer's Serial No.</u> | <u>Length/Width</u> |
|-----------------|-------------|--------------------------------|------------------------------------|--------------------------------------|---------------------|
|-----------------|-------------|--------------------------------|------------------------------------|--------------------------------------|---------------------|

2. A copy of the previously surrendered manufacturer's certificate of origin or certificate of title is attached (if available).

3. A copy of the notice of surrender issued from the Minnesota Department of Public Safety Driver and Vehicle Services is attached (if available).

4. The home is or will be located at the following "Property Address":

.....
Street or Route City County State Zip Code

5. The legal description of the property address ("land") is as follows or as attached:

.....

6. The homeowner does not know of any facts or information that could affect the validity of title of the manufactured home, except:

.....

7. The homeowner does not know of any such security interest in the manufactured home which has not been satisfied or released.

8. A copy of an opinion by an attorney admitted to practice law in Minnesota is attached, which provides for the required title evidence as set forth in Minnesota Statutes, section 168A.142, subdivision 2, clause (2), items (i) to (v).

9. A copy of the written statement from the county auditor or county treasurer of the county in which the manufactured home is then located, stating that all property taxes payable in the current year (pursuant to Minnesota Statutes, section 273.125, subdivision 8, paragraph (b)), have been paid, or are not applicable, is attached.

10. The name and address of the person designated by the homeowner to record the original affidavit of surrender with the county recorder or registrar of titles of the county in which the real estate is located is:

Name
Street Address
City, State, Zip Code
Phone
E-mail

IN WITNESS WHEREOF, homeowner(s) have executed this affidavit on this, day of, 20...

.....
Homeowner Signature

.....
Address

.....
Printed Name

.....
City, State

.....
Homeowner Signature (if applicable)

.....
Printed Name

This instrument was drafted by, and when recorded return to:

.....
.....

Subscribed and sworn to before me this day of,

Signature of Notary Public or Other Official

Notary Stamp or Seal

Sec. 49. **[168A.143] MANUFACTURED HOMES; OWNERSHIP AT ISSUE.**

Subdivision 1. Requirements for certificate issuance or reissuance. When an applicant is unable to obtain from or locate previous owners no longer holding an interest in the manufactured home based on a certificate of title, or to locate, obtain, or produce the original certificate of origin or certificate of title for a manufactured home, and there is no evidence of a surrendered certificate of title or manufacturer's statement of origin as provided in section 168A.141, subdivision 1, which has not otherwise been unaffixed or is being unaffixed as provided in section 168A.142, the department must issue or reissue a certificate of title to a manufactured home when the applicant submits:

(1) the application, pursuant to the requirements of section 168A.04, in a form prescribed by the department;

(2) an affidavit that:

(i) identifies the name of the manufacturer and dimensions, and if available, the make, model number, model year, and manufacturer's serial number of the manufactured home; and

(ii) certifies the applicant is the owner of the manufactured home, has physical possession of the manufactured home, knows of no facts or circumstances that materially affect the validity of the title of the manufactured home as represented in the application, and provides copies of such ownership documents, so far as the documents exist, including by way of example:

(A) bill of sale;

(B) financing, replevin, or foreclosure documents;

(C) appraisal;

(D) insurance certification;

(E) personal property tax bill;

(F) landlord certification;

(G) affidavit of survivorship or estate documents;

(H) divorce decree; or

(I) court order;

(3) an affidavit by an attorney admitted to practice law in this state stating:

(i) the attorney has performed a search of the Minnesota Department of Public Safety Driver and Vehicles Services records within 120 days of the date of application to obtain a certificate of origin or certificate of title on behalf of the applicant, but was unable to determine the names or locations of one or more owners or prior owners of the manufactured home;

(ii) if applicable, the attorney was unable to successfully contact one or more owners, or prior owners, after providing written notice 45 days prior to the registered and last known owner by certified mail at the address shown on Driver and Vehicles Services records, or if the last known address is different from Driver and Vehicles Services records, then also the last known address as known to the applicant;

(iii) if the attorney is unable to contact one or more owners, or previous owners, by sending a letter by certified mail, then the attorney must present to the department, as an attachment to its affidavit, the returned letter as evidence of the attempted contact, or the acknowledgment of receipt of the letter, together with an affidavit of nonresponse; and

(iv) the attorney knows of no facts or circumstances that materially affect the validity of the title of the manufactured home as represented in the application, other than property taxes payable in the year the affidavit is signed; and

(4) payment for required current year taxes and fees as prescribed by the department.

Subd. 2. **Satisfaction of manufactured home security lien; release.** A security interest perfected under this chapter may be canceled seven years from the perfection date for a manufactured home, upon the request of the owner of the manufactured home, if the owner has paid the lien in full or the lien has been abandoned and the owner is unable to locate the lienholder to obtain a lien release. The owner must send a letter to the lienholder by certified mail, return receipt requested, stating the reason for the release and requesting a lien release. If the owner is unable to obtain a lien release by sending a letter by certified mail, then the owner must present to the department the returned letter as evidence of the attempted contact, or the acknowledgment of receipt of the letter, together with a copy of the letter and an owner affidavit of nonresponse.

Subd. 3. **Suspension or revocation of certificate.** (a) Pursuant to section 168A.23, the department may revoke a previously issued certificate of title issued under this section.

(b) The department is not liable for any errors, omissions, misstatements, or other deficiencies or inaccuracies in documents submitted to the department under this section, provided the documents submitted appear to satisfy the requirements of this section. The department is not required to investigate the accuracy of statements contained in submitted documents.

Sec. 50. Minnesota Statutes 2016, section 169.011, is amended by adding a subdivision to read:

Subd. 1a. **All-electric vehicle.** (a) "All-electric vehicle" means an electric vehicle that is solely able to be powered by an electric motor drawing current from rechargeable storage batteries, fuel cells, or other portable sources of electrical current.

(b) All-electric vehicle excludes a plug-in hybrid electric vehicle.

EFFECTIVE DATE. This section is effective the day following final enactment, and applies to a registration period starting on or after January 1, 2018.

Sec. 51. Minnesota Statutes 2016, section 169.011, subdivision 34, is amended to read:

Subd. 34. **Head Start bus.** (a) "Head Start bus" means a motor vehicle used to transport children and parents to or from a Head Start facility, or to or from Head Start-related activities, by the Head Start grantee, or by someone under an agreement with the Head Start grantee. A Head Start bus does not include a motor vehicle transporting children or parents to or from a Head Start facility for which parents or guardians receive direct compensation from a Head Start grantee, a motor coach operating under charter carrier authority, or a transit bus providing services as defined in section 174.22, subdivision 7. A Head Start bus may be a type A, B, C, or D bus ~~or type III vehicle, as described in subdivision 71.~~

(b) A Head Start bus manufactured after December 31, 1994, must meet the same standards as a type A, B, C, or D school bus, except that a Head Start bus is not required to be equipped with the warning signals required for a school bus under section 169.442, subdivision 1. A Head Start bus that is not equipped as a school bus must be painted colors other than national school bus yellow.

Sec. 52. Minnesota Statutes 2016, section 169.14, is amended by adding a subdivision to read:

Subd. 5h. **St. Louis County Road 128.** Notwithstanding any provision to the contrary in this section, the speed limit on St. Louis County Road 128 in Eagles Nest Township between marked Trunk Highway 169 and County Road 989 is 40 miles per hour. The county engineer must erect appropriate signs displaying the 40 miles per hour speed limit.

EFFECTIVE DATE. This section is effective the day following final enactment. The new speed limit is effective when the required signs are erected.

Sec. 53. Minnesota Statutes 2016, section 169.18, subdivision 5, is amended to read:

Subd. 5. **Driving left of roadway center; exception.** (a) No vehicle shall be driven to the left side of the center of the roadway in overtaking and passing another vehicle proceeding in the same direction unless such left side is clearly visible and is free of oncoming traffic for a sufficient distance ahead to permit such overtaking and passing to be completely made without interfering with the safe operation of any vehicle approaching from the opposite direction or any vehicle overtaken. In every event the overtaking vehicle must return to the right-hand side of the roadway before coming within 100 feet of any vehicle approaching from the opposite direction.

(b) Except on a one-way roadway, no vehicle shall, in overtaking and passing another vehicle or at any other time, be driven to the left half of the roadway under the following conditions:

(1) when approaching the crest of a grade or upon a curve in the highway where the driver's view along the highway is obstructed within a distance of 700 feet;

(2) when approaching within 100 feet of any underpass or tunnel, railroad grade crossing, intersection within a city, or intersection outside of a city if the presence of the intersection is marked by warning signs; or

(3) where official signs are in place prohibiting passing, or a distinctive centerline is marked, which distinctive line also so prohibits passing, as declared in the Manual on Uniform Traffic Control Devices adopted by the commissioner.

(c) Notwithstanding paragraph (b), clause (3), a motor vehicle may be driven to the left side of the roadway to safely overtake a bicycle under the following circumstances:

(1) the bicycle is proceeding in the same direction as the motor vehicle;

(2) the driver of the motor vehicle either (i) provides a safe clearance distance, in no case less than the greater of three feet or one-half the width of the motor vehicle, or (ii) completely enters the left lane of the highway;

(3) the operator of the bicycle is not (i) making a left turn, or (ii) signaling that the bicycle operator intends to make a left turn; and

(4) the driver of the motor vehicle complies with all other applicable requirements under this section.

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

Sec. 54. Minnesota Statutes 2016, section 169.18, subdivision 7, is amended to read:

Subd. 7. **Laned highway.** When any roadway has been divided into two or more clearly marked lanes for traffic, the following rules, in addition to all others consistent herewith, shall apply:

(a) A vehicle shall be driven as nearly as practicable entirely within a single lane and shall not be moved from such lane until the driver has first ascertained that such movement can be made with safety.

(b) Upon a roadway which is not a one-way roadway and which is divided into three lanes, a vehicle shall not be driven in the center lane except when overtaking and passing another vehicle where the roadway is clearly visible and such center lane is clear of traffic within a safe distance, or in preparation for a left turn or where such center lane is at the time allocated exclusively to traffic moving in the direction the vehicle is proceeding, and is signposted to give notice of such allocation. The left lane of a three-lane roadway which is not a one-way roadway shall not be used for overtaking and passing another vehicle.

(c) Official signs may be erected directing slow-moving traffic to use a designated lane or allocating specified lanes to traffic moving in the same direction, and drivers of vehicles shall obey the directions of every such sign.

(d) Whenever a bicycle lane has been established on a roadway, any person operating a motor vehicle on such roadway shall not drive in the bicycle lane except to perform parking maneuvers in order to park where parking is permitted, to enter or leave the highway, ~~or~~ to prepare for a turn as provided in section 169.19, subdivision 1, or to stop a school bus for the purpose of receiving or discharging any person provided the school bus is equipped and identified as provided in sections 169.441 and 169.442, subdivision 1, and the flashing red signals are activated and stop-signal arm is extended.

Sec. 55. Minnesota Statutes 2016, section 169.345, subdivision 1, is amended to read:

Subdivision 1. **Scope of privilege.** (a) A vehicle described in section 168.021, subdivision 1, paragraph (a), that prominently displays the certificate authorized by this section or that bears the disability plate or plates issued under section 168.021 may be parked by or solely for the benefit of a physically disabled person:

(1) in a designated parking space for disabled persons, as provided in section 169.346;

(2) in a metered parking space without obligation to pay the meter fee and without time restrictions unless time restrictions are separately posted on official signs; and

(3) without time restrictions in a nonmetered space where parking is otherwise allowed for passenger vehicles but restricted to a maximum period of time and that does not specifically prohibit the exercise of disabled parking privileges in that space.

A person may park the vehicle for a physically disabled person in a parking space described in clause (1) or (2) only when actually transporting the physically disabled person for the sole benefit of that person and when the parking space is within a reasonable distance from the drop-off point.

(b) For purposes of this subdivision, a certificate is prominently displayed if it is displayed so that it may be viewed from the front and rear of the motor vehicle by hanging it from the rearview mirror attached to the front windshield of the motor vehicle or, in the case of a motorcycle or a motorized bicycle, is secured to the vehicle. If there is no rearview mirror or if the certificate holder's disability precludes placing the certificate on the mirror, the certificate must be displayed on the dashboard of the vehicle. No part of the certificate may be obscured.

(c) Notwithstanding paragraph (a), clauses (1), (2), and (3), this section does not permit parking in areas prohibited by sections 169.32 and 169.34, in designated no parking spaces, or in parking spaces reserved for specified purposes or vehicles. A local governmental unit may, by ordinance, prohibit parking on any street or highway to create a fire lane, or to accommodate heavy traffic during morning and afternoon rush hours and these ordinances also apply to physically disabled persons.

EFFECTIVE DATE. This section is effective January 1, 2018.

Sec. 56. Minnesota Statutes 2016, section 169.345, subdivision 3, is amended to read:

Subd. 3. **Identifying certificate.** (a) The commissioner shall issue (1) immediately, a permit valid for 30 days if the person is eligible for the certificate issued under this section and (2) an identifying certificate for a vehicle described in section 168.021, subdivision 1, paragraph (a), when a physically disabled applicant submits proof of physical disability under subdivision 2a. The commissioner shall design separate certificates for persons with permanent and temporary disabilities that can be readily distinguished from each other from outside a vehicle at a distance of 25 feet or, in the case of a motorcycle or a motorized bicycle, can be readily secured to the motorcycle or motorized bicycle. An applicant may be issued up to two certificates if the applicant has not been issued disability plates under section 168.021.

(b) The operator of a vehicle displaying a certificate has the parking privileges provided in subdivision 1 only while the vehicle is actually parked while transporting a physically disabled person.

(c) The commissioner shall cancel all certificates issued to an applicant who fails to comply with the requirements of this subdivision.

EFFECTIVE DATE. This section is effective January 1, 2018.

Sec. 57. Minnesota Statutes 2016, section 169.442, subdivision 5, is amended to read:

Subd. 5. **White strobe lamps on certain buses transporting children.** ~~(a)~~ Notwithstanding section 169.55, subdivision 1, or 169.57, subdivision 3, paragraph (b), or other law to the contrary, a school bus that is subject to and complies with the equipment requirements of subdivision 1 and section 169.441, subdivision 1, or a Head Start bus ~~that is not a type III vehicle defined in section 169.011, subdivision 71,~~ may be equipped with a flashing strobe lamp. ~~The lamp may be used only as provided in this subdivision.~~

~~(b) The lamp must be permanently mounted on the longitudinal centerline of the bus roof not less than two feet forward of the rear roof edge.~~

~~(c) The strobe lamp may be lighted only when atmospheric conditions or terrain restrict the visibility of school bus lamps and signals or Head Start bus lamps and signals so as to require use of the bright strobe lamp to alert motorists to the presence of the school bus or Head Start bus. A strobe lamp may not be lighted unless the school bus or Head Start bus is actually being used as a school bus or Head Start bus.~~

Sec. 58. Minnesota Statutes 2016, section 169.443, subdivision 2, is amended to read:

Subd. 2. **Use of stop-signal arm.** (a) The stop-signal arm system of a school bus must be used in conjunction with the flashing red signals only when the school bus is stopped on a street or highway to load or unload school children.

(b) A local authority, including the governing body of an Indian tribe, may by ordinance require that a school bus activate the stop-signal arm system and flashing red signals while stopped to unload school children at a location other than a location on a street or highway. The ordinance must designate each location where the requirement is imposed. The requirement is effective only if the local authority has erected signs at or near the location to provide adequate notice that other vehicles are required to obey section 169.444, subdivision 1, when those signals are activated.

(c) A school bus driver is prohibited from loading or unloading passengers in a designated right-turn lane or in a lane immediately adjacent to a designated right-turn lane unless:

(1) a school bus stop designated by the district transportation safety director is located in the right-turn lane;

(2) the driver stops the bus at the extreme right side of the right-turn lane; and

(3) the driver activates the prewarning flashing amber signals, flashing red signals, and stop-signal arm, unless the school board or its designee, based on safety considerations, provides written direction to the driver not to do so.

Sec. 59. Minnesota Statutes 2016, section 169.444, subdivision 2, is amended to read:

Subd. 2. **Violations by drivers; penalties.** (a) A person who fails to stop a vehicle or to keep it stopped, as required in subdivision 1, or who violates subdivision 1a, is guilty of a misdemeanor punishable by a fine of not less than ~~\$300~~ \$500.

(b) A person is guilty of a gross misdemeanor if the person fails to stop a motor vehicle or to keep it stopped, as required in subdivision 1, or who violates subdivision 1a, and commits either or both of the following acts:

(1) passes or attempts to pass the school bus in a motor vehicle on the right-hand, passenger-door side of the bus; or

(2) passes or attempts to pass the school bus in a motor vehicle when a school child is outside of and on the street or highway used by the school bus or on the adjacent sidewalk.

EFFECTIVE DATE. This section is effective August 1, 2017, and applies to violations committed on and after that date.

Sec. 60. Minnesota Statutes 2016, section 169.449, subdivision 1, is amended to read:

Subdivision 1. **Rules.** The commissioner of public safety shall adopt rules governing the operation of school buses used for transportation of school children, when owned or operated by a school or privately owned and operated under a contract with a school, ~~and these rules must be made a part of that contract by reference.~~ Each school, its officers and employees, and each person employed under the contract is subject to these rules.

Sec. 61. Minnesota Statutes 2016, section 169.4501, subdivision 1, is amended to read:

Subdivision 1. **National standards adopted.** Except as provided in sections 169.4502 and 169.4503, the construction, design, equipment, and color of types A, B, C, D school buses and multifunction school activity buses used for the transportation of school children shall meet the requirements of the "bus body and chassis specifications" in the ~~2010~~ most recent edition of the "National School Transportation Specifications and

Procedures" adopted by the National Congress on School Transportation. Except as provided in section 169.4504, the construction, design, and equipment of types A, B, C, D school buses and multifunction school activity buses used for the transportation of students with disabilities also shall meet the requirements of the "specially equipped school bus specifications" in the ~~2010~~ National School Transportation Specifications and Procedures. The "bus body and chassis specifications" and "specially equipped school bus specifications" sections of the ~~2010~~ most recent edition of the "National School Transportation Specifications and Procedures," adopted by the ~~Fifteenth~~ National Congress on School Transportation, are incorporated by reference in this chapter.

Sec. 62. Minnesota Statutes 2016, section 169.4501, subdivision 2, is amended to read:

Subd. 2. **Applicability.** (a) The standards adopted in this section and sections 169.4502 and 169.4503, govern the construction, design, equipment, and color of school buses used for the transportation of school children, when owned or leased and operated by a school or privately owned or leased and operated under a contract with a school. Each school, its officers and employees, and each person employed under the contract is subject to these standards.

(b) The standards apply to school buses manufactured after ~~December 31, 2012~~ August 1 of the year following a year in which a revised edition of the National School Transportation Specifications and Procedures is adopted. Buses complying with the standards when manufactured need not comply with standards established later except as specifically provided for by law.

(c) A school bus manufactured on or before ~~December 31, 2012~~, the date provided by paragraph (b) must conform to the Minnesota standards in effect on the date the vehicle was manufactured except as specifically provided for in law.

(d) A new bus body may be remounted on a used chassis provided that the remounted vehicle meets state and federal standards for new buses which are current at the time of the remounting. Permission must be obtained from the commissioner of public safety before the remounting is done. A used bus body may not be remounted on a new or used chassis.

Sec. 63. Minnesota Statutes 2016, section 169.4503, subdivision 4, is amended to read:

Subd. 4. **Certification.** Upon request, a body manufacturer, or school bus dealer, or certified Minnesota commercial vehicle inspector who is also an employee of an organization purchasing a school bus shall must provide preliminary certification to the Department of Public Safety that the product meets Minnesota standards. ~~Final certification will be granted within 30 days upon reinspection by the Department of Public Safety.~~

Sec. 64. Minnesota Statutes 2016, section 169.4503, subdivision 7, is amended to read:

Subd. 7. **Floor construction.** The metal floor ~~shall~~ must be covered with plywood. The plywood ~~shall~~ must be ~~at least 19/32 five-ply nominal five-eighths~~ inches thick, and must equal or exceed properties of exterior-type softwood plywood, grade C-D, as specified in ~~product~~ the standard ~~PSI-183~~ issued by the United States Department of Commerce. All of the plywood's exposed edges must be sealed. Type A-I buses must be equipped with nominal one-half inch thick plywood or an equivalent material that meets the requirements of this subdivision. Equivalent material may be used to replace plywood, provided it has insulation R value, deterioration, sound abatement, and moisture resistance properties that are equal to or exceed the properties of the plywood it is replacing. The floor ~~shall~~ must be level from front to back, and side to side, except in wheel housing, toe board, and driver's seat platform areas.

Sec. 65. Minnesota Statutes 2016, section 169.4503, subdivision 14, is amended to read:

Subd. 14. **Insulation.** ~~(a)~~ Thermal insulation is required. It shall be fire-resistant, UL approved, with minimum R-value of 5.5. Insulation shall be installed so as to prevent sagging.

~~(b) Floor insulation is required. It shall be five ply nominal five eighths inch thick plywood, and shall equal or exceed properties of the exterior type softwood plywood, C D Grade, as specified in the standard issued by United States Department of Commerce. All exposed edges on plywood shall be sealed. Type A I buses shall be equipped with nominal one half inch thick plywood or equivalent material meeting the above requirements. Equivalent material may be used to replace plywood, provided it has an equal or greater insulation R value, deterioration, sound abatement, and moisture resistance properties.~~

Sec. 66. Minnesota Statutes 2016, section 169.4503, subdivision 23, is amended to read:

Subd. 23. **Windows.** (a) Windshield, entrance, and rear emergency exit doors must be of approved safety glass. Laminated or tempered glass (AS-2 or AS-3) is permitted in all other windows. All glass shall be federally approved and marked as provided in section 169.74. The windshield may be of uniform tint throughout or may have a horizontal gradient band starting slightly above the line of vision and gradually decreasing in light transmission to 20 percent or less at the top of the windshield.

(b) The use of tinted glass, as approved by section 169.71, is permitted on side windows and rear windows except for the entrance door, ~~the first window behind the service door,~~ and the window to the left of the driver. The window to the left of the driver, and the upper service door windows, ~~and the window immediately behind the entrance door~~ must be thermal glass. Regardless of a bus's date of manufacture, the window immediately behind the entrance door does not need to be made of thermal glass. The window to the left of the driver for type A buses need not be thermal glass.

Sec. 67. Minnesota Statutes 2016, section 169.4503, subdivision 30, is amended to read:

Subd. 30. **Video or mobile surveillance systems.** Camera heads for video or mobile surveillance may be mounted in the driver compartment area, midbus, or on a rear interior bulkhead in the student passenger area. For buses manufactured or retrofitted with a surveillance system after December 31, 2012, cameras mounted midbus must be parallel to a seat back, must not have any sharp edges, must not extend outward more than ~~three~~ 3-1/2 inches, and must be located within 24 inches of the top of the side window of the bus.

Sec. 68. Minnesota Statutes 2016, section 169.64, subdivision 8, is amended to read:

Subd. 8. **Strobe lamp.** (a) Notwithstanding sections 169.55, subdivision 1; 169.57, subdivision 3, paragraph (b); or any other law to the contrary, a vehicle may be equipped with a 360-degree flashing strobe lamp that emits a white light with a flash rate of 60 to 120 flashes a minute, and the lamp may be used as provided in this subdivision, if the vehicle is:

(1) a school bus that is subject to and complies with the equipment requirements of sections 169.441, subdivision 1, and 169.442, subdivision 1, or a Head Start bus ~~that is not a type III vehicle as defined in section 169.011, subdivision 71. The lamp shall be permanently mounted on the longitudinal centerline of the bus roof not less than two feet nor more than seven feet forward of the rear roof edge. It shall~~ must operate from a separate switch containing an indicator lamp to show when the strobe lamp is in use. ~~The strobe lamp may be lighted only when atmospheric conditions or terrain restrict the visibility of school bus lamps and signals or Head Start bus lamps and signals so as to require use of the bright strobe lamp to alert motorists to the presence of the school bus or Head Start bus. A strobe lamp may not be lighted unless the school bus or Head Start bus is actually being used as a school bus or Head Start bus; or~~

(2) a road maintenance vehicle owned or under contract to the Department of Transportation or a road authority of a county, home rule or statutory city, or town, but the strobe lamp may only be operated while the vehicle is actually engaged in snow removal during daylight hours.

(b) Notwithstanding sections 169.55, subdivision 1; 169.57, subdivision 3, paragraph (b); or any other law to the contrary, a vehicle may be equipped with a 360-degree flashing strobe lamp that emits an amber light with a flash rate of 60 to 120 flashes a minute, and the lamp may be used as provided in this subdivision, if the vehicle is a rural mail carrier vehicle, provided that the strobe lamp is mounted at the highest practicable point on the vehicle. The strobe lamp may only be operated while the vehicle is actually engaged during daylight hours in the delivery of mail to residents on a rural mail route.

(c) A strobe lamp authorized by this section shall be of a double flash type certified to the commissioner of public safety by the manufacturer as being weatherproof and having a minimum effective light output of 200 candelas as measured by the Blondel-Rey formula.

Sec. 69. Minnesota Statutes 2016, section 169.80, subdivision 1, is amended to read:

Subdivision 1. **Limitations; misdemeanor.** (a) It is a misdemeanor for a person to drive or move, or for the owner to cause or knowingly permit to be driven or moved, on a highway a vehicle or vehicles of a size or weight exceeding the limitations stated in sections 169.80 to 169.88, or otherwise in violation of sections 169.80 to 169.88, other than section 169.81, subdivision 5a, and the maximum size and weight of vehicles as prescribed in sections 169.80 to 169.88 shall be lawful throughout this state, and local authorities shall have no power or authority to alter these limitations except as express authority may be granted in sections 169.80 to 169.88.

(b) When all the axles of a vehicle or combination of vehicles are weighed separately the sum of the weights of the axles so weighed shall be evidence of the total gross weight of the vehicle or combination of vehicles so weighed.

(c) When each of the axles of any group that contains two or more consecutive axles of a vehicle or combination of vehicles have been weighed separately the sum of the weights of the axles so weighed shall be evidence of the total gross weight on the group of axles so weighed.

(d) When, in any group of three or more consecutive axles of a vehicle or combination of vehicles any axles have been weighed separately and two or more axles consecutive to each other in the group have been weighed together, the sum of the weights of the axles weighed separately and the axles weighed together shall be evidence of the total gross weight of the group of axles so weighed.

(e) The provisions of sections 169.80 to 169.88 governing size, weight, and load ~~shall do not apply to a fire apparatus, or~~ shall do not apply to a vehicle operated under the terms of a special permit issued as provided by law.

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

Sec. 70. Minnesota Statutes 2016, section 169.829, is amended by adding a subdivision to read:

Subd. 4. Certain emergency vehicles. The provisions of sections 169.80 to 169.88 governing size, weight, and load do not apply to a fire apparatus, a law enforcement special response vehicle, or a licensed land emergency ambulance service vehicle.

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

Sec. 71. **[169.8295] WEIGHT LIMITS; VEHICLES TRANSPORTING MILK.**

Subdivision 1. **Weight limits increase.** (a) The weight limitations under sections 169.823 to 169.829 are increased by ten percent for a single-unit vehicle transporting fluid milk from the point of production to:

(1) another point of production for additional loading; or

(2) the point of first processing.

(b) Notwithstanding sections 169.824, subdivision 1, paragraph (d); 169.826, subdivision 3; or other law to the contrary, a permit is not required to operate a vehicle under this section.

(c) The seasonal weight increases under section 169.826, subdivision 1, do not apply to a vehicle operated under this section.

Subd. 2. **Requirements; restrictions.** A vehicle operated under this section:

(1) is subject to seasonal load restrictions under section 169.87, except as otherwise provided under section 169.87, subdivision 4;

(2) is subject to bridge load limits posted under section 169.84; and

(3) must not be operated with a load that exceeds the tire manufacturer's recommended load, the manufacturer's gross vehicle weight rating as affixed to the vehicle, or other certification of gross vehicle weight rating under Code of Federal Regulations, title 49, sections 567.4 to 567.7.

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

Sec. 72. Minnesota Statutes 2016, section 169.865, subdivision 3, is amended to read:

Subd. 3. **Requirements; restrictions.** (a) A vehicle or combination of vehicles operating under this section:

(1) is subject to axle weight limitations under section 169.824, subdivision 1;

(2) is subject to seasonal load restrictions under section 169.87;

(3) is subject to bridge load limits posted under section 169.84;

(4) may only be operated on paved streets and highways other than interstate highways;

(5) may not be operated with loads that exceed the manufacturer's gross vehicle weight rating as affixed to the vehicle, or other certification of gross vehicle weight rating complying with Code of Federal Regulations, title 49, sections 567.4 to 567.7;

(6) must be issued a permit from each road authority having jurisdiction over a road on which the vehicle is operated, if required;

(7) must comply with the requirements of section 169.851, subdivision 4; and

(8) must have brakes on all wheels.

(b) The percentage allowances for exceeding gross weights if transporting unfinished forest products under section 168.013, subdivision 3, paragraph (b), or for the first haul of unprocessed or raw farm products or unfinished forest products under section 168.013, subdivision 3, paragraph (d), clause (3), do not apply to a vehicle or combination of vehicles operated under this section.

(c) Notwithstanding paragraph (a), clause (4), a vehicle or combination of vehicles hauling fluid milk under a permit issued by the commissioner of transportation may also operate on interstate highways as provided under United States Code, title 23, section 127.

Sec. 73. **[169.869] ROAD CONSTRUCTION MATERIALS SPECIAL PERMIT.**

Subdivision 1. **Definition.** For purposes of this section, "road construction materials" means street or highway construction materials, including but not limited to aggregate material as defined in section 298.75, subdivision 1, paragraph (a), hot mix asphalt, plastic concrete, cementitious materials, concrete admixtures, asphalt cement, and recycled road materials.

Subd. 2. **Six-axle vehicles.** (a) The commissioner of transportation may issue an annual permit authorizing a vehicle or combination of vehicles with a total of six or more axles to haul road construction materials and be operated with a gross vehicle weight of up to:

(1) 90,000 pounds; and

(2) 99,000 pounds during the period set by the commissioner under section 169.826, subdivision 1.

(b) The fee for a permit issued under this subdivision is \$300, or a proportional amount as provided in section 169.86, subdivision 5.

Subd. 3. **Seven-axle vehicles.** (a) The commissioner of transportation may issue an annual permit authorizing a vehicle or combination of vehicles with a total of seven or more axles to haul road construction materials and be operated with a gross vehicle weight of up to:

(1) 97,000 pounds; and

(2) 99,000 pounds during the period set by the commissioner under section 169.826, subdivision 1.

(b) The fee for a permit issued under this subdivision is \$500, or a proportional amount as provided in section 169.86, subdivision 5.

Subd. 4. **Authority; restrictions.** (a) A permit issued by the commissioner under this section is valid for operation on highways regardless of jurisdiction, subject to paragraph (b).

(b) A vehicle or combination of vehicles operating under this section:

(1) may only be operated on paved or unpaved streets and highways, other than interstate highways;

(2) must comply with the requirements and restrictions in section 169.865, subdivision 3, paragraph (a), clauses (1) to (3), (5), (7), and (8); and

(3) must be operated in compliance with truck route requirements and vehicle weight restrictions, as established under section 169.87, subdivision 1, by a local road authority or the commissioner.

Subd. 5. **Revenues.** Revenue from the permits issued by the commissioner under this section must be deposited in the town bridge account. Revenue deposited under this subdivision is available to inspect and post weight limits for town bridges.

Subd. 6. **Expiration date.** Upon request of the permit applicant, the expiration date for a permit issued under this section must be the same as the expiration date of the permitted vehicle's registration.

Subd. 7. **Permit information.** The commissioner must make information available to local road authorities on an Internet Web site that identifies permit issuances under this section and the counties in which a vehicle with a permit is intended to be operated.

Subd. 8. **Local preferred routes.** A local road authority may identify local preferred routes for operating a vehicle on local streets and highways under a permit issued in this section. A holder of a permit issued in this section and any person seeking to apply for a permit are encouraged to:

- (1) upon request of a local road authority, provide comment on identification of preferred routes; and
- (2) make reasonable efforts to operate a vehicle on the preferred routes when operating under the permit.

EFFECTIVE DATE. This section is effective January 1, 2018.

Sec. 74. Minnesota Statutes 2016, section 169.871, subdivision 1, is amended to read:

Subdivision 1. **Civil liability.** (a) The owner or lessee of a vehicle that is operated with a gross weight in excess of a weight limit imposed under sections 169.823 to ~~169.829~~ 169.8295, 169.84 to 169.851, and 169.87 or a shipper who ships or tenders goods for shipment in a single truck or combination vehicle that exceeds a weight limit imposed under sections 169.823 to ~~169.829~~ 169.8295, 169.84 to 169.851, and 169.87 is liable for a civil penalty as follows:

- (1) if the total gross excess weight is not more than 1,000 pounds, one cent per pound for each pound in excess of the legal limit;
- (2) if the total gross excess weight is more than 1,000 pounds but not more than 3,000 pounds, \$10 plus five cents per pound for each pound in excess of 1,000 pounds;
- (3) if the total gross excess weight is more than 3,000 pounds but not more than 5,000 pounds, \$110 plus ten cents per pound for each pound in excess of 3,000 pounds;
- (4) if the total gross excess weight is more than 5,000 pounds but not more than 7,000 pounds, \$310 plus 15 cents per pound for each pound in excess of 5,000 pounds;
- (5) if the total gross excess weight is more than 7,000 pounds, \$610 plus 20 cents per pound for each pound in excess of 7,000 pounds.

(b) Notwithstanding any other law to the contrary, if a person found guilty of a violation of a weight limit imposed under this section or sections 169.823 to ~~169.829~~ 169.8295, 169.84 to 169.851, or 169.87 is also found by the court to have knowingly and contemporaneously attempted to evade a fixed weigh station or to otherwise avoid weighing by means of stationary scales under section 169.85 or other law, the court ~~shall~~ must impose a penalty of twice the amount otherwise authorized under paragraph (a).

(c) Any penalty imposed upon a defendant under this subdivision ~~shall~~ must not exceed the penalty prescribed by this subdivision. Any fine paid by the defendant in a criminal overweight action that arose from the same overweight violation ~~shall be~~ is applied toward payment of the civil penalty under this subdivision. A peace officer or Department of Public Safety employee described in section 299D.06 who cites a driver for a violation of the weight limitations established by sections 169.81 to 169.851 and 169.87 ~~shall~~ must give written notice to the driver that the driver or another may also be liable for the civil penalties provided herein in the same or separate proceedings.

(d) A penalty imposed upon the owner or lessee of a vehicle that is based on violations identified by the use of shippers' weight records under section 169.872 must not exceed an aggregate of \$10,000.

Sec. 75. Minnesota Statutes 2016, section 171.02, subdivision 2b, is amended to read:

Subd. 2b. **Exception for type III vehicle drivers.** (a) Notwithstanding subdivision 2, the holder of a class A, B, C, or D driver's license, without a school bus endorsement, may operate a type III vehicle described in section 169.011, subdivision 71, paragraph (h), under the conditions in ~~paragraphs (b) through (e)~~ this subdivision.

(b) The operator is an employee of the entity that owns, leases, or contracts for the school bus.

(c) The operator's employer has adopted and implemented a policy that provides for annual training and certification of the operator in:

- (1) safe operation of a type III vehicle;
- (2) understanding student behavior, including issues relating to students with disabilities;
- (3) encouraging orderly conduct of students on the bus and handling incidents of misconduct appropriately;
- (4) knowing and understanding relevant laws, rules of the road, and local school bus safety policies;
- (5) handling emergency situations;
- (6) proper use of seat belts and child safety restraints;
- (7) performance of pretrip vehicle inspections;
- (8) safe loading and unloading of students, including, but not limited to:
 - (i) utilizing a safe location for loading and unloading students at the curb, on the nontraffic side of the roadway, or at off-street loading areas, driveways, yards, and other areas to enable the student to avoid hazardous conditions;
 - (ii) refraining from loading and unloading students in a vehicular traffic lane, on the shoulder, in a designated turn lane, or a lane adjacent to a designated turn lane;
 - (iii) avoiding a loading or unloading location that would require a pupil to cross a road, or ensuring that the driver or an aide personally escort the pupil across the road if it is not reasonably feasible to avoid such a location;
 - (iv) placing the type III vehicle in "park" during loading and unloading; and
 - (v) escorting a pupil across the road under item (iii) only after the motor is stopped, the ignition key is removed, the brakes are set, and the vehicle is otherwise rendered immobile; and

(9) compliance with paragraph (k), concerning reporting certain convictions to the employer within ten days of the date of conviction.

(d) A background check or background investigation of the operator has been conducted that meets the requirements under section 122A.18, subdivision 8, or 123B.03 for school district employees; section 144.057 or chapter 245C for day care employees; or section 171.321, subdivision 3, for all other persons operating a type III vehicle under this subdivision.

(e) Operators shall submit to a physical examination as required by section 171.321, subdivision 2.

(f) The operator's employer requires preemployment drug testing of applicants for operator positions. Current operators must comply with the employer's policy under section 181.951, subdivisions 2, 4, and 5. Notwithstanding any law to the contrary, the operator's employer may use a Breathalyzer or similar device to fulfill random alcohol testing requirements.

(g) The operator's driver's license is verified annually by the entity that owns, leases, or contracts for the type III vehicle as required under section 171.321, subdivision 5.

(h) A person who sustains a conviction, as defined under section 609.02, of violating section 169A.25, 169A.26, 169A.27, or 169A.31, or whose driver's license is revoked under sections 169A.50 to 169A.53 of the implied consent law, or who is convicted of violating or whose driver's license is revoked under a similar statute or ordinance of another state, is precluded from operating a type III vehicle for five years from the date of conviction.

(i) A person who has ever been convicted of a disqualifying offense as defined in section 171.3215, subdivision 1, paragraph (c), may not operate a type III vehicle under this subdivision.

(j) A person who sustains a conviction, as defined under section 609.02, of a moving offense in violation of chapter 169 within three years of the first of three other moving offenses is precluded from operating a type III vehicle for one year from the date of the last conviction.

(k) An operator who sustains a conviction as described in paragraph (h), (i), or (j) while employed by the entity that owns, leases, or contracts for the school bus, shall report the conviction to the employer within ten days of the date of the conviction.

(l) An operator of a type III vehicle whose driver's license is suspended, revoked, canceled, or disqualified by Minnesota, another state, or another jurisdiction must notify the operator's employer in writing of the suspension, revocation, cancellation, lost privilege, or disqualification. The operator must notify the operator's employer before the end of the business day immediately following the day the operator received notice of the suspension, revocation, cancellation, lost privilege, or disqualification.

(m) Students riding the type III vehicle must have training required under section 123B.90, subdivision 2.

~~(m)~~ (n) Documentation of meeting the requirements listed in this subdivision must be maintained under separate file at the business location for each type III vehicle operator. The business manager, school board, governing body of a nonpublic school, or any other entity that owns, leases, or contracts for the type III vehicle operating under this subdivision is responsible for maintaining these files for inspection.

~~(n)~~ (o) The type III vehicle must bear a current certificate of inspection issued under section 169.451.

~~(o)~~ (p) An employee of a school or of a school district, who is not employed for the sole purpose of operating a type III vehicle, is exempt from paragraphs (e) and (f).

Sec. 76. Minnesota Statutes 2016, section 171.06, subdivision 2a, is amended to read:

Subd. 2a. **Two-wheeled vehicle endorsement fee.** (a) The fee for any duplicate driver's license obtained for the purpose of adding a two-wheeled vehicle endorsement is increased by \$18.50 for each first such duplicate license and \$13 for each renewal thereof. The additional fee must be paid into the state treasury and credited as follows:

(1) \$11 of the additional fee for each first duplicate license, and \$7 of the additional fee for each renewal, must be credited to the motorcycle safety fund, which is hereby created; ~~provided that ten percent of fee receipts in excess of \$750,000 in a fiscal year must be credited to the general fund.~~

(2) The remainder of the additional fee must be credited to the general fund.

(b) All application forms prepared by the commissioner for two-wheeled vehicle endorsements must clearly state the amount of the total fee that is dedicated to the motorcycle safety fund.

Sec. 77. Minnesota Statutes 2016, section 171.061, subdivision 3, is amended to read:

Subd. 3. **Application.** An applicant may file an application with an agent. The agent shall receive and accept applications in accordance with the laws and rules of the Department of Public Safety for a driver's license, restricted license, duplicate license, instruction permit, Minnesota identification card, or motorized bicycle operator's permit. Application records must be maintained at the office of the agent in a manner that complies with sections 13.05, subdivision 5, and 13.055. As an alternative to paper copy storage, an agent may retain records and documents in a secure electronic medium that complies with the security requirements under the United States Federal Bureau of Investigation, Criminal Justice Information Services Division, Policy 5.4 or any successor policy, provided 60 days have elapsed since the transaction and subject to standards established by the commissioner. The agent is responsible for all costs associated with the conversion to electronic records and maintenance of the electronic storage medium, including the destruction of existing paper records after conversion to the electronic format. All queries and responses in the secure electronic medium, and all actions in which data are entered, updated, accessed, or shared or disseminated by the agent must be contained in a data audit trail. Data contained in the audit trail are public to the extent the data are not otherwise classified under this section.

Sec. 78. Minnesota Statutes 2016, section 171.12, subdivision 6, is amended to read:

Subd. 6. **Certain convictions not recorded.** (a) Except as provided in paragraph (c), the department ~~shall~~ must not keep on the record of a driver any conviction for a violation of a speed limit of 55 miles per hour unless the violation consisted of a speed greater than ten miles per hour in excess of the speed limit.

(b) Except as provided in paragraph (c), the department ~~shall~~ must not keep on the record of a driver any conviction for a violation of a speed limit of 60 miles per hour unless the violation consisted of a speed greater than:

~~(1) ten miles per hour in excess of the speed limit, for any violation occurring on or after August 1, 2012, and before August 1, 2014; or~~

~~(2) five miles per hour in excess of the speed limit, for any violation occurring on or after August 1, 2014.~~

(c) This subdivision does not apply to (1) a violation that occurs in a commercial motor vehicle, or (2) a violation committed by a holder of a class A, B, or C commercial driver's license or commercial driver learner's permit, without regard to whether the violation was committed in a commercial motor vehicle or another vehicle.

Sec. 79. Minnesota Statutes 2016, section 173.02, is amended by adding a subdivision to read:

Subd. 7a. **Abandoned and discontinued.** "Abandoned and discontinued" means an outdoor advertising device that ceases to display advertising copy for a minimum of one year and is not otherwise being actively marketed to display advertising copy.

Sec. 80. Minnesota Statutes 2016, section 173.02, is amended by adding a subdivision to read:

Subd. 17a. **Conforming.** "Conforming" means an outdoor advertising device that complies with the requirements of this chapter.

Sec. 81. Minnesota Statutes 2016, section 173.02, subdivision 18, is amended to read:

Subd. 18. **Commercial or industrial activity.** (a) "Commercial or industrial activity" for the purposes of unzoned commercial or industrial areas means an activity generally recognized as commercial or industrial by zoning authorities in this state, ~~except that,~~

(b) None of the following activities shall be considered commercial or industrial:

- (1) outdoor advertising devices;
- (2) agricultural, forestry, ranching, grazing, farming and related activities, including, but not limited to, temporary wayside fresh produce stands;
- (3) transient or temporary activities;
- (4) activities not visible from the main-traveled way;
- (5) activities more than 660 feet from the nearest edge of the right-of-way;
- (6) activities conducted in a building principally used as a residence;
- (7) railroad tracks and minor sidings;
- (8) advertising located on vehicles or tractor trailers;
- (9) commercial establishments or businesses that have ceased to exist or operate; or
- (10) a business created to install new outdoor advertising devices.

Sec. 82. Minnesota Statutes 2016, section 173.02, is amended by adding a subdivision to read:

Subd. 21a. **Nonconforming.** "Nonconforming" means an outdoor advertising device that was lawfully erected and has been maintained lawfully but does not comply with the requirements of this chapter. A nonconforming sign is one that remains in substantially the same condition it was on the effective date of this chapter.

Sec. 83. Minnesota Statutes 2016, section 173.02, is amended by adding a subdivision to read:

Subd. 21b. **Off-premise** "Off-premise" means an outdoor advertising device that advertises or pertains to any business, product, person, activity, event, or service that is not primarily conducted, sold, manufactured, offered, or located on the property where the sign is located.

Sec. 84. Minnesota Statutes 2016, section 173.02, subdivision 23, is amended to read:

Subd. 23. **Scenic area.** "Scenic area" means an area within which control and regulation of the erection and maintenance of advertising devices may be exercised to the extent herein provided and such areas shall include only those established as such by the commissioner of transportation. Scenic area includes a scenic byway under United States Code, title 23, section 162.

Sec. 85. Minnesota Statutes 2016, section 173.02, is amended by adding a subdivision to read:

Subd. 23a. **Scenic byways.** "Scenic byways" means roads that recognize outstanding scenic, cultural, historic, natural, recreational, and archaeological qualities and landscapes pursuant to United States Code, title 23, section 162.

Sec. 86. Minnesota Statutes 2016, section 173.06, subdivision 1, is amended to read:

Subdivision 1. **Authority.** The commissioner of transportation ~~shall~~ must adopt and may modify, amend, or repeal rules governing the ~~issuance of permits or renewals thereof for the erection and~~ maintenance of legal nonconforming advertising devices within scenic areas; provided that the commissioner shall not adopt, modify, amend, or repeal any rule that will impair any agreement ~~with~~ between the state and the federal government under this chapter. The commissioner of transportation may limit the application of any rule adopted by the commissioner to exclude or include in whole or in part, specified areas within the scenic area based upon use, nature of the surrounding community, or such other factors as may make separate classification or rule necessary or desirable.

Sec. 87. Minnesota Statutes 2016, section 173.07, subdivision 1, is amended to read:

Subdivision 1. **Forms; content.** Application for permits or renewals thereof for the placement ~~and maintenance~~ of advertising devices ~~within scenic areas shall~~ must be on forms prescribed by the commissioner and ~~shall~~ contain ~~such~~ information as the commissioner may require. No advertising device shall be placed without the consent of the owner or occupant of the land, and adequate proof of such consent shall be submitted to the commissioner at the time application is made for such permits or renewals. A permit is required to access state right-of-way to maintain an advertising device.

Sec. 88. Minnesota Statutes 2016, section 173.08, is amended by adding a subdivision to read:

Subd. 3. **Seed sign exemption.** Crop varietal and seed corn signs adjacent to interstate and primary highways may be erected if the device:

(1) is located on demonstration plats;

(2) is located on private property;

(3) does not violate section 160.27 or 160.2715; and

(4) does not reference an off-site address where the product may be sold.

Sec. 89. Minnesota Statutes 2016, section 173.08, is amended by adding a subdivision to read:

Subd. 4. **Violations; removal.** The Department of Transportation may remove signs that violate this section using the removal procedures under section 173.13, subdivision 11.

Sec. 90. Minnesota Statutes 2016, section 173.13, subdivision 11, is amended to read:

Subd. 11. **Removal of advertising device for noncompliance.** Advertising devices erected or maintained after June 8, 1971, not complying with ~~Laws 1971, chapter 883, and not otherwise by Laws 1971, chapter 883, permitted to stand~~ this chapter may be removed by the commissioner upon 60 days prior written notice by certified mail to the owner ~~thereof~~ of the advertising device and to the owner of the real property on which ~~such~~ the advertising device is located, ~~provided that~~. No notice ~~shall be~~ is required to be given to the owner of an advertising device whose name is not stated upon the advertising device or the structure on which it is displayed, unless the name of ~~such~~ the owner is otherwise reasonably known to the commissioner. The owner of the removed device is liable to the state for the costs of removal. The period of ~~such~~ notice ~~shall be~~ is computed from the date of mailing: to both the owner of the advertising device and the owner of the real property where the device is located. The department must store a removed outdoor advertising device for a minimum of 30 days prior to disposal. If the outdoor advertising device is not retrieved by the owner within 30 days of removal, the department may dispose of the outdoor advertising device. The state is not liable for trespass actions or sign costs for outdoor advertising devices removed under this subdivision if proper notice has been served.

Sec. 91. **[173.155] CHANGEABLE ELECTRONIC VARIABLE MESSAGE SIGNS.**

Subdivision 1. **Definition.** For the purposes of this section, "changeable electronic variable message sign" or "CEVMS" means an outdoor advertising device that contains light-emitting diodes or other technology to display copy visible during the day and during the night, with the copy changes initiated electronically.

Subd. 2. **Prohibition.** Intermittent, animated, scrolling, full-motion video elements, or moving lights are prohibited on outdoor advertising devices, including CEVMS.

Subd. 3. **Exceptions.** (a) Notwithstanding subdivision 2, a CEVMS is permissible if:

- (1) the message does not change more frequently than once every six seconds;
- (2) the transition between messages or copy does not exceed two seconds in duration;
- (3) the message brightness does not exceed 0.3 foot-candles over ambient light, as measured using a foot candle meter from the following distances:
 - (i) for signs with a nominal face size of 12 feet by 25 feet, from 150 feet;
 - (ii) for signs with a nominal face size of ten feet, six inches, by 36 feet, from 200 feet; and
 - (iii) for signs with a nominal face size of 14 feet by 48 feet, from 250 feet; and
- (4) the sign must not cause beams or rays of light to be directed at the traveled way if the light is of such intensity or brilliance as to cause glare that impairs the vision of the driver of a motor vehicle, or interfere with any driver's operation of a motor vehicle.

(b) The brightness measurement under paragraph (a), clause (3), must be conducted at least 30 minutes after sunset or at least 30 minutes before sunrise. Each CEVMS must have automatic dimming technology that adjusts the device's brightness levels in response to changes in ambient light.

Sec. 92. Minnesota Statutes 2016, section 173.16, is amended by adding a subdivision to read:

Subd. 6. **Stationary structure.** Advertising devices must:

- (1) be stationary;

(2) be immobile;

(3) not have wheels; and

(4) be incapable of relocation without a permit.

Sec. 93. Minnesota Statutes 2016, section 173.16, is amended by adding a subdivision to read:

Subd. 7. **Permanent business.** (a) A business that is located in an unzoned commercial or industrial area must be in existence for at least three months before a permit may be issued. An outdoor advertising device erected prior to receiving a permit is subject to removal.

(b) A commercial establishment may demonstrate evidence of its existence by having a Web site, a telephone number that is answered or has an answering machine identifying the business, a storefront, pictorial evidence of the business, a building permit, or a lease.

Sec. 94. **[173.265] OUTDOOR ADVERTISING DEVICES; REMOVAL; MAINTENANCE.**

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

(b) "Destroyed" means that more than 50 percent of a nonconforming outdoor advertising device's upright supports are physically damaged to a degree that normal repair practices would require replacement of broken wooden supports or replacement of broken, bent, or twisted supports for metal sign structures.

(c) "Reasonable repair and maintenance" means customary maintenance and change of a sign's copy or message, and includes replacement of existing light fixtures with energy efficient fixtures or installation of other energy efficiency improvements. Reasonable repair and maintenance does not include:

(1) the addition of illumination;

(2) repair, reinstallation, erection, or maintenance for outdoor advertising devices that are destroyed, as defined under paragraph (b);

(3) enlarging the nonconforming device;

(4) changing the device from a wood structure to a steel or concrete structure; or

(5) any change that would terminate nonconforming status.

(d) "Substantial change" means any action that does not constitute reasonable repair and maintenance.

Subd. 2. **Application.** This section applies only to outdoor advertising devices subject to state and federal regulation under United States Code, title 23, section 131, and any regulations adopted under that law.

Subd. 3. **Removal.** The department may remove a destroyed, abandoned, or discontinued outdoor advertising device, subject to the limitations provided under this chapter.

Subd. 4. **Reasonable repair and maintenance.** (a) The owner of an outdoor advertising device may perform reasonable repair and maintenance on any device, provided the device is not destroyed.

(b) Any action not constituting reasonable repair and maintenance will subject the outdoor advertising device to immediate removal under subdivision 3.

Subd. 5. **Substantial change.** Substantial changes to outdoor advertising devices are prohibited. A substantial change to a nonconforming outdoor advertising device will subject the sign to immediate removal under subdivision 3.

Sec. 95. Minnesota Statutes 2016, section 174.03, subdivision 1a, is amended to read:

Subd. 1a. **Revision of statewide multimodal transportation plan.** (a) The commissioner ~~shall~~ must revise the statewide multimodal transportation plan by January 15, ~~2013~~ 2022, and by January 15 of every ~~four~~ five years thereafter. Before final adoption of a revised plan, the commissioner ~~shall~~ must hold a hearing to receive public comment on the preliminary draft of the revised plan.

(b) Each revised statewide multimodal transportation plan must:

- (1) incorporate the goals of the state transportation system in section 174.01;
- (2) establish objectives, policies, and strategies for achieving those goals; and
- (3) identify performance targets for measuring progress and achievement of transportation system goals, objectives, or policies.

Sec. 96. Minnesota Statutes 2016, section 174.03, subdivision 1c, is amended to read:

Subd. 1c. **Statewide highway ~~20-year capital investment plan.~~** ~~By January 15, 2013, and in conjunction with~~ Within one year of each future revision of the statewide multimodal transportation plan under subdivision 1a, the commissioner ~~shall~~ must prepare a 20-year statewide highway ~~capital~~ investment plan that:

(1) incorporates performance measures and targets for assessing progress and achievement of the state's transportation goals, objectives, and policies identified in this chapter for the state trunk highway system, and those goals, objectives, and policies established in the statewide multimodal transportation plan. Performance targets must be based on objectively verifiable measures, and address, at a minimum, preservation and maintenance of the structural condition of state highway bridges and pavements, safety, and mobility;

(2) summarizes trends and impacts for each performance target over the past five years;

(3) summarizes the amount and analyzes the impact of the department's capital investments and priorities over the past five years on each performance target, including a comparison of prior plan projected costs with actual costs;

(4) identifies the investments required to meet the established performance targets over the next 20-year period;

(5) projects available state and federal funding over the 20-year period, including any unique, competitive, time-limited, or focused funding opportunities;

(6) identifies strategies to ensure the most efficient use of existing transportation infrastructure, and to maximize the performance benefits of projected available funding;

(7) establishes investment priorities for projected funding, including a schedule of major projects or improvement programs for the 20-year period together with projected costs and impact on performance targets; and

(8) identifies those performance targets identified under clause (1) not expected to meet the target outcome over the 20-year period together with alternative strategies that could be implemented to meet the targets.

Sec. 97. **[174.38] ACTIVE TRANSPORTATION PROGRAM.**

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

(b) "Active transportation" means bicycling, pedestrian activities, and other forms of nonmotorized transportation.

(c) "Commissioner" means the commissioner of transportation.

Subd. 2. Program established. Subject to available funds, the commissioner must establish a program to support active transportation.

Subd. 3. Active transportation account. An active transportation account is established in the special revenue fund. The account consists of funds provided by law and any other money donated, allotted, transferred, or otherwise provided to the account. Money in the account must be expended only on a project that receives financial assistance under this section.

Subd. 4. Program administration. (a) The commissioner must establish active transportation program requirements, including:

(1) assistance eligibility, subject to the requirements under subdivision 5;

(2) a solicitation and application process that minimizes the burden on applicants; and

(3) procedures to award and pay financial assistance.

(b) The commissioner must annually conduct a solicitation for active transportation projects under the program.

(c) The commissioner must make reasonable efforts to publicize each application solicitation among all eligible recipients. The commissioner must assist applicants to create and submit applications, with an emphasis on providing assistance in communities that are historically and currently underrepresented in local or regional planning, including communities of color, low-income households, people with disabilities, and people with limited English proficiency.

(d) The commissioner may provide grants or other financial assistance for a project.

(e) The commissioner is prohibited from expending more than one percent of available funds in a fiscal year under this section on program administration.

Subd. 5. Eligibility. Eligible recipients of financial assistance under this section are:

(1) a political subdivision; and

(2) a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code, as amended.

Subd. 6. **Use of funds.** The commissioner must determine permissible uses of financial assistance under this section, which are limited to:

(1) construction and maintenance of bicycle, trail, and pedestrian infrastructure, including but not limited to safe routes to school infrastructure and bicycle facilities and centers; and

(2) noninfrastructure programming, including activities as specified in section 174.40, subdivision 7a, paragraph (b).

Subd. 7. **Project evaluation and selection.** (a) The commissioner must establish a project evaluation and selection process that is competitive, criteria-based, and objective.

(b) The process must include criteria and prioritization of projects based on:

(1) the project's inclusion in a municipal or regional nonmotorized transportation system plan;

(2) the extent to which policies or practices of the political subdivision encourage and promote complete streets planning, design, and construction;

(3) the extent to which the project supports connections between communities and to key destinations within a community;

(4) identified barriers or deficiencies in the nonmotorized transportation system;

(5) identified safety or health benefits;

(6) geographic equity in project benefits, with an emphasis on communities that are historically and currently underrepresented in local or regional planning; and

(7) ability of a grantee to maintain the active transportation infrastructure following project completion.

Sec. 98. Minnesota Statutes 2016, section 174.50, subdivision 5, is amended to read:

Subd. 5. **Certification and disbursement for project of political subdivision.** Before disbursement of an appropriation made from the fund to the commissioner of transportation for grants to subdivisions of the state, the commissioner ~~shall~~ must certify that:

~~(1) that the project for which the grant is made has been reviewed as provided in subdivision 4;~~

~~(2) that~~ the project conforms to the program authorized by the appropriation law and rules adopted by the Department of Transportation consistent therewith; and

~~(3) that~~ (2) the financing of any estimated cost of the project in excess of the amount of the grant is assured by the appropriation of the proceeds of bonds or other funds of the subdivision, or by a grant from an agency of the federal government, within the amount of funds then appropriated to that agency and allocated by it to projects within the state, and by an irrevocable undertaking, in a resolution of the governing body of the subdivision, to use all funds so made available exclusively for the project, and to pay any additional amount by which the cost exceeds the estimate through appropriation to the construction fund of additional funds or the proceeds of additional bonds to be issued by the subdivision.

Sec. 99. Minnesota Statutes 2016, section 174.50, subdivision 6b, is amended to read:

Subd. 6b. **Bridge costs in smaller cities.** (a) The commissioner may make grants from the state transportation fund to a home rule or statutory city with a population of 5,000 or less for design, engineering, and construction of bridges on city streets.

~~(b) Grants under this subdivision are subject to the procedures and criteria established under subdivisions 5, 6, and 7.~~

~~(e)~~ (b) Grants may be used for:

- (1) 100 percent of the design and engineering costs that are in excess of \$10,000;
- (2) 100 percent of the bridge approach work costs that are in excess of \$10,000; and
- (3) 100 percent of the bridge construction work costs.

Sec. 100. Minnesota Statutes 2016, section 174.50, subdivision 6c, is amended to read:

Subd. 6c. **Fracture-critical bridges.** ~~(a)~~ The commissioner may make a grant to any political subdivision for replacement or rehabilitation of a fracture-critical bridge. To be eligible for a grant under this subdivision, the project must produce a bridge structure:

- (1) that is no longer classified as fracture critical, by having alternate load paths; and
- (2) whose failure of a main component will not result in the collapse of the bridge.

~~(b) A grant under this subdivision is subject to the procedures and criteria established under subdivisions 5 and 6.~~

Sec. 101. Minnesota Statutes 2016, section 174.50, subdivision 7, is amended to read:

Subd. 7. **Bridge grant program; rulemaking.** (a) The commissioner of transportation shall develop rules, procedures for application for grants, conditions of grant administration, standards, and criteria as provided under subdivision 6, including bridge specifications, in cooperation with road authorities of political subdivisions, for use in the administration of funds appropriated to the commissioner and for the administration of grants to subdivisions. Grants under this section are subject to the procedures and criteria established in this subdivision and in subdivisions 5 and 6.

(b) The maximum use of standardized bridges is encouraged. Regardless of the size of the existing bridge, a bridge or replacement bridge is eligible for assistance from the state transportation fund if a hydrological survey indicates that the bridge or replacement bridge must be ten feet or more in length.

(c) As part of the standards or rules, the commissioner shall, in consultation with local road authorities, establish a minimum distance between any two bridges that cross over the same river, stream, or waterway, so that only one of the bridges is eligible for a grant under this section. As appropriate, the commissioner may establish exceptions from the minimum distance requirement or procedures for obtaining a variance.

(d) Political subdivisions may use grants made under this section to construct or reconstruct bridges, including but not limited to:

- (1) matching federal aid grants to construct or reconstruct key bridges;

(2) paying the costs to abandon an existing bridge that is deficient and in need of replacement but where no replacement will be made; and

(3) paying the costs to construct a road or street to facilitate the abandonment of an existing bridge if the commissioner determines that the bridge is deficient, and that construction of the road or street is more economical than replacement of the existing bridge.

(e) Funds appropriated to the commissioner from the Minnesota state transportation fund shall be segregated from the highway tax user distribution fund and other funds created by article XIV of the Minnesota Constitution.

(f) The commissioner is prohibited from awarding a grant under this section for a local bridge replacement or rehabilitation project with a total project cost estimate of \$7,000,000 or more.

(g) Notwithstanding paragraph (f), the commissioner may award a grant under this section for a portion of a local bridge replacement or rehabilitation project with a total project cost estimate of \$7,000,000 or more if every other local bridge replacement or rehabilitation project on the commissioner's priority list with a total project cost estimate of less than \$7,000,000 has been fully funded.

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

Sec. 102. **[174.53] DEPARTMENT OF TRANSPORTATION EFFICIENCIES.**

(a) Beginning in fiscal years 2018 and 2019, the commissioner of transportation must implement efficiencies equal to at least 15 percent of the appropriations made annually to the commissioner from the trunk highway fund that are above base appropriations for fiscal years 2018 and 2019.

(b) The efficiency savings resulting from the requirements in paragraph (a) are for the construction, maintenance, or rehabilitation of trunk highways, including roads and bridges.

Sec. 103. Minnesota Statutes 2016, section 174.56, is amended by adding a subdivision to read:

Subd. 4. **Availability of information.** The commissioner must maintain an Internet Web site that displays information for each major highway project. At a minimum, the information must include the report contents identified in subdivision 2.

Sec. 104. **[174.57] SNOW AND ICE CONTROL; APPROPRIATION.**

(a) In a fiscal year in which the commissioner expends more than 110 percent of the established biennial expenditure level for snow and ice management, the commissioner may use an additional amount for this purpose that does not exceed 50 percent of the unappropriated balance in the trunk highway fund. The amount identified by the commissioner under this paragraph is appropriated from the trunk highway fund to the commissioner for snow and ice management purposes.

(b) Upon using the appropriation authority in this section, the commissioner must notify the commissioner of management and budget and the chairs, ranking minority members, and staff of the house of representatives and senate committees having jurisdiction over transportation finance. The notification must at a minimum identify the established biennial expenditure level for snow and ice management and the amount appropriated under this section.

(c) In each budget submission to the legislature under section 16A.11, the commissioner must include:

(1) the proposed biennial expenditure level for snow and ice management for the next budget biennium; and

(2) the total amount expended or estimated to be expended under the appropriation in this section for the budget biennium that is ending.

(d) For purposes of this section, "snow and ice management purposes" means the following items relating to keeping the roads clear of snow and ice: overtime pay for existing employees; fuel; maintenance and repair; and anti-icing treatments, salt, sand, or other similar substances. "Snow and ice management purposes" does not include the hiring of additional employees or purchasing additional vehicles or equipment.

Sec. 105. Minnesota Statutes 2016, section 174.93, is amended to read:

174.93 GUIDEWAY METROPOLITAN AREA TRANSIT INVESTMENT.

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

~~(4)~~ (b) "Busway" means a form of bus service provided to the public on a regular and ongoing basis, including arterial or highway bus rapid transit, that (1) compared to other regular route bus service, provides reduced travel time and uses distinct bus stop or station amenities, and (2) does not primarily or substantially operate within separated rights-of-way;

(c) "Commissioner" means the commissioner of transportation;

~~(2)~~ (d) "Guideway" means a form of transportation service provided to the public on a regular and ongoing basis; that primarily or substantially operates on exclusive or controlled within separated rights-of-way or operates on rails in whole or in part, and includes:

(1) each line for intercity passenger rail, commuter rail, light rail transit, and streetcars; and;

(2) as applicable, each line for dedicated bus service, which may include arterial or highway bus rapid transit; and, limited stop bus service, and express bus service; and

(3) any intermodal facility serving two or more lines identified in clauses (1) and (2). Guideway does not include a busway.

~~(3)~~ (e) "Local unit of government" means a county, statutory or home rule charter city, town, or other political subdivision including, but not limited to, a regional railroad authority or joint powers board.

(f) "Separated rights-of-way" includes exclusive, dedicated, or primary use of a right-of-way by the public transportation service. Separated rights-of-way does not include a shoulder, dynamic shoulder lane, or priced lane under section 160.93.

~~(b) For purposes of this section,~~ (g) "Sources of funds" includes, but is not limited to, money from federal aid, state appropriations, the Metropolitan Council, special taxing districts, local units of government, fare box recovery, and nonpublic sources.

~~(c) For purposes of this section,~~ (h) "Budget activity" includes, but is not limited to, environmental analysis, land acquisition, easements, design, preliminary and final engineering, acquisition of vehicles and rolling stock, track improvement and rehabilitation, and construction.

Subd. 1a. **Guideway capital project requests to legislature.** A state agency or local unit of government that submits a request to the legislature to obtain state funds for a guideway project shall, as part of the request, provide a summary financial plan for the project that presents the following information as reflected by the data and level of detail available in the latest phase of project development:

(1) capital expenditures and funding sources for the project, including expenditures to date and total projected or estimated expenditures, with a breakdown by committed and proposed sources of funds; and

(2) estimated annual operations and maintenance expenditures for the project, with a breakdown by committed and proposed sources of funds.

Subd. 2. **Legislative report.** (a) By ~~January~~ October 15, 2012, and by November 15 in every ~~odd-numbered~~ even-numbered year ~~thereafter~~, the ~~commissioner shall~~ council must prepare, in collaboration with the ~~Metropolitan Council commissioner, and a report on comprehensive transit finance in the metropolitan area.~~ Metropolitan Council The council must submit ~~a~~ the report electronically to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance ~~concerning~~.

(b) The report must be structured to provide financial information in six-month increments corresponding to state and local fiscal years, and must use consistent assumptions and methodologies. The report must comprehensively identify all funding sources and expenditures related to transit in the metropolitan area, including but not limited to:

(1) sources and uses of funds from regional railroad authorities, joint powers agreements, counties, and cities;

(2) expenditures for transit planning, feasibility studies, alternatives analysis, and other transit project development; and

(3) expenditures for guideways, busways, regular route bus service, demand-response service, and special transportation service under section 473.386.

(c) The report must include a section that summarizes the status of (1) guideways in revenue operation, and (2) guideway projects (1) (i) currently in study, planning, development, or construction; (2) (ii) identified in the transportation policy plan under section 473.146; or (3) (iii) identified in the comprehensive statewide freight and passenger rail plan under section 174.03, subdivision 1b.

~~(b)~~ (d) At a minimum, the guideways status section of the report must include, provide for each guideway project wholly or partially in the metropolitan area:

(1) a brief description of the project, including projected ridership;

(2) a summary of the overall status and current phase of the project;

(3) a timeline that includes (i) project phases or milestones, including any federal approvals; (ii) expected and known dates of commencement of each phase or milestone; and (iii) expected and known dates of completion of each phase or milestone;

(4) a brief progress update on specific project phases or milestones completed since the last previous submission of a report under this subdivision; and

(5) a summary financial plan that identifies, as reflected by the data and level of detail available in the latest phase of project development and to the extent available:

(i) capital expenditures, including expenditures to date and total projected expenditures, with a breakdown by committed and proposed sources of funds for the project;

(ii) estimated annual operations and maintenance expenditures reflecting the level of detail available in the current phase of the project development, with a breakdown by committed and proposed sources of funds for the project; and

(iii) if feasible, project expenditures by budget activity.

(e) The report must include a section that summarizes the status of (1) busways in revenue operation, and (2) busway projects currently in study, planning, development, or construction.

(f) The report must include a section that identifies the total ridership, farebox recovery ratio, and per-passenger operating subsidy for (1) each route and line in revenue operation by a transit provider, including guideways, busways, and regular route bus service; and (2) demand-response service and special transportation service. The section must provide data, as available on a per-passenger mile basis and must provide information for at least the previous three years. The section must identify performance standards for farebox recovery and identify each route and line that does not meet the standards.

~~(e)~~ (g) The report must also include a systemwide capacity analysis for transit operations and investment in guideway expansion and maintenance that:

(1) provides a funding projection, annually over the ensuing ten years, and with a breakdown by committed and proposed sources of funds, of:

(i) total capital expenditures for guideways and for busways;

(ii) total operations and maintenance expenditures for guideways and for busways;

(iii) total funding available for guideways and for busways, including from projected or estimated farebox recovery; and

(iv) total funding available for transit service in the metropolitan area; and

(2) evaluates the availability of funds and distribution of sources of funds for guideway and for busway investments.

~~(d)~~ (h) The ~~projection~~ capacity analysis under paragraph ~~(e), clause (1),~~ (g) must ~~be for~~ include all guideway and busway lines for which ~~state~~ public funds are reasonably expected to be expended in planning, development, construction, ~~or revenue operation, or capital maintenance~~ during the ensuing ten years.

~~(e)~~ (i) Local units of government ~~shall~~ must provide assistance and information in a timely manner as requested by the commissioner or council for completion of the report.

EFFECTIVE DATE; APPLICATION. This section is effective January 1, 2018, and applies beginning with the report due by October 15, 2018. This section applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 106. **[219.016] HAZARDOUS MATERIALS RAIL SAFETY.**

Subdivision 1. **Program established.** A hazardous materials rail safety program is established for the purpose of reducing the risks associated with the transportation of oil, ethanol, and other hazardous material by rail.

Subd. 2. **Accounts established.** Two hazardous materials rail safety program accounts are created, one in the special revenue fund and one in the bond proceeds fund. The account in the special revenue fund consists of money as provided by law, and any other money donated, allotted, transferred, or otherwise provided to the account. Money in each account is appropriated to the commissioner of transportation to make grants as provided in this section. Money in the accounts is available until spent, notwithstanding section 16A.28 or 16A.642.

Subd. 3. **Eligible applicant.** A county, statutory or home rule charter city, or town that is responsible for establishing and maintaining public highway-rail grade crossings on rail corridors transporting crude oil and other hazardous materials may apply to the commissioner for financial assistance under this section.

Subd. 4. **Eligible project.** (a) A project is eligible for a grant from the account in the bond proceeds fund if the project is for the acquisition or betterment of public land, buildings, and other public improvements of a capital nature within the meaning of the Minnesota Constitution, article XI, section 5, clause (a) or (i), including capital costs associated with hazardous materials rail safety projects on public highway-rail grade crossings. Qualifying capital costs include but are not limited to upgrades to existing protection systems, the closing of crossings and necessary roadwork, and reconstruction of at-grade crossings to full grade separations.

(b) A project is eligible for a grant from the account in the special revenue fund if it is for purposes described in paragraph (a) or other capital facility improvement purposes that support the purposes for which this grant program is established, including capital costs associated with planning, engineering, administration, and construction of public highway-rail grade crossing improvements on rail corridors transporting crude oil and other hazardous materials. Improvements may include upgrades to existing protection systems, the closing of crossings and necessary roadwork, and reconstruction of at-grade crossings to full grade separations.

Subd. 5. **Grants; criteria for grant award.** The commissioner must consider the following criteria to evaluate applications for a grant award under this section:

(1) whether the crossing was identified as a potential candidate for grade separation in the Department of Transportation's crude by rail grade crossing study (Improvements to Highway Grade Crossings and Rail Safety, December 2014);

(2) roadway traffic volumes and speeds;

(3) train volumes and speeds;

(4) adjacent land use;

(5) crash history;

(6) use of the crossing by emergency vehicles;

(7) use of the crossing by vehicles carrying hazardous materials; and

(8) local financial contributions to the project.

Subd. 6. **Process.** The commissioner must develop forms and procedures for soliciting and reviewing applications for grants under this section. An applicant must apply for a grant in the manner and at the times determined by the commissioner. The grant agreement must be approved by the commissioner of management and budget and is subject to cancellation under subdivision 7.

Subd. 7. **Grant cancellation.** If the commissioner determines that a grantee is unable to proceed with an approved project or has not expended or obligated the grant money within four years of entering into the grant agreement with the commissioner, the commissioner must cancel the grant. Money canceled under this subdivision is available for the commissioner to make other grants under this section.

Sec. 107. Minnesota Statutes 2016, section 221.031, is amended by adding a subdivision to read:

Subd. 2e. **Exemptions for pipeline welding trucks.** A pipeline welding truck, as defined in Code of Federal Regulations, title 49, section 390.38, paragraph (b), including an individual operating a pipeline welding truck and the employer of the individual, is exempt from any requirement relating to:

(1) registration as a motor carrier, including the requirement to obtain and display a United States Department of Transportation number under subdivision 6 and section 168.185;

(2) driver qualifications under section 221.0314, subdivision 2;

(3) driving of commercial motor vehicles under section 221.0314, subdivision 6;

(4) parts, accessories, and inspection, repair, and maintenance of commercial motor vehicles under section 221.0314, subdivisions 7 and 10; and

(5) hours of service of drivers, including maximum driving and on-duty time under section 221.0314, subdivision 9.

Sec. 108. Minnesota Statutes 2016, section 222.49, is amended to read:

222.49 RAIL SERVICE IMPROVEMENT ACCOUNT; APPROPRIATION.

The rail service improvement account is created in the special revenue fund in the state treasury. ~~The commissioner shall deposit in this account all funds as provided by law, and any other money appropriated to or received by the department for the purpose of rail service improvement donated, allotted, transferred, or otherwise provided to the account, excluding bond proceeds as authorized by article XI, section 5, clause (i), of the Minnesota Constitution. All money so deposited is appropriated to the department for expenditure for rail service improvement in accordance with applicable state and federal law. This appropriation shall not lapse but shall be available until the purpose for which it was appropriated has been accomplished. No money appropriated to the department for the purposes of administering the rail service improvement program shall be deposited in the rail service improvement account nor shall such administrative costs be paid from the account.~~

Sec. 109. Minnesota Statutes 2016, section 222.50, subdivision 6, is amended to read:

Subd. 6. **Grants.** The commissioner may approve grants from the rail service improvement account for payment of up to 50 percent of the nonfederal share of the cost of any rail line project under the federal rail service continuation program freight rail service improvements that support economic development.

Sec. 110. Minnesota Statutes 2016, section 256B.15, subdivision 1a, is amended to read:

Subd. 1a. **Estates subject to claims.** (a) If a person receives medical assistance hereunder, on the person's death, if single, or on the death of the survivor of a married couple, either or both of whom received medical assistance, or as otherwise provided for in this section, the amount paid for medical assistance as limited under subdivision 2 for the person and spouse shall be filed as a claim against the estate of the person or the estate of the surviving spouse in the court having jurisdiction to probate the estate or to issue a decree of descent according to sections 525.31 to 525.313.

(b) For the purposes of this section, the person's estate must consist of:

(1) the person's probate estate;

(2) all of the person's interests or proceeds of those interests in real property the person owned as a life tenant or as a joint tenant with a right of survivorship at the time of the person's death;

(3) all of the person's interests or proceeds of those interests in securities the person owned in beneficiary form as provided under sections 524.6-301 to 524.6-311 at the time of the person's death, to the extent the interests or proceeds of those interests become part of the probate estate under section 524.6-307;

(4) all of the person's interests in joint accounts, multiple-party accounts, and pay-on-death accounts, brokerage accounts, investment accounts, or the proceeds of those accounts, as provided under sections 524.6-201 to 524.6-214 at the time of the person's death to the extent the interests become part of the probate estate under section 524.6-207; and

(5) assets conveyed to a survivor, heir, or assign of the person through survivorship, living trust, transfer-on-death of title or deed, or other arrangements.

(c) For the purpose of this section and recovery in a surviving spouse's estate for medical assistance paid for a predeceased spouse, the estate must consist of all of the legal title and interests the deceased individual's predeceased spouse had in jointly owned or marital property at the time of the spouse's death, as defined in subdivision 2b, and the proceeds of those interests, that passed to the deceased individual or another individual, a survivor, an heir, or an assign of the predeceased spouse through a joint tenancy, tenancy in common, survivorship, life estate, living trust, or other arrangement. A deceased recipient who, at death, owned the property jointly with the surviving spouse shall have an interest in the entire property.

(d) For the purpose of recovery in a single person's estate or the estate of a survivor of a married couple, "other arrangement" includes any other means by which title to all or any part of the jointly owned or marital property or interest passed from the predeceased spouse to another including, but not limited to, transfers between spouses which are permitted, prohibited, or penalized for purposes of medical assistance.

(e) A claim shall be filed if medical assistance was rendered for either or both persons under one of the following circumstances:

(1) the person was over 55 years of age, and received services under this chapter prior to January 1, 2014;

(2) the person resided in a medical institution for six months or longer, received services under this chapter, and, at the time of institutionalization or application for medical assistance, whichever is later, the person could not have reasonably been expected to be discharged and returned home, as certified in writing by the person's treating physician. For purposes of this section only, a "medical institution" means a skilled nursing facility, intermediate care facility, intermediate care facility for persons with developmental disabilities, nursing facility, or inpatient hospital;

(3) the person received general assistance medical care services under the program formerly codified under chapter 256D; or

(4) the person was 55 years of age or older and received medical assistance services on or after January 1, 2014, that consisted of nursing facility services, home and community-based services, or related hospital and prescription drug benefits.

(f) The claim shall be considered an expense of the last illness of the decedent for the purpose of section 524.3-805. Notwithstanding any law or rule to the contrary, a state or county agency with a claim under this section must be a creditor under section 524.6-307. Any statute of limitations that purports to limit any county agency or the state agency, or both, to recover for medical assistance granted hereunder shall not apply to any claim made hereunder for reimbursement for any medical assistance granted hereunder. Notice of the claim shall be given to all heirs and devisees of the decedent, and to other persons with an ownership interest in the real property owned by the decedent at the time of the decedent's death, whose identity can be ascertained with reasonable diligence. The notice must include procedures and instructions for making an application for a hardship waiver under subdivision 5; time frames for submitting an application and determination; and information regarding appeal rights and procedures. Counties are entitled to one-half of the nonfederal share of medical assistance collections from estates that are directly attributable to county effort. Counties are entitled to ten percent of the collections for alternative care directly attributable to county effort.

Sec. 111. Minnesota Statutes 2016, section 297A.815, subdivision 3, is amended to read:

Subd. 3. **Motor vehicle lease sales tax revenue.** ~~(a) For purposes of this subdivision, "net revenue" means an amount equal to the revenues, including interest and penalties, collected under this section, during the fiscal year; less \$32,000,000 in each fiscal year.~~

~~(b)~~ (a) On or before June 30 of each fiscal year, the commissioner of revenue shall must estimate the amount of the net revenue revenues, including interest and penalties and minus refunds, collected under this section for the current fiscal year.

~~(c) On or after (b) By July 1 15 of the subsequent fiscal year, the commissioner of management and budget shall must transfer the net revenue as revenues estimated in under paragraph (b) (a) from the general fund; as follows:~~

(1) 38 percent to the county state-aid highway fund;

(2) 38 percent to the greater Minnesota transit account;

(3) 13 percent to the Minnesota state transportation fund; and

(4) 11 percent to the highway user tax distribution fund.

~~(1) \$9,000,000 annually until January 1, 2015, and 50 percent annually thereafter to the county state-aid highway fund. (c) Notwithstanding any other law to the contrary, the commissioner of transportation shall must allocate the funds transferred under this paragraph (b), clause (1), to the counties in the metropolitan area, as defined in section 473.121, subdivision 4, excluding the counties of Hennepin and Ramsey, so that each county shall receive of such amount receives the percentage that its population, as defined in section 477A.011, subdivision 3, estimated or established by July 15 of the year prior to the current calendar year, bears to the total population of the counties receiving funds under this clause; and paragraph.~~

~~(2) the remainder to the greater Minnesota transit account. (d) The amount transferred under paragraph (b), clause (3), must be used for the local bridge program under section 174.50, subdivisions 6 to 7.~~

(e) The revenues under this subdivision do not include the revenues, including interest and penalties and minus refunds, generated by the sales tax imposed under section 297A.62, subdivision 1a, which must be deposited as provided under the Minnesota Constitution, article XI, section 15.

EFFECTIVE DATE. This section is effective the day following final enactment and applies beginning with transfers recognized in fiscal year 2018.

Sec. 112. Minnesota Statutes 2016, section 297A.94, is amended to read:

297A.94 DEPOSIT OF REVENUES.

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

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

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

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

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

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

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

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

(d) Beginning with sales taxes remitted after July 1, 2017, the commissioner shall deposit in the state treasury the revenues collected under section 297A.64, subdivision 1, including interest and penalties and minus refunds, and credit them to the highway user tax distribution fund.

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

(e) (f) Beginning with sales taxes remitted after July 1, 2017, in conjunction with the deposit of revenues under paragraph (d), the commissioner shall deposit into the state treasury and credit to the highway user tax distribution fund an amount equal to the estimated revenues derived from the tax rate imposed under section 297A.62, subdivision 1, on the lease or rental for not more than 28 days of rental motor vehicles subject to section 297A.64. The commissioner shall estimate the amount of sales tax revenue deposited under this paragraph based on the amount of revenue deposited under paragraph (d).

(g) Starting after July 1, 2017, the commissioner shall deposit an amount of the remittances monthly into the state treasury and credit them to the highway user tax distribution fund as a portion of the estimated amount of taxes collected from the sale and purchase of motor vehicle repair parts in that month. For the remittances between July 1, 2017, and June 30, 2019, the monthly deposit amount is \$6,001,000. For remittances in each subsequent fiscal year, the monthly deposit amount is \$17,173,000. For purposes of this paragraph, "motor vehicle" has the meaning given in section 297B.01, subdivision 11, and "motor vehicle repair and replacement parts" includes (i) all parts, tires, accessories, and equipment incorporated into or affixed to the motor vehicle as part of the motor vehicle maintenance and repair, and (ii) paint, oil, and other fluids that remain on or in the motor vehicle as part of the motor vehicle maintenance or repair. For purposes of this paragraph, "tire" means any tire of the type used on highway vehicles, if wholly or partially made of rubber and if marked according to federal regulations for highway use.

(h) 72.43 percent of the revenues, including interest and penalties, transmitted to the commissioner under section 297A.65, must be deposited by the commissioner in the state treasury as follows:

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

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

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

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

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

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

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

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 113. Minnesota Statutes 2016, section 297A.992, is amended by adding a subdivision to read:

Subd. 10a. **Termination of taxes; use of remaining funds.** If the joint powers agreement under subdivision 3 is terminated, funds received by a county in association with the termination may be used for any of the purposes specified in section 297A.993, subdivision 2.

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

Sec. 114. Minnesota Statutes 2016, section 297B.01, subdivision 16, is amended to read:

Subd. 16. **Sale, sells, selling, purchase, purchased, or acquired.** (a) "Sale," "sells," "selling," "purchase," "purchased," or "acquired" means any transfer of title of any motor vehicle, whether absolutely or conditionally, for a consideration in money or by exchange or barter for any purpose other than resale in the regular course of business.

(b) Any motor vehicle utilized by the owner only by leasing such vehicle to others or by holding it in an effort to so lease it, and which is put to no other use by the owner other than resale after such lease or effort to lease, shall be considered property purchased for resale.

(c) The terms also shall include any transfer of title or ownership of a motor vehicle by other means, for or without consideration, except that these terms shall not include:

(1) the acquisition of a motor vehicle by inheritance from or by bequest of, or transfer-on-death of title by, a decedent who owned it;

(2) the transfer of a motor vehicle which was previously licensed in the names of two or more joint tenants and subsequently transferred without monetary consideration to one or more of the joint tenants;

(3) the transfer of a motor vehicle by way of gift from a limited used vehicle dealer licensed under section 168.27, subdivision 4a, to an individual, when the transfer is with no monetary or other consideration or expectation of consideration and the parties to the transfer submit an affidavit to that effect at the time the title transfer is recorded;

(4) the transfer of a motor vehicle by gift between:

(i) spouses;

(ii) parents and a child; or

(iii) grandparents and a grandchild;

(5) the voluntary or involuntary transfer of a motor vehicle between a husband and wife in a divorce proceeding; or

(6) the transfer of a motor vehicle by way of a gift to an organization that is exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code when the motor vehicle will be used exclusively for religious, charitable, or educational purposes.

Sec. 115. Minnesota Statutes 2016, section 299D.03, subdivision 6, is amended to read:

Subd. 6. **Training program.** The commissioner of public safety may provide training programs for the purpose of obtaining qualified personnel for the State Patrol. Persons accepted by the commissioner of public safety for training under this training program shall be designated State Patrol trainees and shall receive a salary ~~not to exceed~~ no less than 70 percent of the basic salary for patrol officers as prescribed in subdivision 2, during the period of the training. Nothing contained in this subdivision shall be construed to prevent the commissioner of public safety from providing in-service training programs for State Patrol officers. The commissioner of transportation shall furnish the commissioner of public safety with lands and buildings necessary in providing in-service training programs and the Department of Public Safety shall reimburse the Department of Transportation for all reasonable costs incurred due to the provision of these training facilities.

Sec. 116. Minnesota Statutes 2016, section 398A.10, subdivision 3, is amended to read:

Subd. 3. **Application.** This section only applies to a county that has imposed the metropolitan transportation sales and use tax under section 297A.992 and applies whether or not the tax is currently in effect.

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

Sec. 117. Minnesota Statutes 2016, section 398A.10, subdivision 4, is amended to read:

Subd. 4. **Definition.** For purposes of this section, "project" means the initial construction or extension of a minimum operable segment of a new light rail transit or commuter rail line, but does not include infill stations, project enhancements, ~~extensions~~, or supportive infrastructure, constructed after the rail transit is operational.

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

Sec. 118. Minnesota Statutes 2016, section 473.121, subdivision 2, is amended to read:

Subd. 2. **Metropolitan area or area.** "Metropolitan area" or "area" means the area over which the Metropolitan Council has jurisdiction, including only the counties of Anoka; Carver; Dakota excluding the ~~city~~ cities of Northfield and Cannon Falls; Hennepin excluding the cities of Hanover and Rockford; Ramsey; Scott excluding the city of New Prague; and Washington.

EFFECTIVE DATE; APPLICATION. This section is effective the day following final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 119. Minnesota Statutes 2016, section 473.123, is amended to read:

473.123 METROPOLITAN COUNCIL.

Subdivision 1. **Creation; membership.** (a) A Metropolitan Council with jurisdiction in the metropolitan area is established as a public corporation and political subdivision of the state. It shall be under the supervision and control of ~~47~~ 27 members, all of whom ~~shall~~ must be residents of the metropolitan area- and appointed as follows:

(1) a county commissioner from each metropolitan county, appointed by the respective county boards;

(2) a local elected official appointed from each Metropolitan Council district by the municipal committee for the council district established in subdivision 2b;

(3) the commissioner of transportation or the commissioner's designee;

(4) one person to represent nonmotorized transportation, appointed by the commissioner of transportation;

(5) one person to represent freight transportation, appointed by the commissioner of transportation; and

(6) one person to represent public transit, appointed by the commissioner of transportation.

(b) The local elected offices identified in paragraph (a) are compatible with the office of a Metropolitan Council member.

(c) Notwithstanding any change to the definition of the metropolitan area in section 473.121, subdivision 2, the jurisdiction of the Metropolitan Council is limited to the seven-county metropolitan area.

Subd. 2a. **Terms.** (a) Following each apportionment of council districts, as provided under subdivision 3a, council members must be appointed from newly drawn districts as provided in subdivision 3a. Each council member, other than the chair, must reside in the council district represented. Each council district must be represented by one member of the council. The terms of members end with the term of the governor, except that all terms expire on the effective date of the next apportionment. A member serves at the pleasure of the governor, the municipal committee for each council district must appoint a local elected official who resides in the district to serve on the Metropolitan Council for a two-year term. A member's position on the Metropolitan Council becomes vacant if the member ceases to be a local elected official or as provided in chapter 351, and any vacancy must be filled as soon as practicable for the unexpired term in the same manner as the appointment for a regular term. A member shall continue continues to serve the member's district until a successor is appointed and qualified; except that, following each apportionment, the member shall continue continues to serve at large until the governor appoints 16 council members, one municipal committee for the council district appoints a member from each of the newly drawn council districts district as provided under subdivision 3a, to serve terms as provided under this section. The appointment to the council must be made by the first Monday in March of the year in which the term ends.

(b) A county commissioner is appointed to the Metropolitan Council for a two-year term. In addition to the provisions in chapter 351, if a member appointed under this paragraph ceases to be a county commissioner, the council position becomes vacant. A vacancy must be filled as soon as practicable for the unexpired term in the same manner as the appointment for a regular term.

(c) An individual appointed by the commissioner of transportation under subdivision 1 serves at the pleasure of the appointing authority.

Subd. 2b. **Municipal committee in each council district.** The governing body of each home rule charter or statutory city and town in each Metropolitan Council district must appoint a member to serve on a municipal committee for the council district. If a city or town is in more than one council district, the governing body must appoint a member to serve on each council district's municipal committee. A member appointed to a council district's municipal committee must reside in the council district. In addition to appointing a municipal committee member to serve as a member of the Metropolitan Council as provided in subdivision 2a, the municipal committee must meet at least quarterly to discuss issues relating to the Metropolitan Council.

Subd. 3. **Membership; appointment; qualifications Compensation.** (a) Sixteen members must be appointed by the governor from districts defined by this section. Each council member must reside in the council district represented. Each council district must be represented by one member of the council. In addition to any compensation as a local elected official, the council must pay each member of the council other than the chair or the commissioner of transportation, or the commissioner's designee, \$20,000 per year plus reimbursement of actual and necessary expenses as approved by the council. The commissioner of transportation or the commissioner's designee is not eligible for compensation under this subdivision but may be reimbursed for actual and necessary expenses.

(b) In addition to the notice required by section 15.0597, subdivision 4, notice of vacancies and expiration of terms must be published in newspapers of general circulation in the metropolitan area and the appropriate districts. The governing bodies of the statutory and home rule charter cities, counties, and towns having territory in the district for which a member is to be appointed must be notified in writing. The notices must describe the appointments process and invite participation and recommendations on the appointment. In addition to any compensation as a local elected official, the council must pay the chair \$40,000 per year plus reimbursement of actual and necessary expenses as approved by the council.

(c) The governor shall create a nominating committee, composed of seven metropolitan citizens appointed by the governor, to nominate persons for appointment to the council from districts. Three of the committee members must be local elected officials. Following the submission of applications as provided under section 15.0597, subdivision 5, the nominating committee shall conduct public meetings, after appropriate notice, to accept statements from or on

~~behalf of persons who have applied or been nominated for appointment and to allow consultation with and secure the advice of the public and local elected officials. The committee shall hold the meeting on each appointment in the district or in a reasonably convenient and accessible location in the part of the metropolitan area in which the district is located. The committee may consolidate meetings. Following the meetings, the committee shall submit to the governor a list of nominees for each appointment. The governor is not required to appoint from the list.~~

~~(d) Before making an appointment, the governor shall consult with all members of the legislature from the council district for which the member is to be appointed.~~

~~(e) Appointments to the council are subject to the advice and consent of the senate as provided in section 15.066.~~

~~(f) Members of the council must be appointed to reflect fairly the various demographic, political, and other interests in the metropolitan area and the districts.~~

~~(g) Members of the council must be persons knowledgeable about urban and metropolitan affairs.~~

~~(h) Any vacancy in the office of a council member shall immediately be filled for the unexpired term. In filling a vacancy, the governor may forgo the requirements of paragraph (e) if the governor has made appointments in full compliance with the requirements of this subdivision within the preceding 12 months.~~

Subd. 3a. **Redistricting.** The legislature ~~shall~~ must redraw the boundaries of the council districts after each decennial federal census so that each district has substantially equal population. Redistricting is effective in the year ending in the numeral "3." Within 60 days after a redistricting plan takes effect, the ~~governor shall~~ municipal committees must appoint members from the newly drawn districts to serve terms as provided under subdivision 2a.

Subd. 3e. **District boundaries.** Metropolitan Council plan MC2013-1A, on file with the Geographical Information Systems Office of the Legislative Coordinating Commission and published on its Web site on April 9, 2013, is adopted and constitutes the redistricting plan required by subdivision 3a. The boundaries of each Metropolitan Council district are as described in that plan.

Subd. 4. **Chair; appointment, officers, selection; duties and compensation.** (a) The chair of the Metropolitan Council ~~shall~~ must be appointed by the governor as the ~~47th~~ 28th voting member thereof by and with the advice and consent of the senate to serve at the pleasure of the governor to represent the metropolitan area at large. ~~Senate confirmation shall be as provided by section 15.066.~~

The chair of the Metropolitan Council ~~shall~~ must, if present, preside at meetings of the council, have the primary responsibility for meeting with local elected officials, serve as the principal legislative liaison, present to the governor and the legislature, after council approval, the council's plans for regional governance and operations, serve as the principal spokesperson of the council, and perform other duties assigned by the council or by law.

(b) The Metropolitan Council ~~shall~~ must elect other officers as it deems necessary for the conduct of its affairs for a one-year term. A secretary and treasurer need not be members of the Metropolitan Council. Meeting times and places ~~shall~~ must be fixed by the Metropolitan Council and special meetings may be called by a majority of the members of the Metropolitan Council or by the chair. The chair and each Metropolitan Council member ~~shall~~ must be reimbursed for actual and necessary expenses.

(c) Each member of the council ~~shall~~ must attend and participate in council meetings and meet regularly with local elected officials and legislative members from the council member's district. Each council member ~~shall~~ must serve on at least one division committee for transportation, environment, or community development.

(d) In the performance of its duties the Metropolitan Council may adopt policies and procedures governing its operation, establish committees, and, when specifically authorized by law, make appointments to other governmental agencies and districts.

Subd. 8. **General counsel.** The council may appoint a general counsel to serve at the pleasure of the council.

Subd. 9. **Authority to vote; quorum; votes required for action.** (a) The members appointed by the counties and municipal committees may vote on all matters before the council. The commissioner of transportation or the commissioner's designee and the three members appointed by the commissioner may vote only on matters in which the council is acting as the metropolitan planning organization for the region as provided in section 473.146.

(b) A quorum is a majority of the members permitted to vote on a matter.

(c) If a quorum is present, the council may adopt its levy only if at least 60 percent of the members present vote in favor of the levy.

(d) If a quorum is present, the council may adopt a metropolitan system plan or plan amendment only if at least 60 percent of the members present vote in favor of its adoption.

(e) Except as provided in paragraphs (c) and (d), if a quorum is present, the council may act on a majority vote of the members present.

EFFECTIVE DATE; TRANSITION; APPLICATION. This section is effective January 1, 2019, and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 120. Minnesota Statutes 2016, section 473.146, subdivision 3, is amended to read:

Subd. 3. **Development guide: transportation.** The transportation chapter must include policies relating to all transportation forms and be designed to promote the legislative determinations, policies, and goals set forth in section 473.371. In addition to the requirements of subdivision 1 regarding the contents of the policy plan, the nontransit element of the transportation chapter must include the following:

(1) a statement of the needs and problems of the metropolitan area with respect to the functions covered, including the present and prospective demand for and constraints on access to regional business concentrations and other major activity centers and the constraints on and acceptable levels of development and vehicular trip generation at such centers;

(2) the objectives of and the policies to be forwarded by the policy plan;

(3) a general description of the physical facilities and services to be developed;

(4) a statement as to the general location of physical facilities and service areas;

(5) a general statement of timing and priorities in the development of those physical facilities and service areas;

(6) a detailed statement, updated every two years, of timing and priorities for improvements and expenditures needed on the metropolitan highway system;

(7) a general statement on the level of public expenditure appropriate to the facilities; and

(8) a long-range assessment of air transportation trends and factors that may affect airport development in the metropolitan area and policies and strategies that will ensure a comprehensive, coordinated, and timely investigation and evaluation of alternatives for airport development.

The council shall develop the nontransit element in consultation with ~~the transportation advisory board and the~~ Metropolitan Airports Commission and cities having an airport located within or adjacent to its corporate boundaries. The council shall also take into consideration the airport development and operations plans and activities of the commission. The council shall transmit the results to the state Department of Transportation.

EFFECTIVE DATE; APPLICATION. This section is effective January 1, 2019, and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 121. Minnesota Statutes 2016, section 473.146, subdivision 4, is amended to read:

Subd. 4. **Transportation planning.** ~~(a)~~ The Metropolitan Council is the designated planning agency for any long-range comprehensive transportation planning required by section 134 of the Federal Highway Act of 1962, Section 4 of Urban Mass Transportation Act of 1964 and Section 112 of Federal Aid Highway Act of 1973 and other federal transportation laws. The council shall assure administration and coordination of transportation planning with appropriate state, regional and other agencies, counties, and municipalities.

~~(b) The council shall establish an advisory body consisting of citizens and representatives of municipalities, counties, and state agencies in fulfillment of the planning responsibilities of the council. The membership of the advisory body must consist of:~~

- ~~(1) the commissioner of transportation or the commissioner's designee;~~
 - ~~(2) the commissioner of the Pollution Control Agency or the commissioner's designee;~~
 - ~~(3) one member of the Metropolitan Airports Commission appointed by the commission;~~
 - ~~(4) one person appointed by the council to represent nonmotorized transportation;~~
 - ~~(5) one person appointed by the commissioner of transportation to represent the freight transportation industry;~~
 - ~~(6) two persons appointed by the council to represent public transit;~~
 - ~~(7) ten elected officials of cities within the metropolitan area, including one representative from each first class city, appointed by the Association of Metropolitan Municipalities;~~
 - ~~(8) one member of the county board of each county in the seven-county metropolitan area, appointed by the respective county boards;~~
 - ~~(9) eight citizens appointed by the council, one from each council precinct;~~
 - ~~(10) one elected official from a city participating in the replacement service program under section 473.388, appointed by the Suburban Transit Association; and~~
 - ~~(11) one member of the council, appointed by the council.~~
- ~~(c) The council shall appoint a chair from among the members of the advisory body.~~

EFFECTIVE DATE; APPLICATION. This section is effective January 1, 2019, and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 122. Minnesota Statutes 2016, section 473.388, subdivision 4, is amended to read:

Subd. 4. **Financial assistance.** (a) The council must grant the requested financial assistance if it determines that the proposed service is intended to replace the service to the applying city or town or combination thereof by the council and that the proposed service will meet the needs of the applicant at least as efficiently and effectively as the existing service.

(b) The minimum amount of assistance which the council must provide to a system under this section may not be less than the sum of the amounts ~~determined~~ calculated for each ~~municipality comprising the system as follows:~~ of the replacement service municipalities.

(c) The minimum amount of financial assistance for each replacement service municipality is calculated as:

(1) an amount equal to 4.3 percent of the total state revenues generated from the taxes imposed under chapter 297B for the current fiscal year; times

(2) the ratio of (i) the transit operating assistance grants received under this subdivision by the municipality in calendar year 2001 or the tax revenues for transit services levied by the municipality for taxes payable in 2001, including that portion of the levy derived from the areawide pool under section 473F.08, subdivision 3, clause (a), plus the portion of the municipality's aid under Minnesota Statutes 2002, section 273.1398, subdivision 2, attributable to the transit levy; times (2) the ratio of (i) an amount equal to 3.74 percent of the state revenues generated from the taxes imposed under chapter 297B for the current fiscal year to (ii) the total transit operating assistance grants received under this subdivision in calendar year 2001 or the tax revenues for transit services levied by all replacement service municipalities under this section for taxes payable in 2001, including that portion of the levy derived from the areawide pool under section 473F.08, subdivision 3, clause (a), plus the portion of homestead and agricultural credit aid under Minnesota Statutes 2002, section 273.1398, subdivision 2, attributable to nondebt transit levies; times

(3) the ratio of (i) the municipality's total taxable market value for taxes payable in 2006 divided by the municipality's total taxable market value for taxes payable in 2001, to (ii) the total taxable market value of all property located in replacement service municipalities for taxes payable in 2006 divided by the total taxable market value of all property located in replacement service municipalities for taxes payable in 2001.

(c) The council ~~shall~~ must pay the amount to be provided to the recipient from the funds the council receives in the metropolitan area transit account under section 16A.88.

EFFECTIVE DATE; APPLICATION. This section is effective the day following final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 123. Minnesota Statutes 2016, section 473.39, is amended by adding a subdivision to read:

Subd. 6. **Limitation on certain debt obligations.** The council is prohibited from issuing certificates of participation, certificates of indebtedness, bonds, or other obligations secured in whole or in part by a pledge of motor vehicle sales tax revenue received under sections 16A.88 and 297B.09, or by a pledge of any earnings from the council's investment of motor vehicle sales tax revenues.

EFFECTIVE DATE; APPLICATION. This section is effective the day following final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 124. Minnesota Statutes 2016, section 473.3994, is amended by adding a subdivision to read:

Subd. 16. Project development requirements; alternatives and benefits analysis. (a) As part of light rail transit project development and prior to initiating an environmental analysis or preliminary engineering, the responsible authority must perform an alternatives and benefits analysis.

(b) In addition to any other information or requirements, the alternatives and benefits analysis must:

(1) include (i) a no-build option; and (ii) options for each major transit mode, including but not limited to regular route bus service, arterial bus rapid transit, highway bus rapid transit, express bus service, and dedicated busway;

(2) evaluate capacity adequacy and congestion impacts under each option;

(3) include a comprehensive benefit-cost analysis; and

(4) review conformity with the transportation policy plan under section 473.146.

EFFECTIVE DATE; APPLICATION. This section is effective the day following final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington, for projects that have yet to formally enter the engineering phase of the Federal Transit Administration's "New Starts" capital investment project program.

Sec. 125. Minnesota Statutes 2016, section 473.4051, subdivision 2, is amended to read:

Subd. 2. Operating costs. (a) After operating revenue and federal money have been used to pay for light rail transit operations, 50 percent of the remaining operating costs for a light rail transit line must be paid by the state if:

(1) the light rail transit line is in revenue operations as of the effective date of this section; or

(2) a law is enacted on or after the effective date of this section making an appropriation that (i) is from state sources, (ii) specifies the light rail transit project, and (iii) is for a portion of project capital costs.

(b) For a light rail transit line that does not meet the requirements in paragraph (a), all operating and ongoing capital maintenance costs must be paid from nonstate sources.

(c) For purposes of this subdivision, a light rail transit extension that adds additional stops is a separate project or light rail transit line.

EFFECTIVE DATE; APPLICABILITY. This section is effective the day following final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 126. Minnesota Statutes 2016, section 473.857, subdivision 2, is amended to read:

Subd. 2. Within 60 days; report. A hearing shall be conducted within 60 days after the request, provided that the advisory committee or the administrative law judge shall consolidate hearings on related requests. The 60-day period within which the hearing shall be conducted may be extended or suspended by mutual agreement of the council and the local governmental unit. The hearing shall not consider the need for ~~or reasonableness of~~ the metropolitan system plans or parts thereof. The hearing shall afford all interested persons an opportunity to testify and present evidence. The advisory committee or administrative law judge may employ the appropriate technical and professional services of the office of dispute resolution for the purpose of evaluating disputes of fact. The proceedings shall not be deemed a contested case. Within 30 days after the hearing, the advisory committee or the

administrative law judge shall report to the council respecting the proposed amendments to the system statements. The report shall contain findings of fact, conclusions, and recommendations and shall apportion the costs of the proceedings among the parties.

EFFECTIVE DATE. This section is effective January 1, 2019, and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 127. **MOTOR VEHICLE PARTS SALES TAXES ESTIMATION.**

(a) By January 15, 2019, the commissioner of revenue must submit a report on state general sales taxes attributable to motor vehicle repair and replacement parts to the chairs and ranking minority members of the legislative committees with jurisdiction over taxes and transportation policy and finance.

(b) The report must provide an estimate, based on federal data and department consumption models, of the percentage of total sales tax revenues collected in a calendar year from the tax rate imposed under Minnesota Statutes, section 297A.62, subdivision 1, that is attributable to sales and purchases of motor vehicle repair and replacement parts.

(c) For purposes of this section, "motor vehicle repair and replacement parts" has the meaning given in Minnesota Statutes, section 297A.94.

Sec. 128. **TRANSPORTATION PROJECT SELECTION PROCESS.**

Subdivision 1. **Adoption of policy.** (a) The commissioner of transportation, after consultation with the Federal Highway Administration, metropolitan planning organizations, regional development commissions, area transportation partnerships, local governments, the Metropolitan Council, and transportation stakeholders, must develop, adopt, and implement a policy for project evaluation and selection to apply to the project selection process and to special program selection processes, such as corridors of commerce. The commissioner must adopt and implement the policy no later than January 1, 2018, and may update the policy as appropriate. The commissioner must publish the policy and updates on the department's Web site and through other effective means selected by the commissioner.

(b) For each selection process, the policy adopted under this section must:

(1) establish a process that identifies criteria, the weight of each criterion, and a process to score each project based on the weighted criteria; the scoring system may consider project readiness as a criterion for evaluation, but project readiness must not be a major factor in determining the final score;

(2) identify and apply all relevant criteria contained in enacted Minnesota or federal law, or added by the commissioner;

(3) identify for stakeholders and the general public the candidate project selected under each selection process and every project considered that was not selected;

(4) involve area transportation partnerships and other local authorities, as appropriate, in the process of scoring and ranking candidate projects under consideration;

(5) publicize scoring and decision outcomes concerning each candidate project, including the projects that were considered but not selected, and the reason each project was not selected; and

(6) require that the projects in the state transportation improvement program include the score assigned to the project.

(c) At a minimum, the policy adopted under this subdivision must conform with the criteria for the corridors of commerce program under Minnesota Statutes, section 161.088, and the transportation economic development program under Minnesota Statutes, section 174.12.

Subd. 2. **Report to legislature.** By March 1, 2018, the commissioner must submit a report to the chairs, ranking minority members, and staff of the legislative committees with jurisdiction over transportation policy and finance concerning the adopted policy and how the policy is anticipated to improve the consistency, objectivity, and transparency of the selection process. The report must include information on input from members of the public and the organizations identified in subdivision 1. The report must also include proposed legislation to codify the policy.

Sec. 129. CORRIDORS OF COMMERCE PROJECT ELIGIBILITY.

Notwithstanding the requirements of Minnesota Statutes, section 161.088, subdivisions 3 to 5, the commissioner of transportation must include that segment of marked U.S. Highway 212 from Chaska to Montevideo as an eligible highway in the next project solicitation and selection process undertaken for the corridors of commerce program under that section.

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

Sec. 130. CITY OF EXCELSIOR; ELIGIBILITY FOR REPLACEMENT SERVICE.

Notwithstanding Minnesota Statutes, section 473.388, subdivisions 2, 3, and 4, paragraph (a), the Metropolitan Council must grant financial assistance to the city of Excelsior for replacement service. Financial assistance must be provided to the city of Excelsior as provided under Minnesota Statutes, section 473.388, subdivision 4, paragraphs (b) and (c). The city of Excelsior is eligible to receive other assistance as provided in Minnesota Statutes, section 473.388, subdivision 5, and may levy a local tax as provided in Minnesota Statutes, section 473.388, subdivision 7.

Sec. 131. DRIVER'S LICENSE AGENT IN NEW BRIGHTON.

(a) The commissioner of public safety must revise the appointment of the city of New Brighton as a driver's license agent to provide authority to operate as a full-service driver licensing office located in New Brighton city hall. This paragraph applies notwithstanding: (1) Minnesota Statutes, section 171.061, subdivision 2; (2) requirements under Minnesota Rules, part 7404.0300, subpart 3; and (3) procedures for county board appointment of a driver's license agent, including under Minnesota Rules, part 7404.0350. All other provisions regarding the appointment and operation of a driver's license agent under Minnesota Statutes, section 171.061, and Minnesota Rules, chapter 7404, apply.

(b) The commissioner must make the appointment under this section within two weeks of receipt of an appointment application pursuant to the commissioner's procedures under Minnesota Rules.

Sec. 132. ELECTRONIC STORAGE STANDARDS.

On or before August 1, 2017, the commissioner of public safety must establish standards for the conversion by deputy registrars and driver's license agents to secure electronic storage of certain records under Minnesota Statutes, sections 168.33, subdivision 2, and 171.061, subdivision 3. The standards must specify minimum system security requirements, as well as any procedural requirements for the destruction of existing and new paper-based records, consistent with the requirements of Minnesota Statutes, section 138.17. The authority to establish or amend standards under this section expires August 1, 2018.

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

Sec. 133. **RULE CHANGE ON SCHOOL BUS OPERATION.**

The commissioner of public safety must amend Minnesota Rules, part 7470.1000, subpart 2, so that it is consistent with Minnesota Statutes, section 169.443, subdivision 2, using the good cause procedure under Minnesota Statutes, section 14.388.

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

Sec. 134. **CONVEYANCE FOR HISTORICAL PURPOSES; MCKINSTRY SURPLUS LANDS.**

(a) Notwithstanding any other law to the contrary, the commissioner may convey as provided in Minnesota Statutes, section 161.44, land described in paragraph (b), including any improvements on the lands, owned in fee by the state for trunk highway purposes, but no longer needed, to the Minnesota Historical Society for historical purposes. The conveyance must be without financial consideration. The lands conveyed must become a part of the state's historic sites program under Minnesota Statutes, chapter 138.

(b) The lands that may be conveyed are specifically related to the properties of the McKinstry Mounds and portions of the McKinstry Village site owned by the Department of Transportation, located along Trunk Highway 11 in Koochiching County.

Sec. 135. **DEPARTMENT OF TRANSPORTATION LOAN CONVERSION.**

The commissioner of transportation must (1) convert the remaining balance on Contract No. 82799, originally executed with the Minnesota Valley Regional Rail Authority on January 28, 2002, to a grant, and (2) cancel all future payments under the contract. The commissioner is prohibited from requiring or accepting additional payments under Contract No. 82799 as of the effective date of this section. Notwithstanding the loan conversion and payment cancellation under this section, all other terms and conditions under Contract No. 82799 remain effective for the duration of the period specified in the contract.

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

Sec. 136. **MARKED INTERSTATE HIGHWAY 35 WEIGH STATION; MORATORIUM.**

On or before February 1, 2018, the commissioner of transportation is prohibited from designing, engineering, or constructing a motor vehicle weigh station for the southbound direction of travel on marked Interstate Highway 35, between the marked Interstate Highways 35W/35E split and two miles northerly of the split.

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

Sec. 137. **HIGHWAY CONSTRUCTION COSTS AND COST INFLATION STUDY.**

Subdivision 1. **Highway construction cost study; requirements.** (a) The commissioner of transportation must enter into an agreement with an organization or entity having relevant expertise to conduct a study on highway construction costs, inflation, and cost estimating. The study must be designed to identify and analyze the nature of discrepancies in highway construction costs and cost inflation estimates between Minnesota and other federal and national measures.

(b) At a minimum, the study must:

(1) include an overview of highway construction cost and cost estimation issues;

(2) establish benchmarks to compare costs in Minnesota to at least four other states that are comparable based on climate and construction characteristics, including historical state-by-state review of at least the following cost factors: (i) direct input costs associated with highway construction, (ii) cost impacts from construction standards and requirements established in law, and (iii) cost impacts from use of alternative methods of contracting and project management;

(3) identify factors specific to Minnesota, if any, that contribute to cost differences, based on the benchmarks established in clause (2);

(4) evaluate the methodology used for highway construction cost calculation and indexing in Minnesota, including (i) review of associated best practices, (ii) comparison of federal and Minnesota state highway construction cost index methodologies utilizing historical cost data for Minnesota, (iii) identification of the reasons for any past discrepancies or differences between state and federal highway construction cost indexing, and (iv) analysis of the historical accuracy of the Minnesota highway construction cost index compared to actual costs; and

(5) provide specific recommendations for road authorities and legislative changes to reduce highway construction costs.

(c) By February 15, 2018, the commissioner must submit a report on the study to the chairs, ranking minority members, and staff of the legislative committees with jurisdiction over transportation policy and finance.

Subd. 2. **Project cost comparison report.** By February 15, 2018, the commissioner of transportation must report to the chairs, ranking minority members, and staff of the senate and house of representatives committees and divisions with jurisdiction over transportation policy and finance comparing the estimated cost of projects and the actual cost of projects. The report must include all projects completed in whole or in part by MnDOT from July 1, 2012, to July 1, 2017. For each project, the report must list the estimated cost of the project prior to starting the project and the total actual cost for the project after completion. For each project, if the actual cost was less than the estimated cost, the report must explain how the excess funds were expended.

Sec. 138. **VIBRATION SUSCEPTIBILITY STUDY ON CALHOUN ISLES PROPERTY.**

(a) Within 21 days from the effective date of this act, the Metropolitan Council must enter into a contract with an engineering group for the engineering group to conduct a vibration susceptibility study on Calhoun Isles property, including the high-rise building, townhomes, and parking ramp. The study must:

(1) evaluate the susceptibility of the Calhoun Isles property to vibration during construction and during operations of a light rail train;

(2) categorize the Calhoun Isles property based on the susceptibility evaluation; and

(3) address mitigation measures and operational changes required to protect the Calhoun Isles property from vibratory damage.

(b) The Calhoun Isles Condominium Association must select the engineering group and notify the Metropolitan Council of the selection within seven days from the effective date of this act. The Metropolitan Council must bear the entire cost of the study.

EFFECTIVE DATE; APPLICATION. This section is effective the day following final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 139. **REPORT ON DEDICATED FUND EXPENDITURES.**

By February 15, 2018, the commissioners of transportation and public safety, in consultation with the commissioner of management and budget, must jointly submit a report to the members and staff of the legislative committees with jurisdiction over transportation finance. The report must update the information required in the report under Laws 2015, chapter 75, article 2, section 56, including a detailed list of expenditures and transfers from the trunk highway fund and highway user tax distribution fund for fiscal years 2014 through 2018, and information on the purpose of each expenditure.

Sec. 140. **ACTIVE TRANSPORTATION PROGRAM RECOMMENDATIONS.**

(a) By October 1, 2017, the Advisory Committee on Nonmotorized Transportation under Minnesota Statutes, section 174.37, must develop and submit recommendations to the commissioner of transportation regarding the project evaluation and selection processes under Minnesota Statutes, section 174.38, subdivision 7.

(b) The advisory committee is encouraged to consult with representatives from the Bicycle Alliance of Minnesota; Minnesota Chamber of Commerce; Metropolitan Council Transportation Accessibility Advisory Committee; Minnesota Department of Transportation district area transportation partnerships; organizations representing elderly populations; public health organizations with experience in active transportation; the Minnesota State Council on Disability and other Minnesota state councils and commissions, including the Council on Asian-Pacific Minnesotans, the Minnesota Council on Latino Affairs, the Council for Minnesotans of African Heritage, the Minnesota Indian Affairs Council, the Office on the Economic Status of Women, and the Cultural and Ethnic Communities Leadership Council; and other stakeholders with expertise in equitable active transportation.

(c) In its next annual report under Minnesota Statutes, section 174.37, subdivision 4, the advisory committee must include a summary of the recommendations under this section and submit a copy of the report to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance. The report is subject to Minnesota Statutes, section 3.195.

Sec. 141. **REPORT BY COMMISSIONER OF TRANSPORTATION ON MNPASS LANES AND TOLLING.**

(a) On or before January 2, 2018, the commissioner of transportation must report to the chairs and ranking minority members of the senate and house of representatives committees and divisions with jurisdiction over transportation policy and finance concerning MnPASS lanes and tolling to reduce congestion and raise revenue.

(b) At a minimum, the report must, with respect to MnPASS lanes:

(1) for each lane, state the capital costs, maintenance and repair costs, and operation costs;

(2) for each lane, indicate the current condition and the projected life expectancy;

(3) for each lane, list and explain the cost recovery ratio;

(4) list the amounts of the deposit of revenues made each year since pursuant to Minnesota Statutes, section 160.93, subdivisions 2 and 2a, including a breakdown of deposits for each lane for each year the lane has been in existence;

(5) list the cost to participate in the MnPASS program, broken down by each year a lane has been in existence;

(6) for each lane, list the total number of users, including a breakdown of the total number of each type of user; and

(7) provide an explanation of how MnPASS lane regulations are enforced.

(c) At a minimum, the report must, with respect to tolling:

(1) summarize current state and federal laws that affect the use of tolling in this state;

(2) identify any federal pilot projects for which this state is eligible to participate;

(3) discuss the feasibility and cost of expanding use of tolling, the possibility of private investment in toll roads, and projected costs and cost recovery in establishing, operating, and maintaining toll roads;

(4) review tolling models and technology options;

(5) summarize the experience of other states that have widely implemented tolling;

(6) identify and evaluate the feasibility of toll implementation for specific corridors;

(7) project the likely range of revenues that could be generated by wider implementation of tolling and identify the percentage of revenues that are projected to be paid by nonresidents of the state;

(8) discuss options for use of tolling revenue and measures to ensure compliance with laws governing operation of toll roads and use of revenues;

(9) recommend and discuss possible ways to reduce cost to Minnesotans, such as tax deductions or credits, or types of discounts; and

(10) provide recommendations for needed statutory or rule changes that would facilitate wider implementation of tolling and achieve maximum revenues for the state and equity for its residents.

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

Sec. 142. **REPORT BY COMMISSIONER OF TRANSPORTATION ON TURNBACKS.**

(a) By February 15, 2018, the commissioner of transportation must report to the chairs and ranking minority members of the senate and house of representatives committees having jurisdiction over transportation policy and finance concerning turnbacks. At a minimum, the report must include:

(1) a current list of proposed turnback projects, including a description of each segment of highway that is to be turned back; a description of the restoration work to be completed; estimated cost of restoration work; to which entity the highway will be turned back; and the total estimated cost related to all aspects of the turnback;

(2) the amount that the commissioner of transportation anticipates will be needed for turnbacks during the next two fiscal years and a list of the turnbacks that will be accomplished with the anticipated funds;

(3) a description of the turnback process, including an explanation of how turnback projects are selected; and

(4) for each of the past five years:

(i) the amount of money that accrued to the county turnback account and to the municipal turnback account;

(ii) a description of each segment of highway that was restored and turned back, including what restoration work was completed; total cost of restoration work; to which entity the highway was turned back; and the total cost related to all aspects of the turnback;

(iii) the amount of surplus funds, if any, that were transferred to the county state-aid highway fund or to the municipal state-aid street fund pursuant to Minnesota Statutes, section 161.084; and

(iv) each payment made to a local government for future restoration after the road is turned back, a description of the work to be completed with the funds, and a schedule detailing when the work was completed or will be completed.

(b) By February 15, 2019, and each year thereafter, the commissioner of transportation must report to the chairs and ranking minority members of the senate and house of representatives committees having jurisdiction over transportation policy and finance concerning turnbacks. At a minimum, the report must include:

(1) a current list of proposed turnback projects, including a description of each segment of highway that is to be turned back; a description of the restoration work to be completed; estimated cost of restoration work; to which entity the highway will be turned back; and the total estimated cost related to all aspects of the turnback;

(2) the amount that the commissioner of transportation anticipates will be needed for turnbacks during the next two fiscal years and a list of the turnbacks that will be accomplished with the anticipated funds; and

(3) for the past calendar year, a description of each segment of highway that was restored and turned back, including what restoration work was completed; total cost of restoration work; to which entity the highway was turned back; and the total cost related to all aspects of the turnback.

(c) Paragraph (b) expires after the report is submitted on February 15, 2019.

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

Sec. 143. **WORKING GROUP FOR INTERSECTION IN WILKIN COUNTY; REPORT.**

(a) By September 1, 2017, the commissioner of transportation must convene a working group to consider potential options for Wilkin County Road 19 between marked Trunk Highway 55 and the railroad tracks north of marked Trunk Highway 55. The working group must consist of the commissioner, or designee, and one representative from each of the following: Minn-Dak Farmers Cooperative; the Wilkin County Board; the town board of Champion; and the city council of Nashua. By December 15, 2017, the working group must identify project options to address safety concerns of local residents at this location. For each identified project, the commissioner must include an estimated cost and the estimated date by which the project would be completed. The working group must then identify a preferred option. Based on that preferred option, the responsible parties must develop funding strategies and a delivery schedule with the goal that the project be completed by December 31, 2019.

(b) By January 1, 2018, the commissioner must report to the chairs, ranking minority members, and staff of the senate and house of representatives committees or divisions with jurisdiction over transportation policy and finance. The report must, at a minimum, include: a summary of the meetings held by the working group; the project options identified and the commissioner estimates associated with each option; and, if identified, the preferred option and the funding and delivery schedule for that option.

Sec. 144. **METRO MOBILITY ENHANCEMENT TASK FORCE.**

Subdivision 1. **Task force established.** A Metro Mobility Enhancement Task Force is established to examine options to enhance Metro Mobility program service under Minnesota Statutes, section 473.386. The goal of the task force is to partner with taxi services and transportation network companies, as defined in Minnesota Statutes, section 65B.472, subdivision 1, paragraph (e), to increase program service levels and efficiency.

Subd. 2. **Membership.** (a) The task force consists of the following members:

(1) one representative from Metro Mobility, appointed by the Metropolitan Council;

(2) one elected official from each metropolitan county, as defined in Minnesota Statutes, section 473.121, subdivision 4, each of whom must be from a district or unit of government that is located within the Metro Mobility service area, appointed by the respective county board in consultation with cities in that county;

(3) at least one and no more than three individuals representing transportation network companies, as defined in Minnesota Statutes, section 65B.472, subdivision 1, appointed as provided under paragraph (b);

(4) at least one and no more than three individuals representing taxi service providers, appointed as provided in paragraph (c);

(5) one representative appointed by the Transportation Accessibility Advisory Committee established under Minnesota Statutes, section 473.375, subdivision 9a;

(6) one representative appointed by the Council on Disability;

(7) one individual appointed by the Association of Residential Resources of Minnesota; and

(8) one individual appointed by the Center for Transportation Studies at the University of Minnesota.

(b) An interested transportation network company may appoint no more than one person as a task force member. Appointment under this paragraph is on a first-come, first-appointed basis by written notification to the Metropolitan Council.

(c) An interested taxi service provider may appoint no more than one person as a task force member. Appointment under this paragraph is on a first-come, first-appointed basis by written notification to the Metropolitan Council.

(d) The task force members specified under paragraph (a), clauses (1), (3), and (4), are nonvoting members of the task force.

Subd. 3. **Task force duties.** (a) The task force must evaluate the Metro Mobility program, which must include but is not limited to analysis of customer service, program costs and expenditures, service coverage area and hours, reservation and scheduling, and buses and equipment.

(b) The task force must analyze approaches to improve Metro Mobility program service by using partnerships with transportation network companies. At a minimum, the analysis must consider:

(1) geographic service areas of transportation network companies;

(2) demand responsiveness and service levels of transportation network companies;

(3) the share of trips in which specially equipped vehicles that comply with the Americans with Disabilities Act are necessary;

(4) technology accessibility for Metro Mobility customers;

(5) liability considerations; and

(6) integration of billing systems of transportation network companies with current Metro Mobility fare collection.

(c) The task force must analyze approaches to improve Metro Mobility program service by incorporating the use of taxi service. At a minimum, the analysis must consider:

(1) availability of taxi service throughout the Metro Mobility service area;

(2) demand responsiveness and service levels of taxi services;

(3) the share of trips in which specially equipped vehicles that comply with the Americans with Disabilities Act are necessary;

(4) technology accessibility for Metro Mobility customers;

(5) liability considerations;

(6) options for contracting with taxi providers or other methods of billing for taxi rides; and

(7) the potential to use taxi service to provide an enhanced service option where riders pay a higher fare than other users of Metro Mobility Services.

(d) The task force must review proposals and models for incorporating transportation network companies and taxi service providers into transit systems in other service areas.

Subd. 4. **Administration.** (a) Each appointing entity under subdivision 2 must make appointments and notify the Metropolitan Council by August 1, 2017.

(b) The Metropolitan Council representative appointed to the task force must convene the initial meeting of the task force no later than September 1, 2017. At the initial meeting, the members of the task force must elect a chair or cochairs from among the task force members.

(c) Upon request of the task force, the council must use existing resources to provide data, information, meeting space, and administrative services.

(d) Members of the task force serve without compensation or payment of expenses.

(e) The task force may accept gifts and grants, which are accepted on behalf of the state and constitute donations to the Metropolitan Council. Funds received under this paragraph are appropriated to the Metropolitan Council for purposes of the task force.

Subd. 5. **Legislative report.** (a) By February 15, 2018, the task force must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance.

(b) At a minimum the report must:

(1) summarize the work of the task force and its findings;

(2) describe the current Metro Mobility program;

(3) identify at least three potential service level approaches that involve partnering with and incorporating transportation network companies, taxi service providers, or both; and

(4) provide any recommendations for program and legislative changes.

Subd. 6. **Expiration.** The task force under this section expires February 15, 2018, or upon submission of the report required under subdivision 5, whichever is earlier.

Sec. 145. **LEGISLATIVE ROUTE NO. 123 REMOVED.**

(a) Minnesota Statutes, section 161.115, subdivision 54, is repealed effective the day after the commissioner of transportation receives a copy of the agreement between the commissioner and the governing body of Le Sueur County to transfer jurisdiction of Legislative Route No. 123 and after the commissioner notifies the revisor of statutes under paragraph (b).

(b) The revisor of statutes shall delete the route identified in paragraph (a) from Minnesota Statutes when the commissioner of transportation sends notice to the revisor electronically or in writing that the conditions required to transfer the route have been satisfied.

Sec. 146. **LEGISLATIVE ROUTE NO. 225 REMOVED.**

(a) Minnesota Statutes, section 161.115, subdivision 156, is repealed effective the day after the commissioner of transportation receives a copy of the agreement between the commissioner and the governing body of Becker County to transfer jurisdiction of Legislative Route No. 225 and after the commissioner notifies the revisor of statutes under paragraph (b).

(b) The revisor of statutes shall delete the route identified in paragraph (a) from Minnesota Statutes when the commissioner of transportation sends notice to the revisor electronically or in writing that the conditions required to transfer the route have been satisfied.

Sec. 147. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall recodify Minnesota Statutes, section 174.93, as Minnesota Statutes, section 473.4485. The revisor shall correct any cross-references made necessary by the recodification.

Sec. 148. **REPEALER.**

(a) Minnesota Statutes 2016, sections 160.262, subdivision 2; 160.265; and 160.266, subdivisions 1 and 2, are repealed.

(b) Minnesota Statutes 2016, section 161.115, subdivision 32, is repealed.

(c) Minnesota Statutes 2016, sections 165.15, subdivision 8; and 219.375, subdivision 4, are repealed.

(d) Minnesota Statutes 2016, section 169.4502, subdivision 5, is repealed.

(e) Minnesota Rules, parts 8810.0800, subpart 3; and 8810.1300, subpart 4, are repealed.

(f) Minnesota Rules, parts 8810.6000; 8810.6100; 8810.6300; 8810.6400; 8810.6500; 8810.6600; 8810.6700; 8810.6800; 8810.6900; 8810.7000; 8810.9910; 8810.9911; 8810.9912; and 8810.9913, are repealed.

(g) Laws 1994, chapter 628, article 1, section 8, is repealed.

EFFECTIVE DATE. Paragraph (g) is effective January 1, 2019, and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington."

Delete the title and insert:

"A bill for an act relating to transportation finance; establishing a budget for transportation; appropriating money for transportation purposes, including Department of Transportation, Metropolitan Council, and Department of Public Safety activities; modifying various provisions governing transportation policy and finance; allocating certain sales and use tax revenue; establishing accounts; requiring reports; making technical changes; authorizing sale and issuance of state bonds; amending Minnesota Statutes 2016, sections 15A.0815, subdivision 3; 53C.01, subdivision 2; 85.016; 116.03, by adding a subdivision; 117.189; 160.02, subdivision 27, by adding subdivisions; 160.18, by adding a subdivision; 160.262, subdivisions 1, 3, 4; 160.266, subdivisions 3, 4, 5, by adding subdivisions; 161.04, subdivision 5; 161.081, subdivision 3; 161.088, subdivisions 4, 5, 7; 161.115, subdivision 190; 161.14, by adding subdivisions; 161.21, subdivision 1; 161.321, subdivision 6; 161.38, by adding a subdivision; 161.44, subdivisions 5, 6a, by adding a subdivision; 168.013, subdivision 1a, by adding a subdivision; 168.021, subdivisions 1, 2, 2a; 168.27, by adding a subdivision; 168.33, subdivision 2; 168A.09, subdivision 1; 168A.141; 168A.142; 169.011, subdivision 34, by adding a subdivision; 169.14, by adding a subdivision; 169.18, subdivisions 5, 7; 169.345, subdivisions 1, 3; 169.442, subdivision 5; 169.443, subdivision 2; 169.444, subdivision 2; 169.449, subdivision 1; 169.4501, subdivisions 1, 2; 169.4503, subdivisions 4, 7, 14, 23, 30; 169.64, subdivision 8; 169.80, subdivision 1; 169.829, by adding a subdivision; 169.865, subdivision 3; 169.871, subdivision 1; 171.02, subdivision 2b; 171.06, subdivision 2a; 171.061, subdivision 3; 171.12, subdivision 6; 173.02, subdivisions 18, 23, by adding subdivisions; 173.06, subdivision 1; 173.07, subdivision 1; 173.08, by adding subdivisions; 173.13, subdivision 11; 173.16, by adding subdivisions; 174.03, subdivisions 1a, 1c; 174.50, subdivisions 5, 6b, 6c, 7; 174.56, by adding a subdivision; 174.93; 221.031, by adding a subdivision; 222.49; 222.50, subdivision 6; 256B.15, subdivision 1a; 297A.815, subdivision 3; 297A.94; 297A.992, by adding a subdivision; 297B.01, subdivision 16; 299D.03, subdivision 6; 398A.10, subdivisions 3, 4; 473.121, subdivision 2; 473.123; 473.146, subdivisions 3, 4; 473.388, subdivision 4; 473.39, by adding a subdivision; 473.3994, by adding a subdivision; 473.4051, subdivision 2; 473.857, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 160; 168; 168A; 169; 173; 174; 219; repealing Minnesota Statutes 2016, sections 160.262, subdivision 2; 160.265; 160.266, subdivisions 1, 2; 161.115, subdivision 32; 165.15, subdivision 8; 169.4502, subdivision 5; 219.375, subdivision 4; Laws 1994, chapter 628, article 1, section 8; Minnesota Rules, parts 8810.0800, subpart 3; 8810.1300, subpart 4; 8810.6000; 8810.6100; 8810.6300; 8810.6400; 8810.6500; 8810.6600; 8810.6700; 8810.6800; 8810.6900; 8810.7000; 8810.9910; 8810.9911; 8810.9912; 8810.9913."

We request the adoption of this report and repassage of the bill.

House Conferees: PAUL TORKELSON, JOHN PETERSBURG, JON KOZNICK and JEFF HOWE.

Senate Conferees: SCOTT J. NEWMAN, JOHN JASINSKI, MARY KIFFMEYER and DAVID J. OSMEK.

Speaker pro tempore Garofalo called Albright to the Chair.

Torkelson moved that the report of the Conference Committee on H. F. No. 861 be adopted and that the bill be repassed as amended by the Conference Committee.

A roll call was requested and properly seconded.

The question was taken on the Torkelson motion and the roll was called. There were 74 yeas and 58 nays as follows:

Those who voted in the affirmative were:

| | | | | | |
|--------------|------------|-------------|------------|------------|------------|
| Albright | Davids | Haley | Layman | Peppin | Torkelson |
| Anderson, P. | Dean, M. | Hamilton | Lohmer | Petersburg | Uglen |
| Anderson, S. | Dettmer | Heintzeman | Loon | Peterson | Urdahl |
| Anselmo | Drazkowski | Hertaus | Loonan | Pierson | Vogel |
| Backer | Erickson | Hoppe | Lueck | Poston | West |
| Bahr, C. | Fenton | Howe | McDonald | Pugh | Whelan |
| Baker | Franke | Jessup | Miller | Quam | Wills |
| Barr, R. | Franson | Johnson, B. | Nash | Rarick | Zerwas |
| Bennett | Garofalo | Jurgens | Neu | Runbeck | Spk. Daudt |
| Bliss | Green | Kiel | Newberger | Schomacker | |
| Christensen | Grossell | Knoblauch | Nornes | Scott | |
| Cornish | Gruenhagen | Koznick | O'Driscoll | Swedzinski | |
| Daniels | Gunther | Kresha | O'Neill | Theis | |

Those who voted in the negative were:

| | | | | | |
|-------------|-----------|---------------|------------|------------|----------|
| Allen | Dehn, R. | Hortman | Loeffler | Murphy, M. | Sauke |
| Applebaum | Ecklund | Johnson, C. | Lucero | Nelson | Schultz |
| Becker-Finn | Fischer | Johnson, S. | Mahoney | Olson | Slocum |
| Bernardy | Flanagan | Koegel | Mariani | Omar | Sundin |
| Bly | Freiberg | Kunesh-Podein | Marquart | Pelowski | Thissen |
| Carlson, A. | Halverson | Lee | Masin | Pinto | Wagenius |
| Carlson, L. | Hansen | Lesch | Maye Quade | Poppe | Ward |
| Clark | Hausman | Liebling | Metsa | Pryor | Youakim |
| Considine | Hilstrom | Lien | Moran | Rosenthal | |
| Davnie | Hornstein | Lillie | Murphy, E. | Sandstede | |

The motion prevailed.

Sundin was excused for the remainder of today's session.

H. F. No. 861, A bill for an act relating to transportation finance; establishing the budget for transportation activities; modifying various provisions governing transportation finance and policy; establishing a fund; requiring reports; appropriating money; authorizing the sale and issuance of state bonds; amending Minnesota Statutes 2016, sections 16A.88, subdivision 2; 53C.01, subdivision 2; 115A.908, subdivision 2; 117.189; 160.18, by adding a subdivision; 161.081, subdivision 3; 161.088, subdivisions 4, 5, 7; 161.115, subdivision 190; 161.14, by adding subdivisions; 161.321, subdivision 6; 161.38, by adding a subdivision; 161.44, subdivisions 5, 6a, by adding a subdivision; 162.145, subdivision 2; 168.021, subdivisions 1, 2, 2a; 168.27, by adding a subdivision; 168.33, subdivision 2; 168A.09, subdivision 1; 169.011, subdivision 34; 169.18, subdivisions 5, 7; 169.345, subdivisions 1, 3; 169.442, subdivision 5; 169.443, subdivision 2; 169.444, subdivision 2; 169.449, subdivision 1; 169.4501,

subdivisions 1, 2; 169.4503, subdivisions 4, 7, 14, 23, 30; 169.64, subdivision 8; 169.865, subdivision 3; 171.02, subdivision 2b; 171.06, subdivision 2a; 171.061, subdivision 3; 171.12, subdivision 6; 173.02, subdivisions 18, 23, by adding subdivisions; 173.06, subdivision 1; 173.07, subdivision 1; 173.08, by adding subdivisions; 173.13, subdivision 11; 173.16, by adding subdivisions; 174.03, subdivisions 1a, 1c, by adding a subdivision; 174.50, subdivisions 5, 6b, 6c, 7; 174.56, subdivisions 1, 2, by adding a subdivision; 174.93; 219.166; 219.20, subdivision 1; 221.031, by adding a subdivision; 222.49; 222.50, subdivision 6, by adding a subdivision; 299D.03, subdivision 6; 473.13, subdivision 1; 473.146, subdivision 3; 473.388, subdivision 4; 473.39, by adding a subdivision; 473.3994, by adding subdivisions; 473.4051, subdivision 3; Laws 2015, chapter 75, article 1, section 3, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 168; 169; 173; 174; 219; 398A; 471; 473; repealing Minnesota Statutes 2016, sections 161.115, subdivision 32; 169.4502, subdivision 5; 473.4051, subdivision 2; Minnesota Rules, parts 8810.0800, subpart 3; 8810.1300, subpart 4.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 75 yeas and 56 nays as follows:

Those who voted in the affirmative were:

| | | | | | |
|--------------|------------|-------------|------------|------------|------------|
| Albright | Davids | Haley | Layman | O'Neill | Theis |
| Anderson, P. | Dean, M. | Hamilton | Lohmer | Peppin | Torkelson |
| Anderson, S. | Dettmer | Heintzeman | Loon | Petersburg | Uglen |
| Anselmo | Drazkowski | Hertaus | Loonan | Peterson | Urdahl |
| Backer | Erickson | Hoppe | Lucero | Pierson | Vogel |
| Bahr, C. | Fenton | Howe | Lueck | Poston | West |
| Baker | Franke | Jessup | McDonald | Pugh | Whelan |
| Barr, R. | Franson | Johnson, B. | Miller | Quam | Wills |
| Bennett | Garofalo | Jurgens | Nash | Rarick | Zerwas |
| Bliss | Green | Kiel | Neu | Runbeck | Spk. Daudt |
| Christensen | Grossell | Knoblauch | Newberger | Schomacker | |
| Cornish | Gruenhagen | Koznick | Nornes | Scott | |
| Daniels | Gunther | Kresha | O'Driscoll | Swedzinski | |

Those who voted in the negative were:

| | | | | | |
|-------------|-----------|---------------|------------|-----------|----------|
| Allen | Dehn, R. | Hortman | Loeffler | Nelson | Schultz |
| Applebaum | Ecklund | Johnson, C. | Mahoney | Olson | Slocum |
| Becker-Finn | Fischer | Johnson, S. | Mariani | Omar | Thissen |
| Bernardy | Flanagan | Koegel | Marquart | Pelowski | Wagenius |
| Bly | Freiberg | Kunesh-Podein | Masin | Pinto | Ward |
| Carlson, A. | Halverson | Lee | Maye Quade | Poppe | Youakim |
| Carlson, L. | Hansen | Lesch | Metsa | Pryor | |
| Clark | Hausman | Liebling | Moran | Rosenthal | |
| Considine | Hilstrom | Lien | Murphy, E. | Sandstede | |
| Davnie | Hornstein | Lillie | Murphy, M. | Sauke | |

The bill was repassed, as amended by Conference, and its title agreed to.

MOTIONS AND RESOLUTIONS

Freiberg moved that the name of Flanagan be added as an author on H. F. No. 96. The motion prevailed.

Wills moved that the name of Youakim be added as an author on H. F. No. 515. The motion prevailed.

Rosenthal moved that the name of Fischer be added as an author on H. F. No. 2339. The motion prevailed.

Fenton moved that the name of Youakim be added as an author on H. F. No. 2453. The motion prevailed.

Hansen moved that the name of Fischer be added as an author on H. F. No. 2637. The motion prevailed.

Dehn, R., moved that the names of Omar and Lee be added as authors on H. F. No. 2654. The motion prevailed.

MOTION TO SUSPEND RULES

Thissen moved that the rules of the House be so far suspended so that H. F. No. 1065 be recalled from the Committee on Civil Law and Data Practices Policy, be given its second and third readings and be placed upon its final passage.

A roll call was requested and properly seconded.

The question was taken on the Thissen motion and the roll was called. There were 57 yeas and 74 nays as follows:

Those who voted in the affirmative were:

| | | | | | |
|-------------|-----------|---------------|------------|-----------|----------|
| Allen | Dehn, R. | Hortman | Loeffler | Nelson | Schultz |
| Applebaum | Ecklund | Johnson, C. | Mahoney | Olson | Slocum |
| Becker-Finn | Fischer | Johnson, S. | Mariani | Omar | Thissen |
| Bernardy | Flanagan | Koegel | Marquart | Pelowski | Wagenius |
| Bly | Freiberg | Kunesh-Podein | Masin | Pinto | Ward |
| Carlson, A. | Halverson | Lee | Maye Quade | Poppe | West |
| Carlson, L. | Hansen | Lesch | Metsa | Pryor | Youakim |
| Clark | Hausman | Liebling | Moran | Rosenthal | |
| Considine | Hilstrom | Lien | Murphy, E. | Sandstede | |
| Davnie | Hornstein | Lillie | Murphy, M. | Sauke | |

Those who voted in the negative were:

| | | | | | |
|--------------|-------------|------------|-------------|-----------|------------|
| Albright | Christensen | Franson | Hoppe | Lohmer | Nornes |
| Anderson, P. | Cornish | Garofalo | Howe | Loon | O'Driscoll |
| Anderson, S. | Daniels | Green | Jessup | Loonan | O'Neill |
| Anselmo | Dauids | Grossell | Johnson, B. | Lucero | Peppin |
| Backer | Dean, M. | Gruenhagen | Jurgens | Lueck | Petersburg |
| Bahr, C. | Dettmer | Gunther | Kiel | McDonald | Peterson |
| Baker | Drazkowski | Haley | Knoblach | Miller | Pierson |
| Barr, R. | Erickson | Hamilton | Koznick | Nash | Poston |
| Bennett | Fenton | Heintzeman | Kresha | Neu | Pugh |
| Bliss | Franke | Hertaus | Layman | Newberger | Quam |

| | | | | |
|------------|------------|-----------|--------|------------|
| Rarick | Scott | Torkelson | Vogel | Zerwas |
| Runbeck | Swedzinski | Uglen | Whelan | Spk. Daudt |
| Schomacker | Theis | Urdahl | Wills | |

The motion did not prevail.

ADJOURNMENT

Peppin moved that when the House adjourns today it adjourn until 10:00 a.m., Thursday, May 11, 2017. The motion prevailed.

Peppin moved that the House adjourn. The motion prevailed, and Speaker pro tempore Albright declared the House stands adjourned until 10:00 a.m., Thursday, May 11, 2017.

PATRICK D. MURPHY, Chief Clerk, House of Representatives