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State of Minnesota

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HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 5247

- 04/02/2024 Authored by Gomez and Kotyza-Witthuhn
The bill was read for the first time and referred to the Committee on Taxes
- 04/24/2024 Adoption of Report: Amended and re-referred to the Committee on Ways and Means
- 04/30/2024 Adoption of Report: Placed on the General Register as Amended
Read for the Second Time
- 05/02/2024 Calendar for the Day
Bill was laid on the Table
- 05/03/2024 Bill was taken from the Table
Read Third Time as Amended
Passed by the House as Amended and transmitted to the Senate to include Floor Amendments
- 05/07/2024 Returned to the House as Amended by the Senate
Refused to concur and a Conference Committee was appointed

1.1 A bill for an act

1.2 relating to taxation; modifying individual income taxes, corporate franchise taxes,

1.3 property taxes, local government aids, minerals taxes, sales and use taxes, gross

1.4 receipts taxes, excise taxes, and other tax-related provisions; modifying income

1.5 tax credits and subtractions; expanding the child tax credit and providing for a

1.6 minimum credit; providing for nonconformity to certain worker classification

1.7 rules; providing for disclosure of certain corporate franchise tax information;

1.8 providing for direct free filing; requiring a corporate tax base erosion study;

1.9 modifying property tax exemptions, credits, classifications, and abatements;

1.10 adjusting local government aid calculations and payments and forgiving local

1.11 government aid penalties; providing for an advance homestead credit for seniors;

1.12 providing for transfers and distributions of proceeds of minerals taxes; providing

1.13 for issuance of revenue bonds; providing for an amusement device gross receipts

1.14 tax in lieu of the sales and use tax; providing sales and use tax construction

1.15 exemptions; repealing the tax on illegal marijuana and controlled substances;

1.16 providing special tax increment financing authority; authorizing cities and counties

1.17 to impose local sales and use taxes for certain projects; establishing a local sales

1.18 tax equalization distribution; providing for state auditor oversight of local sales

1.19 and use taxes; modifying certain special local taxes; providing for taxpayer

1.20 assistance and outreach grants; providing aid for various uses; providing for the

1.21 establishment of land valuation districts; making technical changes; requiring

1.22 reports; transferring money; appropriating money; amending Minnesota Statutes

1.23 2022, sections 10A.02, subdivision 11b; 10A.322, subdivision 4; 116U.27,

1.24 subdivision 2; 123B.53, subdivision 1; 123B.71, subdivision 8; 270C.21; 270C.445,

1.25 subdivision 6; 272.02, subdivisions 7, 19, by adding subdivisions; 273.13,

1.26 subdivision 22; 273.135, subdivision 2; 273.1393; 273.38; 273.41; 275.065, by

1.27 adding a subdivision; 276.04, subdivision 2, as amended, by adding a subdivision;

1.28 276A.01, subdivision 17; 276A.06, subdivision 8; 289A.08, subdivision 1; 289A.12,

1.29 subdivision 18; 290.0132, by adding a subdivision; 290.0683, subdivision 3;

1.30 290.92, by adding a subdivision; 290A.03, by adding subdivisions; 295.53,

1.31 subdivision 4a; 297A.68, subdivisions 3a, 45; 297A.99, subdivision 3, by adding

1.32 a subdivision; 297I.20, subdivision 4; 298.17; 298.28, subdivision 8; 298.282,

1.33 subdivision 1; 298.292, subdivision 2; 375.192, subdivision 2; 446A.086,

1.34 subdivision 1; 469.104; 469.1812, by adding a subdivision; 469.1813, subdivisions

1.35 1, 6, by adding a subdivision; 469.190, subdivisions 1, 7; 474A.091, subdivisions

1.36 2, 2a; 609.902, subdivision 4; Minnesota Statutes 2023 Supplement, sections

1.37 41B.0391, subdivision 4; 123B.71, subdivision 12; 126C.40, subdivision 6; 273.13,

1.38 subdivisions 25, 34; 273.1392; 275.065, subdivision 3; 290.01, subdivision 19;

2.1 290.0132, subdivision 34; 290.0134, subdivision 20; 290.06, subdivision 23;
 2.2 290.0661, subdivisions 1, 8, by adding a subdivision; 290.0671, subdivision 1a;
 2.3 290.0693, subdivisions 1, 6, 8; 290.0695, subdivision 2; 290A.03, subdivisions 3,
 2.4 13; 297A.61, subdivision 3; 297A.99, subdivision 1; 297H.13, subdivision 2;
 2.5 298.018, subdivision 1; 298.28, subdivisions 7a, 16; 349.12, subdivision 25;
 2.6 477A.30, subdivisions 4, 5, 6, 7; 477A.35, subdivision 6; Laws 1986, chapter 396,
 2.7 section 5, as amended; Laws 1986, chapter 400, section 44, as amended; Laws
 2.8 2010, chapter 389, article 7, section 22, as amended; Laws 2014, chapter 308,
 2.9 article 6, section 9, as amended; Laws 2017, First Special Session chapter 1, article
 2.10 6, section 22; Laws 2023, chapter 1, sections 22; 28; proposing coding for new
 2.11 law in Minnesota Statutes, chapters 270B; 273; 289A; 290A; 295; 297A; 428A;
 2.12 repealing Minnesota Statutes 2022, sections 13.4967, subdivision 5; 297D.02;
 2.13 297D.03; 297D.05; 297D.09, subdivisions 1, 2; 297D.12; 297D.13; Minnesota
 2.14 Statutes 2023 Supplement, sections 297A.99, subdivision 3a; 297D.01; 297D.04;
 2.15 297D.06; 297D.07; 297D.08; 297D.085; 297D.09, subdivision 1a; 297D.10;
 2.16 297D.11; 477A.30, subdivision 8; Laws 2023, chapter 64, article 15, section 24.

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

2.18 **ARTICLE 1**
 2.19 **INDIVIDUAL INCOME AND CORPORATE FRANCHISE TAXES**

2.20 Section 1. Minnesota Statutes 2022, section 10A.02, subdivision 11b, is amended to read:

2.21 Subd. 11b. **Data privacy related to electronic reporting system.** (a) The board may
 2.22 develop and maintain systems to enable treasurers to enter and store electronic records
 2.23 online for the purpose of complying with this chapter. Data entered into such systems by
 2.24 treasurers or their authorized agents is not government data under chapter 13 and may not
 2.25 be accessed or used by the board for any purpose without the treasurer's written consent.
 2.26 Data from such systems that has been submitted to the board as a filed report is government
 2.27 data under chapter 13.

2.28 (b) For purposes of administering the refund under section 290.06, subdivision 23, the
 2.29 board may access or use the following data entered and stored in an electronic reporting
 2.30 system and share the data with the commissioner of revenue: (1) the amount of the
 2.31 contribution; (2) the name and address of the person requesting the refund; (3) any unique
 2.32 identifier for the contribution; (4) the name and campaign identification number of the party
 2.33 or candidate that received the contribution; and (5) the date on which the contribution was
 2.34 received. Data accessed, used, or maintained by the board under this paragraph is private
 2.35 data on individuals, as defined in section 13.02, subdivision 12.

2.36 **EFFECTIVE DATE.** This section is effective January 1, 2026.

3.1 Sec. 2. Minnesota Statutes 2022, section 10A.322, subdivision 4, is amended to read:

3.2 Subd. 4. **Refund ~~receipt forms~~ receipts; penalty.** (a) The board must make available
3.3 to a political party on request and to any candidate for whom an agreement under this section
3.4 is effective, ~~a supply of official~~ electronic refund receipt forms receipts that state in boldface
3.5 type that:

3.6 (1) a contributor who is given a receipt ~~form~~ is eligible to claim a refund as provided in
3.7 section 290.06, subdivision 23; and

3.8 (2) if the contribution is to a candidate, that the candidate has signed an agreement to
3.9 limit campaign expenditures as provided in this section.

3.10 ~~The forms must provide duplicate copies of the receipt to be attached to the contributor's~~
3.11 ~~claim.~~ An electronic receipt must only be issued for a contribution of \$10 or more. Each
3.12 receipt must include a unique receipt validation number that allows the commissioner of
3.13 revenue to verify the information on the receipt with the Campaign Finance Board. A
3.14 political party or candidate may provide a printed copy of the electronic receipt to the
3.15 contributor.

3.16 (b) At least once a week, the board must provide the commissioner of revenue a receipt
3.17 validation report. For each contribution reported to the board during the week, the report
3.18 must include:

3.19 (1) the date and amount of the contribution;

3.20 (2) the name and address of the contributor;

3.21 (3) the name and campaign identification number of the party or candidate that received
3.22 the contribution; and

3.23 (4) the receipt validation number assigned to the contribution.

3.24 ~~(b)~~ (c) The willful issuance of an official refund receipt ~~form or a facsimile of one~~ to
3.25 any of the candidate's contributors by a candidate or treasurer of a candidate who did not
3.26 sign an agreement under this section is subject to a civil penalty of up to \$3,000 imposed
3.27 by the board.

3.28 ~~(e)~~ (d) The willful issuance of an official refund receipt ~~form or a facsimile~~ to an
3.29 individual not eligible to claim a refund under section 290.06, subdivision 23, is subject to
3.30 a civil penalty of up to \$3,000 imposed by the board.

3.31 ~~(d)~~ (e) A violation of paragraph ~~(b)~~ (c) or ~~(e)~~ (d) is a misdemeanor.

4.1 (f) A receipt validation report and a receipt validation number prepared pursuant to this
4.2 section are private data on individuals, as defined in section 13.02, subdivision 12.

4.3 **EFFECTIVE DATE.** This section is effective for contributions made after December
4.4 31, 2025.

4.5 Sec. 3. Minnesota Statutes 2023 Supplement, section 41B.0391, subdivision 4, is amended
4.6 to read:

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

4.8 (1) approve and certify or recertify beginning farmers as eligible for the program under
4.9 this section;

4.10 (2) approve and certify or recertify owners of agricultural assets as eligible for the tax
4.11 credit under subdivision 2 subject to the allocation limits in paragraph (c);

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

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

4.16 (5) notwithstanding section 41B.211, the Rural Finance Authority must share information
4.17 with the commissioner of revenue to the extent necessary to administer provisions under
4.18 this subdivision and section 290.06, subdivisions 37 and 38. The Rural Finance Authority
4.19 must annually notify the commissioner of revenue of approval and certification or
4.20 recertification of beginning farmers and owners of agricultural assets under this section.
4.21 For credits under subdivision 2, the notification must include the amount of credit approved
4.22 by the authority and stated on the credit certificate.

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

4.27 (c) For credits for owners of agricultural assets allowed under subdivision 2, the authority
4.28 must not allocate more than \$6,500,000 ~~for taxable years beginning after December 31,~~
4.29 ~~2022, and before January 1, 2024,~~ and \$4,000,000 for each taxable years ~~beginning after~~
4.30 ~~December 31, 2023~~ year. The authority must allocate credits on a first-come, first-served
4.31 basis beginning on January 1 of each year, except that recertifications for the second and
4.32 third years of credits under subdivision 2, paragraph (a), clauses (1) and (2), have first

5.1 priority. ~~Any amount authorized but not allocated for taxable years ending before January~~
5.2 ~~1, 2023, is canceled and is not allocated for future taxable years. For taxable years beginning~~
5.3 ~~after December 31, 2022,~~ Any amount authorized but not allocated in any taxable year does
5.4 not cancel and is added to the allocation for the next taxable year. For each taxable year,
5.5 50 percent of newly allocated credits must be allocated to emerging farmers. Any portion
5.6 of a taxable year's newly allocated credits that is reserved for emerging farmers that is not
5.7 allocated by ~~September 30~~ May 31 of the taxable year is available for allocation to other
5.8 credit allocations beginning on ~~October~~ June 1.

5.9 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
5.10 31, 2023.

5.11 Sec. 4. **[270B.163] DISCLOSURE OF CERTAIN CORPORATE FRANCHISE TAX**
5.12 **INFORMATION.**

5.13 (a) Except as otherwise provided in this section, within one month from the first day of
5.14 the third calendar year following the calendar year in which a taxpayer's taxable year ends,
5.15 the commissioner must make the following information available on a website:

5.16 (1) a corporation's corporate franchise tax return required under section 289A.18,
5.17 subdivision 1, and any amended or adjusted returns;

5.18 (2) all corporate franchise tax forms relating to the calculation of income, apportionment,
5.19 and calculation of tax; and

5.20 (3) the corporation's identity for state corporate franchise tax purposes.

5.21 (b) This section does not authorize the commissioner to disclose a corporation's federal
5.22 return or federal return information.

5.23 (c) This section applies to a corporation required to file a return under section 289A.08,
5.24 subdivision 3, that has \$250,000,000 or more in aggregate gross sales or receipts in a taxable
5.25 year as determined by the original or most recent amended or adjusted return, including a
5.26 unitary business under section 290.17, subdivision 4.

5.27 (d) Compliance with this section by the commissioner is not a violation of this chapter.

5.28 **EFFECTIVE DATE.** This section is effective for information required to be made
5.29 available in calendar years beginning after December 31, 2024.

6.1 Sec. 5. Minnesota Statutes 2022, section 289A.08, subdivision 1, is amended to read:

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

6.5 (1) an individual who is not a Minnesota resident for any part of the year is not required
6.6 to file a Minnesota income tax return if the individual's gross income derived from Minnesota
6.7 sources as determined under sections 290.081, paragraph (a), and 290.17, is less than the
6.8 filing requirements for a single individual who is a full year resident of Minnesota;

6.9 (2) an individual who is a Minnesota resident is not required to file a Minnesota income
6.10 tax return if the individual's gross income derived from Minnesota sources as determined
6.11 under section 290.17, less the subtractions allowed under section 290.0132, subdivisions
6.12 12 and 15, is less than the filing requirements for a single individual who is a full-year
6.13 resident of Minnesota.

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

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

6.22 (d) The commissioner of revenue must annually determine the gross income levels at
6.23 which individuals are required to file a return for each taxable year based on the amounts
6.24 allowed as a deduction under section 290.0123.

6.25 (e) Notwithstanding paragraph (a), an individual must file a Minnesota income tax return
6.26 for each taxable year that the taxpayer has made an election to receive advance payments
6.27 of the child tax credit under section 290.0661, subdivision 8.

6.28 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
6.29 31, 2024.

6.30 Sec. 6. **[289A.081] DIRECT FREE FILING OF INDIVIDUAL RETURNS.**

6.31 (a) The commissioner must establish an electronic filing system through which taxpayers
6.32 may directly file an electronic individual income tax return free of charge. The commissioner

7.1 may contract with a software vendor to develop the filing system required under this section,
7.2 but the vendor must not offer paid tax preparation services for Minnesota individual income
7.3 taxpayers for tax years that the system is active, and the filing system must be made available
7.4 on the Department of Revenue website.

7.5 (b) To the extent feasible, the commissioner must coordinate the state filing system
7.6 under this section with federal direct file options.

7.7 (c) For taxable years beginning after December 31, 2024, the filing system established
7.8 under this section must include the ability to file a sufficient number of tax forms that the
7.9 commissioner estimates at least 70 percent of resident individual income tax returns could
7.10 be filed using the system.

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

7.12 Sec. 7. Minnesota Statutes 2022, section 290.0132, is amended by adding a subdivision
7.13 to read:

7.14 Subd. 36. **Discharges of indebtedness; coerced debt.** The amount of discharge of
7.15 indebtedness awarded to a claimant under section 332.74, subdivision 3, is a subtraction.

7.16 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
7.17 31, 2023.

7.18 Sec. 8. Minnesota Statutes 2023 Supplement, section 290.06, subdivision 23, is amended
7.19 to read:

7.20 Subd. 23. **Refund of contributions to political parties and candidates.** (a) A taxpayer
7.21 may claim a refund equal to the amount of the taxpayer's contributions made in the calendar
7.22 year to candidates and to a political party. The maximum total refund per calendar year for
7.23 an individual must not exceed \$75 and for a married couple, filing jointly, must not exceed
7.24 \$150. The commissioner must not issue a refund, whether in one payment or in aggregate,
7.25 to a taxpayer that exceeds the maximum refund amounts specified in this subdivision. A
7.26 refund of a contribution is allowed only if the taxpayer files:

7.27 (1) a form required by the commissioner and attaches to the form ~~a copy of an official~~
7.28 refund receipt ~~form~~ issued by the candidate or party and signed by the candidate, the treasurer
7.29 of the candidate's principal campaign committee, or the chair or treasurer of the party unit,
7.30 after the contribution was received. ~~The receipt forms must be numbered, and the data on~~
7.31 ~~the receipt that are not public must be made available to the campaign finance and public~~
7.32 ~~disclosure board upon its request; or~~

8.1 (2) a claim using the electronic filing system authorized in paragraph (i).

8.2 The form or claim must include one or more unique receipt validation numbers from receipts
8.3 issued pursuant to section 10A.322, subdivision 4.

8.4 (b) A claim must be filed with the commissioner no sooner than January 1 of the calendar
8.5 year in which the contribution was made and no later than April 15 of the calendar year
8.6 following the calendar year in which the contribution was made. ~~A taxpayer may file only~~
8.7 ~~one claim per calendar year.~~ A claim must be for a minimum of \$10. Amounts paid by the
8.8 commissioner after June 15 of the calendar year following the calendar year in which the
8.9 contribution was made must include interest at the rate specified in section 270C.405.

8.10 ~~(b)~~ (c) No refund is allowed under this subdivision for a contribution to a candidate
8.11 unless the candidate:

8.12 (1) has signed an agreement to limit campaign expenditures as provided in section
8.13 10A.322;

8.14 (2) is seeking an office for which voluntary spending limits are specified in section
8.15 10A.25; and

8.16 (3) has designated a principal campaign committee.

8.17 This subdivision does not limit the campaign expenditures of a candidate who does not
8.18 sign an agreement but accepts a contribution for which the contributor improperly claims
8.19 a refund.

8.20 ~~(e)~~ (d) For purposes of this subdivision, "political party" means a major political party
8.21 as defined in section 200.02, subdivision 7, or a minor political party qualifying for inclusion
8.22 on the income tax or property tax refund form under section 10A.31, subdivision 3a.

8.23 A "major party" or "minor party" includes the aggregate of that party's organization
8.24 within each house of the legislature, the state party organization, and the party organization
8.25 within congressional districts, counties, legislative districts, municipalities, and precincts.

8.26 "Candidate" means a candidate as defined in section 10A.01, subdivision 10, except a
8.27 candidate for judicial office.

8.28 "Contribution" means a gift of money.

8.29 ~~(d)~~ (e) The commissioner shall make copies of the form available to the public and
8.30 candidates upon request.

8.31 ~~(e)~~ (f) The following data collected or maintained by the commissioner under this
8.32 subdivision are private: the identities of individuals claiming a refund, the identities of

9.1 candidates to whom those individuals have made contributions, and the amount of each
9.2 contribution.

9.3 ~~(f)~~ (g) The commissioner shall report to the campaign finance and public disclosure
9.4 board by each August 1 a summary showing the total number and aggregate amount of
9.5 political contribution refunds made on behalf of each candidate and each political party.
9.6 These data are public.

9.7 ~~(g)~~ (h) The amount necessary to pay claims for the refund provided in this section is
9.8 appropriated from the general fund to the commissioner of revenue.

9.9 ~~(h) For a taxpayer who files a claim for refund via the Internet or other electronic means,~~
9.10 ~~the commissioner may accept the number on the official receipt as documentation that a~~
9.11 ~~contribution was made rather than the actual receipt as required by paragraph (a) (i) The~~
9.12 commissioner must establish an electronic filing system by which refunds are claimed.

9.13 **EFFECTIVE DATE.** This section is effective for contributions made after December
9.14 31, 2025.

9.15 Sec. 9. Minnesota Statutes 2023 Supplement, section 290.0661, subdivision 1, is amended
9.16 to read:

9.17 Subdivision 1. **Definitions.** For the purposes of this section, "qualifying child" has the
9.18 meaning given in section 32(c) of the Internal Revenue Code, except:

9.19 (1) excluding individuals who attained the age of ~~18~~ 19 or greater in the taxable year;
9.20 and

9.21 (2) section 32(m) of the Internal Revenue Code does not apply.

9.22 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
9.23 31, 2023.

9.24 Sec. 10. Minnesota Statutes 2023 Supplement, section 290.0661, subdivision 8, is amended
9.25 to read:

9.26 Subd. 8. **Advance payment of credits.** (a) The commissioner of revenue ~~may~~ must
9.27 establish a process to allow taxpayers to elect to receive one or more advance payments of
9.28 the credit under this section. The amount of advance payments must be based on the taxpayer
9.29 and commissioner's estimate of the amount of credits for which the taxpayer would be
9.30 eligible in the taxable year beginning in the calendar year in which the payments were made.

10.1 The commissioner must not distribute advance payments to a taxpayer who does not elect
10.2 to receive advance payments.

10.3 (b) The amount of a taxpayer's credit under this section for the taxable year is reduced
10.4 by the amount of advance payments received by the taxpayer in the calendar year during
10.5 which the taxable year began. If a taxpayer's advance payments exceeded the credit the
10.6 taxpayer was eligible to receive for the taxable year, the taxpayer's liability for tax is increased
10.7 by the difference between the amount of advance payments received and the credit amount.

10.8 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
10.9 31, 2024.

10.10 Sec. 11. Minnesota Statutes 2023 Supplement, section 290.0661, is amended by adding
10.11 a subdivision to read:

10.12 **Subd. 9. Minimum credit.** (a) An eligible taxpayer is allowed the greater of the credit
10.13 allowed under subdivision 2 or the minimum credit described in this subdivision. A taxpayer
10.14 is eligible for the minimum credit under this subdivision if:

10.15 (1) the taxpayer received an advance payment of the credit under subdivision 8; and

10.16 (2) the taxpayer's income was low enough to qualify for the credit under subdivision 2
10.17 in the preceding taxable year.

10.18 (b) The credit allowed under this subdivision is equal to 50 percent of the credit received
10.19 under subdivision 2 in the prior taxable year, unless paragraph (c) applies.

10.20 (c) If a taxpayer is claiming fewer qualifying children in the current taxable year than
10.21 in the prior taxable year, the minimum credit allowed under this subdivision is equal to 50
10.22 percent of credit received under this section in the prior taxable year multiplied by a fraction
10.23 in which:

10.24 (1) the numerator is the number of qualifying children in the current taxable year; and

10.25 (2) the denominator is the number of qualifying children in the prior taxable year.

10.26 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
10.27 31, 2024.

10.28 Sec. 12. Minnesota Statutes 2023 Supplement, section 290.0671, subdivision 1a, is amended
10.29 to read:

10.30 Subd. 1a. **Definitions.** For purposes of this section, "qualifying older child" means a
10.31 qualifying child, as defined in section 32(c) of the Internal Revenue Code, that attained at

11.1 least the age of ~~18~~ 19 in the taxable year. For the purposes of determining a qualifying older
11.2 child, section 32(m) of the Internal Revenue Code does not apply.

11.3 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
11.4 31, 2023.

11.5 Sec. 13. Minnesota Statutes 2022, section 290.0683, subdivision 3, is amended to read:

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

11.10 (b) The aggregate amount of tax credits allowed to all eligible contributors is limited to
11.11 \$9,900,000 annually. If the entire amount is not allocated for 2023, any remaining amount
11.12 is available for allocation for 2024.

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

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

11.22 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
11.23 after December 31, 2022.

11.24 Sec. 14. Minnesota Statutes 2022, section 290.92, is amended by adding a subdivision to
11.25 read:

11.26 Subd. 32. **Nonconformity to certain worker classification rules.** For purposes of
11.27 employee classification under this section, "Internal Revenue Code" does not include section
11.28 530 of Public Law 95-600, as amended.

11.29 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
11.30 31, 2024.

12.1 Sec. 15. Minnesota Statutes 2023 Supplement, section 290A.03, subdivision 3, is amended
12.2 to read:

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

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

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

12.6 (i) all nontaxable income;

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

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

12.13 (iv) cash public assistance and relief;

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

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

12.21 (vii) workers' compensation;

12.22 (viii) nontaxable strike benefits;

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

12.26 (x) a lump-sum distribution under section 402(e)(3) of the Internal Revenue Code of
12.27 1986, as amended through December 31, 1995;

12.28 (xi) contributions made by the claimant to an individual retirement account, including
12.29 a qualified voluntary employee contribution; simplified employee pension plan;
12.30 self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of
12.31 the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal

13.1 Revenue Code, to the extent the sum of amounts exceeds the retirement base amount for
13.2 the claimant and spouse;

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

13.5 (xiii) nontaxable scholarship or fellowship grants;

13.6 (xiv) alimony received to the extent not included in the recipient's income;

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

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

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

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

13.18 (b) "Income" does not include:

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

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

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

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

13.28 (5) relief granted under this chapter;

13.29 (6) child support payments received under a temporary or final decree of dissolution or
13.30 legal separation;

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

14.4 (8) alimony paid; ~~or~~

14.5 (9) veterans disability compensation paid under title 38 of the United States Code; or

14.6 (10) to the extent included in federal adjusted gross income, the amount of discharge of
14.7 indebtedness awarded to the claimant under section 332.74, subdivision 3.

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

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

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

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

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

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

14.14 (6) if the claimant or claimant's spouse had a disability or attained the age of 65 on or
14.15 before December 31 of the year for which the taxes were levied, the exemption amount.

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

14.17 (1) "exemption amount" means the exemption amount under section 290.0121,
14.18 subdivision 1, paragraph (b), for the taxable year for which the income is reported;

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

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

14.25 **EFFECTIVE DATE.** This section is effective for property taxes payable in 2025 and
14.26 thereafter.

14.27 Sec. 16. **CORPORATE TAX BASE EROSION STUDY.**

14.28 By February 1, 2025, the commissioner of revenue must provide a report to the chairs
14.29 and ranking minority members of the legislative committees with jurisdiction over taxes
14.30 on the extent of corporate tax base erosion in Minnesota; the legislative options for addressing

15.1 that erosion, including worldwide combined reporting; and the litigation risks that may arise
15.2 by adopting various approaches to address corporate tax base erosion. The report must
15.3 comply with Minnesota Statutes, sections 3.195 and 3.197, and specifically include a
15.4 discussion of:

15.5 (1) the types of international corporate structures and resulting transactions among
15.6 commonly controlled businesses that reduce the amount of income that would otherwise
15.7 be apportionable to Minnesota under the corporate franchise tax, the effect of which is
15.8 commonly referred to as "corporate tax base erosion";

15.9 (2) the most reliable published analyses of corporate tax base erosion that could be used
15.10 to estimate the revenue impact of that erosion on corporate franchise tax collections in
15.11 Minnesota, including how Minnesota's share of aggregate domestic shifted profits may be
15.12 calculated;

15.13 (3) the extent to which the state's current treatment of income under section 951A of the
15.14 Internal Revenue Code addresses corporate tax base erosion and the limitations of this
15.15 approach;

15.16 (4) other options that exist for modifying the state's corporate franchise tax to address
15.17 corporate tax base erosion, including the imposition of worldwide combined reporting;

15.18 (5) for worldwide combined reporting:

15.19 (i) how the increased amount of income estimated to be apportioned to Minnesota under
15.20 a combined reporting system would be equal to the amount of Minnesota's share of shifted
15.21 profits described in clause (2);

15.22 (ii) the administrative impact of worldwide combined reporting on taxpayers and the
15.23 Department of Revenue relative to current law; and

15.24 (iii) recommendations for administrative changes to the corporate franchise tax to address
15.25 the impacts described in item (ii);

15.26 (6) recommendations for any other modifications to current law needed to administer
15.27 the options described in clause (4);

15.28 (7) the risk of litigation, including federal constitutional claims, under the options
15.29 described in clause (4) and recommendations to mitigate those risks; and

15.30 (8) any other topic the commissioner deems necessary to properly inform legislators on
15.31 this subject.

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

16.1 Sec. 17. **APPROPRIATION; POLITICAL CONTRIBUTION REFUND**
16.2 **ELECTRONIC FILING SYSTEM.**

16.3 \$147,000 in fiscal year 2025 is appropriated from the general fund to the commissioner
16.4 of revenue to establish and implement an electronic filing system for political contribution
16.5 refund claims. This appropriation is available until June 30, 2026. The base for this
16.6 appropriation is \$59,000 for fiscal year 2026 and \$59,000 for fiscal year 2027.

16.7 Sec. 18. **TRANSFER; APPROPRIATION; DIRECT FREE FILING SYSTEM.**

16.8 (a) \$5,000,000 in fiscal year 2025 is appropriated from the general fund to the
16.9 commissioner of revenue to implement the electronic filing system required in Minnesota
16.10 Statutes, section 289A.081. This is a onetime appropriation and is available until June 30,
16.11 2027. The base for the appropriation is \$2,300,000 in fiscal year 2027.

16.12 (b) On July 1, 2024, \$5,000,000 is transferred to the general fund from the tax filing
16.13 modernization account in the special revenue fund established in Laws 2023, chapter 64,
16.14 article 15, section 24.

16.15 Sec. 19. **APPROPRIATION; CORPORATE FRANCHISE TAX INFORMATION**
16.16 **DISCLOSURE.**

16.17 \$480,000 in fiscal year 2025 is appropriated from the general fund to the commissioner
16.18 of revenue to administer the publication of corporate franchise tax information required
16.19 under Minnesota Statutes, section 270B.163. The base for this appropriation is \$198,000
16.20 in fiscal year 2026 and \$198,000 in fiscal year 2027.

16.21 Sec. 20. **APPROPRIATION; CORPORATE TAX BASE EROSION STUDY.**

16.22 \$655,000 in fiscal year 2025 is appropriated from the general fund to the commissioner
16.23 of revenue to produce the study required in section 16. This is a onetime appropriation and
16.24 is available until June 30, 2025.

16.25 Sec. 21. **CHILD TAX CREDIT ACCOUNT; TRANSFER; APPROPRIATION.**

16.26 (a) By June 30, 2025, and June 30, 2026, the commissioner of revenue must certify to
16.27 the commissioner of management and budget:

16.28 (1) the total change in individual income tax liability from the credit allowed under
16.29 Minnesota Statutes, section 290.0661, subdivision 9, compared to the credit calculated under
16.30 Minnesota Statutes, section 290.0661, subdivision 2; and

17.1 (2) the total change in individual income tax liability resulting from an 18-year-old
17.2 individual to be considered a qualifying child under Minnesota Statutes, section 290.0661,
17.3 subdivision 1.

17.4 (b) A child tax credit account is created in the special revenue fund. Money in the account
17.5 is appropriated to the commissioner of management and budget for transfers to the general
17.6 fund required in paragraph (d).

17.7 (c) \$32,300,000 in fiscal year 2025 is transferred from the general fund to the child tax
17.8 credit account established in paragraph (b). This is a onetime transfer.

17.9 (d) In fiscal years 2026 and 2027, the commissioner of management and budget must
17.10 transfer an amount sufficient to cover the amounts certified in paragraph (a) from the child
17.11 tax credit account to the general fund. On June 30, 2027, any amount remaining in the child
17.12 tax credit account cancels to the general fund and this section expires.

17.13 Sec. 22. **REPEALER.**

17.14 Laws 2023, chapter 64, article 15, section 24, is repealed.

17.15 **EFFECTIVE DATE.** This section is effective July 2, 2024.

17.16 **ARTICLE 2**

17.17 **PROPERTY TAXES AND LOCAL GOVERNMENT AIDS**

17.18 Section 1. Minnesota Statutes 2022, section 272.02, subdivision 7, is amended to read:

17.19 Subd. 7. **Institutions of public charity.** (a) Institutions of purely public charity that are
17.20 exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code
17.21 are exempt if they meet the requirements of this subdivision. In determining whether real
17.22 property is exempt under this subdivision, the following factors must be considered:

17.23 (1) whether the stated purpose of the undertaking is to be helpful to others without
17.24 immediate expectation of material reward;

17.25 (2) whether the institution of public charity is supported by material donations, gifts, or
17.26 government grants for services to the public in whole or in part;

17.27 (3) whether a material number of the recipients of the charity receive benefits or services
17.28 at reduced or no cost, or whether the organization provides services to the public that alleviate
17.29 burdens or responsibilities that would otherwise be borne by the government;

17.30 (4) whether the income received, including material gifts and donations, produces a
17.31 profit to the charitable institution that is not distributed to private interests;

18.1 (5) whether the beneficiaries of the charity are restricted or unrestricted, and, if restricted,
18.2 whether the class of persons to whom the charity is made available is one having a reasonable
18.3 relationship to the charitable objectives; and

18.4 (6) whether dividends, in form or substance, or assets upon dissolution, are not available
18.5 to private interests.

18.6 A charitable organization must satisfy the factors in clauses (1) to (6) for its property to
18.7 be exempt under this subdivision, unless there is a reasonable justification for failing to
18.8 meet the factors in clause (2), (3), or (5), and the organization provides to the assessor the
18.9 factual basis for that justification. If there is reasonable justification for failing to meet the
18.10 factors in clause (2), (3), or (5), an organization is a purely public charity under this
18.11 subdivision without meeting those factors. After an exemption is properly granted under
18.12 this subdivision, it will remain in effect unless there is a material change in facts.

18.13 (b) For purposes of this subdivision, a grant is a written instrument or electronic document
18.14 defining a legal relationship between a granting agency and a grantee when the principal
18.15 purpose of the relationship is to transfer cash or something of value to the grantee to support
18.16 a public purpose authorized by law in a general manner instead of acquiring by professional
18.17 or technical contract, purchase, lease, or barter property or services for the direct benefit or
18.18 use of the granting agency.

18.19 (c) Rental housing property does not qualify for an exemption under this subdivision
18.20 unless: (1) its use is in furtherance of the tax-exempt charitable purpose of the organization;
18.21 and (2) its use does not further the tax-exempt charitable purpose of the organization solely
18.22 by providing rental housing to persons or families on the basis of the income characteristics
18.23 of those persons or families.

18.24 ~~(e)~~ (d) In determining whether rental housing property qualifies for exemption under
18.25 this subdivision, the following are not gifts or donations to the owner of the rental housing:

18.26 (1) rent assistance provided by the government to or on behalf of tenants; and

18.27 (2) financing assistance or tax credits provided by the government to the owner on
18.28 condition that specific units or a specific quantity of units be set aside for persons or families
18.29 with certain income characteristics.

18.30 **EFFECTIVE DATE.** This section is effective for taxes payable in 2025 and thereafter.

19.1 Sec. 2. Minnesota Statutes 2022, section 272.02, subdivision 19, is amended to read:

19.2 Subd. 19. **Property used to distribute electricity to farmers.** Electric power distribution
19.3 ~~lines and their attachments and appurtenances~~ systems, not including substations, or
19.4 transmission or generation equipment, that are used primarily for supplying electricity to
19.5 farmers at retail, are exempt.

19.6 **EFFECTIVE DATE.** This section is effective for assessment year 2024 and thereafter.

19.7 Sec. 3. Minnesota Statutes 2022, section 272.02, is amended by adding a subdivision to
19.8 read:

19.9 Subd. 106. **Certain property owned by an Indian Tribe.** (a) Property is exempt that:

19.10 (1) was classified as class 2b under section 273.13, subdivision 24, for taxes payable in
19.11 2024;

19.12 (2) is located within a county with a population greater than 5,580 but less than 5,620
19.13 according to the 2020 federal census;

19.14 (3) is located in an unorganized territory with a population less than 800 according to
19.15 the 2020 federal census; and

19.16 (4) was on January 2, 2023, and is for the current assessment, owned by a federally
19.17 recognized Indian Tribe, or its instrumentality, that is located within the state of Minnesota.

19.18 (b) The exemption under this subdivision does not apply if the use of the property
19.19 receiving the exemption changes from the use of the property in assessment year 2024.

19.20 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2025.

19.21 Sec. 4. Minnesota Statutes 2022, section 272.02, is amended by adding a subdivision to
19.22 read:

19.23 Subd. 107. **Certain property owned by an Indian Tribe.** (a) Property is exempt that:

19.24 (1) was classified as class 3a under section 273.13, subdivision 24, for taxes payable in
19.25 2024;

19.26 (2) is located in a city of the first class with a population greater than 400,000 as of the
19.27 2020 federal census;

19.28 (3) was on January 1, 2023, and is for the current assessment, owned by a federally
19.29 recognized Indian Tribe, or its instrumentality, that is located within the state of Minnesota;
19.30 and

20.1 (4) is used exclusively for Tribal purposes or institutions of purely public charity as
20.2 defined in subdivision 7.

20.3 (b) Property that qualifies for the exemption under this subdivision is limited to one
20.4 parcel that does not exceed 40,000 square feet. Property used for single-family housing,
20.5 market-rate apartments, agriculture, or forestry does not qualify for this exemption.

20.6 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2025.

20.7 Sec. 5. Minnesota Statutes 2022, section 273.13, subdivision 22, is amended to read:

20.8 Subd. 22. **Class 1.** (a) Except as provided in subdivision 23 and in paragraphs (b) and
20.9 (c), real estate which is residential and used for homestead purposes is class 1a. In the case
20.10 of a duplex or triplex in which one of the units is used for homestead purposes, the entire
20.11 property is deemed to be used for homestead purposes. The market value of class 1a property
20.12 must be determined based upon the value of the house, garage, and land.

20.13 The first \$500,000 of market value of class 1a property has a net classification rate of
20.14 one percent of its market value; and the market value of class 1a property that exceeds
20.15 \$500,000 has a classification rate of 1.25 percent of its market value.

20.16 (b) Class 1b property includes homestead real estate or homestead manufactured homes
20.17 used for the purposes of a homestead by:

20.18 (1) any person who is blind as defined in section 256D.35, or the person who is blind
20.19 and the spouse of the person who is blind;

20.20 (2) any person who is permanently and totally disabled or by the person with a disability
20.21 and the spouse of the person with a disability; or

20.22 (3) the surviving spouse of a veteran who was permanently and totally disabled
20.23 homesteading a property classified under this paragraph for taxes payable in 2008.

20.24 Property is classified and assessed under clause (2) only if the government agency or
20.25 income-providing source certifies, upon the request of the homestead occupant, that the
20.26 homestead occupant satisfies the disability requirements of this paragraph, and that the
20.27 property is not eligible for the valuation exclusion under subdivision 34.

20.28 Property is classified and assessed under paragraph (b) only if the commissioner of
20.29 revenue or the county assessor certifies that the homestead occupant satisfies the requirements
20.30 of this paragraph.

20.31 Permanently and totally disabled for the purpose of this subdivision means a condition
20.32 which is permanent in nature and totally incapacitates the person from working at an

21.1 occupation which brings the person an income. The first \$50,000 market value of class 1b
21.2 property has a net classification rate of .45 percent of its market value. The remaining market
21.3 value of class 1b property is classified as class 1a or class 2a property, whichever is
21.4 appropriate.

21.5 (c) Class 1c property is commercial use real and personal property that abuts public
21.6 water as defined in section 103G.005, subdivision 15, or abuts a state trail administered by
21.7 the Department of Natural Resources, and is devoted to temporary and seasonal residential
21.8 occupancy for recreational purposes but not devoted to commercial purposes for more than
21.9 250 days in the year preceding the year of assessment, and that includes a portion used as
21.10 a homestead by the owner, which includes a dwelling occupied as a homestead by a
21.11 shareholder of a corporation that owns the resort, a partner in a partnership that owns the
21.12 resort, or a member of a limited liability company that owns the resort even if the title to
21.13 the homestead is held by the corporation, partnership, or limited liability company. For
21.14 purposes of this paragraph, property is devoted to a commercial purpose on a specific day
21.15 if any portion of the property, excluding the portion used exclusively as a homestead, is
21.16 used for residential occupancy and a fee is charged for residential occupancy. Class 1c
21.17 property must contain three or more rental units. A "rental unit" is defined as a cabin,
21.18 condominium, townhouse, sleeping room, or individual camping site equipped with water
21.19 and electrical hookups for recreational vehicles. Class 1c property must provide recreational
21.20 activities such as the rental of ice fishing houses, boats and motors, snowmobiles, downhill
21.21 or cross-country ski equipment; provide marina services, launch services, or guide services;
21.22 or sell bait and fishing tackle. Any unit in which the right to use the property is transferred
21.23 to an individual or entity by deeded interest, or the sale of shares or stock, no longer qualifies
21.24 for class 1c even though it may remain available for rent. A camping pad offered for rent
21.25 by a property that otherwise qualifies for class 1c is also class 1c, regardless of the term of
21.26 the rental agreement, as long as the use of the camping pad does not exceed 250 days. If
21.27 the same owner owns two separate parcels that are located in the same township, and one
21.28 of those properties is classified as a class 1c property and the other would be eligible to be
21.29 classified as a class 1c property if it was used as the homestead of the owner, both properties
21.30 will be assessed as a single class 1c property; for purposes of this sentence, properties are
21.31 deemed to be owned by the same owner if each of them is owned by a limited liability
21.32 company, and both limited liability companies have the same membership. The portion of
21.33 the property used as a homestead is class 1a property under paragraph (a). The remainder
21.34 of the property is classified as follows: the first ~~\$600,000~~ \$1,100,000 of market value is tier
21.35 I, the next ~~\$1,700,000~~ \$2,600,000 of market value is tier II, and any remaining market value
21.36 is tier III. The classification rates for class 1c are: tier I, 0.50 percent; tier II, 1.0 percent;

22.1 and tier III, 1.25 percent. Owners of real and personal property devoted to temporary and
22.2 seasonal residential occupancy for recreation purposes in which all or a portion of the
22.3 property was devoted to commercial purposes for not more than 250 days in the year
22.4 preceding the year of assessment desiring classification as class 1c, must submit a declaration
22.5 to the assessor designating the cabins or units occupied for 250 days or less in the year
22.6 preceding the year of assessment by January 15 of the assessment year. Those cabins or
22.7 units and a proportionate share of the land on which they are located must be designated as
22.8 class 1c as otherwise provided. The remainder of the cabins or units and a proportionate
22.9 share of the land on which they are located must be designated as class 3a commercial. The
22.10 owner of property desiring designation as class 1c property must provide guest registers or
22.11 other records demonstrating that the units for which class 1c designation is sought were not
22.12 occupied for more than 250 days in the year preceding the assessment if so requested. The
22.13 portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center
22.14 or meeting room, and (5) other nonresidential facility operated on a commercial basis not
22.15 directly related to temporary and seasonal residential occupancy for recreation purposes
22.16 does not qualify for class 1c.

22.17 (d) Class 1d property includes structures that meet all of the following criteria:

22.18 (1) the structure is located on property that is classified as agricultural property under
22.19 section 273.13, subdivision 23;

22.20 (2) the structure is occupied exclusively by seasonal farm workers during the time when
22.21 they work on that farm, and the occupants are not charged rent for the privilege of occupying
22.22 the property, provided that use of the structure for storage of farm equipment and produce
22.23 does not disqualify the property from classification under this paragraph;

22.24 (3) the structure meets all applicable health and safety requirements for the appropriate
22.25 season; and

22.26 (4) the structure is not salable as residential property because it does not comply with
22.27 local ordinances relating to location in relation to streets or roads.

22.28 The market value of class 1d property has the same classification rates as class 1a property
22.29 under paragraph (a).

22.30 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2025.

23.1 Sec. 6. Minnesota Statutes 2023 Supplement, section 273.13, subdivision 25, is amended
23.2 to read:

23.3 Subd. 25. **Class 4.** (a) Class 4a is residential real estate containing four or more units
23.4 and used or held for use by the owner or by the tenants or lessees of the owner as a residence
23.5 for rental periods of 30 days or more, excluding property qualifying for class 4d. Class 4a
23.6 also includes hospitals licensed under sections 144.50 to 144.56, other than hospitals exempt
23.7 under section 272.02, and contiguous property used for hospital purposes, without regard
23.8 to whether the property has been platted or subdivided. The market value of class 4a property
23.9 has a classification rate of 1.25 percent.

23.10 (b) Class 4b includes:

23.11 (1) residential real estate containing less than four units, including property rented as a
23.12 short-term rental property for more than 14 days in the preceding year, that does not qualify
23.13 as class 4bb, other than seasonal residential recreational property;

23.14 (2) manufactured homes not classified under any other provision;

23.15 (3) a dwelling, garage, and surrounding one acre of property on a nonhomestead farm
23.16 classified under subdivision 23, paragraph (b) containing two or three units; and

23.17 (4) unimproved property that is classified residential as determined under subdivision
23.18 33.

23.19 For the purposes of this paragraph, "short-term rental property" means nonhomestead
23.20 residential real estate rented for periods of less than 30 consecutive days.

23.21 The market value of class 4b property has a classification rate of 1.25 percent.

23.22 (c) Class 4bb includes:

23.23 (1) nonhomestead residential real estate containing one unit, other than seasonal
23.24 residential recreational property;

23.25 (2) a single family dwelling, garage, and surrounding one acre of property on a
23.26 nonhomestead farm classified under subdivision 23, paragraph (b); and

23.27 (3) a condominium-type storage unit having an individual property identification number
23.28 that is not used for a commercial purpose.

23.29 Class 4bb property has the same classification rates as class 1a property under subdivision
23.30 22.

24.1 Property that has been classified as seasonal residential recreational property at any time
24.2 during which it has been owned by the current owner or spouse of the current owner does
24.3 not qualify for class 4bb.

24.4 (d) Class 4c property includes:

24.5 (1) except as provided in subdivision 22, paragraph (c), real and personal property
24.6 devoted to commercial temporary and seasonal residential occupancy for recreation purposes,
24.7 for not more than 250 days in the year preceding the year of assessment. For purposes of
24.8 this clause, property is devoted to a commercial purpose on a specific day if any portion of
24.9 the property is used for residential occupancy, and a fee is charged for residential occupancy.
24.10 Class 4c property under this clause must contain three or more rental units. A "rental unit"
24.11 is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site
24.12 equipped with water and electrical hookups for recreational vehicles. A camping pad offered
24.13 for rent by a property that otherwise qualifies for class 4c under this clause is also class 4c
24.14 under this clause regardless of the term of the rental agreement, as long as the use of the
24.15 camping pad does not exceed 250 days. In order for a property to be classified under this
24.16 clause, either (i) the business located on the property must provide recreational activities,
24.17 at least 40 percent of the annual gross lodging receipts related to the property must be from
24.18 business conducted during 90 consecutive days, and either (A) at least 60 percent of all paid
24.19 bookings by lodging guests during the year must be for periods of at least two consecutive
24.20 nights; or (B) at least 20 percent of the annual gross receipts must be from charges for
24.21 providing recreational activities, or (ii) the business must contain 20 or fewer rental units,
24.22 and must be located in a township or a city with a population of 2,500 or less located outside
24.23 the metropolitan area, as defined under section 473.121, subdivision 2, that contains a portion
24.24 of a state trail administered by the Department of Natural Resources. For purposes of item
24.25 (i)(A), a paid booking of five or more nights shall be counted as two bookings. Class 4c
24.26 property also includes commercial use real property used exclusively for recreational
24.27 purposes in conjunction with other class 4c property classified under this clause and devoted
24.28 to temporary and seasonal residential occupancy for recreational purposes, up to a total of
24.29 two acres, provided the property is not devoted to commercial recreational use for more
24.30 than 250 days in the year preceding the year of assessment and is located within two miles
24.31 of the class 4c property with which it is used. In order for a property to qualify for
24.32 classification under this clause, the owner must submit a declaration to the assessor
24.33 designating the cabins or units occupied for 250 days or less in the year preceding the year
24.34 of assessment by January 15 of the assessment year. Those cabins or units and a proportionate
24.35 share of the land on which they are located must be designated class 4c under this clause

25.1 as otherwise provided. The remainder of the cabins or units and a proportionate share of
25.2 the land on which they are located will be designated as class 3a. The owner of property
25.3 desiring designation as class 4c property under this clause must provide guest registers or
25.4 other records demonstrating that the units for which class 4c designation is sought were not
25.5 occupied for more than 250 days in the year preceding the assessment if so requested. The
25.6 portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center
25.7 or meeting room, and (5) other nonresidential facility operated on a commercial basis not
25.8 directly related to temporary and seasonal residential occupancy for recreation purposes
25.9 does not qualify for class 4c. For the purposes of this paragraph, "recreational activities"
25.10 means renting ice fishing houses, boats and motors, snowmobiles, downhill or cross-country
25.11 ski equipment; providing marina services, launch services, or guide services; or selling bait
25.12 and fishing tackle;

25.13 (2) qualified property used as a golf course if:

25.14 (i) it is open to the public on a daily fee basis. It may charge membership fees or dues,
25.15 but a membership fee may not be required in order to use the property for golfing, and its
25.16 green fees for golfing must be comparable to green fees typically charged by municipal
25.17 courses; and

25.18 (ii) it meets the requirements of section 273.112, subdivision 3, paragraph (d).

25.19 A structure used as a clubhouse, restaurant, or place of refreshment in conjunction with
25.20 the golf course is classified as class 3a property;

25.21 (3) real property up to a maximum of three acres of land owned and used by a nonprofit
25.22 community service oriented organization and not used for residential purposes on either a
25.23 temporary or permanent basis, provided that:

25.24 (i) the property is not used for a revenue-producing activity for more than six days in
25.25 the calendar year preceding the year of assessment; or

25.26 (ii) the organization makes annual charitable contributions and donations at least equal
25.27 to the property's previous year's property taxes and the property is allowed to be used for
25.28 public and community meetings or events for no charge, as appropriate to the size of the
25.29 facility.

25.30 For purposes of this clause:

25.31 (A) "charitable contributions and donations" has the same meaning as lawful gambling
25.32 purposes under section 349.12, subdivision 25, excluding those purposes relating to the
25.33 payment of taxes, assessments, fees, auditing costs, and utility payments;

26.1 (B) "property taxes" excludes the state general tax;

26.2 (C) a "nonprofit community service oriented organization" means any corporation,
26.3 society, association, foundation, or institution organized and operated exclusively for
26.4 charitable, religious, fraternal, civic, or educational purposes, and which is exempt from
26.5 federal income taxation pursuant to section 501(c)(3), (8), (10), or (19) of the Internal
26.6 Revenue Code; and

26.7 (D) "revenue-producing activities" shall include but not be limited to property or that
26.8 portion of the property that is used as an on-sale intoxicating liquor or 3.2 percent malt
26.9 liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling
26.10 alley, a retail store, gambling conducted by organizations licensed under chapter 349, an
26.11 insurance business, or office or other space leased or rented to a lessee who conducts a
26.12 for-profit enterprise on the premises.

26.13 Any portion of the property not qualifying under either item (i) or (ii) is class 3a. The
26.14 use of the property for social events open exclusively to members and their guests for periods
26.15 of less than 24 hours, when an admission is not charged nor any revenues are received by
26.16 the organization shall not be considered a revenue-producing activity.

26.17 The organization shall maintain records of its charitable contributions and donations
26.18 and of public meetings and events held on the property and make them available upon
26.19 request any time to the assessor to ensure eligibility. An organization meeting the requirement
26.20 under item (ii) must file an application by May 1 with the assessor for eligibility for the
26.21 current year's assessment. The commissioner shall prescribe a uniform application form
26.22 and instructions;

26.23 (4) postsecondary student housing of not more than one acre of land that is owned by a
26.24 nonprofit corporation organized under chapter 317A and is used exclusively by a student
26.25 cooperative, sorority, or fraternity for on-campus housing or housing located within two
26.26 miles of the border of a college campus;

26.27 (5)(i) manufactured home parks as defined in section 327.14, subdivision 3, excluding
26.28 manufactured home parks described in items (ii) and (iii), (ii) manufactured home parks as
26.29 defined in section 327.14, subdivision 3, that are described in section 273.124, subdivision
26.30 3a, and (iii) class I manufactured home parks as defined in section 327C.015, subdivision
26.31 2;

26.32 (6) real property that is actively and exclusively devoted to indoor fitness, health, social,
26.33 recreational, and related uses, is owned and operated by a not-for-profit corporation, and is
26.34 located within the metropolitan area as defined in section 473.121, subdivision 2;

27.1 (7) a leased or privately owned noncommercial aircraft storage hangar not exempt under
27.2 section 272.01, subdivision 2, and the land on which it is located, provided that:

27.3 (i) the land is on an airport owned or operated by a city, town, county, Metropolitan
27.4 Airports Commission, or group thereof; and

27.5 (ii) the land lease, or any ordinance or signed agreement restricting the use of the leased
27.6 premise, prohibits commercial activity performed at the hangar.

27.7 If a hangar classified under this clause is sold after June 30, 2000, a bill of sale must be
27.8 filed by the new owner with the assessor of the county where the property is located within
27.9 60 days of the sale;

27.10 (8) a privately owned noncommercial aircraft storage hangar not exempt under section
27.11 272.01, subdivision 2, and the land on which it is located, provided that:

27.12 (i) the land abuts a public airport; and

27.13 (ii) the owner of the aircraft storage hangar provides the assessor with a signed agreement
27.14 restricting the use of the premises, prohibiting commercial use or activity performed at the
27.15 hangar; and

27.16 (9) residential real estate, a portion of which is used by the owner for homestead purposes,
27.17 and that is also a place of lodging, if all of the following criteria are met:

27.18 (i) rooms are provided for rent to transient guests that generally stay for periods of 14
27.19 or fewer days;

27.20 (ii) meals are provided to persons who rent rooms, the cost of which is incorporated in
27.21 the basic room rate;

27.22 (iii) meals are not provided to the general public except for special events on fewer than
27.23 seven days in the calendar year preceding the year of the assessment; and

27.24 (iv) the owner is the operator of the property.

27.25 The market value subject to the 4c classification under this clause is limited to five rental
27.26 units. Any rental units on the property in excess of five, must be valued and assessed as
27.27 class 3a. The portion of the property used for purposes of a homestead by the owner must
27.28 be classified as class 1a property under subdivision 22;

27.29 (10) real property up to a maximum of three acres and operated as a restaurant as defined
27.30 under section 157.15, subdivision 12, provided it: (i) is located on a lake as defined under
27.31 section 103G.005, subdivision 15, paragraph (a), clause (3); and (ii) is either devoted to
27.32 commercial purposes for not more than 250 consecutive days, or receives at least 60 percent

28.1 of its annual gross receipts from business conducted during four consecutive months. Gross
28.2 receipts from the sale of alcoholic beverages must be included in determining the property's
28.3 qualification under item (ii). The property's primary business must be as a restaurant and
28.4 not as a bar. Gross receipts from gift shop sales located on the premises must be excluded.
28.5 Owners of real property desiring 4c classification under this clause must submit an annual
28.6 declaration to the assessor by February 1 of the current assessment year, based on the
28.7 property's relevant information for the preceding assessment year;

28.8 (11) lakeshore and riparian property and adjacent land, not to exceed six acres, used as
28.9 a marina, as defined in section 86A.20, subdivision 5, which is made accessible to the public
28.10 and devoted to recreational use for marina services. The marina owner must annually provide
28.11 evidence to the assessor that it provides services, including lake or river access to the public
28.12 by means of an access ramp or other facility that is either located on the property of the
28.13 marina or at a publicly owned site that abuts the property of the marina. No more than 800
28.14 feet of lakeshore may be included in this classification. Buildings used in conjunction with
28.15 a marina for marina services, including but not limited to buildings used to provide food
28.16 and beverage services, fuel, boat repairs, or the sale of bait or fishing tackle, are classified
28.17 as class 3a property; and

28.18 (12) real and personal property devoted to noncommercial temporary and seasonal
28.19 residential occupancy for recreation purposes.

28.20 Class 4c property has a classification rate of 1.5 percent of market value, except that (i)
28.21 each parcel of noncommercial seasonal residential recreational property under clause (12)
28.22 has the same classification rates as class 4bb property, (ii) manufactured home parks assessed
28.23 under clause (5), item (i), have the same classification rate as class 4b property, the market
28.24 value of manufactured home parks assessed under clause (5), item (ii), have a classification
28.25 rate of 0.75 percent if more than 50 percent of the lots in the park are occupied by
28.26 shareholders in the cooperative corporation or association and a classification rate of one
28.27 percent if 50 percent or less of the lots are so occupied, and class I manufactured home
28.28 parks as defined in section 327C.015, subdivision 2, have a classification rate of 1.0 percent,
28.29 (iii) commercial-use seasonal residential recreational property and marina recreational land
28.30 as described in clause (11), has a classification rate of one percent for the first \$500,000 of
28.31 market value, and 1.25 percent for the remaining market value, (iv) the market value of
28.32 property described in clause (4) has a classification rate of one percent, (v) the market value
28.33 of property described in clauses (2), (6), and (10) has a classification rate of 1.25 percent,
28.34 (vi) that portion of the market value of property in clause (9) qualifying for class 4c property
28.35 has a classification rate of 1.25 percent, and (vii) property qualifying for classification under

29.1 clause (3) that is owned or operated by a congressionally chartered veterans organization
29.2 has a classification rate of one percent. The commissioner of veterans affairs must provide
29.3 a list of congressionally chartered veterans organizations to the commissioner of revenue
29.4 by June 30, 2017, and by January 1, 2018, and each year thereafter.

29.5 (e) Class 4d property includes:

29.6 (1) qualifying low-income rental housing certified to the assessor by the Housing Finance
29.7 Agency under section 273.128, subdivision 3. If only a portion of the units in the building
29.8 qualify as low-income rental housing units as certified under section 273.128, subdivision
29.9 3, only the proportion of qualifying units to the total number of units in the building qualify
29.10 for class 4d(1). The remaining portion of the building shall be classified by the assessor
29.11 based upon its use. Class 4d(1) also includes the same proportion of land as the qualifying
29.12 low-income rental housing units are to the total units in the building. For all properties
29.13 qualifying as class 4d(1), the market value determined by the assessor must be based on the
29.14 normal approach to value using normal unrestricted rents; and

29.15 (2) a unit that is owned by the occupant and used as a homestead by the occupant, and
29.16 otherwise meets all the requirements for community land trust property under section 273.11,
29.17 subdivision 12, provided that by December 31 of each assessment year, the community land
29.18 trust certifies to the assessor that (i) the community land trust owns the real property on
29.19 which the unit is located, and (ii) the unit owner is a member in good standing of the
29.20 community land trust. ~~For all units qualifying as class 4d(2), the market value determined~~
29.21 ~~by the assessor must be based on the normal approach to value without regard to any~~
29.22 ~~restrictions that apply because the unit is a community land trust property.~~

29.23 (f) Class 4d(1) property has a classification rate of 0.25 percent. Class 4d(2) property
29.24 has a classification rate of 0.75 percent.

29.25 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2024.

29.26 Sec. 7. Minnesota Statutes 2023 Supplement, section 273.13, subdivision 34, is amended
29.27 to read:

29.28 Subd. 34. **Homestead of veteran with a disability or family caregiver.** (a) All or a
29.29 portion of the market value of property owned by a veteran and serving as the veteran's
29.30 homestead under this section is excluded in determining the property's taxable market value
29.31 if the veteran has a service-connected disability of 70 percent or more as certified by the
29.32 United States Department of Veterans Affairs. To qualify for exclusion under this subdivision,
29.33 the veteran must have been honorably discharged from the United States armed forces, as

30.1 indicated by United States Government Form DD214 or other official military discharge
30.2 papers.

30.3 (b)(1) For a disability rating of 70 percent or more, ~~\$150,000~~ \$200,000 of market value
30.4 is excluded, except as provided in clause (2); and

30.5 (2) for a total (100 percent) and permanent disability, ~~\$300,000~~ \$400,000 of market
30.6 value is excluded.

30.7 (c) If a veteran with a disability qualifying for a valuation exclusion under paragraph
30.8 (b), clause (2), predeceases the veteran's spouse, and if upon the death of the veteran the
30.9 spouse holds the legal or beneficial title to the homestead and permanently resides there,
30.10 the exclusion shall carry over to the benefit of the veteran's spouse until such time as the
30.11 spouse remarries, or sells, transfers, or otherwise disposes of the property, except as otherwise
30.12 provided in paragraph (n). Qualification under this paragraph requires an application under
30.13 paragraph (h), and a spouse must notify the assessor if there is a change in the spouse's
30.14 marital status, ownership of the property, or use of the property as a permanent residence.

30.15 (d) If the spouse of a member of any branch or unit of the United States armed forces
30.16 who dies due to a service-connected cause while serving honorably in active service, as
30.17 indicated on United States Government Form DD1300 or DD2064, holds the legal or
30.18 beneficial title to a homestead and permanently resides there, the spouse is entitled to the
30.19 benefit described in paragraph (b), clause (2), until such time as the spouse remarries or
30.20 sells, transfers, or otherwise disposes of the property, except as otherwise provided in
30.21 paragraph (n).

30.22 (e) If a veteran meets the disability criteria of paragraph (a) but does not own property
30.23 classified as homestead in the state of Minnesota, then the homestead of the veteran's primary
30.24 family caregiver, if any, is eligible for the exclusion that the veteran would otherwise qualify
30.25 for under paragraph (b).

30.26 (f) In the case of an agricultural homestead, only the portion of the property consisting
30.27 of the house and garage and immediately surrounding one acre of land qualifies for the
30.28 valuation exclusion under this subdivision.

30.29 (g) A property qualifying for a valuation exclusion under this subdivision is not eligible
30.30 for the market value exclusion under subdivision 35, or classification under subdivision 22,
30.31 paragraph (b).

30.32 (h) To qualify for a valuation exclusion under this subdivision a property owner must
30.33 apply to the assessor by December 31 of the first assessment year for which the exclusion

31.1 is sought. Except as provided in paragraph (c), the owner of a property that has been accepted
31.2 for a valuation exclusion must notify the assessor if there is a change in ownership of the
31.3 property or in the use of the property as a homestead.

31.4 (i) A first-time application by a qualifying spouse for the market value exclusion under
31.5 paragraph (d) must be made any time within two years of the death of the service member.

31.6 (j) For purposes of this subdivision:

31.7 (1) "active service" has the meaning given in section 190.05;

31.8 (2) "own" means that the person's name is present as an owner on the property deed;

31.9 (3) "primary family caregiver" means a person who is approved by the secretary of the
31.10 United States Department of Veterans Affairs for assistance as the primary provider of
31.11 personal care services for an eligible veteran under the Program of Comprehensive Assistance
31.12 for Family Caregivers, codified as United States Code, title 38, section 1720G; and

31.13 (4) "veteran" has the meaning given the term in section 197.447.

31.14 (k) If a veteran did not apply for or receive the exclusion under paragraph (b), clause
31.15 (2), before dying, or the exclusion under paragraph (b), clause (2), did not exist at the time
31.16 of the veterans death, the veteran's spouse is entitled to the benefit under paragraph (b),
31.17 clause (2), until the spouse remarries or sells, transfers, or otherwise disposes of the property,
31.18 except as otherwise provided in paragraph (n), if:

31.19 (1) the spouse files a first-time application;

31.20 (2) upon the death of the veteran, the spouse holds the legal or beneficial title to the
31.21 homestead and permanently resides there;

31.22 (3) the veteran met the honorable discharge requirements of paragraph (a); and

31.23 (4) the United States Department of Veterans Affairs certifies that:

31.24 (i) the veteran met the total (100 percent) and permanent disability requirement under
31.25 paragraph (b), clause (2); or

31.26 (ii) the spouse has been awarded dependency and indemnity compensation.

31.27 (l) The purpose of this provision of law providing a level of homestead property tax
31.28 relief for veterans with a disability, their primary family caregivers, and their surviving
31.29 spouses is to help ease the burdens of war for those among our state's citizens who bear
31.30 those burdens most heavily.

32.1 (m) By July 1, the county veterans service officer must certify the disability rating and
32.2 permanent address of each veteran receiving the benefit under paragraph (b) to the assessor.

32.3 (n) A spouse who received the benefit in paragraph (c), (d), or (k) but no longer holds
32.4 the legal or beneficial title to the property may continue to receive the exclusion for a
32.5 property other than the property for which the exclusion was initially granted until the spouse
32.6 remarries or sells, transfers, or otherwise disposes of the property, provided that:

32.7 (1) the spouse applies under paragraph (h) for the continuation of the exclusion allowed
32.8 under this paragraph;

32.9 (2) the spouse holds the legal or beneficial title to the property for which the continuation
32.10 of the exclusion is sought under this paragraph, and permanently resides there;

32.11 (3) the estimated market value of the property for which the exclusion is sought under
32.12 this paragraph is less than or equal to the estimated market value of the property that first
32.13 received the exclusion, based on the value of each property on the date of the sale of the
32.14 property that first received the exclusion; and

32.15 (4) the spouse has not previously received the benefit under this paragraph for a property
32.16 other than the property for which the exclusion is sought.

32.17 (o) If a spouse had previously received the exclusion under paragraph (c) or (d) and the
32.18 exclusion expired prior to taxes payable in 2020, the spouse may reapply under this section
32.19 for the exclusion under paragraph (c) or (d).

32.20 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2024.

32.21 **Sec. 8. [273.1389] ADVANCE HOMESTEAD CREDIT FOR SENIORS.**

32.22 **Subdivision 1. Eligibility.** Homestead property is eligible to receive the advance
32.23 homestead credit for seniors under this section if it is owned by an eligible senior claimant
32.24 who received homestead treatment on the property in the prior taxes payable year. For the
32.25 purposes of this section, "eligible senior claimant" means a claimant who has submitted an
32.26 application and has been determined eligible under section 290A.071.

32.27 **Subd. 2. Credit amount.** For each qualifying property, the amount of the advance
32.28 homestead credit for seniors is equal to 50 percent of the amount of the homestead credit
32.29 refund the property owner received in the previous year.

32.30 **Subd. 3. Certification.** No later than January 2 of the year for which an eligible senior
32.31 claimant elected to receive the advance homestead credit for seniors under this section, the
32.32 commissioner of revenue must calculate and certify to each county auditor credit amounts

33.1 under this section. The county auditor must apply the credit to each qualifying property's
 33.2 first half payment. If a property's credit amount under subdivision 2 exceeds the first half
 33.3 payment amount after all other applicable credits, the auditor must reduce the advance
 33.4 homestead credit for seniors so that the first half payment amount is \$0. No later than July
 33.5 1 of the taxes payable year in which the credit is applied, the county auditor must certify
 33.6 any reductions under this subdivision to the commissioner of revenue under section 270C.85,
 33.7 subdivision 2. The commissioner shall review the certifications for accuracy and may make
 33.8 any changes the commissioner deems necessary or return the certification to the county
 33.9 auditor for correction.

33.10 Subd. 4. **Payment.** (a) The commissioner of revenue shall reimburse each local taxing
 33.11 jurisdiction, other than school districts, for the tax reductions granted under this section in
 33.12 one installment on October 31 of the taxes payable year for which the reductions are granted,
 33.13 including in each payment any prior year adjustments. The reimbursements related to tax
 33.14 increments shall be issued in one installment each year on December 26.

33.15 (b) The commissioner of revenue shall certify the total of the tax reductions granted
 33.16 under this section for each taxes payable year within each school district to the commissioner
 33.17 of education. The commissioner of education shall pay the reimbursement amounts to each
 33.18 school district as provided in section 273.1392.

33.19 Subd. 5. **Appropriation.** An amount sufficient to make the payments required by this
 33.20 section to taxing jurisdictions other than school districts is annually appropriated from the
 33.21 general fund to the commissioner of revenue. An amount sufficient to make the payments
 33.22 required by this section for school districts is annually appropriated from the general fund
 33.23 to the commissioner of education.

33.24 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable
 33.25 in 2026.

33.26 Sec. 9. Minnesota Statutes 2023 Supplement, section 273.1392, is amended to read:

33.27 **273.1392 PAYMENT; SCHOOL DISTRICTS.**

33.28 The amounts of bovine tuberculosis credit reimbursements under section 273.113;
 33.29 conservation tax credits under section 273.119; disaster or emergency reimbursement under
 33.30 sections 273.1231 to 273.1235; agricultural credits under sections 273.1384 and 273.1387;
 33.31 the advance homestead credit for seniors under section 273.1389; aids and credits under
 33.32 section 273.1398; enterprise zone property credit payments under section 469.171;
 33.33 metropolitan agricultural preserve reduction under section 473H.10; and electric generation

34.1 transition aid under section 477A.24 for school districts, shall be certified to the Department
34.2 of Education by the Department of Revenue. The amounts so certified shall be paid according
34.3 to section 127A.45, subdivisions 9, 10, and 13.

34.4 **EFFECTIVE DATE.** This section is effective beginning July 1, 2026.

34.5 Sec. 10. Minnesota Statutes 2022, section 273.1393, is amended to read:

34.6 **273.1393 COMPUTATION OF NET PROPERTY TAXES.**

34.7 Notwithstanding any other provisions to the contrary, "net" property taxes are determined
34.8 by subtracting the credits in the order listed from the gross tax:

34.9 (1) disaster credit as provided in sections 273.1231 to 273.1235;

34.10 (2) powerline credit as provided in section 273.42;

34.11 (3) agricultural preserves credit as provided in section 473H.10;

34.12 (4) enterprise zone credit as provided in section 469.171;

34.13 (5) disparity reduction credit;

34.14 (6) conservation tax credit as provided in section 273.119;

34.15 (7) the school bond credit as provided in section 273.1387;

34.16 (8) agricultural credit as provided in section 273.1384;

34.17 (9) taconite homestead credit as provided in section 273.135;

34.18 (10) supplemental homestead credit as provided in section 273.1391; ~~and~~

34.19 (11) the bovine tuberculosis zone credit, as provided in section 273.113; and

34.20 (12) the advance homestead credit for seniors under section 273.1389.

34.21 The combination of all property tax credits must not exceed the gross tax amount.

34.22 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable
34.23 in 2026.

34.24 Sec. 11. Minnesota Statutes 2022, section 273.38, is amended to read:

34.25 **273.38 PERCENTAGE OF ASSESSMENTS; EXCEPTIONS.**

34.26 The distribution ~~lines and the attachments and appurtenances thereto~~ systems, not
34.27 including substations, or transmission or generation equipment of cooperative associations
34.28 organized under the provisions of Laws 1923, chapter 326, and laws amendatory thereof

35.1 and supplemental thereto, and engaged in the electrical heat, light and power business, upon
35.2 a mutual, nonprofit and cooperative plan, shall be assessed and taxed as provided in sections
35.3 273.40 and 273.41.

35.4 **EFFECTIVE DATE.** This section is effective for assessment year 2024 and thereafter.

35.5 Sec. 12. Minnesota Statutes 2022, section 273.41, is amended to read:

35.6 **273.41 AMOUNT OF TAX; DISTRIBUTION.**

35.7 There is hereby imposed upon each such cooperative association on December 31 of
35.8 each year a tax of \$10 for each 100 members, or fraction thereof, of such association. The
35.9 tax, when paid, shall be in lieu of all personal property taxes, state, county, or local, upon
35.10 ~~distribution lines and the attachments and appurtenances thereto of such associations~~ that
35.11 part of the association's distribution system, not including substations, or transmission or
35.12 generation equipment, located in rural areas. The tax shall be payable on or before March
35.13 1 of the next succeeding year, to the commissioner of revenue. If the tax, or any portion
35.14 thereof, is not paid within the time herein specified for the payment thereof, there shall be
35.15 added thereto a specific penalty equal to ten percent of the amount so remaining unpaid.
35.16 Such penalty shall be collected as part of said tax, and the amount of said tax not timely
35.17 paid, together with said penalty, shall bear interest at the rate specified in section 270C.40
35.18 from the time such tax should have been paid until paid. The commissioner shall deposit
35.19 the amount so received in the general fund of the state treasury.

35.20 **EFFECTIVE DATE.** This section is effective for assessment year 2024 and thereafter.

35.21 Sec. 13. Minnesota Statutes 2023 Supplement, section 275.065, subdivision 3, is amended
35.22 to read:

35.23 Subd. 3. **Notice of proposed property taxes.** (a) The county auditor shall prepare and
35.24 the county treasurer shall deliver after November 10 and on or before November 24 each
35.25 year, by first class mail to each taxpayer at the address listed on the county's current year's
35.26 assessment roll, a notice of proposed property taxes. Upon written request by the taxpayer,
35.27 the treasurer may send the notice in electronic form or by electronic mail instead of on paper
35.28 or by ordinary mail.

35.29 (b) The commissioner of revenue shall prescribe the form of the notice.

35.30 (c) The notice must inform taxpayers that it contains the amount of property taxes each
35.31 taxing authority proposes to collect for taxes payable the following year. In the case of a
35.32 town, or in the case of the state general tax, the final tax amount will be its proposed tax.

36.1 The notice must clearly state for each city that has a population over 500, county, school
36.2 district, regional library authority established under section 134.201, metropolitan taxing
36.3 districts as defined in paragraph (i), and fire protection and emergency medical services
36.4 special taxing districts established under section 144F.01, the time and place of a meeting
36.5 for each taxing authority in which the budget and levy will be discussed and public input
36.6 allowed, prior to the final budget and levy determination. The taxing authorities must provide
36.7 the county auditor with the information to be included in the notice on or before the time it
36.8 certifies its proposed levy under subdivision 1. The public must be allowed to speak at that
36.9 meeting, which must occur after November 24 and must not be held before 6:00 p.m. It
36.10 must provide a website address and a telephone number for the taxing authority that taxpayers
36.11 may call if they have questions related to the notice and an address where comments will
36.12 be received by mail, except that no notice required under this section shall be interpreted
36.13 as requiring the printing of a personal telephone number or address as the contact information
36.14 for a taxing authority. If a taxing authority does not maintain a website or public offices
36.15 where telephone calls can be received by the authority, the authority may inform the county
36.16 of the lack of a public website or telephone number and the county shall not list a website
36.17 or telephone number for that taxing authority.

36.18 (d) The notice must state for each parcel:

36.19 (1) the market value of the property as determined under section 273.11, and used for
36.20 computing property taxes payable in the following year and for taxes payable in the current
36.21 year as each appears in the records of the county assessor on November 1 of the current
36.22 year; and, in the case of residential property, whether the property is classified as homestead
36.23 or nonhomestead. The notice must clearly inform taxpayers of the years to which the market
36.24 values apply and that the values are final values;

36.25 (2) the items listed below, shown separately by county, city or town, and state general
36.26 tax, agricultural homestead credit under section 273.1384, school building bond agricultural
36.27 credit under section 273.1387, the advance homestead credit for seniors under section
36.28 273.1389, voter approved school levy, other local school levy, and the sum of the special
36.29 taxing districts, and as a total of all taxing authorities:

36.30 (i) the actual tax for taxes payable in the current year; and

36.31 (ii) the proposed tax amount.

36.32 If the county levy under clause (2) includes an amount for a lake improvement district
36.33 as defined under sections 103B.501 to 103B.581, the amount attributable for that purpose
36.34 must be separately stated from the remaining county levy amount.

37.1 In the case of a town or the state general tax, the final tax shall also be its proposed tax
37.2 unless the town changes its levy at a special town meeting under section 365.52. If a school
37.3 district has certified under section 126C.17, subdivision 9, that a referendum will be held
37.4 in the school district at the November general election, the county auditor must note next
37.5 to the school district's proposed amount that a referendum is pending and that, if approved
37.6 by the voters, the tax amount may be higher than shown on the notice. In the case of the
37.7 city of Minneapolis, the levy for Minneapolis Park and Recreation shall be listed separately
37.8 from the remaining amount of the city's levy. In the case of the city of St. Paul, the levy for
37.9 the St. Paul Library Agency must be listed separately from the remaining amount of the
37.10 city's levy. In the case of Ramsey County, any amount levied under section 134.07 may be
37.11 listed separately from the remaining amount of the county's levy. In the case of a parcel
37.12 where tax increment or the fiscal disparities areawide tax under chapter 276A or 473F
37.13 applies, the proposed tax levy on the captured value or the proposed tax levy on the tax
37.14 capacity subject to the areawide tax must each be stated separately and not included in the
37.15 sum of the special taxing districts; and

37.16 (3) the increase or decrease between the total taxes payable in the current year and the
37.17 total proposed taxes, expressed as a percentage.

37.18 For purposes of this section, the amount of the tax on homesteads qualifying under the
37.19 senior citizens' property tax deferral program under chapter 290B is the total amount of
37.20 property tax before subtraction of the deferred property tax amount.

37.21 (e) The notice must clearly state that the proposed or final taxes do not include the
37.22 following:

37.23 (1) special assessments;

37.24 (2) levies approved by the voters after the date the proposed taxes are certified, including
37.25 bond referenda and school district levy referenda;

37.26 (3) a levy limit increase approved by the voters by the first Tuesday after the first Monday
37.27 in November of the levy year as provided under section 275.73;

37.28 (4) amounts necessary to pay cleanup or other costs due to a natural disaster occurring
37.29 after the date the proposed taxes are certified;

37.30 (5) amounts necessary to pay tort judgments against the taxing authority that become
37.31 final after the date the proposed taxes are certified; and

37.32 (6) the contamination tax imposed on properties which received market value reductions
37.33 for contamination.

38.1 (f) Except as provided in subdivision 7, failure of the county auditor to prepare or the
38.2 county treasurer to deliver the notice as required in this section does not invalidate the
38.3 proposed or final tax levy or the taxes payable pursuant to the tax levy.

38.4 (g) If the notice the taxpayer receives under this section lists the property as
38.5 nonhomestead, and satisfactory documentation is provided to the county assessor by the
38.6 applicable deadline, and the property qualifies for the homestead classification in that
38.7 assessment year, the assessor shall reclassify the property to homestead for taxes payable
38.8 in the following year.

38.9 (h) In the case of class 4 residential property used as a residence for lease or rental
38.10 periods of 30 days or more, the taxpayer must either:

38.11 (1) mail or deliver a copy of the notice of proposed property taxes to each tenant, renter,
38.12 or lessee; or

38.13 (2) post a copy of the notice in a conspicuous place on the premises of the property.

38.14 The notice must be mailed or posted by the taxpayer by November 27 or within three
38.15 days of receipt of the notice, whichever is later. A taxpayer may notify the county treasurer
38.16 of the address of the taxpayer, agent, caretaker, or manager of the premises to which the
38.17 notice must be mailed in order to fulfill the requirements of this paragraph.

38.18 (i) For purposes of this subdivision and subdivision 6, "metropolitan special taxing
38.19 districts" means the following taxing districts in the seven-county metropolitan area that
38.20 levy a property tax for any of the specified purposes listed below:

38.21 (1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325, 473.446,
38.22 473.521, 473.547, or 473.834;

38.23 (2) Metropolitan Airports Commission under section 473.667, 473.671, or 473.672; and

38.24 (3) Metropolitan Mosquito Control Commission under section 473.711.

38.25 For purposes of this section, any levies made by the regional rail authorities in the county
38.26 of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter 398A
38.27 shall be included with the appropriate county's levy.

38.28 (j) The governing body of a county, city, or school district may, with the consent of the
38.29 county board, include supplemental information with the statement of proposed property
38.30 taxes about the impact of state aid increases or decreases on property tax increases or
38.31 decreases and on the level of services provided in the affected jurisdiction. This supplemental
38.32 information may include information for the following year, the current year, and for as

39.1 many consecutive preceding years as deemed appropriate by the governing body of the
39.2 county, city, or school district. It may include only information regarding:

39.3 (1) the impact of inflation as measured by the implicit price deflator for state and local
39.4 government purchases;

39.5 (2) population growth and decline;

39.6 (3) state or federal government action; and

39.7 (4) other financial factors that affect the level of property taxation and local services
39.8 that the governing body of the county, city, or school district may deem appropriate to
39.9 include.

39.10 The information may be presented using tables, written narrative, and graphic
39.11 representations and may contain instruction toward further sources of information or
39.12 opportunity for comment.

39.13 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable
39.14 in 2026.

39.15 Sec. 14. Minnesota Statutes 2022, section 276.04, subdivision 2, as amended by Laws
39.16 2024, chapter 85, section 87, is amended to read:

39.17 Subd. 2. **Contents of tax statements.** (a) The treasurer shall provide for the printing of
39.18 the tax statements. The commissioner of revenue shall prescribe the form of the property
39.19 tax statement and its contents. The tax statement must not state or imply that property tax
39.20 credits are paid by the state of Minnesota. The statement must contain a tabulated statement
39.21 of the dollar amount due to each taxing authority and the amount of the state tax from the
39.22 parcel of real property for which a particular tax statement is prepared. The dollar amounts
39.23 attributable to the county, the state tax, the voter approved school tax, the other local school
39.24 tax, the township or municipality, and the total of the metropolitan special taxing districts
39.25 as defined in section 275.065, subdivision 3, paragraph (i), must be separately stated. The
39.26 amounts due all other special taxing districts, if any, may be aggregated except that any
39.27 levies made by the regional rail authorities in the county of Anoka, Carver, Dakota, Hennepin,
39.28 Ramsey, Scott, or Washington under chapter 398A shall be listed on a separate line directly
39.29 under the appropriate county's levy. If the county levy under this paragraph includes an
39.30 amount for a lake improvement district as defined under sections 103B.501 to 103B.581,
39.31 the amount attributable for that purpose must be separately stated from the remaining county
39.32 levy amount. In the case of Ramsey County, if the county levy under this paragraph includes
39.33 an amount for public library service under section 134.07, the amount attributable for that

40.1 purpose may be separated from the remaining county levy amount. The amount of the tax
40.2 on homesteads qualifying under the senior citizens' property tax deferral program under
40.3 chapter 290B is the total amount of property tax before subtraction of the deferred property
40.4 tax amount. The amount of the tax on contamination value imposed under sections 270.91
40.5 to 270.98, if any, must also be separately stated. The dollar amounts, including the dollar
40.6 amount of any special assessments, may be rounded to the nearest even whole dollar. For
40.7 purposes of this section whole odd-numbered dollars may be adjusted to the next higher
40.8 even-numbered dollar.

40.9 (b) The property tax statements for manufactured homes and sectional structures taxed
40.10 as personal property shall contain the same information that is required on the tax statements
40.11 for real property.

40.12 (c) Real and personal property tax statements must contain the following information
40.13 in the order given in this paragraph. The information must contain the current year tax
40.14 information in the right column with the corresponding information for the previous year
40.15 in a column on the left:

40.16 (1) the property's estimated market value under section 273.11, subdivision 1;

40.17 (2) the property's homestead market value exclusion under section 273.13, subdivision
40.18 35;

40.19 (3) the property's taxable market value under section 272.03, subdivision 15;

40.20 (4) the property's gross tax, before credits;

40.21 (5) for agricultural properties, the credits under sections 273.1384 and 273.1387;

40.22 (6) any credits received under sections 273.119; 273.1234 or 273.1235; 273.135;

40.23 273.1389; 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount
40.24 of credit received under section 273.135 must be separately stated and identified as "taconite
40.25 tax relief"; and

40.26 (7) the net tax payable in the manner required in paragraph (a).

40.27 (d) If the county uses envelopes for mailing property tax statements and if the county
40.28 agrees, a taxing district may include a notice with the property tax statement notifying
40.29 taxpayers when the taxing district will begin its budget deliberations for the current year,
40.30 and encouraging taxpayers to attend the hearings. If the county allows notices to be included
40.31 in the envelope containing the property tax statement, and if more than one taxing district
40.32 relative to a given property decides to include a notice with the tax statement, the county

41.1 treasurer or auditor must coordinate the process and may combine the information on a
41.2 single announcement.

41.3 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable
41.4 in 2026.

41.5 Sec. 15. Minnesota Statutes 2022, section 289A.08, subdivision 1, is amended to read:

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

41.9 (1) an individual who is not a Minnesota resident for any part of the year is not required
41.10 to file a Minnesota income tax return if the individual's gross income derived from Minnesota
41.11 sources as determined under sections 290.081, paragraph (a), and 290.17, is less than the
41.12 filing requirements for a single individual who is a full year resident of Minnesota;

41.13 (2) an individual who is a Minnesota resident is not required to file a Minnesota income
41.14 tax return if the individual's gross income derived from Minnesota sources as determined
41.15 under section 290.17, less the subtractions allowed under section 290.0132, subdivisions
41.16 12 and 15, is less than the filing requirements for a single individual who is a full-year
41.17 resident of Minnesota.

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

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

41.26 (d) The commissioner of revenue must annually determine the gross income levels at
41.27 which individuals are required to file a return for each taxable year based on the amounts
41.28 allowed as a deduction under section 290.0123.

41.29 (e) A claimant who elects to receive advance payments under section 290A.071 must
41.30 file a claim for a homestead credit refund as a return to reconcile their advanced payment.

41.31 **EFFECTIVE DATE.** This section is effective for credits applied to property taxes
41.32 payable in 2026 and thereafter.

42.1 Sec. 16. Minnesota Statutes 2023 Supplement, section 290A.03, subdivision 13, is amended
42.2 to read:

42.3 Subd. 13. **Property taxes payable.** (a) "Property taxes payable" means the property tax
42.4 exclusive of:

42.5 (1) special assessments, penalties, and interest payable on a claimant's homestead after
42.6 deductions made under sections 273.135, 273.1384, 273.1391, 273.42, subdivision 2, ~~and;~~

42.7 (2) any other state paid property tax credits in any calendar year, except the credit under
42.8 section 273.1389; and

42.9 (3) after any refund claimed and allowable under section 290A.04, subdivision 2h, that
42.10 is first payable in the year that the property tax is payable.

42.11 (b) In the case of a claimant who makes ground lease payments, "property taxes payable"
42.12 includes the amount of the payments directly attributable to the property taxes assessed
42.13 against the parcel on which the house is located.

42.14 (c) Regardless of the limitations in section 280A(c)(5) of the Internal Revenue Code,
42.15 "property taxes payable" must be apportioned or reduced for the use of a portion of the
42.16 claimant's homestead for a business purpose if the claimant deducts any business depreciation
42.17 expenses for the use of a portion of the homestead or deducts expenses under section 280A
42.18 of the Internal Revenue Code for a business operated in the claimant's homestead.

42.19 (d) For manufactured homes, "property taxes payable" shall also include 17 percent of
42.20 the gross rent paid in the preceding year for the site on which the homestead is located.

42.21 (e) When a homestead is owned by two or more persons as joint tenants or tenants in
42.22 common, such tenants shall determine between them which tenant may claim the property
42.23 taxes payable on the homestead. If they are unable to agree, the matter shall be referred to
42.24 the commissioner of revenue whose decision shall be final.

42.25 (f) Property taxes are considered payable in the year prescribed by law for payment of
42.26 the taxes.

42.27 (g) In the case of a claim relating to "property taxes payable," the claimant must have
42.28 owned and occupied the homestead on January 2 of the year in which the tax is payable and
42.29 (i) the property must have been classified as homestead property pursuant to section 273.124,
42.30 on or before December 31 of the assessment year to which the "property taxes payable"
42.31 relate; or (ii) the claimant must provide documentation from the local assessor that application
42.32 for homestead classification has been made on or before December 31 of the year in which
42.33 the "property taxes payable" were payable and that the assessor has approved the application.

43.1 **EFFECTIVE DATE.** This section is effective for refunds based on property taxes
43.2 payable in 2026 and thereafter.

43.3 Sec. 17. Minnesota Statutes 2022, section 290A.03, is amended by adding a subdivision
43.4 to read:

43.5 Subd. 17. **Eligible senior claimant.** "Eligible senior claimant" means a claimant who,
43.6 for the year property taxes were payable:

43.7 (1) attained at least the age of 65; or

43.8 (2) in the case of a married claimant filing a joint claim, one spouse has attained at least
43.9 the age of 65 and the other spouse has attained at least the age of 62.

43.10 **EFFECTIVE DATE.** This section is effective for advance payment elections after
43.11 December 31, 2024, for credits applied to property taxes payable in 2026 and thereafter.

43.12 Sec. 18. Minnesota Statutes 2022, section 290A.03, is amended by adding a subdivision
43.13 to read:

43.14 Subd. 18. **Homestead credit refund.** "Homestead credit refund" means the refund under
43.15 section 290A.04, subdivision 2.

43.16 **EFFECTIVE DATE.** This section is effective for advance payment elections after
43.17 December 31, 2024, for credits applied to property taxes payable in 2026 and thereafter.

43.18 Sec. 19. **[290A.071] ADVANCE CREDIT OF HOMESTEAD CREDIT REFUNDS.**

43.19 Subdivision 1. **Advance payment election established.** The commissioner must establish
43.20 a process to allow an eligible senior claimant to elect to receive advance credit of the
43.21 homestead credit refund, as provided in this section.

43.22 Subd. 2. **Election for senior claimants to receive advance payments.** At the time of
43.23 filing a claim for the homestead credit refund, an eligible senior claimant may elect to
43.24 receive an advance credit of the claimant's homestead credit refund for property taxes payable
43.25 in the following year by applying for the advance homestead credit for seniors under section
43.26 273.1389. The application must be made in the form and manner specified by the
43.27 commissioner, but the claimant must attest that they intend to continue to occupy the same
43.28 homestead in the following year. To receive an advance credit under this section, a claimant
43.29 must submit an application to the commissioner no later than August 15 of the year prior
43.30 to the property taxes payable year.

44.1 Subd. 3. **Reconciliation.** (a) A claimant's homestead credit refund is reduced by the
44.2 amount of any advance homestead credit for seniors under section 273.1389 received by
44.3 the claimant. If a claimant's credit exceeds the amount of the refund for which the claimant
44.4 was eligible, the claimant must repay to the commissioner the difference between the amount
44.5 of advance payments received and the credit amount for which the claimant is eligible.

44.6 (b) The commissioner must deposit repayments under this subdivision in the general
44.7 fund.

44.8 (c) A claimant that receives an advance credit under this section and section 273.1389
44.9 must file a claim for a homestead credit refund for the property taxes payable year for which
44.10 the advanced credit was received. If the claimant does not submit an application by August
44.11 15 of the property taxes payable year for which the claimant received an advance credit,
44.12 the commissioner may assess a penalty consistent with the penalty for a late individual
44.13 income tax return under section 289A.60, subdivision 1, paragraph (c), and interest as
44.14 provided in section 289A.55.

44.15 **EFFECTIVE DATE.** This section is effective for advance payment elections after
44.16 December 31, 2024, for credits applied to property taxes payable in 2026 and thereafter.

44.17 Sec. 20. Minnesota Statutes 2022, section 469.1812, is amended by adding a subdivision
44.18 to read:

44.19 Subd. 2a. **Land bank organization.** "Land bank organization" means an organization
44.20 that, at least in part, acquires, holds, or manages vacant, blighted, foreclosed, or tax-forfeited
44.21 property for future development, redevelopment, or disposal, and that is either:

44.22 (1) a nonprofit organization exempt from federal income taxation under section 501(c)(3)
44.23 of the Internal Revenue Code whose governing board members are elected or appointed by
44.24 the state of Minnesota, any political subdivision of the state of Minnesota, or an agency of
44.25 the state of Minnesota or its political subdivisions, or are elected or appointed officials of
44.26 the state of Minnesota or any of its political subdivisions; or

44.27 (2) a limited liability company of which a nonprofit organization described in clause (1)
44.28 is the sole member.

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

44.30 Sec. 21. Minnesota Statutes 2022, section 469.1813, subdivision 1, is amended to read:

44.31 Subdivision 1. **Authority.** The governing body of a political subdivision may grant a
44.32 current or prospective abatement, by contract or otherwise, of the taxes imposed by the

45.1 political subdivision on a parcel of property, which may include personal property and
 45.2 machinery, or defer the payments of the taxes and abate the interest and penalty that otherwise
 45.3 would apply, if:

45.4 (1) it expects the benefits to the political subdivision of the proposed abatement agreement
 45.5 to at least equal the costs to the political subdivision of the proposed agreement or intends
 45.6 the abatement to phase in a property tax increase, as provided in clause (2)(vii); and

45.7 (2) it finds that doing so is in the public interest because it will:

45.8 (i) increase or preserve tax base;

45.9 (ii) provide employment opportunities in the political subdivision;

45.10 (iii) provide or help acquire or construct public facilities;

45.11 (iv) help redevelop or renew blighted areas;

45.12 (v) help provide access to services for residents of the political subdivision;

45.13 (vi) finance or provide public infrastructure;

45.14 (vii) phase in a property tax increase on the parcel resulting from an increase of 50
 45.15 percent or more in one year on the estimated market value of the parcel, other than increase
 45.16 attributable to improvement of the parcel; ~~or~~

45.17 (viii) stabilize the tax base through equalization of property tax revenues for a specified
 45.18 period of time with respect to a taxpayer whose real and personal property is subject to
 45.19 valuation under Minnesota Rules, chapter 8100;

45.20 (ix) provide for the development of affordable housing to households at or below 80
 45.21 percent of area median income as estimated by the United States Department of Housing
 45.22 and Urban Development for the political subdivision in which the project is located; or

45.23 (x) allow the property to be held by a land bank organization for future development.

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

45.25 Sec. 22. Minnesota Statutes 2022, section 469.1813, subdivision 6, is amended to read:

45.26 Subd. 6. **Duration limit.** (a) A political subdivision may grant an abatement for a period
 45.27 no longer than 15 years, except as provided under ~~paragraph~~ paragraphs (b) and (c). The
 45.28 abatement period commences in the first year in which the abatement granted is either paid
 45.29 or retained in accordance with section 469.1815, subdivision 2. The subdivision may specify
 45.30 in the abatement resolution a shorter duration. If the resolution does not specify a period of
 45.31 time, the abatement is for eight years. If an abatement has been granted to a parcel of property

46.1 and the period of the abatement has expired, the political subdivision that granted the
46.2 abatement may not grant another abatement for eight years after the expiration of the first
46.3 abatement. This prohibition does not apply to improvements added after and not subject to
46.4 the first abatement. Economic abatement agreements for real and personal property subject
46.5 to valuation under Minnesota Rules, chapter 8100, are not subject to this prohibition and
46.6 may be granted successively.

46.7 (b) A political subdivision proposing to abate taxes for a parcel may request, in writing,
46.8 that the other political subdivisions in which the parcel is located grant an abatement for
46.9 the property. If one of the other political subdivisions declines, in writing, to grant an
46.10 abatement or if 90 days pass after receipt of the request to grant an abatement without a
46.11 written response from one of the political subdivisions, the duration limit for an abatement
46.12 for the parcel by the requesting political subdivision and any other participating political
46.13 subdivision is increased to 20 years. If the political subdivision which declined to grant an
46.14 abatement later grants an abatement for the parcel, the 20-year duration limit is reduced by
46.15 one year for each year that the declining political subdivision grants an abatement for the
46.16 parcel during the period of the abatement granted by the requesting political subdivision.
46.17 The duration limit may not be reduced below the limit under paragraph (a).

46.18 (c) An abatement under subdivision 1, clause (2), items (ix) and (x), may be granted for
46.19 a period no longer than five years. This limit also applies if the resolution does not specify
46.20 a period of time.

46.21 **EFFECTIVE DATE.** This section is effective for abatement resolutions approved after
46.22 the day following final enactment.

46.23 Sec. 23. Minnesota Statutes 2022, section 469.1813, is amended by adding a subdivision
46.24 to read:

46.25 Subd. 11. **Repayment.** A land bank organization receiving an abatement under
46.26 subdivision 1, clause (2), item (ix) or (x), must repay the abatement with interest if the land
46.27 for which the abatement was granted is used for a purpose other than the purpose given by
46.28 the land bank organization prior to redevelopment. This subdivision applies immediately
46.29 after the abatement under this section expires. Land is subject to repayment under this
46.30 subdivision for the same number of years that the abatement was granted. Interest under
46.31 this section is payable at the rate determined in section 270C.40, subdivision 5.

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

47.1 Sec. 24. Minnesota Statutes 2023 Supplement, section 477A.30, subdivision 4, is amended
47.2 to read:

47.3 Subd. 4. **Use of proceeds.** (a) Counties and Tribal governments that receive a distribution
47.4 under this section must use the proceeds to fund new or existing family homeless prevention
47.5 and assistance projects or programs. These projects or programs may be administered by a
47.6 county, a group of contiguous counties jointly acting together, a city, a group of contiguous
47.7 cities jointly acting together, a Tribal government, a group of Tribal governments, or a
47.8 community-based nonprofit organization. Each project or program must include plans for:

47.9 (1) targeting families with children who are eligible for a prekindergarten through grade
47.10 12 academic program and are:

47.11 (i) living in overcrowded conditions in their current housing;

47.12 (ii) paying more than 50 percent of their income for rent; or

47.13 (iii) lacking a fixed, regular, and adequate nighttime residence;

47.14 (2) targeting unaccompanied youth in need of an alternative residential setting;

47.15 (3) connecting families with the social services necessary to maintain the families'
47.16 stability in their homes, including but not limited to housing navigation, legal representation,
47.17 and family outreach; and

47.18 (4) one or more of the following:

47.19 (i) providing rental assistance for a specified period of time which may exceed 24 months;

47.20 or

47.21 (ii) providing support and case management services to improve housing stability,
47.22 including but not limited to housing navigation and family outreach.

47.23 (b) Aid distributions under this section must not be used to cover the costs of removing
47.24 from an encampment any individuals living at the encampment or clearing the encampment
47.25 site of any personal property used by individuals living at the encampment.

47.26 ~~(b)~~ (c) Counties may choose not to spend all or a portion of the distribution under this
47.27 section. Any unspent funds must be returned to the commissioner of revenue by December
47.28 31 of the year following the year that the aid was received. Any funds returned to the
47.29 commissioner under this paragraph must be added to the overall distribution of aids certified
47.30 under this section in the following year. Any unspent funds returned to the commissioner
47.31 after the expiration under subdivision 8 are canceled to the general fund.

47.32 **EFFECTIVE DATE.** This section is effective beginning with aids payable in 2024.

48.1 Sec. 25. Minnesota Statutes 2023 Supplement, section 477A.30, subdivision 5, is amended
48.2 to read:

48.3 Subd. 5. **Payments.** The commissioner of revenue must compute the amount of local
48.4 homeless prevention aid payable to each county and Tribal government under this section.
48.5 On or before August 1 of each year, the commissioner shall certify the amount to be paid
48.6 to each county and Tribal government in the following year. The commissioner shall pay
48.7 local homeless prevention aid annually at the times provided in section 477A.015. For aids
48.8 payable in ~~2023~~ 2024 only, the commissioner must recalculate and recertify the aid under
48.9 this section by July 15, ~~2023~~ 2024.

48.10 **EFFECTIVE DATE.** This section is effective beginning with aids payable in 2024.

48.11 Sec. 26. Minnesota Statutes 2023 Supplement, section 477A.30, subdivision 6, is amended
48.12 to read:

48.13 Subd. 6. **Appropriation.** (a) For aid payable in 2024, \$22,000,000 is appropriated from
48.14 the general fund to the commissioner of revenue to make payments to counties required
48.15 under this section. For aid payable in 2025 and thereafter, \$17,600,000 is annually
48.16 appropriated from the general fund to the commissioner of revenue to make payments to
48.17 counties required under this section.

48.18 (b) For aid payable in 2024, \$3,000,000 is appropriated from the general fund to the
48.19 commissioner of revenue to make payments to Tribal governments required under this
48.20 section. For aid payable in 2025 and thereafter, \$2,400,000 is annually appropriated from
48.21 the general fund to the commissioner of revenue to make payments to Tribal governments
48.22 required under this section.

48.23 **EFFECTIVE DATE.** This section is effective beginning with aids payable in 2024.

48.24 Sec. 27. Minnesota Statutes 2023 Supplement, section 477A.30, subdivision 7, is amended
48.25 to read:

48.26 Subd. 7. **Report.** (a) No later than January 15, 2025, the commissioner of revenue must
48.27 produce a report on projects and programs funded by counties and Tribal governments under
48.28 this section. The report must include a list of the projects and programs, the number of
48.29 people served by each, and an assessment of how each project and program impacts people
48.30 who are currently experiencing homelessness or who are at risk of experiencing
48.31 homelessness, as reported by the counties and Tribal governments to the commissioner by
48.32 December 31 each year on a form prescribed by the commissioner. The commissioner must

49.1 provide a copy of the report to the chairs and ranking minority members of the legislative
49.2 committees with jurisdiction over property taxes and services for persons experiencing
49.3 homelessness.

49.4 (b) The report in paragraph (a) must be updated ~~every two years~~ in 2027 and 2029 and
49.5 the commissioner of revenue must provide copies of the updated reports to the chairs and
49.6 ranking minority members of the legislative committees with jurisdiction over property
49.7 taxes and services for persons experiencing homelessness by January 15 of the year the
49.8 report is due. Report requirements under this subdivision expire following the report which
49.9 includes the ~~final~~ distribution ~~preceding the expiration in subdivision 8~~ in 2028.

49.10 **EFFECTIVE DATE.** This section is effective beginning with aids payable in 2024.

49.11 Sec. 28. **2023 AID PENALTY FORGIVENESS; CITY OF STEWART.**

49.12 Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of Stewart
49.13 must receive its aid payment for calendar year 2023 under Minnesota Statutes, section
49.14 477A.013, that was withheld under Minnesota Statutes, section 477A.017, subdivision 3,
49.15 provided that the state auditor certifies to the commissioner of revenue that it received the
49.16 annual financial reporting form for 2022 from the city by June 1, 2024. The commissioner
49.17 of revenue must make a payment of \$87,501.50 to the city by June 30, 2024.

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

49.19 Sec. 29. **PROPERTY TAX EXEMPTION; RED LAKE NATION COLLEGE.**

49.20 (a) Notwithstanding Minnesota Statutes, section 272.02, subdivision 38, paragraph (b),
49.21 and any other law to the contrary, property located in the city of Minneapolis acquired by
49.22 Red Lake Nation College Without Borders, LLC in either August 2021 or September 2021
49.23 is exempt from property taxes payable in 2022 and the portion of property taxes payable in
49.24 2021 due after the property was acquired. An amount necessary to make a payment to the
49.25 county for the property taxes that would be payable but for the exemption is appropriated
49.26 from the general fund to the commissioner of revenue in fiscal year 2025. All prior year
49.27 penalties, interest, and costs are canceled.

49.28 (b) By August 1, 2024, the auditor of the county in which the property is located must
49.29 certify to the commissioner of revenue the amount to be paid by the commissioner of revenue
49.30 to the county under paragraph (a). The commissioner of revenue must make this payment
49.31 by August 15, 2024.

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

50.1 Sec. 30. **APPROPRIATION; ADMINISTRATION OF ADVANCE HOMESTEAD**
50.2 **CREDIT FOR SENIORS.**

50.3 \$158,000 in fiscal year 2025 is appropriated from the general fund to the commissioner
50.4 of revenue to administer the advance homestead credit for seniors in Minnesota Statutes,
50.5 sections 273.1389 and 290A.071. The base for this appropriation is \$118,000 in fiscal year
50.6 2026 and \$116,000 in fiscal year 2027.

50.7 **EFFECTIVE DATE.** This section is effective July 1, 2024.

50.8 Sec. 31. **REPEALER.**

50.9 Minnesota Statutes 2023 Supplement, section 477A.30, subdivision 8, is repealed.

50.10 **ARTICLE 3**
50.11 **MINERALS TAXES**

50.12 Section 1. Minnesota Statutes 2022, section 123B.53, subdivision 1, is amended to read:

50.13 Subdivision 1. **Definitions.** (a) For purposes of this section, the eligible debt service
50.14 revenue of a district is defined as follows:

50.15 (1) the amount needed to produce between five and six percent in excess of the amount
50.16 needed to meet when due the principal and interest payments on the obligations of the district
50.17 for eligible projects according to subdivision 2, excluding the amounts listed in paragraph
50.18 (b), minus

50.19 (2) the amount of debt service excess levy reduction for that school year calculated
50.20 according to the procedure established by the commissioner.

50.21 (b) The obligations in this paragraph are excluded from eligible debt service revenue:

50.22 (1) obligations under section 123B.61;

50.23 (2) the part of debt service principal and interest paid from the taconite environmental
50.24 protection fund or Douglas J. Johnson economic protection trust, excluding the portion of
50.25 taconite payments from the Iron Range school ~~consolidation and cooperatively operated~~
50.26 ~~school~~ and community development account under section 298.28, subdivision 7a;

50.27 (3) obligations for long-term facilities maintenance under section 123B.595;

50.28 (4) obligations under section 123B.62; and

50.29 (5) obligations equalized under section 123B.535.

51.1 (c) For purposes of this section, if a preexisting school district reorganized under sections
 51.2 123A.35 to 123A.43, 123A.46, and 123A.48 is solely responsible for retirement of the
 51.3 preexisting district's bonded indebtedness or capital loans, debt service equalization aid
 51.4 must be computed separately for each of the preexisting districts.

51.5 (d) For purposes of this section, the adjusted net tax capacity determined according to
 51.6 sections 127A.48 and 273.1325 shall be adjusted to include the tax capacity of property
 51.7 generally exempted from ad valorem taxes under section 272.02, subdivision 64.

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

51.9 Sec. 2. Minnesota Statutes 2022, section 273.135, subdivision 2, is amended to read:

51.10 Subd. 2. **Reduction amount.** The amount of the reduction authorized by subdivision 1
 51.11 shall be:

51.12 (a) In the case of property located within a municipality as defined under section 273.134,
 51.13 paragraph (a), 66 percent of the tax, provided that the reduction shall not exceed the
 51.14 maximum amounts specified in paragraph (c).

51.15 (b) In the case of property located within the boundaries of a school district which
 51.16 qualifies as a tax relief area under section 273.134, paragraph (b), but which is outside the
 51.17 boundaries of a municipality which meets the qualifications prescribed in section 273.134,
 51.18 paragraph (a), 57 percent of the tax, provided that the reduction shall not exceed the
 51.19 maximum amounts specified in paragraph (c).

51.20 (c) The maximum reduction of the tax is ~~\$315.10~~ \$515 on property described in paragraph
 51.21 (a) and ~~\$289.80~~ on property described in paragraph (b).

51.22 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable
 51.23 in 2025.

51.24 Sec. 3. Minnesota Statutes 2022, section 275.065, is amended by adding a subdivision to
 51.25 read:

51.26 **Subd. 3c. Notice of proposed taxes; property subject to chapter 276A.** In the case of
 51.27 property subject to the areawide tax under section 276A.06, subdivision 7, for both the
 51.28 current year taxes and the proposed tax amounts, the net tax capacity portion of the taxes
 51.29 shown for each taxing jurisdiction must be based on the property's total net tax capacity
 51.30 multiplied by the jurisdiction's actual or proposed net tax capacity tax rate. In addition to
 51.31 the tax amounts shown for each jurisdiction, the statement must include a line showing the
 51.32 "fiscal disparities adjustment" equal to the total gross tax payable minus the sum of the tax

52.1 amounts shown for the individual taxing jurisdictions. The fiscal disparities adjustment may
 52.2 be a negative number. If the fiscal disparities adjustment for either the current year taxes
 52.3 or the proposed tax amount is a negative number, the percentage change must not be shown.
 52.4 In all other respects the statement must fulfill the requirements of subdivision 3.

52.5 **EFFECTIVE DATE.** This section is effective beginning with proposed notices for
 52.6 property taxes payable in 2025.

52.7 Sec. 4. Minnesota Statutes 2022, section 276.04, is amended by adding a subdivision to
 52.8 read:

52.9 Subd. 2a. **Contents of tax statements; property subject to chapter 276A.** In the case
 52.10 of property subject to the areawide tax under section 276A.06, subdivision 7, for both the
 52.11 current year taxes and the previous year tax amounts, the net tax capacity portion of the tax
 52.12 shown for each taxing jurisdiction must be based on the property's total net tax capacity
 52.13 multiplied by the jurisdiction's net tax capacity tax rate. In addition to the tax amounts shown
 52.14 for each jurisdiction, the statement must include a line showing the "fiscal disparities
 52.15 adjustment" equal to the total gross tax payable minus the sum of the tax amounts shown
 52.16 for the individual taxing jurisdictions for each year. The fiscal disparities adjustment may
 52.17 be a negative number. In all other respects the statement must fulfill the requirements of
 52.18 subdivision 2.

52.19 **EFFECTIVE DATE.** This section is effective beginning with proposed notices for
 52.20 property taxes payable in 2025.

52.21 Sec. 5. Minnesota Statutes 2022, section 276A.01, subdivision 17, is amended to read:

52.22 Subd. 17. **School fund allocation.** (a) "School fund allocation" means an amount up to
 52.23 25 percent of the areawide levy certified by the commissioner of Iron Range resources and
 52.24 rehabilitation, after consultation with the Iron Range Resources and Rehabilitation Board,
 52.25 to be used for the purposes of the Iron Range school ~~consolidation and cooperatively operated~~
 52.26 ~~school~~ and community development account under section 298.28, subdivision 7a.

52.27 (b) The allocation under paragraph (a) shall only be made after the commissioner of
 52.28 Iron Range resources and rehabilitation, after consultation with the Iron Range Resources
 52.29 and Rehabilitation Board, has certified by June 30 that the Iron Range school ~~consolidation~~
 52.30 ~~and cooperatively operated~~ and community development account has insufficient funds to
 52.31 make payments as authorized under section 298.28, subdivision 7a.

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

53.1 Sec. 6. Minnesota Statutes 2022, section 276A.06, subdivision 8, is amended to read:

53.2 Subd. 8. **Certification of values; payment.** The administrative auditor shall determine
53.3 for each county the difference between the total levy on distribution value pursuant to
53.4 subdivision 3, clause (1), including the school fund allocation within the county and the
53.5 total tax on contribution value pursuant to subdivision 7, within the county. On or before
53.6 May 16 of each year, the administrative auditor shall certify the differences so determined
53.7 and the county's portion of the school fund allocation to each county auditor. In addition,
53.8 the administrative auditor shall certify to those county auditors for whose county the total
53.9 tax on contribution value exceeds the total levy on distribution value the settlement the
53.10 county is to make to the other counties of the excess of the total tax on contribution value
53.11 over the total levy on distribution value in the county. On or before June 15 and November
53.12 15 of each year, each county treasurer in a county having a total tax on contribution value
53.13 in excess of the total levy on distribution value shall pay one-half of the excess to the other
53.14 counties in accordance with the administrative auditor's certification. On or before June 15
53.15 and November 15 of each year, each county treasurer shall pay to the administrative auditor
53.16 that county's share of the school fund allocation. On or before December 1 of each year,
53.17 the administrative auditor shall pay the school fund allocation to the commissioner of Iron
53.18 Range resources and rehabilitation for deposit in the Iron Range school ~~consolidation and~~
53.19 ~~cooperatively operated~~ and community development account.

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

53.21 Sec. 7. Minnesota Statutes 2023 Supplement, section 298.018, subdivision 1, is amended
53.22 to read:

53.23 Subdivision 1. **Within taconite assistance area.** (a) The proceeds of the tax paid under
53.24 sections 298.015 and 298.016 on ores, metals, or minerals mined or extracted within the
53.25 taconite assistance area defined in section 273.1341, shall be allocated as follows:

53.26 (1) except as provided under paragraph (b), five percent to the city or town within which
53.27 the minerals or energy resources are mined or extracted, or within which the concentrate
53.28 was produced. If the mining and concentration, or different steps in either process, are
53.29 carried on in more than one taxing district, the commissioner shall apportion equitably the
53.30 proceeds among the cities and towns by attributing 50 percent of the proceeds of the tax to
53.31 the operation of mining or extraction, and the remainder to the concentrating plant and to
53.32 the processes of concentration, and with respect to each thereof giving due consideration
53.33 to the relative extent of the respective operations performed in each taxing district;

54.1 (2) ten percent to the taconite municipal aid account to be distributed as provided in
54.2 section 298.282, subdivisions 1 and 2, on the dates provided under this section;

54.3 (3) ten percent to the school district within which the minerals or energy resources are
54.4 mined or extracted, or within which the concentrate was produced. If the mining and
54.5 concentration, or different steps in either process, are carried on in more than one school
54.6 district, distribution among the school districts must be based on the apportionment formula
54.7 prescribed in clause (1);

54.8 (4) 20 percent to a group of school districts comprised of those school districts wherein
54.9 the mineral or energy resource was mined or extracted or in which there is a qualifying
54.10 municipality as defined by section 273.134, paragraph (b), in direct proportion to school
54.11 district indexes as follows: for each school district, its pupil units determined under section
54.12 126C.05 for the prior school year shall be multiplied by the ratio of the average adjusted
54.13 net tax capacity per pupil unit for school districts receiving aid under this clause as calculated
54.14 pursuant to chapters 122A, 126C, and 127A for the school year ending prior to distribution
54.15 to the adjusted net tax capacity per pupil unit of the district. Each district shall receive that
54.16 portion of the distribution which its index bears to the sum of the indices for all school
54.17 districts that receive the distributions;

54.18 (5) ten percent to the county within which the minerals or energy resources are mined
54.19 or extracted, or within which the concentrate was produced. If the mining and concentration,
54.20 or different steps in either process, are carried on in more than one county, distribution
54.21 among the counties must be based on the apportionment formula prescribed in clause (1),
54.22 provided that any county receiving distributions under this clause shall pay one percent of
54.23 its proceeds to the Range Association of Municipalities and Schools;

54.24 (6) five percent to St. Louis County acting as the counties' fiscal agent to be distributed
54.25 as provided in sections 273.134 to 273.136;

54.26 (7) 20 percent to the commissioner of Iron Range resources and rehabilitation for the
54.27 purposes of section 298.22;

54.28 (8) three percent to the Douglas J. Johnson economic protection trust fund;

54.29 (9) seven percent to the taconite environmental protection fund; and

54.30 (10) ten percent to the commissioner of Iron Range resources and rehabilitation for
54.31 capital improvements to Giants Ridge Recreation Area.

54.32 (b) If the materials or energy resources are mined, extracted, or concentrated in School
54.33 District No. 2711, Mesabi East, then the amount under paragraph (a), clause (1), must instead

55.1 be distributed pursuant to this paragraph. The cities of Aurora, Babbitt, Ely, and Hoyt Lakes
55.2 must each receive 20 percent of the amount. The city of Biwabik and Embarrass Township
55.3 must each receive ten percent of the amount.

55.4 (c) For the first five years that tax paid under section 298.015, subdivisions 1 and 2, is
55.5 distributed under this subdivision, ten percent of the total proceeds distributed in each year
55.6 must first be distributed pursuant to this paragraph. The remaining 90 percent of the total
55.7 proceeds distributed in each of those years must be distributed as outlined in paragraph (a).
55.8 Of the amount available under this paragraph, the cities of Aurora, Babbitt, Ely, and Hoyt
55.9 Lakes must each receive 20 percent. Of the amount available under this paragraph, the city
55.10 of Biwabik and Embarrass Township must each receive ten percent. This paragraph applies
55.11 only to tax paid by a person engaged in the business of mining within the area described in
55.12 section 273.1341, clauses (1) and (2).

55.13 **EFFECTIVE DATE.** This section is effective beginning with the 2025 distribution.

55.14 Sec. 8. Minnesota Statutes 2022, section 298.17, is amended to read:

55.15 **298.17 OCCUPATION TAXES TO BE APPORTIONED.**

55.16 (a) All occupation taxes paid by persons, copartnerships, companies, joint stock
55.17 companies, corporations, and associations, however or for whatever purpose organized,
55.18 engaged in the business of mining or producing iron ore or other ores, when collected shall
55.19 be apportioned and distributed in accordance with the Constitution of the state of Minnesota,
55.20 article X, section 3, in the manner following: 90 percent shall be deposited in the state
55.21 treasury and credited to the general fund of which four-ninths shall be used for the support
55.22 of elementary and secondary schools; and ten percent of the proceeds of the tax imposed
55.23 by this section shall be deposited in the state treasury and credited to the general fund for
55.24 the general support of the university.

55.25 (b) Of the money apportioned to the general fund by this section: (1) there is annually
55.26 appropriated and credited to the mining environmental and regulatory account in the special
55.27 revenue fund an amount equal to that which would have been generated by a 2-1/2 cent tax
55.28 imposed by section 298.24 on each taxable ton produced in the preceding calendar year.
55.29 Money in the mining environmental and regulatory account is appropriated annually to the
55.30 commissioner of natural resources to fund agency staff to work on environmental issues
55.31 and provide regulatory services for ferrous and nonferrous mining operations in this state.
55.32 Payment to the mining environmental and regulatory account shall be made by July 1
55.33 annually. The commissioner of natural resources shall execute an interagency agreement
55.34 with the Pollution Control Agency to assist with the provision of environmental regulatory

56.1 services such as monitoring and permitting required for ferrous and nonferrous mining
 56.2 operations; (2) there is annually appropriated and credited to the Iron Range resources and
 56.3 rehabilitation account in the special revenue fund an amount equal to that which would have
 56.4 been generated by a 1.5 cent tax imposed by section 298.24 on each taxable ton produced
 56.5 in the preceding calendar year, to be expended for the purposes of section 298.22; and (3)
 56.6 there is annually appropriated and credited to the Iron Range resources and rehabilitation
 56.7 account in the special revenue fund for transfer to the Iron Range school ~~consolidation and~~
 56.8 ~~cooperatively operated school~~ and community development account under section 298.28,
 56.9 subdivision 7a, an amount equal to that which would have been generated by a six cent tax
 56.10 imposed by section 298.24 on each taxable ton produced in the preceding calendar year.
 56.11 Payment to the Iron Range resources and rehabilitation account shall be made by May 15
 56.12 annually.

56.13 (c) The money appropriated pursuant to paragraph (b), clause (2), shall be used (i) to
 56.14 provide environmental development grants to local governments located within any county
 56.15 in region 3 as defined in governor's executive order number 60, issued on June 12, 1970,
 56.16 which does not contain a municipality qualifying pursuant to section 273.134, paragraph
 56.17 (b), or (ii) to provide economic development loans or grants to businesses located within
 56.18 any such county, provided that the county board or an advisory group appointed by the
 56.19 county board to provide recommendations on economic development shall make
 56.20 recommendations to the commissioner of Iron Range resources and rehabilitation regarding
 56.21 the loans. Payment to the Iron Range resources and rehabilitation account shall be made by
 56.22 May 15 annually.

56.23 (d) Of the money allocated to Koochiching County, one-third must be paid to the
 56.24 Koochiching County Economic Development Commission.

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

56.26 Sec. 9. Minnesota Statutes 2023 Supplement, section 298.28, subdivision 7a, is amended
 56.27 to read:

56.28 Subd. 7a. ~~Iron Range school consolidation and cooperatively operated school~~ and
 56.29 community development account. (a) The following amounts must be allocated to the
 56.30 commissioner of Iron Range resources and rehabilitation to be deposited in the Iron Range
 56.31 school ~~consolidation and cooperatively operated school~~ and community development account
 56.32 that is hereby created:

56.33 (1) for distributions beginning in 2015, ten cents per taxable ton of the tax imposed under
 56.34 section 298.24;

57.1 (2) the amount as determined under section 298.17, paragraph (b), clause (3); and
57.2 (3) any other amount as provided by law.

57.3 (b) Expenditures from this account may be approved as ongoing annual expenditures
57.4 and shall be made only to provide disbursements to assist school districts with the payment
57.5 of bonds that were issued for qualified school projects, or for any other school disbursement
57.6 as approved by the commissioner of Iron Range resources and rehabilitation after consultation
57.7 with the Iron Range Resources and Rehabilitation Board. For purposes of this section,
57.8 "qualified school projects" means school projects within the taconite assistance area as
57.9 defined in section 273.1341, that were (1) approved, by referendum, after April 3, 2006;
57.10 and (2) approved by the commissioner of education pursuant to section 123B.71.

57.11 (c) Beginning in fiscal year 2019, the disbursement to school districts for payments for
57.12 bonds issued under section 123A.482, subdivision 9, must be increased each year to offset
57.13 any reduction in debt service equalization aid that the school district qualifies for in that
57.14 year, under section 123B.53, subdivision 6, compared with the amount the school district
57.15 qualified for in fiscal year 2018.

57.16 (d) No expenditure under this section shall be made unless approved by the commissioner
57.17 of Iron Range resources and rehabilitation after consultation with the Iron Range Resources
57.18 and Rehabilitation Board.

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

57.20 Sec. 10. Minnesota Statutes 2022, section 298.28, subdivision 8, is amended to read:

57.21 Subd. 8. **Range Association of Municipalities and Schools.** ~~30~~ 0.50 cent per taxable
57.22 ton shall be paid to the Range Association of Municipalities and Schools, for the purpose
57.23 of providing an areawide approach to problems which demand coordinated and cooperative
57.24 actions and which are common to those areas of northeast Minnesota affected by operations
57.25 involved in mining iron ore and taconite and producing concentrate therefrom, and for the
57.26 purpose of promoting the general welfare and economic development of the cities, towns,
57.27 and school districts within the Iron Range area of northeast Minnesota.

57.28 **EFFECTIVE DATE.** This section is effective beginning with the 2024 distribution.

57.29 Sec. 11. Minnesota Statutes 2023 Supplement, section 298.28, subdivision 16, is amended
57.30 to read:

57.31 Subd. 16. **Transfer.** Of the amount annually distributed to the Douglas J. Johnson
57.32 Economic Protection Trust Fund under this section, ~~\$3,500,000~~ the following amounts shall

58.1 be transferred to the Iron Range school ~~consolidation and cooperatively operated school~~
58.2 and community development account under subdivision 7a. For distributions in 2024,
58.3 \$6,250,000 must be transferred. For distributions in 2025 through 2029, \$6,500,000 must
58.4 be transferred. For distributions in 2030 through 2034, \$5,500,000 must be transferred. For
58.5 distributions in 2035 and 2036, \$5,000,000 must be transferred. For distributions in 2037
58.6 and thereafter, \$3,500,000 must be transferred. Any remaining amount of the amount
58.7 annually distributed to the Douglas J. Johnson Economic Protection Trust Fund shall be
58.8 transferred to the Iron Range resources and rehabilitation account under subdivision 7. The
58.9 transfers under this subdivision must be made within ten days of the August payment.

58.10 **EFFECTIVE DATE.** This section is effective beginning with the 2024 distribution.

58.11 Sec. 12. Minnesota Statutes 2022, section 298.282, subdivision 1, is amended to read:

58.12 Subdivision 1. **Distribution of taconite municipal aid account.** (a) The amount
58.13 deposited with the county as provided in section 298.28, subdivision 3, must be distributed
58.14 as provided by this section among: (1) the municipalities located within a taconite assistance
58.15 area under section 273.1341 that meet the criteria of section 273.1341, clause (1) or (2); (2)
58.16 a township that contains a state park consisting primarily of an underground iron ore mine;
58.17 (3) a city located within five miles of that state park; and (4) Breitung Township in St. Louis
58.18 County, each being referred to in this section as a qualifying municipality. The distribution
58.19 to Breitung Township under this subdivision shall be ~~\$15,000~~ \$25,000 annually.

58.20 (b) The amount deposited in the state general fund as provided in section 298.018,
58.21 subdivision 1, must be distributed in the same manner as provided under paragraph (a),
58.22 except that subdivisions 3, 4, and 5 do not apply, and the distributions shall be made on the
58.23 dates provided under section 298.018, subdivision 1a.

58.24 **EFFECTIVE DATE.** This section is effective beginning with the 2024 distribution.

58.25 Sec. 13. Minnesota Statutes 2022, section 298.292, subdivision 2, is amended to read:

58.26 Subd. 2. **Use of money.** (a) Money in the Douglas J. Johnson economic protection trust
58.27 fund may be used for the following purposes:

58.28 (1) to provide loans, loan guarantees, interest buy-downs and other forms of participation
58.29 with private sources of financing, but a loan to a private enterprise shall be for a principal
58.30 amount not to exceed one-half of the cost of the project for which financing is sought, and
58.31 the rate of interest on a loan to a private enterprise shall be no less than the lesser of eight

59.1 percent or an interest rate three percentage points less than a full faith and credit obligation
59.2 of the United States government of comparable maturity, at the time that the loan is approved;

59.3 (2) to fund reserve accounts established to secure the payment when due of the principal
59.4 of and interest on bonds issued pursuant to section 298.2211, including bonds authorized
59.5 by the legislature to be repaid from the distributions under section 298.28, subdivision 7a;

59.6 (3) to pay in periodic payments or in a lump-sum payment any or all of the interest on
59.7 bonds issued pursuant to chapter 474 for the purpose of constructing, converting, or
59.8 retrofitting heating facilities in connection with district heating systems or systems utilizing
59.9 alternative energy sources;

59.10 (4) to invest in a venture capital fund or enterprise that will provide capital to other
59.11 entities that are engaging in, or that will engage in, projects or programs that have the
59.12 purposes set forth in subdivision 1. No investments may be made in a venture capital fund
59.13 or enterprise unless at least two other unrelated investors make investments of at least
59.14 \$500,000 in the venture capital fund or enterprise, and the investment by the Douglas J.
59.15 Johnson economic protection trust fund may not exceed the amount of the largest investment
59.16 by an unrelated investor in the venture capital fund or enterprise. For purposes of this
59.17 subdivision, an "unrelated investor" is a person or entity that is not related to the entity in
59.18 which the investment is made or to any individual who owns more than 40 percent of the
59.19 value of the entity, in any of the following relationships: spouse, parent, child, sibling,
59.20 employee, or owner of an interest in the entity that exceeds ten percent of the value of all
59.21 interests in it. For purposes of determining the limitations under this clause, the amount of
59.22 investments made by an investor other than the Douglas J. Johnson economic protection
59.23 trust fund is the sum of all investments made in the venture capital fund or enterprise during
59.24 the period beginning one year before the date of the investment by the Douglas J. Johnson
59.25 economic protection trust fund; and

59.26 (5) to purchase forest land in the taconite assistance area defined in section 273.1341 to
59.27 be held and managed as a public trust for the benefit of the area for the purposes authorized
59.28 in section 298.22, subdivision 5a. Property purchased under this section may be sold by the
59.29 commissioner, after consultation with the advisory board. The net proceeds must be deposited
59.30 in the trust fund for the purposes and uses of this section.

59.31 (b) Money from the trust fund shall be expended only in ~~or for the benefit of~~ the taconite
59.32 assistance area defined in section 273.1341.

59.33 (c) Money devoted to the trust fund under this section shall not be expended, appropriated,
59.34 or transferred from the trust fund for any purpose except as provided in this section.

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

60.2 Sec. 14. **IRON RANGE RESOURCES AND REHABILITATION COMMISSIONER;**
60.3 **BONDS AUTHORIZED IN 2024.**

60.4 Subdivision 1. **Issuance; purpose.** (a) Notwithstanding any provision of Minnesota
60.5 Statutes, chapter 298, to the contrary, the commissioner of Iron Range resources and
60.6 rehabilitation shall, by March 31, 2025, issue revenue bonds in a principal amount of up to
60.7 \$49,000,000 plus an amount sufficient to pay costs of issuance in one or more series, and
60.8 thereafter may issue bonds to refund those bonds. The proceeds of the bonds must be used
60.9 to pay the costs of issuance and to make distributions pursuant this section. The commissioner
60.10 of Iron Range resources and rehabilitation must distribute these transferred funds as outlined
60.11 in this section. In order to receive a distribution, a recipient must submit to the commissioner
60.12 a plan of how the distribution will be spent and the commissioner must ensure that the plan
60.13 matches the intended use outlined in this section. The plan must be submitted in a form and
60.14 manner determined by the commissioner. The uses listed are not subject to review or
60.15 recommendation by the Iron Range Resources and Rehabilitation Board. By December 31,
60.16 2025, each recipient must report to the commissioner how the distribution received under
60.17 this section was spent. If a recipient's plan is submitted and approved, the commissioner
60.18 must distribute the funds for the uses outlined in subdivision 3. The bonds issued under this
60.19 section do not constitute public debt as that term is defined in article XI, section 4, of the
60.20 Minnesota Constitution, and as such are not subject to its provisions.

60.21 (b) Funds under this section are available for four years from the date the bonds are
60.22 issued. Any unexpended funds after that date cancel to the taconite environmental fund
60.23 under Minnesota Statutes, section 298.28, subdivision 9b.

60.24 Subd. 2. **Appropriation.** (a) Notwithstanding any restrictions on expenditures from the
60.25 account, there is annually appropriated from the distribution of the taconite production tax
60.26 revenues under Minnesota Statutes, section 298.28, subdivision 7a, an amount sufficient to
60.27 pay when due the principal and interest on the bonds issued pursuant to subdivision 1.
60.28 Payments must be made from the account annually after the distribution of the production
60.29 tax revenues has been made.

60.30 (b) If in any year the amount available under paragraph (a) is insufficient to pay principal
60.31 and interest due on the bonds in that year, an additional amount is appropriated from the
60.32 Douglas J. Johnson economic protection trust fund to make up the deficiency.

60.33 (c) The appropriation under this subdivision terminates upon payment or maturity of
60.34 the last of the bonds issued under this section.

61.1 Subd. 3. Grants. (a) The commissioner of Iron Range resources and rehabilitation must
61.2 distribute funds available for distribution under subdivision 1 for the following uses:

61.3 (1) \$160,000 to the Grand Portage Band of Lake Superior Chippewa to construct a
61.4 playground;

61.5 (2) \$3,600,000 to the Mesabi Fit Coalition for the renovation, reconstruction, and
61.6 expansion of the former Mesabi Family YMCA in the city of Mountain Iron;

61.7 (3) \$950,000 to the Buyck Volunteer Fire Department for design, engineering, and
61.8 construction of a new fire and training hall and related equipment;

61.9 (4) \$750,000 to the Voyageur Trail Society for a joint maintenance facility with Voyageur
61.10 Country ATV in the city of Orr;

61.11 (5) \$2,250,000 to Cook County, of which \$250,000 must be spent to preserve affordable
61.12 housing units for seniors in the city of Grand Marais and \$2,000,000 must be used to
61.13 construct, furnish, and equip a solid waste transfer station in the county;

61.14 (6) \$1,000,000 to the Northland Learning Center for construction costs;

61.15 (7) \$2,720,000 to the city of Chisholm, of which \$520,000 must be used for the renovation
61.16 of the Chisholm Ice Arena facility and parking and the remaining amount must be used for
61.17 the public works facility;

61.18 (8) \$1,000,000 to the city of Gilbert for the Gilbert Community Center;

61.19 (9) \$360,000 to the city of Biwabik for housing and infrastructure;

61.20 (10) \$3,000,000 to the city of Tower for water management infrastructure projects;

61.21 (11) \$3,000,000 to the city of Silver Bay to design, engineer, construct, and reconstruct
61.22 publicly owned infrastructure including sewers, water systems, utility extensions, street
61.23 construction, wastewater treatment, stormwater management systems, sidewalks, and
61.24 compliance with the Americans with Disabilities Act;

61.25 (12) \$2,100,000 to St. Louis County for the development of the Canyon Integrated Solid
61.26 Waste Management Campus;

61.27 (13) \$3,640,000 to the city of Eveleth to design, engineer, and construct public utilities
61.28 in its business park and construction of the Hat Trick Avenue slip ramp;

61.29 (14) \$700,000 to the city of Meadowlands for costs related to park improvements and
61.30 a community center;

62.1 (15) \$600,000 to School District No. 2142, St. Louis County, of which \$400,000 must
62.2 be used for septic system upgrades at South Ridge School and \$200,000 must be used for
62.3 cafeteria renovations at Northeast Range School in Babbitt and Tower Elementary School
62.4 in Tower;

62.5 (16) \$250,000 to the city of Two Harbors for band stand repairs and Odegard Park and
62.6 Trail restoration;

62.7 (17) \$850,000 to the Central Iron Range Sanitary Sewer District for infrastructure
62.8 projects;

62.9 (18) \$5,070,000 to the Minnesota Discovery Center to design, construct, renovate,
62.10 furnish, and repair facilities, including HVAC upgrades, demolition, and compliance with
62.11 the Americans with Disabilities Act, at the Minnesota Discovery Center in the city of
62.12 Chisholm, and for historical research funding;

62.13 (19) \$5,200,000 to the commissioner of Iron Range resources and rehabilitation for the
62.14 design, engineering, and upgrades or replacement of chair lifts and for the design,
62.15 engineering, demolition, and construction of a nordic and welcome center at the Giants
62.16 Ridge Recreation Area;

62.17 (20) \$250,000 to Independent School District No. 696, Ely, for baseball field renovation;

62.18 (21) \$500,000 to the city of Mountain Iron for the Outdoor Recreation Center;

62.19 (22) \$200,000 to Cook County Higher Education Board for costs to bring commercial
62.20 drivers' licenses and trades training to the region along with educational training and academic
62.21 support to remote populations;

62.22 (23) \$200,000 to Save Our Ship, Inc., for construction costs at Knife River;

62.23 (24) \$3,000,000 to Hibbing Public Utilities for water infrastructure projects;

62.24 (25) \$400,000 to Veterans On The Lake for demolition of existing structures and the
62.25 building of a triplex that is compliant with the Americans with Disabilities Act;

62.26 (26) \$350,000 to the city of Eveleth for the Hippodrome renovation;

62.27 (27) \$500,000 to the Great Expectations School Foundation in Cook County for school
62.28 facilities construction;

62.29 (28) \$225,000 to the Minnesota Forest Zone Trappers Association to plan, engineer,
62.30 purchase land, and develop the Sportsperson Training and Development Center;

63.1 (29) \$200,000 to the Sturgeon Chain Lake Association to update the engineering and
63.2 hydrology study of the lakes, for regulatory and community outreach, and for preparing
63.3 recommendations to the commissioner of natural resources related to bank stabilization and
63.4 maintenance;

63.5 (30) \$300,000 to the Northern Lights Music Festival to support programs, of this amount
63.6 \$100,000 is available each year in calendar years 2025, 2026, and 2027;

63.7 (31) \$250,000 to Cherry Township for recreational facilities upgrades and lights;

63.8 (32) \$350,000 to the East Range Developmental Achievement Center for building
63.9 renovations;

63.10 (33) \$500,000 to the Northland Foundation for grants or loans to (i) businesses or resorts
63.11 that were economically damaged by floods that occurred in 2022 or 2023 and which are
63.12 eligible under article 5 of the Canadian border counties economic relief program, or (ii)
63.13 outfitters in the border region who experienced either more than a 50 percent reduction in
63.14 Boundary Waters Canoe Area Wilderness permits obtained by their customers between
63.15 2019 and 2021, or a 50 percent reduction between 2019 and 2021 in trips across the fee-based
63.16 mechanical portages into the Boundary Waters Canoe Area Wilderness or Quetico Provincial
63.17 Park. Businesses may be awarded a maximum grant under this clause of up to \$50,000,
63.18 must be located within the taconite assistance area, as defined under Minnesota Statutes,
63.19 section 273.1341, and must not have received a grant under the Canadian border counties
63.20 economic relief program. The Northland Foundation may retain up to four percent of the
63.21 amount under this clause for administration;

63.22 (34) \$3,300,000 to the city of Virginia for a grant to be used for: (i) modernization,
63.23 renovation, and expansion of the Virginia Hospital emergency room complex to 12
63.24 emergency rooms; (ii) construction of an emergency behavior health suite for adults and
63.25 children; and (iii) security and safety upgrades. The grant must be transferred by the city
63.26 within 30 days of receipt;

63.27 (35) \$100,000 to Crystal Bay Township for a septic project at the Clair Nelson
63.28 Community Center;

63.29 (36) \$25,000 to the Northwoods Friends of the Arts in the city of Cook for facility
63.30 upgrades and programs;

63.31 (37) \$50,000 to the Bois Forte Band of Chippewa for food shelf expenses;

63.32 (38) \$100,000 to the Lake Vermilion Cultural Center to improve and renovate the facility
63.33 and its displays in Tower;

64.1 (39) \$50,000 to the Lyric Center for the Arts in Virginia for repairs and renovation;

64.2 (40) \$50,000 to the Pioneer Mine historical site for maintenance and displays in Ely;

64.3 (41) \$150,000 to the Lake Superior School District to support an emergency preparedness
64.4 career introduction program;

64.5 (42) \$50,000 to the Essentia Health Virginia Regional Foundation for the development
64.6 of a substance use disorder community education and awareness program;

64.7 (43) \$200,000 to the city of Babbitt for ADA compliance and renovations to the city's
64.8 parks; and

64.9 (44) \$500,000 for grants of \$25,000 distributed pursuant to paragraph (b).

64.10 (b) Of the amount under paragraph (a), clause (44), grants of \$25,000 to be used for trail
64.11 grooming costs or equipment must be made available to the following entities:

64.12 (1) Alborn Dirt Devils ATV Club;

64.13 (2) Wild Country ATV Club;

64.14 (3) Ely Igloo Snowmobile Club;

64.15 (4) CC Riders Snowmobile Club;

64.16 (5) PathBlazers Snowmobile Club;

64.17 (6) Cook Timberwolves Snowmobile Club;

64.18 (7) Crane Lake Voyageurs Club;

64.19 (8) Pequaywan Area Trail Blazers Snowmobile Club;

64.20 (9) Eveleth Trail Hawks Snowmobile Club;

64.21 (10) Ranger Snowmobile/ATV Club;

64.22 (11) Silver Trail Riders Snowmobile and ATV Club;

64.23 (12) Voyageur Snowmobile Club;

64.24 (13) Mesabi Sno Voyageurs;

64.25 (14) Quad Cities ATV Club;

64.26 (15) Prospector ATV Club;

64.27 (16) Northern Traxx ATV Club;

64.28 (17) Finland Snowmobile and ATV Club;

65.1 (18) Babbitt ATV and Snowmobile Club;

65.2 (19) Cook County ATV Club; and

65.3 (20) Vermilion Penguins Snowmobile Club.

65.4 **EFFECTIVE DATE.** This section is effective the day following final enactment and
65.5 applies beginning with the 2024 distribution under Minnesota Statutes, section 298.28.

65.6 Sec. 15. **IRON RANGE RESOURCES AND REHABILITATION COMMISSIONER;**
65.7 **BONDS AUTHORIZED IN 2025.**

65.8 Subdivision 1. **Issuance; purpose.** (a) Notwithstanding any provision of Minnesota
65.9 Statutes, chapter 298, to the contrary, the commissioner of Iron Range resources and
65.10 rehabilitation shall, in 2025, issue revenue bonds in a principal amount of up to \$31,000,000
65.11 plus an amount sufficient to pay costs of issuance in one or more series, and thereafter may
65.12 issue bonds to refund those bonds. The proceeds of the bonds must be used to pay the costs
65.13 of issuance and to make distributions pursuant to this section. The commissioner of Iron
65.14 Range resources and rehabilitation must distribute these transferred funds as outlined in
65.15 this section. In order to receive a distribution, a recipient must submit to the commissioner
65.16 a plan of how the distribution will be spent and the commissioner must ensure that the plan
65.17 matches the intended use outlined in this section. The plan must be submitted in a form and
65.18 manner determined by the commissioner. The uses listed are not subject to review or
65.19 recommendation by the Iron Range Resources and Rehabilitation Board. By December 31,
65.20 2026, each recipient must report to the commissioner how the distribution received under
65.21 this section was spent. If a recipient's plan is submitted and approved, the commissioner
65.22 must distribute the funds for the uses outlined in subdivision 3. The bonds issued under this
65.23 section do not constitute public debt as that term is defined in article XI, section 4, of the
65.24 Minnesota Constitution, and as such are not subject to its provisions.

65.25 (b) Funds under this section are available for four years from the date the bonds are
65.26 issued. Any unexpended funds after that date cancel to the taconite environmental fund
65.27 under Minnesota Statutes, section 298.28, subdivision 9b.

65.28 Subd. 2. **Appropriation.** (a) Notwithstanding any restrictions on expenditures from the
65.29 account, there is annually appropriated from the distribution of the taconite production tax
65.30 revenues under Minnesota Statutes, section 298.28, subdivision 7a, an amount sufficient to
65.31 pay when due the principal and interest on the bonds issued pursuant to subdivision 1.
65.32 Payments must be made from the account annually after the distribution of the production
65.33 tax revenues has been made.

66.1 (b) If in any year the amount available under paragraph (a) is insufficient to pay principal
66.2 and interest due on the bonds in that year, an additional amount is appropriated from the
66.3 Douglas J. Johnson economic protection trust fund to make up the deficiency.

66.4 (c) The appropriation under this subdivision terminates upon payment or maturity of
66.5 the last of the bonds issued under this section.

66.6 Subd. 3. **Grants.** The commissioner of Iron Range resources and rehabilitation must
66.7 distribute funds available for distribution under subdivision 1 for the following uses:

66.8 (1) \$5,000,000 to the Minnesota Discovery Center to design, construct, renovate, furnish,
66.9 and repair facilities, including HVAC upgrades, demolition, and compliance with the
66.10 Americans with Disabilities Act, at the Minnesota Discovery Center in the city of Chisholm,
66.11 and for historical research funding;

66.12 (2) \$7,800,000 to the commissioner of Iron Range resources and rehabilitation for the
66.13 design, engineering, and upgrades or replacement of chair lifts and for the design,
66.14 engineering, demolition, and construction of a nordic and welcome center at the Giants
66.15 Ridge Recreation Area;

66.16 (3) \$350,000 to the Central Iron Range Sanitary Sewer District for infrastructure projects;

66.17 (4) \$1,500,000 to the city of Babbitt for renovations to the ice arena;

66.18 (5) \$1,200,000 to Independent School District No. 2909, Rock Ridge, for demolition of
66.19 the James Madison Elementary School in Virginia;

66.20 (6) \$500,000 to the city of Buhl for infrastructure projects;

66.21 (7) \$500,000 to St. Louis and Lake Counties Regional Railroad Authority to design,
66.22 engineer, acquire right-of-way, and construct the Mesabi Trail Spur from Aurora to Hoyt
66.23 Lakes;

66.24 (8) \$2,000,000 to the city of Mountain Iron for infrastructure projects including but not
66.25 limited to Enterprise Drive North East infrastructure development, water main and other
66.26 infrastructure in the city, waste water plant improvements to comply with new permits,
66.27 supervisory control and data acquisition on lift stations, and recreation projects;

66.28 (9) \$3,000,000 to the city of Silver Bay to design, engineer, construct, and reconstruct
66.29 publicly owned infrastructure including sewers, water systems, utility extensions, street
66.30 construction, wastewater treatment, stormwater management systems, sidewalks, and
66.31 compliance with the Americans with Disabilities Act;

67.1 (10) \$5,000,000 to Independent School District No. 696, Ely, for planning, design,
 67.2 engineering, demolition, and construction related to the district's athletic complex;

67.3 (11) \$1,080,000 to the Northland Learning Center to construct the Alternative Learning
 67.4 Center on the campus in the city of Mountain Iron;

67.5 (12) \$1,000,000 for the city of Biwabik for a public safety facility;

67.6 (13) \$1,570,000 to Hibbing Public Utilities for water infrastructure projects; and

67.7 (14) \$500,000 to St. Louis County for the demolition of the public school in Hoyt Lakes.

67.8 **EFFECTIVE DATE.** This section is effective the day following final enactment and
 67.9 applies beginning with the 2025 distribution under Minnesota Statutes, section 298.28.

67.10 Sec. 16. **TRANSFER 2024 DISTRIBUTION ONLY; TACONITE ECONOMIC**
 67.11 **DEVELOPMENT FUND.**

67.12 Of the funds distributed to the taconite economic development fund under Minnesota
 67.13 Statutes, section 298.28, subdivision 9a, for the 2024 distribution only, an amount equal to
 67.14 \$300,000 shall be transferred from the taconite economic development fund to the city of
 67.15 Chisholm for the Senator David Tomassoni Bridge of Peace. The transfer must be made
 67.16 within ten days of the August 2024 payment. If less than \$300,000 is distributed to the
 67.17 taconite economic development fund in 2024, distributions to the fund in future years must
 67.18 be transferred to the city of Chisholm, pursuant to this paragraph, until the total amount
 67.19 transferred equals \$300,000.

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

67.21 **ARTICLE 4**
 67.22 **SALES AND USE TAXES, GROSS RECEIPTS TAXES, AND EXCISE TAXES**

67.23 Section 1. Minnesota Statutes 2022, section 295.53, subdivision 4a, is amended to read:

67.24 Subd. 4a. **Credit for research.** (a) In addition to the exemptions allowed under
 67.25 subdivision 1, a hospital or health care provider may claim an annual credit against the total
 67.26 amount of tax, if any, the hospital or health care provider owes for that calendar year under
 67.27 sections 295.50 to 295.57. The credit shall equal ~~2.5~~ 0.5 percent of revenues for patient
 67.28 services used to fund expenditures for qualifying research conducted by an allowable research
 67.29 program. The amount of the credit shall not exceed the tax liability of the hospital or health
 67.30 care provider under sections 295.50 to 295.57.

67.31 (b) For purposes of this subdivision, the following requirements apply:

68.1 (1) expenditures must be for program costs of qualifying research conducted by an
68.2 allowable research program;

68.3 (2) an allowable research program must be a formal program of medical and health care
68.4 research conducted by an entity which is exempt under section 501(c)(3) of the Internal
68.5 Revenue Code as defined in section 289A.02, subdivision 7, or is owned and operated under
68.6 authority of a governmental unit;

68.7 (3) qualifying research must:

68.8 (A) be approved in writing by the governing body of the hospital or health care provider
68.9 which is taking the deduction under this subdivision;

68.10 (B) have as its purpose the development of new knowledge in basic or applied science
68.11 relating to the diagnosis and treatment of conditions affecting the human body;

68.12 (C) be subject to review by individuals with expertise in the subject matter of the proposed
68.13 study but who have no financial interest in the proposed study and are not involved in the
68.14 conduct of the proposed study; and

68.15 (D) be subject to review and supervision by an institutional review board operating in
68.16 conformity with federal regulations if the research involves human subjects or an institutional
68.17 animal care and use committee operating in conformity with federal regulations if the
68.18 research involves animal subjects. Research expenses are not exempt if the study is a routine
68.19 evaluation of health care methods or products used in a particular setting conducted for the
68.20 purpose of making a management decision. Costs of clinical research activities paid directly
68.21 for the benefit of an individual patient are excluded from this exemption. Basic research in
68.22 fields including biochemistry, molecular biology, and physiology are also included if such
68.23 programs are subject to a peer review process.

68.24 (c) No credit shall be allowed under this subdivision for any revenue received by the
68.25 hospital or health care provider in the form of a grant, gift, or otherwise, whether from a
68.26 government or nongovernment source, on which the tax liability under section 295.52 is
68.27 not imposed.

68.28 (d) The taxpayer shall apply for the credit under this section on the annual return under
68.29 section 295.55, subdivision 5.

68.30 ~~(e) Beginning September 1, 2001, if the actual or estimated amount paid under this~~
68.31 ~~section for the calendar year exceeds \$2,500,000, the commissioner of management and~~
68.32 ~~budget shall determine the rate of the research credit for the following calendar year to the~~
68.33 ~~nearest one-half percent so that refunds paid under this section will most closely equal~~

69.1 ~~\$2,500,000. The commissioner of management and budget shall publish in the State Register~~
69.2 ~~by October 1 of each year the rate of the credit for the following calendar year. A~~
69.3 ~~determination under this section is not subject to the rulemaking provisions of chapter 14.~~

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

69.5 Sec. 2. **[295.85] AMUSEMENT DEVICE GROSS RECEIPTS TAX.**

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

69.8 (b) "Amusement device" means any electronic or mechanical machine or device that is
69.9 activated and operated by providing payment for use to provide entertainment or amusement,
69.10 including but not limited to bowling alleys, fortune-telling machines, cranes, foosball tables,
69.11 pool tables, video games, pinball machines, batting cages, rides, photo or video booths,
69.12 shuffleboard tables, air hockey tables, arcade games, shooting gallery games, dart boards,
69.13 and jukeboxes. An amusement device does not include vending machines, lottery devices,
69.14 or gaming devices as described in chapters 297E and 349.

69.15 (c) "Commissioner" means the commissioner of revenue.

69.16 (d) "Gross receipts" means the total amount received in money or by barter or exchange
69.17 for sales derived from the making available of amusement devices for play as measured by
69.18 the sales price.

69.19 (e) "Providing payment" means activating an amusement device by either:

69.20 (1) inserting a coin, paper currency, or token, swiping a card, entering a code, or using
69.21 an electronic payment on the device; or

69.22 (2) giving such payment to a person who activates for play the amusement device.

69.23 Subd. 2. **Tax imposed.** A tax equal to 6.875 percent of gross receipts from making
69.24 available any amusement device for play is imposed on the owners of each device operated
69.25 in Minnesota. The tax imposed by this section is in lieu of the taxes imposed by chapter
69.26 297A.

69.27 Subd. 3. **Administration.** Unless specifically provided otherwise, the audit, assessment,
69.28 refund, penalty, interest, enforcement, collection remedies, appeal, and administrative
69.29 provisions of chapters 270C and 289A that are applicable to taxes imposed under chapter
69.30 297A apply to the tax imposed under this section.

69.31 Subd. 4. **Returns; payment of tax.** (a) An owner of an amusement device must report
69.32 the tax on a return prescribed by the commissioner and must remit the tax in a form and

70.1 manner prescribed by the commissioner. The return and the tax must be filed and paid using
70.2 the filing cycle and due dates provided for taxes imposed under section 289A.20, subdivision
70.3 4, and chapter 297A.

70.4 (b) Interest must be paid on an overpayment refunded or credited to the taxpayer from
70.5 the date of payment of the tax until the date the refund is paid or credited. For purposes of
70.6 this subdivision, the date of payment is the due date of the return or the date of actual
70.7 payment of the tax, whichever is later.

70.8 Subd. 5. **Deposit of revenues.** The commissioner must deposit the revenues, including
70.9 penalties and interest, derived from the tax imposed by this section as follows:

70.10 (1) The revenue derived from the portion of the tax equal to 6.5 percent must be deposited
70.11 into the general fund; and

70.12 (2) The revenue derived from the portion of the tax equal to 0.375 percent must be
70.13 deposited pursuant to Minnesota Constitution, article XI, section 15.

70.14 Subd. 6. **Personal debt.** The tax imposed by this section, and interest and penalties
70.15 imposed with respect to the tax, are a personal debt of the person required to file a return
70.16 from the time that the liability for the tax arises, irrespective of when the time for payment
70.17 of the liability occurs. The debt must, in the case of the executor or administrator of the
70.18 estate of a decedent and in the case of a fiduciary, be that of the person in the person's official
70.19 or fiduciary capacity only, unless the person has voluntarily distributed the assets held in
70.20 that capacity without reserving sufficient assets to pay the tax, interest, and penalties, in
70.21 which event the person is personally liable for any deficiency.

70.22 **EFFECTIVE DATE.** This section is effective October 1, 2024.

70.23 Sec. 3. Minnesota Statutes 2023 Supplement, section 297A.61, subdivision 3, is amended
70.24 to read:

70.25 Subd. 3. **Sale and purchase.** (a) "Sale" and "purchase" include, but are not limited to,
70.26 each of the transactions listed in this subdivision. In applying the provisions of this chapter,
70.27 the terms "tangible personal property" and "retail sale" include the taxable services listed
70.28 in paragraph (g), clause (6), items (i) to (vi) and (viii), and the provision of these taxable
70.29 services, unless specifically provided otherwise. Services performed by an employee for
70.30 an employer are not taxable. Services performed by a partnership or association for another
70.31 partnership or association are not taxable if one of the entities owns or controls more than
70.32 80 percent of the voting power of the equity interest in the other entity. Services performed
70.33 between members of an affiliated group of corporations are not taxable. For purposes of

71.1 the preceding sentence, "affiliated group of corporations" means those entities that would
71.2 be classified as members of an affiliated group as defined under United States Code, title
71.3 26, section 1504, disregarding the exclusions in section 1504(b).

71.4 (b) Sale and purchase include:

71.5 (1) any transfer of title or possession, or both, of tangible personal property, whether
71.6 absolutely or conditionally, for a consideration in money or by exchange or barter; and

71.7 (2) the leasing of or the granting of a license to use or consume, for a consideration in
71.8 money or by exchange or barter, tangible personal property, other than a manufactured
71.9 home used for residential purposes for a continuous period of 30 days or more.

71.10 (c) Sale and purchase include the production, fabrication, printing, or processing of
71.11 tangible personal property for a consideration for consumers who furnish either directly or
71.12 indirectly the materials used in the production, fabrication, printing, or processing.

71.13 (d) Sale and purchase include the preparing for a consideration of food. Notwithstanding
71.14 section 297A.67, subdivision 2, taxable food includes, but is not limited to, the following:

71.15 (1) prepared food sold by the retailer;

71.16 (2) soft drinks;

71.17 (3) candy; and

71.18 (4) dietary supplements.

71.19 (e) A sale and a purchase includes the furnishing for a consideration of electricity, gas,
71.20 water, or steam for use or consumption within this state.

71.21 (f) A sale and a purchase includes the transfer for a consideration of prewritten computer
71.22 software whether delivered electronically, by load and leave, or otherwise.

71.23 (g) A sale and a purchase includes the furnishing for a consideration of the following
71.24 services:

71.25 (1) the privilege of admission to places of amusement, recreational areas, or athletic
71.26 events, and the making available of ~~amusement devices~~, tanning facilities, reducing salons,
71.27 steam baths, health clubs, and spas or athletic facilities;

71.28 (2) lodging and related services by a hotel, rooming house, resort, campground, motel,
71.29 or trailer camp, including furnishing the guest of the facility with access to telecommunication
71.30 services, and the granting of any similar license to use real property in a specific facility,
71.31 other than the renting or leasing of it for a continuous period of 30 days or more under an

72.1 enforceable written agreement that may not be terminated without prior notice and including
72.2 accommodations intermediary services provided in connection with other services provided
72.3 under this clause;

72.4 (3) nonresidential parking services, whether on a contractual, hourly, or other periodic
72.5 basis, except for parking at a meter;

72.6 (4) the granting of membership in a club, association, or other organization if:

72.7 (i) the club, association, or other organization makes available for the use of its members
72.8 sports and athletic facilities, without regard to whether a separate charge is assessed for use
72.9 of the facilities; and

72.10 (ii) use of the sports and athletic facility is not made available to the general public on
72.11 the same basis as it is made available to members.

72.12 Granting of membership means both onetime initiation fees and periodic membership dues.
72.13 Sports and athletic facilities include golf courses; tennis, racquetball, handball, and squash
72.14 courts; basketball and volleyball facilities; running tracks; exercise equipment; swimming
72.15 pools; and other similar athletic or sports facilities;

72.16 (5) delivery of aggregate materials by a third party, excluding delivery of aggregate
72.17 material used in road construction; and delivery of concrete block by a third party if the
72.18 delivery would be subject to the sales tax if provided by the seller of the concrete block.
72.19 For purposes of this clause, "road construction" means construction of:

72.20 (i) public roads;

72.21 (ii) cartways; and

72.22 (iii) private roads in townships located outside of the seven-county metropolitan area
72.23 up to the point of the emergency response location sign; and

72.24 (6) services as provided in this clause:

72.25 (i) laundry and dry cleaning services including cleaning, pressing, repairing, altering,
72.26 and storing clothes, linen services and supply, cleaning and blocking hats, and carpet,
72.27 drapery, upholstery, and industrial cleaning. Laundry and dry cleaning services do not
72.28 include services provided by coin operated facilities operated by the customer;

72.29 (ii) motor vehicle washing, waxing, and cleaning services, including services provided
72.30 by coin operated facilities operated by the customer, and rustproofing, undercoating, and
72.31 towing of motor vehicles;

73.1 (iii) building and residential cleaning, maintenance, and disinfecting services and pest
73.2 control and exterminating services;

73.3 (iv) detective, security, burglar, fire alarm, and armored car services; but not including
73.4 services performed within the jurisdiction they serve by off-duty licensed peace officers as
73.5 defined in section 626.84, subdivision 1, or services provided by a nonprofit organization
73.6 or any organization at the direction of a county for monitoring and electronic surveillance
73.7 of persons placed on in-home detention pursuant to court order or under the direction of the
73.8 Minnesota Department of Corrections;

73.9 (v) pet grooming services;

73.10 (vi) lawn care, fertilizing, mowing, spraying and sprigging services; garden planting
73.11 and maintenance; tree, bush, and shrub pruning, bracing, spraying, and surgery; indoor plant
73.12 care; tree, bush, shrub, and stump removal, except when performed as part of a land clearing
73.13 contract as defined in section 297A.68, subdivision 40; and tree trimming for public utility
73.14 lines. Services performed under a construction contract for the installation of shrubbery,
73.15 plants, sod, trees, bushes, and similar items are not taxable;

73.16 (vii) massages, except when provided by a licensed health care facility or professional
73.17 or upon written referral from a licensed health care facility or professional for treatment of
73.18 illness, injury, or disease; and

73.19 (viii) the furnishing of lodging, board, and care services for animals in kennels and other
73.20 similar arrangements, but excluding veterinary and horse boarding services.

73.21 (h) A sale and a purchase includes the furnishing for a consideration of tangible personal
73.22 property or taxable services by the United States or any of its agencies or instrumentalities,
73.23 or the state of Minnesota, its agencies, instrumentalities, or political subdivisions.

73.24 (i) A sale and a purchase includes the furnishing for a consideration of
73.25 telecommunications services, ancillary services associated with telecommunication services,
73.26 and pay television services. Telecommunication services include, but are not limited to, the
73.27 following services, as defined in section 297A.669: air-to-ground radiotelephone service,
73.28 mobile telecommunication service, postpaid calling service, prepaid calling service, prepaid
73.29 wireless calling service, and private communication services. The services in this paragraph
73.30 are taxed to the extent allowed under federal law.

73.31 (j) A sale and a purchase includes the furnishing for a consideration of installation if the
73.32 installation charges would be subject to the sales tax if the installation were provided by
73.33 the seller of the item being installed.

74.1 (k) A sale and a purchase includes the rental of a vehicle by a motor vehicle dealer to a
74.2 customer when (1) the vehicle is rented by the customer for a consideration, or (2) the motor
74.3 vehicle dealer is reimbursed pursuant to a service contract as defined in section 59B.02,
74.4 subdivision 11.

74.5 (l) A sale and a purchase includes furnishing for a consideration of specified digital
74.6 products or other digital products or granting the right for a consideration to use specified
74.7 digital products or other digital products on a temporary or permanent basis and regardless
74.8 of whether the purchaser is required to make continued payments for such right. Wherever
74.9 the term "tangible personal property" is used in this chapter, other than in subdivisions 10
74.10 and 38, the provisions also apply to specified digital products, or other digital products,
74.11 unless specifically provided otherwise or the context indicates otherwise.

74.12 (m) The sale of the privilege of admission under section 297A.61, subdivision 3,
74.13 paragraph (g), clause (1), to a place of amusement, recreational area, or athletic event
74.14 includes all charges included in the privilege of admission's sales price, without deduction
74.15 for amenities that may be provided, unless the amenities are separately stated and the
74.16 purchaser of the privilege of admission is entitled to add or decline the amenities, and the
74.17 amenities are not otherwise taxable.

74.18 (n) A sale and purchase includes the transfer for consideration of a taxable cannabis
74.19 product as defined in section 295.81, subdivision 1, paragraph (r).

74.20 **EFFECTIVE DATE.** This section is effective October 1, 2024.

74.21 Sec. 4. Minnesota Statutes 2022, section 297A.68, subdivision 3a, is amended to read:

74.22 Subd. 3a. **Coin-operated entertainment and amusement devices.** Coin-operated
74.23 entertainment and amusement devices including, but not limited to, fortune-telling machines,
74.24 cranes, foosball and pool tables, video and pinball games, batting cages, rides, photo or
74.25 video booths, and jukeboxes are exempt when purchased by retailers selling admission to
74.26 places of amusement and making available amusement devices as provided in section
74.27 ~~297A.61, subdivision 3, paragraph (g), clause (1)~~ 295.85. Coin-operated entertainment and
74.28 amusement devices do not include vending machines, lottery devices, or gaming devices
74.29 as described in chapters 297E and 349.

74.30 **EFFECTIVE DATE.** This section is effective October 1, 2024.

75.1 Sec. 5. Minnesota Statutes 2022, section 297A.68, subdivision 45, is amended to read:

75.2 Subd. 45. **Jukebox music.** The purchase of music, either as a digital audio work or in
75.3 tangible form such as a record or compact disc, by operators that provide the service of
75.4 making available jukeboxes as amusement devices, as provided in section ~~297A.61,~~
75.5 ~~subdivision 3, paragraph (g), clause (1)~~ 295.85, is exempt if the music is used exclusively
75.6 for the jukebox.

75.7 **EFFECTIVE DATE.** This section is effective October 1, 2024.

75.8 Sec. 6. Minnesota Statutes 2022, section 609.902, subdivision 4, is amended to read:

75.9 Subd. 4. **Criminal act.** "Criminal act" means conduct constituting, or a conspiracy or
75.10 attempt to commit, a felony violation of chapter 152, or a felony violation of section ~~297D.09;~~
75.11 ~~299F.79; 299F.80; 299F.82; 609.185; 609.19; 609.195; 609.20; 609.205; 609.221; 609.222;~~
75.12 ~~609.223; 609.2231; 609.228; 609.235; 609.245; 609.25; 609.27; 609.322; 609.342; 609.343;~~
75.13 ~~609.344; 609.345; 609.42; 609.48; 609.485; 609.495; 609.496; 609.497; 609.498; 609.52,~~
75.14 subdivision 2, if the offense is punishable under subdivision 3, clause (1), if the property is
75.15 a firearm, clause (3)(b), or clause (3)(d)(v); section 609.52, subdivision 2, paragraph (a),
75.16 clause (1) or (4); 609.527, if the crime is punishable under subdivision 3, clause (4); 609.528,
75.17 if the crime is punishable under subdivision 3, clause (4); 609.53; 609.561; 609.562; 609.582,
75.18 subdivision 1 or 2; 609.668, subdivision 6, paragraph (a); 609.67; 609.687; 609.713; 609.86;
75.19 609.894, subdivision 3 or 4; 609.895; 624.713; 624.7191; or 626A.02, subdivision 1, if the
75.20 offense is punishable under section 626A.02, subdivision 4, paragraph (a). "Criminal act"
75.21 also includes conduct constituting, or a conspiracy or attempt to commit, a felony violation
75.22 of section 609.52, subdivision 2, clause (3), (4), (15), or (16), if the violation involves an
75.23 insurance company as defined in section 60A.02, subdivision 4, a nonprofit health service
75.24 plan corporation regulated under chapter 62C, a health maintenance organization regulated
75.25 under chapter 62D, or a fraternal benefit society regulated under chapter 64B.

75.26 **EFFECTIVE DATE.** This section is effective August 1, 2024.

75.27 Sec. 7. **CITY OF WOODBURY; SALES TAX EXEMPTION FOR CONSTRUCTION**
75.28 **MATERIALS.**

75.29 **Subdivision 1. Exemption; refund.** (a) Materials and supplies used or consumed in and
75.30 equipment incorporated into the construction, reconstruction, upgrade, expansion, renovation,
75.31 or remodeling of a water treatment facility, including water pipeline infrastructure and
75.32 associated improvements, funded by the city of Woodbury are exempt from sales and use

76.1 tax under Minnesota Statutes, chapter 297A, provided that the materials, supplies, and
76.2 equipment are purchased after January 31, 2024, and before July 1, 2025.

76.3 (b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section
76.4 297A.62, subdivision 1, applied and then refunded in the same manner provided for projects
76.5 under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible
76.6 purchases must not be issued until after June 30, 2024. No refunds may be issued after June
76.7 30, 2025.

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

76.10 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases
76.11 made after January 31, 2024, and before July 1, 2025.

76.12 Sec. 8. **REPEALER.**

76.13 (a) Minnesota Statutes 2022, sections 13.4967, subdivision 5; 297D.02; 297D.03;
76.14 297D.05; 297D.09, subdivisions 1 and 2; 297D.12; and 297D.13, are repealed.

76.15 (b) Minnesota Statutes 2023 Supplement, sections 297D.01; 297D.04; 297D.06; 297D.07;
76.16 297D.08; 297D.085; 297D.09, subdivision 1a; 297D.10; and 297D.11, are repealed.

76.17 **EFFECTIVE DATE.** This section is effective August 1, 2024.

76.18 **ARTICLE 5**

76.19 **TAX INCREMENT FINANCING**

76.20 Section 1. Laws 2010, chapter 389, article 7, section 22, as amended by Laws 2011, chapter
76.21 112, article 11, section 16, is amended to read:

76.22 **Sec. 22. CITY OF RAMSEY; TAX INCREMENT FINANCING DISTRICT;**
76.23 **SPECIAL RULES.**

76.24 (a) If the city of Ramsey or an authority of the city elects upon the adoption of a tax
76.25 increment financing plan for a district, the rules under this section apply to a redevelopment
76.26 tax increment financing district established by the city or an authority of the city. The
76.27 redevelopment tax increment district includes parcels within the area bounded on the east
76.28 by Ramsey Boulevard, on the north by Bunker Lake Boulevard as extended west to Llama
76.29 Street, on the west by Llama Street, and on the south by a line running parallel to and 600
76.30 feet south of the southerly right-of-way for U.S. Highway 10, but including Parcels
76.31 28-32-25-43-0007 and 28-32-25-34-0002 in their entirety, and excluding the Anoka County

77.1 Regional Park property in its entirety. A parcel within this area that is included in a tax
77.2 increment financing district that was certified before the date of enactment of this act may
77.3 be included in the district created under this act if the initial district is decertified.

77.4 (b) The requirements for qualifying a redevelopment tax increment district under
77.5 Minnesota Statutes, section 469.174, subdivision 10, do not apply to the parcels located
77.6 within the district.

77.7 (c) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district.
77.8 Eligible expenditures within the district include but are not limited to (1) the city's share of
77.9 the costs necessary to provide for the construction of the Northstar Transit Station and
77.10 related infrastructure, including structured parking, a pedestrian overpass, and roadway
77.11 improvements, (2) the cost of land acquired by the city or the housing and redevelopment
77.12 authority in and for the city of Ramsey within the district prior to the establishment of the
77.13 district, and (3) the cost of public improvements installed within the tax increment financing
77.14 district prior to the establishment of the district.

77.15 (d) The requirement of Minnesota Statutes, section 469.1763, subdivision 3, that activities
77.16 must be undertaken within a five-year period from the date of certification of a tax increment
77.17 financing district, is considered to be met for the district if the activities were undertaken
77.18 within ten years from the date of certification of the district.

77.19 (e) Except for administrative expenses, the in-district percentage for purposes of the
77.20 restriction on pooling under Minnesota Statutes, section 469.1763, subdivision 2, for this
77.21 district is 100 percent.

77.22 (f) The requirement of Minnesota Statutes, section 469.177, subdivision 4, does not
77.23 apply to Parcels 28-32-25-42-0021 and 28-32-25-41-0014, where development occurred
77.24 after enactment of Laws 2010, chapter 389, article 7, section 22, and prior to adoption of
77.25 the tax increment financing plan for the district.

77.26 (g) The requirement of Minnesota Statutes, section 469.178, subdivision 7, paragraph
77.27 (b), is considered to be met for the district if the city adopts interfund loan resolutions
77.28 reflecting the terms and conditions required by Minnesota Statutes, section 469.178,
77.29 subdivision 7, paragraph (d), by December 31, 2024.

77.30 **EFFECTIVE DATE.** This section is effective the day after the city of Ramsey and its
77.31 chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and
77.32 3.

78.1 Sec. 2. Laws 2014, chapter 308, article 6, section 9, as amended by Laws 2017, First
78.2 Special Session chapter 1, article 6, section 12, is amended to read:

78.3 **Sec. 9. CITY OF MAPLE GROVE; TAX INCREMENT FINANCING DISTRICT.**

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

78.6 (b) "City" means the city of Maple Grove.

78.7 (c) "Project area" means all or a portion of the area in the city commencing at a point
78.8 130 feet East and 120 feet North of the southwest corner of the Southeast Quarter of Section
78.9 23, Township 119, Range 22, Hennepin County, said point being on the easterly right-of-way
78.10 line of Hemlock Lane; thence northerly along said easterly right-of-way line of Hemlock
78.11 Lane to a point on the west line of the east one-half of the Southeast Quarter of section 23,
78.12 thence south along said west line a distance of 1,200 feet; thence easterly to the east line of
78.13 Section 23, 1,030 feet North from the southeast corner thereof; thence South 74 degrees
78.14 East 1,285 feet; thence East a distance of 1,000 feet; thence North 59 degrees West a distance
78.15 of 650 feet; thence northerly to a point on the northerly right-of-way line of 81st Avenue
78.16 North, 650 feet westerly measured at right angles, from the east line of the Northwest Quarter
78.17 of Section 24; thence North 13 degrees West a distance of 795 feet; thence West to the west
78.18 line of the Southeast Quarter of the Northwest Quarter of Section 24; thence North 55
78.19 degrees West to the south line of the Northwest Quarter of the Northwest Quarter of Section
78.20 24; thence West along said south line to the east right-of-way line of Zachary Lane; thence
78.21 North along the east right-of-way line of Zachary Lane to the southwest corner of Lot 1,
78.22 Block 1, Metropolitan Industrial Park 5th Addition; thence East along the south line of said
78.23 Lot 1 to the northeast corner of Outlot A, Metropolitan Industrial Park 5th Addition; thence
78.24 South along the east line of said Outlot A and its southerly extension to the south right-of-way
78.25 line of County State-Aid Highway (CSAH) 109; thence easterly along the south right-of-way
78.26 line of CSAH 109 to the east line of the Northwest Quarter of the Northeast Quarter of
78.27 Section 24; thence South along said east line to the north line of the South Half of the
78.28 Northeast Quarter of Section 24; thence East along said north line to the westerly right-of-way
78.29 line of Jefferson Highway North; thence southerly along the westerly right-of-way line of
78.30 Jefferson Highway to the centerline of CSAH 130; thence continuing South along the west
78.31 right-of-way line of Pilgrim Lane North to the westerly extension of the north line of Outlot
78.32 A, Park North Fourth Addition; thence easterly along the north line of Outlot A, Park North
78.33 Fourth Addition to the northeast corner of said Outlot A; thence southerly along the east
78.34 line of said Outlot A to the southeast corner of said Outlot A; thence easterly along the south

79.1 line of Lot 1, Block 1, Park North Fourth Addition to the westerly right-of-way line of State
79.2 Highway 169; thence southerly, southwesterly, westerly, and northwesterly along the
79.3 westerly right-of-way line of State Highway 169 and the northerly right-of-way line of
79.4 Interstate 694 to its intersection with the southerly extension of the easterly right-of-way
79.5 line of Zachary Lane North; thence northerly along the easterly right-of-way line of Zachary
79.6 Lane North and its northerly extension to the north right-of-way line of CSAH 130; thence
79.7 westerly, southerly, northerly, southwesterly, and northwesterly to the point of beginning
79.8 and there terminating, provided that the project area includes the rights-of-way for all present
79.9 and future highway interchanges abutting the area described in this paragraph, and may
79.10 include any additional property necessary to cause the property included in the tax increment
79.11 financing district to consist of complete parcels.

79.12 (d) "Soil deficiency district" means a type of tax increment financing district consisting
79.13 of a portion of the project area in which the city finds by resolution that the following
79.14 conditions exist:

79.15 (1) unusual terrain or soil deficiencies that occurred over 80 percent of the acreage in
79.16 the district require substantial filling, grading, or other physical preparation for use; and

79.17 (2) the estimated cost of the physical preparation under clause (1), but excluding costs
79.18 directly related to roads as defined in Minnesota Statutes, section 160.01, and local
79.19 improvements as described in Minnesota Statutes, sections 429.021, subdivision 1, clauses
79.20 (1) to (7), (11), and (12), and 430.01, exceeds the fair market value of the land before
79.21 completion of the preparation.

79.22 Subd. 2. **Special rules.** (a) If the city elects, upon the adoption of the tax increment
79.23 financing plan for a district, the rules under this section apply to a redevelopment district,
79.24 renewal and renovation district, soil condition district, or soil deficiency district established
79.25 by the city or a development authority of the city in the project area.

79.26 (b) Prior to or upon the adoption of the first tax increment plan subject to the special
79.27 rules under this subdivision, the city must find by resolution that parcels consisting of at
79.28 least 80 percent of the acreage of the project area, excluding street and railroad rights-of-way,
79.29 are characterized by one or more of the following conditions:

79.30 (1) peat or other soils with geotechnical deficiencies that impair development of
79.31 commercial buildings or infrastructure;

79.32 (2) soils or terrain that require substantial filling in order to permit the development of
79.33 commercial buildings or infrastructure;

80.1 (3) landfills, dumps, or similar deposits of municipal or private waste;

80.2 (4) quarries or similar resource extraction sites;

80.3 (5) floodway; and

80.4 (6) substandard buildings, within the meaning of Minnesota Statutes, section 469.174,
80.5 subdivision 10.

80.6 (c) For the purposes of paragraph (b), clauses (1) to (5), a parcel is characterized by the
80.7 relevant condition if at least 70 percent of the area of the parcel contains the relevant
80.8 condition. For the purposes of paragraph (b), clause (6), a parcel is characterized by
80.9 substandard buildings if substandard buildings occupy at least 30 percent of the area of the
80.10 parcel.

80.11 (d) The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, is
80.12 extended to ~~eight~~ 13 years for any district, and Minnesota Statutes, section 469.1763,
80.13 subdivision 4, does not apply to any district.

80.14 (e) Notwithstanding any provision to the contrary in Minnesota Statutes, section 469.1763,
80.15 subdivision 2, paragraph (a), not more than 40 percent of the total revenue derived from tax
80.16 increments paid by properties in any district, measured over the life of the district, may be
80.17 expended on activities outside the district but within the project area.

80.18 (f) For a soil deficiency district:

80.19 (1) increments may be collected through ~~20~~ 25 years after the receipt by the authority
80.20 of the first increment from the district;

80.21 (2) increments may be used only to:

80.22 (i) acquire parcels on which the improvements described in item (ii) will occur;

80.23 (ii) pay for the cost of correcting the unusual terrain or soil deficiencies and the additional
80.24 cost of installing public improvements directly caused by the deficiencies; and

80.25 (iii) pay for the administrative expenses of the authority allocable to the district; and

80.26 (3) any parcel acquired with increments from the district must be sold at no less than
80.27 their fair market value.

80.28 (g) Increments spent for any infrastructure costs, whether inside a district or outside a
80.29 district but within the project area, are deemed to satisfy the requirements of Minnesota
80.30 Statutes, section 469.176, subdivision 4j.

81.1 (h) The authority to approve tax increment financing plans to establish tax increment
81.2 financing districts under this section expires June 30, 2020.

81.3 (i) Notwithstanding the restrictions in paragraph (f), clause (2), the city may use
81.4 increments from a soil deficiency district to acquire parcels and for other infrastructure costs
81.5 either inside or outside of the district, but within the project area, if the acquisition or
81.6 infrastructure is for a qualified development. For purposes of this paragraph, a development
81.7 is a qualified development only if all of the following requirements are satisfied:

81.8 (1) the city finds, by resolution, that the land acquisition and infrastructure are undertaken
81.9 primarily to serve the development;

81.10 (2) the city has a binding, written commitment and adequate financial assurances from
81.11 the developer that the development will be constructed; and

81.12 (3) the development does not consist of retail trade or housing improvements.

81.13 **EFFECTIVE DATE.** (a) The extension of the five- and six-year rules under this section
81.14 are effective the day after the governing body of the city of Maple Grove and its chief
81.15 clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

81.16 (b) The district duration extension under this section is effective upon compliance by
81.17 the city of Maple Grove, Hennepin County, and Independent School District No. 279 with
81.18 the requirements of Minnesota Statutes, section 469.1782, subdivision 2.

81.19 Sec. 3. Laws 2017, First Special Session chapter 1, article 6, section 22, is amended to
81.20 read:

81.21 **Sec. 22. CITY OF ST. PAUL; FORD SITE REDEVELOPMENT TIF DISTRICT.**

81.22 (a) For purposes of computing the duration limits under Minnesota Statutes, section
81.23 469.176, subdivision 1b, the housing and redevelopment authority of the city of St. Paul
81.24 may waive receipt of increment for the Ford Site Redevelopment Tax Increment Financing
81.25 District. This authority is limited to the first four years of increment or increments derived
81.26 from taxes payable in 2023, whichever occurs first.

81.27 (b) If the city elects to waive receipt of increment under paragraph (a), for purposes of
81.28 applying any limits based on when the district was certified under Minnesota Statutes,
81.29 section 469.176, subdivision 6, or 469.1763, the date of certification for the district is deemed
81.30 to be January 2 of the property tax assessment year for which increment is first received
81.31 under the waiver.

82.1 (c) The five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is
 82.2 extended to ten years and the period under Minnesota Statutes, section 469.1763, subdivision
 82.3 4, relating to the use of increment after the expiration of the five-year period, is extended
 82.4 to 11 years for the Ford Site Redevelopment Tax Increment Financing District in the city
 82.5 of St. Paul.

82.6 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
 82.7 city of St. Paul and its chief clerical officer comply with the requirements of Minnesota
 82.8 Statutes, section 645.021, subdivisions 2 and 3.

82.9 Sec. 4. **CITY OF BROOKLYN CENTER; TAX INCREMENT FINANCING**
 82.10 **AUTHORITY.**

82.11 Subdivision 1. **Establishment.** Under the special rules established in subdivision 2, the
 82.12 economic development authority of the city of Brooklyn Center or the city of Brooklyn
 82.13 Center may establish one or more redevelopment tax increment financing districts located
 82.14 wholly within the area in the city identified as the "Opportunity Site," which includes the
 82.15 area bounded by Shingle Creek Parkway from Hennepin County State-Aid Highway 10 to
 82.16 Summit Drive North; Summit Drive North from Shingle Creek Parkway to marked Trunk
 82.17 Highway 100; marked Trunk Highway 100 from Summit Drive North to Hennepin County
 82.18 State-Aid Highway 10; and Hennepin County State-Aid Highway 10 from marked Trunk
 82.19 Highway 100 to Shingle Creek Parkway, together with internal and adjacent roads and
 82.20 rights-of-way.

82.21 Subd. 2. **Special rules.** If the city or the authority establishes a tax increment financing
 82.22 district under this section, the following special rules apply:

82.23 (1) the district is deemed to meet all the requirements of Minnesota Statutes, section
 82.24 469.174, subdivision 10; and

82.25 (2) expenditures incurred in connection with the development of the property described
 82.26 in subdivision 1 are deemed to meet the requirements of Minnesota Statutes, section 469.176,
 82.27 subdivision 4j.

82.28 Subd. 3. **Expiration.** The authority to approve a tax increment financing plan to establish
 82.29 a tax increment financing district under this section expires on December 31, 2030.

82.30 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
 82.31 city of Brooklyn Center and its chief clerical officer comply with the requirements of
 82.32 Minnesota Statutes, section 645.021, subdivisions 2 and 3.

83.1 **Sec. 5. CITY OF BROOKLYN PARK; TAX INCREMENT FINANCING**

83.2 **AUTHORITY; VILLAGE CREEK AREA.**

83.3 Subdivision 1. Establishment of districts. Upon the termination of Tax Increment
 83.4 Financing District No. 20 within the city of Brooklyn Park, under the special rules established
 83.5 in subdivision 2, the economic development authority of the city of Brooklyn Park or city
 83.6 of Brooklyn Park may establish one or more redevelopment tax increment financing districts
 83.7 located wholly within the area of the city of Brooklyn Park. The districts may be comprised
 83.8 of the following parcels identified by their current parcel identification numbers:

- 83.9 2011921430101 2011921440088 2011921430092 2011921430099 2111921330104
- 83.10 2111921340003 2111921340005 2111921340006 2111921340019 2111921340021
- 83.11 2111921330066 2111921330068 2111921340017 2111921340018 2811921130004
- 83.12 2811921130005 2811921140007 2811921210003 2811921220002 2811921220007
- 83.13 2811921240004 2811921240009 2811921240010 2811921240107 2811921310001
- 83.14 2811921340010 2911921120032 2811921130014 2811921130015 2811921130024
- 83.15 2811921140012 2811921210014 2811921210020 2811921210023 2811921210103
- 83.16 2811921220001 2811921220003 2811921220005 2811921240007 2811921340006
- 83.17 2911921120001 2911921120004 2011921440089 2111921330067 2111921340002
- 83.18 2111921340004 2111921340027 2111921340113 2811921120001 2811921130001
- 83.19 2811921130017 2811921130023 2811921210001 2811921210016 2811921210033
- 83.20 2811921210060 2811921210101 2811921240006 2811921240017 2911921110004
- 83.21 2911921120005 2011921430093 2011921430100 2011921430102 2011921430103
- 83.22 2111921330102 2111921330103 2111921340001 2111921340007 2111921340020
- 83.23 2111921340022 2811921120002 2811921120104 2811921130002 2811921130020
- 83.24 2811921130021 2811921210022 2811921210034 2811921210099 2811921210102
- 83.25 2811921220006 2811921240003 2811921240012 2811921340005 2811921340009
- 83.26 2911921110118 2911921120006 2911921120043 3311921210001

83.27 together with adjacent and internal roads and rights-of-way, and the following roadways
 83.28 within the city of Brooklyn Park: Zane Avenue North (from and including the intersection
 83.29 at 78th Avenue North to and including the intersection at Highway 94), Brooklyn Boulevard
 83.30 (from and including the intersection at the border of Brooklyn Center to and including the
 83.31 intersection at Kentucky Avenue North), Brookdale Drive North (from and including the
 83.32 intersection at Zane Avenue North to and including the intersection at Welcome Avenue
 83.33 North), Village Creek Parkway North, 77th Avenue North (from and including the
 83.34 intersection at Village Creek Parkway North to and including the intersection at Brookdale
 83.35 Drive North), 73rd Avenue North/Regent Avenue (from and including the intersection at
 83.36 Zane Avenue North to and including the intersection at Brooklyn Boulevard).

84.1 Subd. 2. **Special rules.** If the city or the authority establishes any tax increment financing
84.2 district under subdivision 1, the following special rules apply:

84.3 (1) the districts are deemed to meet all the requirements of Minnesota Statutes, section
84.4 469.174, subdivision 10;

84.5 (2) expenditures incurred in connection with the development of the property described
84.6 in subdivision 1 are deemed to meet the requirements of Minnesota Statutes, section 469.176,
84.7 subdivision 4j; and

84.8 (3) the five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is
84.9 extended to ten years and the period under Minnesota Statutes, section 469.1763, subdivision
84.10 4, relating to the use of increment after the expiration of the five-year period, is extended
84.11 to 11 years.

84.12 Subd. 3. **Expiration.** The authority to request certification of any district under this
84.13 section expires on December 31, 2030.

84.14 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
84.15 city of Brooklyn Park and its chief clerical officer comply with the requirements of Minnesota
84.16 Statutes, section 645.021.

84.17 Sec. 6. **CITY OF BROOKLYN PARK; TAX INCREMENT FINANCING**
84.18 **AUTHORITY; 610/ZANE AREA.**

84.19 Subdivision 1. **Establishment of districts.** Under the special rules established in
84.20 subdivision 2, the economic development authority of the city of Brooklyn Park or the city
84.21 of Brooklyn Park may establish one or more redevelopment districts located wholly within
84.22 the area of the city of Brooklyn Park. The districts may be comprised of the following
84.23 parcels identified by their current parcel identification numbers together with adjacent and
84.24 internal roads and rights-of-way:

- 84.25 0811921410009 0811921140050 0811921140051 0911921120005 0911921210007
- 84.26 0911921230008 0911921230049 0911921240006 0911921240009 0911921310004
- 84.27 0911921320018 0911921330009 0911921430006 0911921430014 0911921430015
- 84.28 0911921430019 0911921430020 0911921430028 0911921430030 0911921430033
- 84.29 0911921430037 0911921430038 0911921430040 0911921430048 0911921430054
- 84.30 0911921430055 0911921430059 0911921430069 0911921430071 0911921430072
- 84.31 0911921430076 0911921430080 0911921430081 0911921430082 0911921430083
- 84.32 0911921430086 0911921430087 0911921430088 0911921430094 0911921430095
- 84.33 0911921430099 0911921430104 0911921430114 0911921210005 0911921210095

85.1	<u>0911921220070</u>	<u>0911921220071</u>	<u>0911921230009</u>	<u>0911921230010</u>	<u>0911921230011</u>
85.2	<u>0911921230012</u>	<u>0911921230013</u>	<u>0911921240005</u>	<u>0911921240008</u>	<u>0911921310007</u>
85.3	<u>0911921310009</u>	<u>0911921320023</u>	<u>0911921330008</u>	<u>0911921330011</u>	<u>0911921340008</u>
85.4	<u>0911921340014</u>	<u>0911921340017</u>	<u>0911921430018</u>	<u>0911921430024</u>	<u>0911921430025</u>
85.5	<u>0911921430029</u>	<u>0911921430034</u>	<u>0911921430035</u>	<u>0911921430039</u>	<u>0911921430044</u>
85.6	<u>0911921430045</u>	<u>0911921430049</u>	<u>0911921430058</u>	<u>0911921430060</u>	<u>0911921430061</u>
85.7	<u>0911921430062</u>	<u>0911921430063</u>	<u>0911921430067</u>	<u>0911921430068</u>	<u>0911921430090</u>
85.8	<u>0911921430093</u>	<u>0911921430097</u>	<u>0911921430098</u>	<u>0911921430102</u>	<u>0911921430103</u>
85.9	<u>0911921430112</u>	<u>0911921430113</u>	<u>0911921430120</u>	<u>0811921440008</u>	<u>0911921210006</u>
85.10	<u>0911921210096</u>	<u>0911921210100</u>	<u>0911921210101</u>	<u>0911921220008</u>	<u>0911921220017</u>
85.11	<u>0911921230014</u>	<u>0911921230015</u>	<u>0911921240004</u>	<u>0911921240007</u>	<u>0911921310010</u>
85.12	<u>0911921310011</u>	<u>0911921310012</u>	<u>0911921330010</u>	<u>0911921330012</u>	<u>0911921340009</u>
85.13	<u>0911921430013</u>	<u>0911921430017</u>	<u>0911921430021</u>	<u>0911921430022</u>	<u>0911921430026</u>
85.14	<u>0911921430031</u>	<u>0911921430032</u>	<u>0911921430036</u>	<u>0911921430041</u>	<u>0911921430042</u>
85.15	<u>0911921430046</u>	<u>0911921430053</u>	<u>0911921430057</u>	<u>0911921430064</u>	<u>0911921430065</u>
85.16	<u>0911921430073</u>	<u>0911921430077</u>	<u>0911921430078</u>	<u>0911921430100</u>	<u>0911921430105</u>
85.17	<u>0911921430107</u>	<u>0911921430108</u>	<u>0911921430110</u>	<u>0911921430115</u>	<u>0911921430117</u>
85.18	<u>0911921430118</u>	<u>0911921210097</u>	<u>0911921210099</u>	<u>0911921220014</u>	<u>0911921220015</u>
85.19	<u>0911921220068</u>	<u>0911921230005</u>	<u>0911921320016</u>	<u>0911921320021</u>	<u>0911921320024</u>
85.20	<u>0911921330006</u>	<u>0911921340015</u>	<u>0911921340016</u>	<u>0911921430009</u>	<u>0911921430010</u>
85.21	<u>0911921430011</u>	<u>0911921430012</u>	<u>0911921430016</u>	<u>0911921430023</u>	<u>0911921430027</u>
85.22	<u>0911921430043</u>	<u>0911921430047</u>	<u>0911921430050</u>	<u>0911921430051</u>	<u>0911921430052</u>
85.23	<u>0911921430056</u>	<u>0911921430066</u>	<u>0911921430070</u>	<u>0911921430074</u>	<u>0911921430075</u>
85.24	<u>0911921430079</u>	<u>0911921430084</u>	<u>0911921430085</u>	<u>0911921430089</u>	<u>0911921430091</u>
85.25	<u>0911921430092</u>	<u>0911921430096</u>	<u>0911921430101</u>	<u>0911921430106</u>	<u>0911921430109</u>
85.26					<u>Unplatted</u>
85.27	<u>0911921430111</u>	<u>0911921430116</u>	<u>0911921430119</u>	<u>0611921440003</u>	<u>0611921</u>

85.28 Subd. 2. **Special rules.** If the city or the authority establishes any tax increment financing
 85.29 district under subdivision 1, the following special rules apply:

85.30 (1) the districts are deemed to meet all the requirements of Minnesota Statutes, section
 85.31 469.174, subdivision 10;

85.32 (2) expenditures incurred in connection with the development of the property described
 85.33 in subdivision 1 are deemed to meet the requirements of Minnesota Statutes, section 469.176,
 85.34 subdivision 4j; and

85.35 (3) the five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is
 85.36 extended to ten years and the period under Minnesota Statutes, section 469.1763, subdivision

86.1 4, relating to the use of increment after the expiration of the five-year period, is extended
 86.2 to 11 years.

86.3 Subd. 3. **Expiration.** The authority to request certification of any district under this
 86.4 section expires on December 31, 2030.

86.5 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
 86.6 city of Brooklyn Park and its chief clerical officer comply with the requirements of Minnesota
 86.7 Statutes, section 645.021.

86.8 Sec. 7. **CITY OF BROOKLYN PARK; TAX INCREMENT FINANCING**
 86.9 **AUTHORITY; BIOTECH AREA.**

86.10 Subdivision 1. **Establishment.** Under the special rules established in subdivision 2, the
 86.11 economic development authority of the city of Brooklyn Park or the city of Brooklyn Park
 86.12 may establish one or more redevelopment districts located wholly within the area of the
 86.13 city of Brooklyn Park. The districts may be comprised of the following parcels identified
 86.14 by their current parcel identification numbers together with adjacent and internal roads and
 86.15 rights-of-way:

- 86.16 0711921110007 0711921140001 0711921140002 0711921140007 0711921240002
- 86.17 0711921240004 0711921110005 0711921120009 0711921220003 0711921230001
- 86.18 0711921230002 0811921230004 0711921110004 0711921110006 0711921110008
- 86.19 0711921120005 0711921130005 0711921140005 0711921140006 0711921210003
- 86.20 0711921110003 0711921120006 0811921230002 0811921220002

86.21 Subd. 2. **Special rules.** If the city or the authority establishes any tax increment financing
 86.22 district under subdivision 1, the following special rules apply:

86.23 (1) the districts are deemed to meet all the requirements of Minnesota Statutes, section
 86.24 469.174, subdivision 10;

86.25 (2) expenditures incurred in connection with the development of the property described
 86.26 in subdivision 1 are deemed to meet the requirements of Minnesota Statutes, section 469.176,
 86.27 subdivision 4j; and

86.28 (3) the five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is
 86.29 extended to ten years and the period under Minnesota Statutes, section 469.1763, subdivision
 86.30 4, relating to the use of increment after the expiration of the five-year period, is extended
 86.31 to 11 years.

87.1 Subd. 3. **Expiration.** The authority to request certification of any district under this
87.2 section expires on December 31, 2030.

87.3 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
87.4 city of Brooklyn Park and its chief clerical officer comply with the requirements of Minnesota
87.5 Statutes, section 645.021.

87.6 Sec. 8. **CITY OF EDEN PRAIRIE; TAX INCREMENT FINANCING AUTHORITY;**
87.7 **EDEN PRAIRIE CENTER.**

87.8 Subdivision 1. **Establishment.** Under the special rules established in subdivision 2, the
87.9 economic development authority of the city of Eden Prairie or the city of Eden Prairie may
87.10 establish one or more redevelopment districts located wholly within the area of the city of
87.11 Eden Prairie consisting of parcels, together with adjacent roads and rights-of-way, within
87.12 the area surrounded by Flying Cloud Drive, West 78th Street, and Prairie Center Drive.

87.13 Subd. 2. **Special rules.** If the city or authority establishes a tax increment financing
87.14 district under this section, the following special rules apply:

87.15 (1) the districts are deemed to meet the requirements of Minnesota Statutes, section
87.16 469.174, subdivision 10; and

87.17 (2) expenditures incurred in connection with the development of the property described
87.18 in subdivision 1 are deemed to meet the requirements of Minnesota Statutes, section 469.176,
87.19 subdivision 4j.

87.20 Subd. 3. **Expiration.** The authority to approve a tax increment financing plan to establish
87.21 a tax increment financing district under this section expires December 31, 2025.

87.22 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
87.23 city of Eden Prairie and its chief clerical officer comply with Minnesota Statutes, section
87.24 645.021, subdivisions 2 and 3.

87.25 Sec. 9. **CITY OF EDINA; 72ND & FRANCE 2 TIF DISTRICT; FIVE-YEAR RULE**
87.26 **EXTENSION; DURATION EXTENSION.**

87.27 (a) The five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is
87.28 extended to ten years and the period under Minnesota Statutes, section 469.1763, subdivision
87.29 4, relating to the use of increment after the expiration of the five-year period, is extended
87.30 to 11 years for Tax Increment Financing District 72nd & France 2 in the city of Edina.

88.1 (b) Notwithstanding Minnesota Statutes, section 469.176, subdivisions 1b and 1d, the
88.2 city of Edina or its housing and redevelopment authority may elect to extend the duration
88.3 of the district by five years for Tax Increment Financing District 72nd & France 2.

88.4 **EFFECTIVE DATE.** Paragraph (a) is effective the day after the governing body of the
88.5 city of Edina and its chief clerical officer comply with the requirements of Minnesota
88.6 Statutes, section 645.021, subdivisions 2 and 3. Paragraph (b) is effective upon compliance
88.7 by the city of Edina, Hennepin County, and Independent School District No. 273 with the
88.8 requirements of Minnesota Statutes, section 469.1782, subdivision 2.

88.9 Sec. 10. **CITY OF EDINA; 70TH & FRANCE TIF DISTRICT; FIVE-YEAR RULE**
88.10 **EXTENSION; DURATION EXTENSION.**

88.11 (a) The five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is
88.12 extended to ten years and the period under Minnesota Statutes, section 469.1763, subdivision
88.13 4, relating to the use of increment after the expiration of the five-year period, is extended
88.14 to 11 years for Tax Increment Financing District 70th & France in the city of Edina.

88.15 (b) Notwithstanding Minnesota Statutes, section 469.176, subdivisions 1b and 1d, the
88.16 city of Edina or its housing and redevelopment authority may elect to extend the duration
88.17 of the district by ten years for Tax Increment Financing District 70th & France.

88.18 **EFFECTIVE DATE.** Paragraph (a) is effective the day after the governing body of the
88.19 city of Edina and its chief clerical officer comply with the requirements of Minnesota
88.20 Statutes, section 645.021, subdivisions 2 and 3. Paragraph (b) is effective upon compliance
88.21 by the city of Edina, Hennepin County, and Independent School District No. 273 with the
88.22 requirements of Minnesota Statutes, section 469.1782, subdivision 2.

88.23 Sec. 11. **CITY OF MINNETONKA; OPUS TIF DISTRICT; FIVE-YEAR RULE**
88.24 **EXTENSION.**

88.25 The five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is
88.26 extended to ten years and the period under Minnesota Statutes, section 469.1763, subdivision
88.27 4, relating to the use of increment after the expiration of the five-year period, is extended
88.28 to 11 years for the Opus tax increment financing district established in 2021 by the economic
88.29 development authority in the city of Minnetonka.

88.30 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
88.31 city of Minnetonka and its chief clerical officer comply with the requirements of Minnesota
88.32 Statutes, section 645.021, subdivisions 2 and 3.

89.1 Sec. 12. **CITY OF MOORHEAD; TAX INCREMENT FINANCING DISTRICT**
89.2 **NO. 31; FIVE-YEAR RULE EXTENSION.**

89.3 The five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is
89.4 extended to ten years and the period under Minnesota Statutes, section 469.1763, subdivision
89.5 4, relating to the use of increment after the expiration of the five-year period, is extended
89.6 to 11 years for Tax Increment Financing District No. 31 in the city of Moorhead.

89.7 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
89.8 city of Moorhead and its chief clerical officer comply with the requirements of Minnesota
89.9 Statutes, section 645.021, subdivisions 2 and 3.

89.10 Sec. 13. **CITY OF PLYMOUTH; TAX INCREMENT FINANCING AUTHORITY;**
89.11 **FIVE-YEAR RULE EXTENSION.**

89.12 Subdivision 1. **Establishment.** Under the special rules established in subdivision 2, the
89.13 city of Plymouth may establish one or more redevelopment districts located wholly within
89.14 the city of Plymouth, Hennepin County, Minnesota, limited to the area identified as the city
89.15 center district in the Plymouth, Minnesota Zoning Map in effect on January 1, 2024, and
89.16 adopted pursuant to section 21000.12 of the Plymouth Zoning Code of Ordinances.

89.17 Subd. 2. **Special rules.** If the city establishes a tax increment financing district under
89.18 this section, the following special rules apply:

89.19 (1) the district is deemed to meet the requirements of Minnesota Statutes, section 469.174,
89.20 subdivision 10;

89.21 (2) expenditures incurred in connection with the development of the property described
89.22 in subdivision 1 are deemed to meet the requirements of Minnesota Statutes, section 469.176,
89.23 subdivision 4j; and

89.24 (3) the five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is
89.25 extended to ten years and the period under Minnesota Statutes, section 469.1763, subdivision
89.26 4, relating to the use of increment after the expiration of the five-year period, is extended
89.27 to 11 years.

89.28 Subd. 3. **Expiration.** The authority to approve a tax increment financing plan to establish
89.29 a tax increment financing district under this section expires December 31, 2030.

89.30 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
89.31 city of Plymouth and its chief clerical officer comply with Minnesota Statutes, section
89.32 645.021, subdivisions 2 and 3.

90.1 **Sec. 14. CITY OF ST. CLOUD; TAX INCREMENT FINANCING AUTHORITY.**

90.2 **Subdivision 1. Establishment.** Under the special rules established in subdivision 2, the
90.3 economic development authority of the city of St. Cloud or the city of St. Cloud may establish
90.4 one or more redevelopment districts adjacent to the Division Street corridor or within the
90.5 Central Business District or Fringe Central District, limited to the following parcels identified
90.6 by tax identification numbers, together with the adjacent roads and rights-of-way:

90.7 (1) in Stearns County: 82517020000 (Lady Slipper Catalyst Site); 82515440001 (North
90.8 Riverfront Catalyst Site); 82515470000; 82515480000 (Empire Catalyst Site); 82518760015
90.9 (Swan Lot Catalyst Site); 82528850020 (Riverboat Lot Catalyst Site); and 82528850001
90.10 (Former Herbergers); and

90.11 (2) in Benton County: 170037810 (Transit Oriented Development Catalyst Site);
90.12 170058101 (Ace Block Catalyst Site); 170042000; 170041600; 170041100; 170041601;
90.13 170041200; 170041800; 170059600 (Star Bank Catalyst Site); 170059300 (Riverfront South
90.14 Catalyst Site); 170058300; 170059200; 170058600; 170058800; 170059100; and 170058900.

90.15 **Subd. 2. Special rules.** If the city or authority establishes a tax increment financing
90.16 district under this section, the following special rules apply:

90.17 (1) the districts are deemed to meet all the requirements of Minnesota Statutes, section
90.18 469.174, subdivision 10;

90.19 (2) expenditures incurred in connection with the development of the property described
90.20 in subdivision 1 are deemed to meet the requirements of Minnesota Statutes, section 469.176,
90.21 subdivision 4j; and

90.22 (3) increments generated from the districts may be expended for the reconstruction,
90.23 expansion, or new construction of adjacent public infrastructure, including but not limited
90.24 to public parking, streets, and utilities necessary to serve the development, and all
90.25 expenditures under this clause are deemed expended on activities within the district for
90.26 purposes of Minnesota Statutes, section 469.1763.

90.27 **Subd. 3. Expiration.** The authority to approve a tax increment financing plan to establish
90.28 a tax increment financing district under this section expires December 31, 2030.

90.29 **EFFECTIVE DATE.** This section is effective the day after the city of St. Cloud and
90.30 its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2
90.31 and 3.

91.1 **ARTICLE 6**

91.2 **LOCAL SALES AND USE TAXES**

91.3 Section 1. Minnesota Statutes 2023 Supplement, section 297A.99, subdivision 1, is
91.4 amended to read:

91.5 Subdivision 1. ~~Authorization; scope.~~ (a) A political subdivision of this state may impose
91.6 a general sales tax:

91.7 (1) under section 297A.9901;

91.8 (2) under section 297A.9915,~~(2);~~

91.9 (3) under section 297A.992,~~(3);~~

91.10 (4) under section 297A.9925,~~(4);~~

91.11 (5) under section 297A.993,~~(5);~~

91.12 (6) if permitted by special law;~~2~~ or

91.13 ~~(6)~~ (7) if the political subdivision enacted and imposed the tax before January 1, 1982,
91.14 and its predecessor provision.

91.15 (b) This section governs the imposition of a general sales tax by the political subdivision.
91.16 The provisions of this section preempt the provisions of any special law:

91.17 (1) enacted before June 2, 1997,~~or;~~~~2~~

91.18 (2) enacted on or after June 2, 1997, that does not explicitly exempt the special law
91.19 provision from this section's rules by reference; ~~or~~

91.20 (3) enacted before July 1, 2024.

91.21 (c) This section does not apply to or preempt a sales tax on motor vehicles. Beginning
91.22 July 1, 2019, no political subdivision may impose a special excise tax on motor vehicles
91.23 unless it is imposed under section 297A.993.

91.24 (d) A political subdivision may not advertise or expend funds for the promotion of a
91.25 referendum to support imposing a local sales tax and may only spend funds related to
91.26 imposing a local sales tax to:

91.27 (1) conduct the referendum;

91.28 (2) disseminate information included in the resolution adopted under subdivision 2, but
91.29 only if the disseminated information includes a list of specific projects and the cost of each
91.30 individual project;

92.1 (3) provide notice of, and conduct public forums at which proponents and opponents on
92.2 the merits of the referendum are given equal time to express their opinions on the merits of
92.3 the referendum;

92.4 (4) provide facts and data on the impact of the proposed local sales tax on consumer
92.5 purchases; and

92.6 (5) provide facts and data related to the individual programs and projects to be funded
92.7 with the local sales tax.

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

92.9 Sec. 2. Minnesota Statutes 2022, section 297A.99, is amended by adding a subdivision to
92.10 read:

92.11 **Subd. 2a. Scope.** The provisions of this section only apply to a tax imposed and enacted
92.12 by special law. A political subdivision seeking to amend, extend, or otherwise change a tax
92.13 imposed and enacted before July 1, 2024, must do so pursuant to the requirements of section
92.14 297A.9901.

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

92.16 Sec. 3. Minnesota Statutes 2022, section 297A.99, subdivision 3, is amended to read:

92.17 **Subd. 3. Legislative authority required before voter approval; requirements for**
92.18 **adoption, use, termination.** (a) A political subdivision must receive legislative authority
92.19 to impose a local sales tax before submitting the tax for approval by voters of the political
92.20 subdivision. Imposition of a local sales tax is subject to approval by voters of the political
92.21 subdivision at a general election. The election must be conducted at a general election within
92.22 the two-year period after the governing body of the political subdivision has received
92.23 authority to impose the tax. If the authorizing legislation allows the tax to be imposed for
92.24 more than one project, there must be a separate question approving the use of the tax revenue
92.25 for each project. Notwithstanding the authorizing legislation, a project that is not approved
92.26 by the voters may not be funded with the local sales tax revenue and the termination date
92.27 of the tax set in the authorizing legislation must be reduced proportionately based on the
92.28 share of that project's cost to the total costs of all projects included in the authorizing
92.29 legislation.

92.30 (b) The proceeds of the tax must be dedicated exclusively to payment of the construction
92.31 and rehabilitation costs and associated bonding costs related to the specific capital
92.32 improvement projects that were approved by the voters under paragraph (a).

93.1 (c) The tax must terminate after the revenues raised are sufficient to fund the projects
93.2 approved by the voters under paragraph (a).

93.3 (d) After a sales tax imposed by a political subdivision has expired or been terminated,
93.4 the political subdivision is prohibited from imposing a local sales tax for a period of one
93.5 year.

93.6 (e) ~~Notwithstanding paragraph (a), if a political subdivision received voter approval to~~
93.7 ~~seek authority for a local sales tax at the November 6, 2018, general election and is granted~~
93.8 ~~authority to impose a local sales tax before January 1, 2021, the tax may be imposed without~~
93.9 ~~an additional referendum provided that it meets the requirements of subdivision 2 and the~~
93.10 ~~list of specific projects contained in the resolution does not conflict with the projects listed~~
93.11 ~~in the approving referendum.~~ Beginning January 1, 2025, the reporting requirements under
93.12 section 297A.9902 apply to taxes authorized under special law or the requirements of this
93.13 section.

93.14 (f) If a tax is terminated because sufficient revenues have been raised, any amount of
93.15 tax collected under subdivision 9, after sufficient revenues have been raised and before the
93.16 quarterly termination required under subdivision 12, paragraph (a), that is greater than the
93.17 average quarterly revenues collected over the immediately preceding 12 calendar months
93.18 must be retained by the commissioner for deposit in the general fund.

93.19 (g) A political subdivision that receives special law authority to impose a tax must file
93.20 a certificate of local approval with the secretary of state in accordance with section 645.021,
93.21 subdivisions 2 and 3. If the tax is approved by the voters, the political subdivision must
93.22 impose the tax within 15 months of receiving such voter approval. If the tax is not imposed
93.23 within 15 months, the special law authority to impose the tax expires.

93.24 (h) Upon expiration of a tax authorized under this section or any other law, ordinance,
93.25 or city charter, the combined tax rate limit in section 297A.9901, subdivision 7, applies.

93.26 (i) If, after receiving voter approval, a political subdivision cancels a project approved
93.27 by the voters, the political subdivision must notify the commissioner. The commissioner
93.28 must proportionately decrease the maximum amount of tax revenue the political subdivision
93.29 may collect and must adjust the termination of the tax accordingly. If the political subdivision
93.30 has already collected revenue for the canceled project, the political subdivision must return
93.31 the funds to the commissioner for deposit into the local sales tax equalization distribution
93.32 account. The political subdivision must use any other source of revenue available to pay
93.33 any outstanding debt on the bonds that were issued for the canceled project.

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

94.1 Sec. 4. [297A.9901] LOCAL SALES TAXES; LOCAL AUTHORIZATION
94.2 ALLOWED.

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

94.5 (b) "Convention center" means a structure that is expressly designed and constructed
94.6 for the purpose of presenting conventions, public meetings, and exhibitions and that contains
94.7 at least 50,000 square feet for exhibit and meeting spaces and includes parking facilities
94.8 that serve the center.

94.9 (c) "Correctional facility" means a public facility licensed and inspected by the
94.10 commissioner of corrections, established and operated for the detention and confinement
94.11 of adults or juveniles, including but not limited to programs or facilities operating under
94.12 chapter 401, secure juvenile detention facilities, municipal holding facilities, juvenile
94.13 temporary holdover facilities, regional or local jails, lockups, work houses, work farms, and
94.14 detention facilities.

94.15 (d) "District court" means one of the ten judicial district courts in the state of Minnesota
94.16 subject to chapter 484.

94.17 (e) "Law enforcement center" means a facility that serves multiple communities and
94.18 provides public safety functions, including a fire or police station and a facility that provides
94.19 emergency 911 and dispatch functions, training facilities, court security and support,
94.20 emergency operations, evidence and record retention, and other public safety services.

94.21 (f) "Library" means a library that is part of a regional public library system as designated
94.22 by the regional library board pursuant to section 134.20.

94.23 (g) "Metropolitan county" has the meaning given in section 473.121, subdivision 4.

94.24 (h) "Park" means an area of regional significance that contains natural, seminatural, or
94.25 planted space set aside for recreation and enjoyment of the public or for the protection of
94.26 wildlife or natural habitats.

94.27 (i) "Political subdivision" means a county located in Minnesota or a statutory or home
94.28 rule charter city located in Minnesota.

94.29 (j) "Specified capital project" means a convention center, correctional facility, district
94.30 court, law enforcement center, library, park, or trail. A specified capital project must serve
94.31 a regional population, provide economic development benefits and opportunities, or draw
94.32 nonresident individuals to the region.

95.1 (k) "Sports complex" means a defined area of sports pavilions, stadiums, gymnasiums,
95.2 swimming pools, or similar facilities where regional tournaments may be hosted, and where
95.3 members of the public engage in physical exercise, participate in athletic competitions,
95.4 witness sporting events, and host regional tournaments.

95.5 (l) "Trail" means a path or track that passes through a natural area and that serves a
95.6 destination, provides recreational opportunities, and draws a regional population.

95.7 Subd. 2. **Local authorization allowed.** Notwithstanding section 477A.016 or any other
95.8 law or ordinance, a political subdivision may impose, extend, or modify the uses of a local
95.9 sales tax to finance a specified capital project by: (1) meeting the requirements of this
95.10 section; (2) receiving approval from the commissioner; and (3) receiving voter approval.
95.11 The authorization under this section applies to an extension to or modification of a local
95.12 sales tax authorized under special law or the requirements of section 297A.99, or any other
95.13 law, ordinance, city charter, or other provision.

95.14 Subd. 3. **Use of proceeds.** The proceeds of a tax imposed under this section must be
95.15 dedicated exclusively to payment of construction or rehabilitation costs, including associated
95.16 bonding costs and interest, related to the specified capital projects approved by the voters.
95.17 Specified capital projects must meet the requirements specified in subdivisions 1 and 4 to
95.18 6. The political subdivision imposing the tax must not commingle revenue from a tax
95.19 approved by the voters under this section with revenue from a tax authorized under section
95.20 297A.99, or any other law, ordinance, city charter, or other provision, including an extension
95.21 of or modification to the uses of a tax for a different project.

95.22 Subd. 4. **Sports complexes and convention centers; additional requirements.** (a) To
95.23 impose a tax to fund the construction or rehabilitation of a sports complex or convention
95.24 center, a political subdivision must demonstrate the following:

95.25 (1) an analysis of the surrounding region demonstrates that there is no similar sports
95.26 complex or convention center open to nonresidents at the same cost as residents within a
95.27 15-mile radius of the political subdivision for political subdivisions located outside of a
95.28 metropolitan county and within an eight-mile radius of the political subdivision for political
95.29 subdivisions located within a metropolitan county; and

95.30 (2) if admission or entry fees are charged to members of the public for use of the facility,
95.31 the fees must be charged equally to residents and nonresidents of the political subdivision
95.32 imposing the tax.

95.33 (b) The political subdivision must submit documentation of the requirements of paragraph
95.34 (a) to the commissioner pursuant to the requirements of section 297A.9902, subdivision 1.

96.1 Subd. 5. Criminal justice facilities; additional requirements. (a) To impose a tax to
96.2 fund the construction or rehabilitation of or improvements to a correctional facility, a political
96.3 subdivision must demonstrate the need for the facility by providing official documentation
96.4 of the age of the facility; and either:

96.5 (1) official correspondence from the Department of Corrections that includes an analysis
96.6 of the facility and description of the improvements or updates needed; or

96.7 (2) if the facility is a joint project between two or more counties, the joint powers
96.8 agreement or other official documentation between at least one other county demonstrating
96.9 that the facility will serve public safety functions for the region.

96.10 (b) To impose a tax to fund construction or rehabilitation of or improvements to a district
96.11 court office, a political subdivision must demonstrate the need for the facility by providing
96.12 the age of the facility and a description of improvements needed.

96.13 (c) To impose a tax to fund construction or rehabilitation of or improvements to a law
96.14 enforcement center, a political subdivision must provide resolutions from the governing
96.15 bodies of surrounding counties, statutory or home rule charter cities, or townships affirming
96.16 that the functions of the law enforcement center will meet the needs of the surrounding
96.17 county, statutory or home rule charter city, or township.

96.18 (d) The political subdivision must submit documentation of the requirements of
96.19 paragraphs (a) to (c) to the commissioner pursuant to the requirements of section 297A.9902,
96.20 subdivision 1.

96.21 Subd. 6. Parks and trails; additional requirements. (a) To impose a tax to fund the
96.22 construction or rehabilitation of or improvements to a park, a political subdivision must
96.23 demonstrate that the park:

96.24 (1) provides a natural resource-based setting, outdoor recreation facilities, and multiple
96.25 activities that are primarily natural resource-based;

96.26 (2) occupies at least 100 acres of land;

96.27 (3) is utilized by a regional population; and

96.28 (4) includes unique natural, historic, or cultural features or characteristics.

96.29 (b) To impose a tax to fund the construction or rehabilitation of or improvements to a
96.30 trail, a political subdivision must demonstrate that the trail:

96.31 (1) serves more than a local population and encompasses multiple jurisdictions; and

96.32 (2) connects to existing or planned state or regional parks or trails.

97.1 (c) The political subdivision must submit documentation of the requirements of
97.2 paragraphs (a) and (b) to the commissioner pursuant to the requirements of section
97.3 297A.9902, subdivision 1.

97.4 (d) In determining whether the proposed park or trail meets the criteria established in
97.5 paragraphs (a) and (b), the commissioner may consult examples and guidance provided by
97.6 the Department of Natural Resources Parks and Trails Legacy Plan dated February 14, 2011.

97.7 Subd. 7. **Tax rate and duration.** (a) The combined total tax rate imposed by a political
97.8 subdivision under this section and section 297A.99 must not exceed one percent. If a local
97.9 sales tax is imposed by a county, the limit under this paragraph includes any tax authorized
97.10 under section 297A.993.

97.11 (b) The maximum collection period for a tax imposed under this section must be the
97.12 earlier of the amount of time necessary to collect the revenue equal to the cost of the specified
97.13 capital projects approved by the voters, including associated financing costs, or 30 years.

97.14 Subd. 8. **Bonds; authorization.** (a) A political subdivision may issue bonds under
97.15 chapter 475 to finance all or a portion of the costs of a specified capital project. The aggregate
97.16 principal amount of bonds issued must not exceed the cost of a qualifying capital project
97.17 approved by the voters, plus an amount to be applied to the payment of the costs of issuing
97.18 the bonds, including interest. The bonds may be paid from or secured by any funds available
97.19 to the political subdivision, including the tax authorized under this section and approved
97.20 by the voters. The issuance of bonds under this subdivision is not subject to sections 275.60
97.21 and 275.61.

97.22 (b) A separate election to approve the bonds under section 475.58 is not required.

97.23 Subd. 9. **Public hearing required.** (a) Prior to seeking authority to impose a tax under
97.24 this section, a political subdivision must hold at least one public hearing occurring not before
97.25 6:00 p.m. that is open to residents and nonresidents, at which equal time is given to
97.26 proponents and opponents to express their opinions on the imposition of the tax. Notice of
97.27 the hearing must be given at least 14 days in advance and published on the political
97.28 subdivision's website detailing the time and location of the hearing and contain the following
97.29 information:

97.30 (1) the proposed tax rate;

97.31 (2) a description of each project proposed to be funded by the local sales tax; and

98.1 (3) the amount of tax revenue to be used for each project and the estimated time needed
98.2 to raise that amount of revenue, inclusive of the estimated amount distributed under
98.3 subdivision 16, paragraph (a).

98.4 (b) The political subdivision must submit the minutes from this hearing to the
98.5 commissioner when requesting approval of the tax pursuant to the provisions of section
98.6 297A.9902, subdivision 1, paragraph (a).

98.7 Subd. 10. **Resolution required.** (a) After conducting the public hearing required under
98.8 subdivision 9 and before the governing body of a political subdivision seeks voter approval
98.9 to impose a local sales tax, the governing body must adopt a resolution indicating its approval
98.10 of the tax. The resolution must include the following information:

98.11 (1) the proposed tax rate;

98.12 (2) a detailed description of no more than three projects that will be funded with revenue
98.13 from the tax;

98.14 (3) documentation of the regional significance of each specified capital project, including:

98.15 (i) the share of the economic benefit to or use of each project by persons residing, or
98.16 businesses located, outside of the jurisdiction; and

98.17 (ii) demonstration that the project meets the requirements of the applicable definitions
98.18 in subdivision 1, as well as the requirements of subdivisions 4 to 6;

98.19 (4) the amount of local sales tax revenue that will be used for each project and the
98.20 estimated time needed to raise that amount of revenue; and

98.21 (5) the total revenue that will be raised for all projects before the tax expires, and the
98.22 estimated length of time that the tax will be in effect if all proposed projects are funded.

98.23 (b) The political subdivision must submit the resolution along with underlying
98.24 documentation to the commissioner pursuant to the provisions of section 297A.9902,
98.25 subdivision 1, paragraph (a).

98.26 Subd. 11. **Community support required.** Prior to seeking authority to impose a tax
98.27 under this section, a political subdivision must provide to the commissioner letters or
98.28 resolutions from the governing bodies of at least two surrounding local governments that
98.29 affirmatively acknowledge that there is a local or regional need for the proposed specified
98.30 capital project. Documentation must be submitted to the commissioner as required by section
98.31 297A.9902, subdivision 1, paragraph (a).

99.1 Subd. 12. **Voter approval required.** (a) A local sales tax approved by the commissioner
99.2 is subject to voter approval prior to being imposed. A referendum must be conducted pursuant
99.3 to the following requirements:

99.4 (1) the referendum must be held on the first Tuesday after the first Monday in November
99.5 at a general or special election, so long as the ballot question for approval of the tax is not
99.6 the only item on the ballot, within the two-year period after the political subdivision has
99.7 received authority to impose the tax. For purposes of this section, "general election" and
99.8 "special election" have the meanings given in section 200.02, except that a special election
99.9 held under this section must be held on the first Tuesday after the first Monday in November;

99.10 (2) the ballot language must contain the following information:

99.11 (i) a description of each specified capital project that will be funded by the tax;

99.12 (ii) the projected start date of the tax;

99.13 (iii) the proposed tax rate;

99.14 (iv) the cost of the project, including associated financing costs;

99.15 (v) the maximum amount of time the tax will be imposed;

99.16 (vi) a statement that a portion of the tax revenue will be used for payment into the local
99.17 sales tax equalization distribution account; and

99.18 (vii) a statement that an affirmative vote means that a new tax will be imposed or that
99.19 an existing tax will be extended or increased;

99.20 (3) the ballot language must not contain any statement that informs the voter that by
99.21 voting "no" the voter acknowledges that the project subject to approval in the question may
99.22 be funded by increased property taxes; and

99.23 (4) each project must be a separate ballot question if a political subdivision is seeking
99.24 voter approval for more than one project.

99.25 (b) A project that is not approved by the voters may not be funded with the tax revenue
99.26 and the termination date of the tax approved by the commissioner must be reduced
99.27 proportionately based on the share of that project's cost to the total costs of all projects.

99.28 (c) A political subdivision may not advertise or expend funds for the promotion of a
99.29 referendum to support imposing a tax and may only spend funds related to:

99.30 (1) conduct the referendum;

99.31 (2) disseminate information regarding the projects to be funded with the tax;

100.1 (3) provide notice of and conduct public forums at which proponents and opponents of
100.2 the referendum are given equal time to express their opinions on the merits of the referendum;
100.3 and

100.4 (4) provide facts and data on the impact of the proposed local sales tax on consumer
100.5 purchases.

100.6 (d) The political subdivision must submit the language of each ballot question to the
100.7 commissioner for approval prior to printing the ballot for use in a referendum.

100.8 Subd. 13. **Legislative approval required.** (a) A political subdivision seeking to impose
100.9 a tax must obtain legislative approval to impose the tax if the tax does not meet the
100.10 requirements of this section or if the commissioner does not approve the proposal submitted
100.11 for imposition of the tax. The provisions of section 297A.99 apply to any tax imposed by
100.12 special law.

100.13 (b) In addition to the requirements imposed under section 297A.99, subdivision 2, the
100.14 political subdivision must include in its resolution submitted to the legislature:

100.15 (1) a detailed description of how the request does not meet the requirements of this
100.16 section; and

100.17 (2) letters or resolutions from the governing bodies of each local government located in
100.18 Minnesota that abuts the political subdivision that affirmatively acknowledge that there is
100.19 a local or regional need for the proposed capital project.

100.20 (c) A tax approved by the legislature is subject to the collection and retention provisions
100.21 of subdivision 16, section 297A.9902, subdivision 2, and section 297A.9903.

100.22 Subd. 14. **Filing and imposition requirements.** A political subdivision with approval
100.23 to impose a tax from the commissioner under this section must file a certificate of local
100.24 approval with the secretary of state within 60 days after receiving voter approval for the tax
100.25 to be lawfully imposed. If the tax is approved by the voters, the political subdivision must
100.26 impose the tax within 15 months of receiving such voter approval. If the tax is not imposed
100.27 within 15 months, the authority to impose the tax under this section expires.

100.28 Subd. 15. **Administration; termination.** (a) A political subdivision imposing a tax
100.29 under this section must not commingle revenue from a tax for a project or projects approved
100.30 by the voters under this section with revenue from a tax authorized under section 297A.99
100.31 or any other law, ordinance, city charter, or other provision, including an extension of or
100.32 modification to the uses of a tax for a different project.

101.1 (b) A political subdivision imposing the tax must notify the commissioner and the state
101.2 auditor at least 60 days before the date the political subdivision anticipates that revenues
101.3 raised from the tax are sufficient to fund the projects approved by the voters. The notification
101.4 applies to each authorization of a tax and each project approved by the voters, regardless
101.5 of whether the legislature has authorized the tax, notwithstanding the requirements of section
101.6 297A.99, subdivision 3, paragraph (d).

101.7 (c) After a tax imposed by a political subdivision has expired or been terminated, the
101.8 political subdivision is prohibited from imposing a new local sales tax for a period of one
101.9 year.

101.10 (d) If, after receiving voter approval, a political subdivision cancels a project approved
101.11 by the voters, the political subdivision must notify the commissioner and the state auditor.
101.12 The commissioner must proportionately decrease the maximum amount of tax revenue the
101.13 political subdivision may collect and must adjust the termination of the tax accordingly. If
101.14 the political subdivision has already collected revenue for the canceled project, the political
101.15 subdivision must return the funds to the commissioner for deposit into the local sales tax
101.16 equalization distribution account. The political subdivision must use any other source of
101.17 revenue available to pay any outstanding debt on the bonds that were issued for the canceled
101.18 project.

101.19 Subd. 16. **Collection and retention.** (a) The commissioner shall remit the proceeds of
101.20 the tax, less refunds and a proportionate share described in clauses (1) to (3), at least
101.21 quarterly, to the political subdivision. The commissioner shall deduct from the proceeds
101.22 distributed to a political subdivision an amount that equals:

101.23 (1) one percent for the direct and indirect costs of the department to administer, audit,
101.24 and collect the tax, of which a portion must be used for the cost of constructing and
101.25 maintaining a zip code or geocode database necessary for local sales tax collections under
101.26 the Streamlined Sales and Use Tax Agreement in section 297A.995;

101.27 (2) one percent for the direct and indirect costs of the state auditor to audit the tax; and

101.28 (3) the political subdivision's contribution share of the amount to be paid under section
101.29 297A.9903, as defined by subdivision 17.

101.30 (b) The revenue retained by the commissioner under paragraph (a), clause (1), must be
101.31 deposited into the Revenue Department service and recovery special revenue fund established
101.32 under section 270C.15.

102.1 (c) The revenue retained for the purpose outlined in paragraph (a), clause (2), must be
102.2 deposited into the state auditor service and recovery account.

102.3 (d) The revenue retained for the purpose outlined in paragraph (a), clause (3), must be
102.4 deposited into the local sales tax equalization distribution account.

102.5 Subd. 17. **Contribution share.** The amount of tax that the commissioner must retain
102.6 under subdivision 16, paragraph (a), clause (3), is equal to:

102.7 (1) 15 percent for a political subdivision whose tax is authorized and imposed under this
102.8 section;

102.9 (2) 15 percent for a political subdivision that amends, extends, or otherwise modifies a
102.10 tax that was authorized and imposed by special law before July 1, 2024; or

102.11 (3) 20 percent for a political subdivision that is authorized by special law to impose a
102.12 new tax after July 1, 2024.

102.13 Subd. 18. **Enforcement.** If notified by the state auditor that a political subdivision
102.14 imposing a tax under this section, section 297A.99, or by special law is not in compliance
102.15 with the requirements of section 297A.9902, subdivision 2, the commissioner must expire
102.16 the tax and deposit any funds collected into the local sales tax equalization distribution
102.17 account.

102.18 Subd. 19. **Accounts established; transfer.** (a) The local sales tax equalization distribution
102.19 account is established in the special revenue fund. Funds in the account must be distributed
102.20 in accordance with section 297A.9903.

102.21 (b) The state auditor service and recovery account is established in the special revenue
102.22 fund. Each October 1, the commissioner of revenue must transfer the balance of the account
102.23 into the general fund.

102.24 Subd. 20. **Other provisions apply.** (a) The provisions of section 297A.99, subdivisions
102.25 4 to 10 and 12 to 13, apply to taxes authorized under this section.

102.26 (b) The requirements of section 475.53 apply to bonds issued for projects under this
102.27 section.

102.28 (c) All contracts for construction of specified capital projects under this section are
102.29 subject to the requirements and enforcement provisions of sections 177.27, 177.30, 177.32,
102.30 177.41 to 177.435, 177.44, and 177.45. For purposes of complying with section 177.30,
102.31 paragraph (a), clauses (6) and (7), and sections 177.41 to 177.435, the political subdivision

103.1 imposing the tax is the contracting authority and contracting agency and the project is
103.2 considered a public works project.

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

103.4 Sec. 5. **[297A.9902] LOCAL SALES TAXES; VERIFICATION AND OVERSIGHT.**

103.5 Subdivision 1. **Filing requirement.** (a) A political subdivision seeking to impose a local
103.6 sales tax under the provisions of section 297A.9901 must file a copy of all documentation
103.7 required under section 297A.9901 with the commissioner. A political subdivision may file
103.8 documentation at any point during the year, but documentation must be filed by October
103.9 31 to comply with the requirements of section 297A.99, subdivision 2, paragraph (b).

103.10 (b) The commissioner must verify whether each project included in the submission under
103.11 paragraph (a) meets the requirements of section 297A.9901. The commissioner must notify
103.12 the political subdivision of the commissioner's determination within 60 days of receipt of
103.13 the submission under paragraph (a). Any political subdivision that files its submission by
103.14 October 31 must receive the commissioner's determination by January 10 of the following
103.15 year. If the commissioner determines that a project does not meet the requirements of section
103.16 297A.9901, the political subdivision may seek legislative authorization for a local sales tax
103.17 to finance the project under the provisions of section 297A.99.

103.18 Subd. 2. **Annual financial reporting.** By January 31 of each budget year, a political
103.19 subdivision imposing a local sales tax pursuant to section 297A.99 or 297A.9901 or under
103.20 special law, or by city charter or ordinance must submit information regarding the uses of
103.21 the local sales tax to the state auditor. The information must be submitted in the form and
103.22 manner prescribed by the state auditor. The state auditor or the state auditor's designees
103.23 may examine records of a political subdivision to complete or verify the provided
103.24 information.

103.25 Subd. 3. **Enforcement.** If the state auditor finds a political subdivision does not provide
103.26 the information required by subdivision 2 of this section or is not in compliance with the
103.27 required use of proceeds of the local sales tax as provided by section 297A.9901, subdivision
103.28 3, as approved by the voters or any use of proceeds requirements as required by a special
103.29 law as approved by the voters, the state auditor must notify the governing body of the
103.30 political subdivision of its findings. The governing body of the political subdivision must
103.31 respond in writing to the state auditor within 60 days after receiving the notification. The
103.32 written response must state whether the political subdivision accepts in whole or in part the
103.33 auditor's findings. If the political subdivision does not accept the findings, the statement
103.34 must indicate the basis for its disagreement. If the political subdivision does not take

104.1 corrective measures within 60 days of receipt of notice of noncompliance, the state auditor
104.2 must notify the commissioner.

104.3 Subd. 4. **Report.** By February 15 of each year, the state auditor must submit a report to
104.4 the chairs and ranking minority members of the legislative committees with jurisdiction
104.5 over taxes summarizing the information provided by political subdivisions in the preceding
104.6 year under subdivision 2.

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

104.8 Sec. 6. **[297A.9903] LOCAL SALES TAX EQUALIZATION DISTRIBUTIONS.**

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

104.11 (b) "Adjusted net tax capacity" means the qualified recipient's adjusted net tax capacity
104.12 under section 273.1325.

104.13 (c) "Average fiscal capacity" means the sum of the adjusted net tax capacities of all
104.14 qualified recipients, divided by the sum of their populations.

104.15 (d) "Contribution share" means the percentage of the total local sales taxes that were
104.16 collected by a political subdivision in the previous calendar year pursuant to section 297A.99,
104.17 subdivision 2a, or 297A.9901, subdivision 16, paragraph (a), clause (3).

104.18 (e) "Distribution index" for a qualified recipient means the product of: (1) its population;
104.19 and (2) the proportion which the average fiscal capacity in the preceding year bears to the
104.20 fiscal capacity of the qualified recipient for the preceding year.

104.21 (f) "Distribution share" for a qualified recipient means the product of: (1) the total of all
104.22 contribution shares of all political subdivisions; and (2) the proportion which the distribution
104.23 index for the qualified recipient bears to the sum of the distribution indices of all qualified
104.24 recipients.

104.25 (g) "Fiscal capacity" of a qualified recipient means its adjusted net tax capacity divided
104.26 by its population.

104.27 (h) "Local sales tax" means: (1) a local sales tax imposed under section 297A.9901; or
104.28 (2) a local sales tax imposed under section 297A.99, or special law that was enacted or
104.29 modified after July 1, 2024.

104.30 (i) "Political subdivision" means a political subdivision as defined in section 297A.9901,
104.31 subdivision 1.

105.1 (j) "Population" means the population estimated or established, as of January 1 in the
105.2 year distributions under this section are calculated, by the most recent federal census, by a
105.3 special census conducted under contract with the United States Bureau of the Census, or
105.4 by a population estimate of the state demographer made pursuant to section 4A.02, whichever
105.5 is the most recent.

105.6 (k) "Qualified recipient" means a political subdivision that either: (1) had a contribution
105.7 share greater than \$0 based on local sales taxes collected in the prior calendar year; or (2)
105.8 did not collect a local sales tax in the prior calendar year that was approved by voters prior
105.9 to July 1, 2024.

105.10 Subd. 2. **Local sales tax revenue sharing required.** A political subdivision with a local
105.11 sales tax is subject to the contribution requirements under subdivision 3 for any calendar
105.12 year, or portion thereof, in which a local sales tax was collected. All qualified recipients
105.13 are eligible for distributions under this section, and the commissioner of revenue must
105.14 annually calculate each qualified recipient's distribution share.

105.15 Subd. 3. **Contribution share.** Pursuant to section 297A.9901, subdivision 16, paragraph
105.16 (a), clause (3), the commissioner of revenue must annually retain each political subdivision's
105.17 contribution share. For any calendar year in which a political subdivision does not have a
105.18 local sales tax, the political subdivision's contribution share is \$0.

105.19 Subd. 4. **Certification.** The commissioner of revenue must annually calculate and certify
105.20 each political subdivision's contribution share and each qualified recipient's distribution
105.21 share, based on local sales taxes collected in the prior calendar year. The commissioner
105.22 must provide notice of the certification to each political subdivision by January 31.

105.23 Subd. 5. **Settlement.** By March 15 annually, the commissioner of revenue must pay to
105.24 each qualified recipient the distribution share certified under subdivision 4.

105.25 Subd. 6. **Future contributions and payments** A political subdivision that has imposed
105.26 a local sales tax prior to July 1, 2024, is a qualified recipient under this section if:

105.27 (1) the political subdivision modifies, increases, or extends the local sales tax;

105.28 (2) the political subdivision imposes a new local tax under section 297A.9901 or special
105.29 law; or

105.30 (3) the political subdivision's existing local sales tax expires.

105.31 Subd. 7. **Appropriation.** The amount required to make distributions under this section
105.32 is appropriated from the local sales tax equalization distribution account established under
105.33 section 297A.9901, subdivision 19, paragraph (a), to the commissioner of revenue.

106.1 Sec. 7. **OFFICE OF THE STATE AUDITOR; APPROPRIATION.**

106.2 \$150,000 in fiscal year 2025 is appropriated from the general fund to the state auditor
106.3 to implement the requirements of Minnesota Statutes, section 297A.9902. The base for this
106.4 appropriation is \$110,000 in fiscal year 2026 and \$116,000 in fiscal year 2027.

106.5 Sec. 8. **REPEALER.**

106.6 Minnesota Statutes 2023 Supplement, section 297A.99, subdivision 3a, is repealed.

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

106.8 **ARTICLE 7**

106.9 **SPECIAL LOCAL TAXES**

106.10 Section 1. Minnesota Statutes 2022, section 469.190, subdivision 1, is amended to read:

106.11 Subdivision 1. **Authorization.** (a) Notwithstanding section 477A.016 or any other law,
106.12 a statutory or home rule charter city may by ordinance, and a town may by the affirmative
106.13 vote of the electors at the annual town meeting, or at a special town meeting, impose a tax
106.14 of up to three percent on the gross receipts from the furnishing for consideration of lodging
106.15 at a hotel, motel, rooming house, tourist court, or resort, other than the renting or leasing
106.16 of it for a continuous period of 30 days or more. A statutory or home rule charter city may
106.17 by ordinance impose the tax authorized under this subdivision on the camping site receipts
106.18 of a municipal campground.

106.19 (b) A lodging tax imposed under this section, a city charter, or a special law applies to
106.20 the entire consideration paid to obtain access to lodging, including ancillary or related
106.21 services, such as services provided by an accommodations intermediary as defined in section
106.22 297A.61, subdivision 47.

106.23 **EFFECTIVE DATE.** This section is effective July 1, 2024.

106.24 Sec. 2. Minnesota Statutes 2022, section 469.190, subdivision 7, is amended to read:

106.25 Subd. 7. **Collection.** (a) The statutory or home rule charter city may agree with the
106.26 commissioner of revenue that a tax imposed pursuant to this section shall be collected by
106.27 the commissioner together with the tax imposed by chapter 297A, and subject to the same
106.28 interest, penalties, and other rules and that its proceeds, less the cost of collection, shall be
106.29 remitted to the city.

107.1 (b) If a lodging tax imposed under this section, a city charter, or a special law is not
107.2 collected by the commissioner of revenue, the local government imposing the tax may, by
107.3 ordinance, limit the required filing and remittance of the tax by an accommodations
107.4 intermediary to once per calendar year. The local government must inform the
107.5 accommodations intermediary of the date when the return or remittance is due and the dates
107.6 must coincide with one of the monthly dates for filing and remitting state sales tax under
107.7 chapter 297A. The local government must electronically provide an accommodations
107.8 intermediary with the geographic and zip code information necessary to properly collect
107.9 the tax.

107.10 **EFFECTIVE DATE.** This section is effective July 1, 2024.

107.11 Sec. 3. Laws 1986, chapter 396, section 5, as amended by Laws 2001, First Special Session
107.12 chapter 5, article 12, section 87, Laws 2012, chapter 299, article 3, section 3, and Laws
107.13 2019, First Special Session chapter 6, article 6, section 5, is amended to read:

107.14 **Sec. 5. LIQUOR, LODGING, AND RESTAURANT TAXES.**

107.15 The city may, by resolution, levy in addition to taxes authorized by other law:

107.16 (1) a sales tax of not more than ~~three~~ 2.5 percent on the gross receipts on retail on-sales
107.17 of intoxicating liquor and fermented malt beverages when sold at licensed on-sale liquor
107.18 establishments located within the downtown taxing area, provided that this tax may not be
107.19 imposed if sales of intoxicating liquor and fermented malt beverages are exempt from
107.20 taxation under chapter 297A;

107.21 (2) a sales tax of not more than three percent on the gross receipts from the furnishing
107.22 for consideration of lodging for a period of less than 30 days at a hotel, motel, rooming
107.23 house, tourist court, or trailer camp located within the city by a hotel or motel which has
107.24 more than 50 rooms available for lodging; the tax imposed under this clause shall be at a
107.25 rate that, when added to the sum of the rate of all other city taxes on lodging in the city of
107.26 Minneapolis, equals 6.5 percent; and

107.27 (3) a sales tax of not more than ~~three~~ 2.5 percent on the gross receipts on all sales of
107.28 food primarily for consumption on or off the premises by restaurants and places of
107.29 refreshment as defined by resolution of the city that occur within the downtown taxing area.

107.30 The taxes authorized by this section must not be terminated before January 1, 2047. The
107.31 taxes shall be imposed and may be adjusted periodically by the city council such that the
107.32 rates imposed produce revenue sufficient, together with the tax imposed under section 4,

108.1 to finance the purposes described in Minnesota Statutes, section 297A.994, and section 4,
108.2 subdivisions 3 and 4. These taxes shall be applied, first, as provided in Minnesota Statutes,
108.3 section 297A.994, subdivision 3, clauses (1) to (3), and then, solely to pay, secure, maintain,
108.4 and fund the payment of any principal of, premium on, and interest on any bonds or any
108.5 other purposes in section 4, subdivision 3 or 4. The commissioner of revenue may enter
108.6 into appropriate agreements with the city to provide for the collection of these taxes by the
108.7 state on behalf of the city. These taxes shall be subject to the same interest, penalties, and
108.8 enforcement provisions as the taxes imposed under Minnesota Statutes, chapter 297A.

108.9 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
108.10 September 30, 2024.

108.11 Sec. 4. Laws 1986, chapter 400, section 44, as amended by Laws 1995, chapter 264, article
108.12 2, section 39, and Laws 2009, chapter 88, article 4, section 13, is amended to read:

108.13 Sec. 44. **DOWNTOWN TAXING AREA.**

108.14 If a bill is enacted into law in the 1986 legislative session which authorizes the city of
108.15 Minneapolis to issue bonds and expend certain funds including taxes to finance the
108.16 acquisition and betterment of a convention center and related facilities, which authorizes
108.17 certain taxes to be levied in a downtown taxing area, then, notwithstanding the provisions
108.18 of that law "downtown taxing area" shall mean the geographic area bounded by the portion
108.19 of the Mississippi River between I-35W and Washington Avenue, the portion of Washington
108.20 Avenue between the river and I-35W, the portion of I-35W between Washington Avenue
108.21 and ~~8th Street~~ Portland Avenue South, the portion of 8th Street South between I-35W and
108.22 Portland Avenue South, the portion of Portland Avenue South between 8th Street South
108.23 and I-94, the portion of I-94 from the intersection of Portland Avenue South to the
108.24 intersection of I-94 and ~~the Burlington Northern Railroad tracks~~ Plymouth Avenue North,
108.25 the portion of ~~the Burlington Northern Railroad tracks from I-94~~ Plymouth Avenue North
108.26 to the Mississippi River. From Plymouth Avenue North and the Mississippi River south to
108.27 Main Street and including Nicollet Island, and the portion of Main Street to Hennepin
108.28 Avenue and the portion of Hennepin Avenue between Main Street and 2nd Street S.E., and
108.29 the portion of 2nd Street S.E. between Main Street and Bank Street, and the portion of Bank
108.30 Street between 2nd Street S.E. and University Avenue S.E., and the portion of University
108.31 Avenue S.E. between Bank Street and I-35W, and by I-35W from University Avenue S.E.,
108.32 to the river. The downtown taxing area excludes the area bounded on the south and west
108.33 by Oak Grove Street, on the east by Spruce Place, and on the north by West 15th Street.
108.34 The downtown taxing area also excludes any property located in a zone that is contained

109.1 in chapter 546 of the Minneapolis Zoning Code of Ordinances on which a restaurant with
109.2 a wine license is operated.

109.3 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
109.4 September 30, 2024.

109.5 **ARTICLE 8**
109.6 **PUBLIC FINANCE**

109.7 Section 1. Minnesota Statutes 2022, section 123B.71, subdivision 8, is amended to read:

109.8 Subd. 8. **Review and comment.** A school district, a special education cooperative, or
109.9 a cooperative unit of government, as defined in section 123A.24, subdivision 2, must not
109.10 ~~initiate~~ enter into an installment contract for purchase or a lease agreement, hold a referendum
109.11 for bonds, nor solicit bids for new construction, expansion, or remodeling of an educational
109.12 facility that requires an expenditure in excess of \$500,000 per school site if it has a capital
109.13 loan outstanding, or \$2,000,000 per school site if it does not have a capital loan outstanding,
109.14 prior to review and comment by the commissioner. ~~A facility addition, maintenance project,~~
109.15 ~~or remodeling project~~ New construction, expansion, or remodeling of an educational facility
109.16 funded only with general education revenue, lease levy proceeds from an additional capital
109.17 expenditure levy under section 126C.40, subdivision 1, capital facilities bond proceeds, or
109.18 long-term facilities maintenance revenue is exempt from this provision. A capital project
109.19 under section 123B.63 addressing only technology is exempt from this provision if the
109.20 district submits a school board resolution stating that funds approved by the voters will be
109.21 used only as authorized in section 126C.10, subdivision 14. A school board shall not separate
109.22 portions of a single project into components to avoid the requirements of this subdivision.

109.23 Sec. 2. Minnesota Statutes 2023 Supplement, section 123B.71, subdivision 12, is amended
109.24 to read:

109.25 Subd. 12. **Publication.** (a) At least 48 days but not more than ~~60~~ 88 days before a
109.26 referendum for bonds under chapter 475 or solicitation of bids for a project that has received
109.27 a positive or unfavorable review and comment under section 123B.70, the school board
109.28 shall publish a summary of the commissioner's review and comment of that project in the
109.29 legal newspaper of the district. The school board must hold a public meeting to discuss the
109.30 commissioner's review and comment before the such a referendum for bonds. Supplementary
109.31 information shall be available to the public. Where no such referendum for bonds is required,
109.32 the publication and public meeting requirements of this subdivision shall not apply.

110.1 (b) The publication requirement in paragraph (a) does not apply to alternative facilities
110.2 projects approved under section 123B.595.

110.3 Sec. 3. Minnesota Statutes 2023 Supplement, section 126C.40, subdivision 6, is amended
110.4 to read:

110.5 Subd. 6. **Lease purchase; installment buys.** (a) Upon application to, and approval by,
110.6 the commissioner in accordance with the procedures and limits in subdivision 1, paragraphs
110.7 (a) and (b), a district, as defined in this subdivision, may:

110.8 (1) purchase real or personal property under an installment contract or may lease real
110.9 or personal property with an option to purchase under a lease purchase agreement, by which
110.10 installment contract or lease purchase agreement title is kept by the seller or vendor or
110.11 assigned to a third party as security for the purchase price, including interest, if any; and

110.12 (2) annually levy the amounts necessary to pay the district's obligations under the
110.13 installment contract or lease purchase agreement.

110.14 (b) The obligation created by the installment contract or the lease purchase agreement
110.15 must not be included in the calculation of net debt for purposes of section 475.53, and does
110.16 not constitute debt under other law. An election is not required in connection with the
110.17 execution of the installment contract or the lease purchase agreement.

110.18 (c) The proceeds of the levy authorized by this subdivision must not be used to acquire
110.19 a facility to be primarily used for athletic or school administration purposes.

110.20 (d) For the purposes of this subdivision, "district" means:

110.21 (1) Special School District No. 1, Minneapolis, Independent School District No. 625,
110.22 St. Paul, Independent School District No. 709, Duluth, or Independent School District No.
110.23 535, Rochester, if the district's desegregation plan has been determined by the commissioner
110.24 to be in compliance with Department of Education rules relating to equality of educational
110.25 opportunity and where the acquisition of property under this subdivision is determined by
110.26 the commissioner to contribute to the implementation of the desegregation plan; or

110.27 (2) other districts eligible for revenue under section 124D.862 if the facility acquired
110.28 under this subdivision is to be primarily used for a joint program for interdistrict
110.29 desegregation and the commissioner determines that the joint programs are being undertaken
110.30 to implement the districts' desegregation plan.

111.1 (e) Notwithstanding subdivision 1, the prohibition against a levy by a district to lease
111.2 or rent a district-owned building to itself does not apply to levies otherwise authorized by
111.3 this subdivision.

111.4 (f) For the purposes of this subdivision, any references in subdivision 1 to building or
111.5 land shall include personal property.

111.6 (g) Projects funded under this subdivision that require an expenditure in excess of
111.7 \$500,000 per school site if the school district has a capital loan outstanding, or \$2,000,000
111.8 per school site if the school district does not have a capital loan outstanding, are subject to
111.9 review and comment under section 123B.71, subdivision 8, in the same manner as other
111.10 school construction projects.

111.11 Sec. 4. Minnesota Statutes 2022, section 446A.086, subdivision 1, is amended to read:

111.12 Subdivision 1. **Definitions.** (a) As used in this section, the following terms have the
111.13 meanings given.

111.14 (b) "Authority" means the Minnesota Public Facilities Authority.

111.15 (c) "Commissioner" means the commissioner of management and budget.

111.16 (d) "Debt obligation" means:

111.17 (1) a general obligation bond or note issued by a county, a bond or note to which the
111.18 general obligation of a county is pledged under section 469.034, subdivision 2, or a bond
111.19 or note payable from a county lease obligation under section 641.24, to provide funds for
111.20 the construction of:

111.21 (i) jails;

111.22 (ii) correctional facilities;

111.23 (iii) law enforcement facilities;

111.24 (iv) a court house or justice center, if connected to a jail, correctional facility, or other
111.25 law enforcement facility;

111.26 ~~(iv)~~ (v) social services and human services facilities;

111.27 ~~(v)~~ (vi) solid waste facilities; or

111.28 ~~(vi)~~ (vii) qualified housing development projects as defined in section 469.034,
111.29 subdivision 2; or

112.1 (2) a general obligation bond or note issued by a governmental unit to provide funds for
112.2 the construction, improvement, or rehabilitation of:

112.3 (i) wastewater facilities;

112.4 (ii) drinking water facilities;

112.5 (iii) stormwater facilities; or

112.6 (iv) any publicly owned building or infrastructure improvement that has received partial
112.7 funding from grants awarded by the commissioner of employment and economic development
112.8 related to redevelopment, contaminated site cleanup, bioscience, small cities development
112.9 programs, and rural business infrastructure programs, for which bonds are issued by the
112.10 authority under section 446A.087.

112.11 (e) "Governmental unit" means a county or a statutory or home rule charter city.

112.12 Sec. 5. Minnesota Statutes 2022, section 469.104, is amended to read:

112.13 **469.104 SECTIONS THAT APPLY IF FEDERAL LIMIT APPLIES.**

112.14 Sections 474A.01 to 474A.21 apply to obligations issued under sections 469.090 to
112.15 469.108 that are ~~limited~~ required by federal tax law as defined in section 474A.02,
112.16 subdivision 8, to obtain an allocation of volume cap.

112.17 Sec. 6. Minnesota Statutes 2022, section 474A.091, subdivision 2, is amended to read:

112.18 Subd. 2. **Application for residential rental projects.** (a) Issuers may apply for an
112.19 allocation for residential rental bonds under this section by submitting to the department an
112.20 application on forms provided by the department accompanied by:

112.21 (1) a preliminary resolution;

112.22 (2) a statement of bond counsel that the proposed issue of obligations requires an
112.23 allocation under this chapter and the Internal Revenue Code;

112.24 (3) an application deposit in the amount of two percent of the requested allocation;

112.25 (4) a sworn statement from the applicant identifying the project as a preservation project,
112.26 30 percent AMI residential rental project, 50 percent AMI residential rental project, 100
112.27 percent LIHTC project, 20 percent LIHTC project, or any other residential rental project;
112.28 and

112.29 (5) a certification from the applicant or its accountant stating that the requested allocation
112.30 does not exceed the aggregate bond limitation.

113.1 The issuer must pay the application deposit to the Department of Management and Budget.
113.2 An entitlement issuer may not apply for an allocation for residential rental project bonds
113.3 under this section unless it has either permanently issued bonds equal to the amount of its
113.4 entitlement allocation for the current year plus any amount carried forward from previous
113.5 years or returned for reallocation all of its unused entitlement allocation. For purposes of
113.6 this subdivision, its entitlement allocation includes an amount obtained under section
113.7 474A.04, subdivision 6.

113.8 (b) An issuer that receives an allocation under this subdivision must permanently issue
113.9 obligations equal to all or a portion of the allocation received on or before the earlier of:
113.10 (1) 180 days of the allocation; or (2) the last business day of December. If an issuer that
113.11 receives an allocation under this subdivision does not permanently issue obligations equal
113.12 to all or a portion of the allocation received within the time period provided in this paragraph
113.13 or returns the allocation to the commissioner, the amount of the allocation is canceled and
113.14 returned for reallocation through the unified pool.

113.15 (c) The Minnesota Housing Finance Agency may apply for and receive an allocation
113.16 under this section without submitting an application deposit.

113.17 Sec. 7. Minnesota Statutes 2022, section 474A.091, subdivision 2a, is amended to read:

113.18 Subd. 2a. **Application for all other types of qualified bonds.** (a) Issuers may apply
113.19 for an allocation for all types of qualified bonds other than residential rental bonds under
113.20 this section by submitting to the department an application on forms provided by the
113.21 department accompanied by:

113.22 (1) a preliminary resolution;

113.23 (2) a statement of bond counsel that the proposed issue of obligations requires an
113.24 allocation under this chapter and the Internal Revenue Code;

113.25 (3) the type of qualified bonds to be issued;

113.26 (4) an application deposit in the amount of two percent of the requested allocation; and

113.27 (5) a public purpose scoring worksheet for manufacturing and enterprise zone
113.28 applications.

113.29 The issuer must pay the application deposit to the Department of Management and Budget.
113.30 An entitlement issuer may not apply for an allocation for public facility bonds or mortgage
113.31 bonds under this section unless it has either permanently issued bonds equal to the amount
113.32 of its entitlement allocation for the current year plus any amount carried forward from

114.1 previous years or returned for reallocation all of its unused entitlement allocation. For
114.2 purposes of this subdivision, an entitlement allocation includes an amount obtained under
114.3 section 474A.04, subdivision 6.

114.4 (b) An issuer that receives an allocation under this subdivision must permanently issue
114.5 obligations equal to all or a portion of the allocation received on or before the earlier of:
114.6 (1) 120 days of the allocation; or (2) the last business day of December. If an issuer that
114.7 receives an allocation under this subdivision does not permanently issue obligations equal
114.8 to all or a portion of the allocation received within the time period provided in this paragraph
114.9 or returns the allocation to the commissioner, the amount of the allocation is canceled and
114.10 returned for reallocation through the unified pool.

114.11 (c) Notwithstanding the restrictions imposed on entitlement issuers under this subdivision,
114.12 the Minnesota Housing Finance Agency may not receive an allocation for mortgage bonds
114.13 under this section prior to the first Monday in October, but may be awarded allocations for
114.14 mortgage bonds from the unified pool on or after the first Monday in October. The Minnesota
114.15 Housing Finance Agency, the Minnesota Office of Higher Education, and the Minnesota
114.16 Rural Finance Authority may apply for and receive an allocation under this section without
114.17 submitting an application deposit.

114.18 ARTICLE 9

114.19 MISCELLANEOUS

114.20 Section 1. Minnesota Statutes 2022, section 270C.21, is amended to read:

114.21 **270C.21 TAXPAYER ASSISTANCE GRANTS; TAX CREDIT OUTREACH**
114.22 **GRANTS.**

114.23 Subdivision 1. **Taxpayer assistance.** When the commissioner awards grants to ~~eligible~~
114.24 ~~organizations to coordinate, facilitate, encourage, and aid in the provision of taxpayer~~
114.25 ~~assistance services~~ under this section, the commissioner must provide public notice of the
114.26 grants in a timely manner so that the grant process is completed and grants are awarded by
114.27 October 1, in order for recipient ~~eligible~~ organizations to adequately plan expenditures for
114.28 the filing season. At the time the commissioner provides public notice, the commissioner
114.29 must also notify ~~eligible~~ organizations that received grants in the previous biennium. Amounts
114.30 appropriated for grants under this section are not subject to retention of administrative costs
114.31 under section 16B.98, subdivision 14.

115.1 Subd. 2. **Eligible organization Definitions.** ~~"Eligible organization" means an organization~~
115.2 ~~that meets the definition of eligible organization provided in section 7526A(e)(2)(B) of the~~
115.3 ~~Internal Revenue Code.~~

115.4 (a) For the purposes of this section, the following terms have the meanings given.

115.5 (b) "Eligible credit" means a credit, refund, or other tax preference targeting low-income
115.6 taxpayers, including but not limited to the credits under sections 290.0661, 290.0671,
115.7 290.0674, and 290.0693, and chapter 290A.

115.8 (c) "Tax outreach organization" means a nonprofit organization or federally recognized
115.9 Indian Tribe with experience serving demographic groups or geographic regions that have
115.10 historically had low rates of participation in eligible credits.

115.11 (d) "Taxpayer assistance services" means accounting and tax preparation services
115.12 provided by volunteers to low-income, elderly, and disadvantaged Minnesota residents to
115.13 help them file federal and state income tax returns and Minnesota property tax refund claims
115.14 and to provide personal representation before the Department of Revenue and Internal
115.15 Revenue Service.

115.16 (e) "Volunteer taxpayer assistance organization" means an eligible organization qualifying
115.17 under section 7526A(e)(2)(B) of the Internal Revenue Code of 1986.

115.18 Subd. 3. **Taxpayer assistance grants.** The commissioner must regularly make grants
115.19 to one or more volunteer taxpayer assistance organizations to coordinate, facilitate, encourage,
115.20 and aid in the provision of taxpayer assistance services.

115.21 Subd. 4. **Tax credit outreach grants.** The commissioner must regularly make one or
115.22 more grants to tax outreach organizations and volunteer assistance organizations. Grants
115.23 provided under this subdivision must be used to:

115.24 (1) publicize and promote the availability of eligible credits to taxpayers likely to be
115.25 eligible for those credits; or

115.26 (2) provide taxpayer assistance services.

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

115.28 Sec. 2. Minnesota Statutes 2023 Supplement, section 297H.13, subdivision 2, is amended
115.29 to read:

115.30 Subd. 2. **Allocation of revenues.** (a) Of the amounts remitted under this chapter, 70
115.31 percent must be credited to the environmental fund established in section 16A.531,
115.32 subdivision 1.

116.1 (b) In addition to the amounts credited to the environmental fund in paragraph (a), ~~in~~
116.2 ~~fiscal year 2024 and later~~, three percent of the amounts remitted under this chapter shall be
116.3 deposited into the resource management account in the environmental fund. For fiscal year
116.4 2025 only, an additional \$1,821,000 must be deposited in the resource management account
116.5 in the environmental fund.

116.6 (c) The remainder must be deposited into the general fund.

116.7 (d) ~~Beginning in fiscal year 2024 and annually thereafter~~, The money deposited in the
116.8 resource management account in the environmental fund under paragraph (b) is appropriated
116.9 to the commissioner of the Pollution Control Agency for distribution to counties under
116.10 section 115A.557, subdivision 2, paragraph (a), clauses (1) to (7) and (9) to (11). Amounts
116.11 appropriated for distribution under this section are not subject to retention of administrative
116.12 costs under section 16B.98, subdivision 14.

116.13 **EFFECTIVE DATE.** This section is effective July 1, 2024.

116.14 Sec. 3. Minnesota Statutes 2023 Supplement, section 349.12, subdivision 25, is amended
116.15 to read:

116.16 Subd. 25. **Lawful purpose.** (a) "Lawful purpose" means one or more of the following:

116.17 (1) any expenditure by or contribution to a 501(c)(3) or festival organization, as defined
116.18 in subdivision 15c, provided that the organization and expenditure or contribution are in
116.19 conformity with standards prescribed by the board under section 349.154, which standards
116.20 must apply to both types of organizations in the same manner and to the same extent;

116.21 (2) a contribution to or expenditure for goods and services for an individual or family
116.22 suffering from poverty, homelessness, or disability, which is used to relieve the effects of
116.23 that suffering;

116.24 (3) a contribution to a program recognized by the Minnesota Department of Human
116.25 Services for the education, prevention, or treatment of problem gambling;

116.26 (4) a contribution to or expenditure on a public or private nonprofit educational institution
116.27 registered with or accredited by this state or any other state;

116.28 (5) a contribution to an individual, public or private nonprofit educational institution
116.29 registered with or accredited by this state or any other state, or to a scholarship fund of a
116.30 nonprofit organization whose primary mission is to award scholarships, for defraying the
116.31 cost of education to individuals where the funds are awarded through an open and fair
116.32 selection process;

117.1 (6) activities by an organization or a government entity which recognize military service
117.2 to the United States, the state of Minnesota, or a community, subject to rules of the board,
117.3 provided that the rules must not include mileage reimbursements in the computation of the
117.4 per diem reimbursement limit and must impose no aggregate annual limit on the amount of
117.5 reasonable and necessary expenditures made to support:

117.6 (i) members of a military marching or color guard unit for activities conducted within
117.7 the state;

117.8 (ii) members of an organization solely for services performed by the members at funeral
117.9 services;

117.10 (iii) members of military marching, color guard, or honor guard units may be reimbursed
117.11 for participating in color guard, honor guard, or marching unit events within the state or
117.12 states contiguous to Minnesota at a per participant rate of up to \$50 per diem; or

117.13 (iv) active military personnel and their immediate family members in need of support
117.14 services;

117.15 (7) recreational, community, and athletic facilities and activities, intended primarily for
117.16 persons under age 21, provided that such facilities and activities do not discriminate on the
117.17 basis of gender and the organization complies with section 349.154, subdivision 3a;

117.18 (8) payment of local taxes authorized under this chapter, including local gambling taxes
117.19 authorized under section 349.213, subdivision 3, taxes imposed by the United States on
117.20 receipts from lawful gambling, the taxes imposed by section 297E.02, subdivisions 1 and
117.21 6, and the tax imposed on unrelated business income by section 290.05, subdivision 3;

117.22 (9) payment of real estate taxes and assessments on permitted gambling premises owned
117.23 by the licensed organization paying the taxes, or wholly leased by a licensed veterans
117.24 organization under a national charter recognized under section 501(c)(19) of the Internal
117.25 Revenue Code;

117.26 (10) a contribution to the United States, this state or any of its political subdivisions, or
117.27 any agency or instrumentality thereof other than a direct contribution to a law enforcement
117.28 or prosecutorial agency;

117.29 (11) a contribution to or expenditure by a nonprofit organization which is a church or
117.30 body of communicants gathered in common membership for mutual support and edification
117.31 in piety, worship, or religious observances;

117.32 (12) an expenditure for citizen monitoring of surface water quality by individuals or
117.33 nongovernmental organizations that is consistent with section 115.06, subdivision 4, and

118.1 Minnesota Pollution Control Agency guidance on monitoring procedures, quality assurance
118.2 protocols, and data management, provided that the resulting data is submitted to the
118.3 Minnesota Pollution Control Agency for review and inclusion in the state water quality
118.4 database;

118.5 (13) a contribution to or expenditure on projects or activities approved by the
118.6 commissioner of natural resources for:

118.7 (i) wildlife management projects that benefit the public at large;

118.8 (ii) grant-in-aid trail maintenance and grooming established under sections 84.83 and
118.9 84.927, and other trails open to public use, including purchase or lease of equipment for
118.10 this purpose; and

118.11 (iii) supplies and materials for safety training and educational programs coordinated by
118.12 the Department of Natural Resources, including the Enforcement Division;

118.13 (14) conducting nutritional programs, food shelves, and congregate dining programs
118.14 primarily for persons who are age 62 or older or disabled;

118.15 (15) a contribution to a community arts organization, or an expenditure to sponsor arts
118.16 programs in the community, including but not limited to visual, literary, performing, or
118.17 musical arts;

118.18 (16) an expenditure by a licensed fraternal organization or a licensed veterans organization
118.19 for payment of water, fuel for heating, electricity, and sewer costs for:

118.20 (i) up to 100 percent for a building wholly owned or wholly leased by and used as the
118.21 primary headquarters of the licensed veteran or fraternal organization; or

118.22 (ii) a proportional amount subject to approval by the director and based on the portion
118.23 of a building used as the primary headquarters of the licensed veteran or fraternal
118.24 organization;

118.25 (17) expenditure by a licensed veterans organization of up to \$5,000 in a calendar year
118.26 in net costs to the organization for meals and other membership events, limited to members
118.27 and spouses, held in recognition of military service. No more than \$5,000 can be expended
118.28 in total per calendar year under this clause by all licensed veterans organizations sharing
118.29 the same veterans post home;

118.30 (18) payment of fees authorized under this chapter imposed by the state of Minnesota
118.31 to conduct lawful gambling in Minnesota;

119.1 (19) a contribution or expenditure to honor an individual's humanitarian service as
119.2 demonstrated through philanthropy or volunteerism to the United States, this state, or local
119.3 community;

119.4 (20) a contribution by a licensed organization to another licensed organization with prior
119.5 board approval, with the contribution designated to be used for one or more of the following
119.6 lawful purposes under this section: clauses (1) to (7), (11) to (15), (19), and (25);

119.7 (21) an expenditure that is a contribution to a parent organization, if the parent
119.8 organization: (i) has not provided to the contributing organization within one year of the
119.9 contribution any money, grants, property, or other thing of value, and (ii) has received prior
119.10 board approval for the contribution that will be used for a program that meets one or more
119.11 of the lawful purposes under subdivision 7a;

119.12 (22) an expenditure for the repair, maintenance, or improvement of real property and
119.13 capital assets owned by an organization, or for the replacement of a capital asset that can
119.14 no longer be repaired, with a fiscal year limit of five percent of gross profits from the
119.15 previous fiscal year, with no carryforward of unused allowances. The fiscal year is July 1
119.16 through June 30. Total expenditures for the fiscal year may not exceed the limit unless the
119.17 board has specifically approved the expenditures that exceed the limit due to extenuating
119.18 circumstances beyond the organization's control. An expansion of a building or bar-related
119.19 expenditures are not allowed under this provision.

119.20 (i) The expenditure must be related to the portion of the real property or capital asset
119.21 that must be made available for use free of any charge to other nonprofit organizations,
119.22 community groups, or service groups, and is used for the organization's primary mission or
119.23 headquarters.

119.24 (ii) An expenditure may be made to bring an existing building that the organization owns
119.25 into compliance with the Americans with Disabilities Act.

119.26 (iii) An organization may apply the amount that is allowed under item (ii) to the erection
119.27 or acquisition of a replacement building that is in compliance with the Americans with
119.28 Disabilities Act if the board has specifically approved the amount. The cost of the erection
119.29 or acquisition of a replacement building may not be made from gambling proceeds, except
119.30 for the portion allowed under this item;

119.31 (23) an expenditure for the acquisition or improvement of a capital asset with a cost
119.32 greater than \$2,000, excluding real property, that will be used exclusively for lawful purposes
119.33 under this section if the board has specifically approved the amount;

120.1 (24) an expenditure for the acquisition, erection, improvement, or expansion of real
120.2 property, if the board has first specifically authorized the expenditure after finding that the
120.3 real property will be used exclusively for lawful purpose under this section;

120.4 (25) an expenditure, including a mortgage payment or other debt service payment, for
120.5 the erection or acquisition of a comparable building to replace an organization-owned
120.6 building that was destroyed or made uninhabitable by fire or catastrophe or to replace an
120.7 organization-owned building that was taken or sold under an eminent domain proceeding.
120.8 The expenditure may be only for that part of the replacement cost not reimbursed by
120.9 insurance for the fire or catastrophe or compensation not received from a governmental unit
120.10 under the eminent domain proceeding, if the board has first specifically authorized the
120.11 expenditure; ~~or~~

120.12 (26) a contribution to a 501(c)(19) organization that does not have an organization license
120.13 under section 349.16 and is not affiliated with the contributing organization, and whose
120.14 owned or leased property is not a permitted premises under section 349.165. The 501(c)(19)
120.15 organization may only use the contribution for lawful purposes under this subdivision or
120.16 for the organization's primary mission. The 501(c)(19) organization may not use the
120.17 contribution for expansion of a building or for bar-related expenditures. A contribution may
120.18 not be made to a statewide organization representing a consortia of 501(c)(19) organizations;
120.19 or

120.20 (27)(i) an expenditure for the repair, maintenance, or improvement of real property and
120.21 capital assets owned by the following organizations, or for the replacement of a capital asset
120.22 that can no longer be repaired:

120.23 (A) American Legion;

120.24 (B) Veterans of Foreign Wars of the United States (VFW);

120.25 (C) Jewish War Veterans of the United States of America;

120.26 (D) Military Order of the Purple Heart;

120.27 (E) AMVETS;

120.28 (F) Marine Corps League;

120.29 (G) Paralyzed Veterans of America; or

120.30 (H) Disabled American Veterans.

120.31 (ii) The expenditure is limited to 50 percent of gross profits from the previous fiscal
120.32 year. The fiscal year is July 1 through June 30. Any unused allowances may carry forward

121.1 for one fiscal year. Any organization carrying forward funds must identify the planned
121.2 project for which the funds will be used prior to carrying forward the unused allowances.

121.3 (iii) Total expenditures for the fiscal year may not exceed the limit imposed under item
121.4 (ii) unless the board has specifically approved the expenditures that exceed the limit due to
121.5 extenuating circumstances beyond the organization's control. An expansion of a building
121.6 or any capital improvements within the building regardless of use of the improvement are
121.7 allowed under this provision. This provision applies only to capital improvements to the
121.8 existing building square footage and does not apply to the new construction of a new or
121.9 replacement building.

121.10 (b) Expenditures authorized by the board under paragraph (a), clauses (24) and (25),
121.11 must be 51 percent completed within two years of the date of board approval; otherwise the
121.12 organization must reapply to the board for approval of the project. "Fifty-one percent
121.13 completed" means that the work completed must represent at least 51 percent of the value
121.14 of the project as documented by the contractor or vendor.

121.15 (c) Notwithstanding paragraph (a), "lawful purpose" does not include:

121.16 (1) any expenditure made or incurred for the purpose of influencing the nomination or
121.17 election of a candidate for public office or for the purpose of promoting or defeating a ballot
121.18 question;

121.19 (2) any activity intended to influence an election or a governmental decision-making
121.20 process;

121.21 (3) a contribution to a statutory or home rule charter city, county, or town by a licensed
121.22 organization with the knowledge that the governmental unit intends to use the contribution
121.23 for a pension or retirement fund; or

121.24 (4) a contribution to a 501(c)(3) organization or other entity with the intent or effect of
121.25 not complying with lawful purpose restrictions or requirements.

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

121.27 Sec. 4. **[428A.30] DEFINITIONS.**

121.28 **Subdivision 1. Scope.** For purposes of sections 428A.30 to 428A.34, the terms defined
121.29 in this section have the meanings given them, unless the context indicates otherwise.

121.30 **Subd. 2. City.** "City" means a statutory or home rule charter city.

121.31 **Subd. 3. District.** "District" means a land-value taxation district established under section
121.32 428A.31.

122.1 Subd. 4. **Ordinance.** "Ordinance" means the ordinance establishing a land-value taxation
122.2 district under section 428A.31.

122.3 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2025.

122.4 Sec. 5. **[428A.31] ESTABLISHMENT OF LAND-VALUE TAXATION DISTRICT.**

122.5 Subdivision 1. **Ordinance.** (a) The governing body of a city may adopt an ordinance
122.6 establishing a land-value taxation district. The ordinance must be adopted by May 1 of the
122.7 calendar year prior to the taxes payable year in which the district would take effect. The
122.8 ordinance must describe:

122.9 (1) the parcels of property constituting the district, either by specific identification of
122.10 each parcel, or by defining a geographic area or areas within the city, and then within that
122.11 area or those areas, identifying the specific types of property, as defined under section
122.12 273.13, to be included in the district; and

122.13 (2) the procedure for reallocating the collective property tax of all parcels within the
122.14 district.

122.15 (b) In addition, the ordinance must provide for an evaluation of the economic effects of
122.16 the district, including the impact on redevelopment of and investment in the district, within
122.17 a specified period of time, but not less than 15 years after the district becomes effective.

122.18 Subd. 2. **Hearing; notice.** Before adopting an ordinance, the city must hold a public
122.19 hearing on the question. Notice of the hearing must include the time and place of the hearing,
122.20 a description of the parcels to be included in the district, a description of the procedure for
122.21 reallocating the tax burden among the parcels, and the duration of the district. Each person
122.22 owning property in the proposed district must be given the opportunity to be heard at the
122.23 hearing. Notice of the hearing must be published on the city's website and in at least two
122.24 issues of the official newspaper of the city. The two publications must be two weeks apart
122.25 and the hearing must be held at least three days after the last publication. Not less than ten
122.26 days before the hearing, notice must be mailed to the owner of each parcel proposed to be
122.27 included in the district. For the purpose of the mailed notice, owners are those shown on
122.28 the records of the county auditor. Other records may be used to supply the necessary
122.29 information. At the public hearing, a person affected by the proposed district may testify
122.30 on any issues relevant to the proposed district. The hearing may be adjourned from time to
122.31 time and the ordinance establishing the district may be adopted at any time within six months
122.32 after the date of the conclusion of the hearing by a vote of the majority of the governing

123.1 body of the city. Within 30 days after adoption of the ordinance, the governing body shall
123.2 send a copy of the ordinance to the commissioner of revenue.

123.3 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2025.

123.4 Sec. 6. **[428A.32] RESTRICTIONS ON TAX REALLOCATION PROCEDURE.**

123.5 A tax reallocation procedure under section 428A.31, subdivision 1, paragraph (a), clause
123.6 (2), must distribute taxes on taxable properties in the district by applying uniform rates to
123.7 one or more of the following tax bases:

123.8 (1) net tax capacity, as defined under section 273.13, subdivision 21b;

123.9 (2) referendum market value, as defined under section 126C.01, subdivision 3;

123.10 (3) a tax base consisting of each property's estimated market value excluding the market
123.11 value attributable to improvements; or

123.12 (4) a tax base consisting of each property's estimated market value excluding the market
123.13 value attributable to improvements made after a date specified in the ordinance.

123.14 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2025.

123.15 Sec. 7. **[428A.33] TAXATION WITHIN DISTRICT.**

123.16 Subdivision 1. **Initial taxation within district.** For each property taxes payable year,
123.17 the city must compile the total property taxes imposed upon all properties within the district
123.18 for each taxing jurisdiction after final property tax statements are issued under section
123.19 276.04. For the purposes of this section, the areawide taxes under chapters 276A and 473F,
123.20 and the state general levy under section 275.025, are considered to be taxing jurisdictions.

123.21 Subd. 2. **Final taxation within district.** The city must allocate the tax, as determined
123.22 under subdivision 1, among all properties in the district according to the terms of the
123.23 ordinance, such that the entire amount of tax payable to each taxing jurisdiction under
123.24 subdivision 1 is allocated among the properties constituting the district. The city must report
123.25 the revised property tax amounts for each parcel of property to the county treasurer by April
123.26 30 of the year the tax is payable. The city must provide for revised property tax statements
123.27 to be mailed to all properties within the district by April 30 of the year the tax is payable.
123.28 Taxpayers must make payments according to the dates specified in section 279.01 as if the
123.29 property tax statements were mailed 21 days prior to May 15 of the year the taxes are
123.30 payable.

124.1 Subd. 3. Report to commissioner of revenue. By September 1 of each year, the county
124.2 treasurer must report the initial and final distribution of the net tax for each parcel of property
124.3 in the district to the commissioner of revenue on a form prescribed by the commissioner of
124.4 revenue.

124.5 EFFECTIVE DATE. This section is effective beginning with taxes payable in 2025.

124.6 Sec. 8. [428A.34] APPEAL OF LAND VALUE.

124.7 The owner of any property included in a land-value taxation district under section
124.8 428A.31 may appeal the valuation attributable to land separately from the valuation
124.9 attributable to improvements upon the land under sections 274.01 and 274.13 or chapter
124.10 271.

124.11 EFFECTIVE DATE. This section is effective beginning with taxes payable in 2025.

124.12 Sec. 9. AID TO CITIES FOR EMERALD ASH BORER FINANCIAL ASSISTANCE.

124.13 Subdivision 1. Definitions. For the purposes of this section, the following terms have
124.14 the meanings given:

124.15 (1) "eligible costs" means costs incurred in 2020 or later for treating or removing a tree
124.16 on residential or agricultural homestead property that has been found to be infested by the
124.17 emerald ash borer and has been required by state law or by municipal ordinance to be treated
124.18 or removed;

124.19 (2) "eligible homeowner" means a homeowner who experienced eligible costs related
124.20 to a tree on the homeowner's property; and

124.21 (3) "eligible local government" means:

124.22 (i) a town with a population of at least 10,000;

124.23 (ii) a statutory or home rule charter city; or

124.24 (iii) "Minnesota Tribal governments," as defined in Minnesota Statutes, section 10.65,
124.25 subdivision 2, clause (4).

124.26 Subd. 2. Aid program established; payment. The commissioner of revenue must
124.27 distribute aid to eligible local governments, as provided in this section. The commissioner
124.28 must certify the aid amount to be paid in 2025 to each eligible local government by January
124.29 31, 2025. The commissioner must make the full 2025 payment to each eligible local
124.30 government by February 15, 2025. This program is not subject to retention of administrative
124.31 costs under Minnesota Statutes, section 16B.98, subdivision 14.

125.1 Subd. 3. **Amount of aid.** (a) The commissioner of revenue must establish a process to
125.2 allocate the amount of available aid to eligible local governments. The process must be an
125.3 open application process for a merit-based competitive grant program. The grant program
125.4 established under this subdivision must prioritize distributing aid to eligible local
125.5 governments based on:

125.6 (1) the rate of emerald ash borer infestations on residential properties;

125.7 (2) the ability of the local government's residents to pay for eligible costs; and

125.8 (3) the population of the eligible local government.

125.9 (b) The commissioner of revenue must consult with the commissioners of agriculture
125.10 and natural resources when establishing the process required under this subdivision.

125.11 Subd. 4. **Eligible uses.** An eligible government must use aid received under this section
125.12 to reimburse eligible homeowners with incomes below 200 percent of the official federal
125.13 poverty guideline for their eligible costs.

125.14 Subd. 5. **Appropriation.** \$1,000,000 in fiscal year 2025 is appropriated from the general
125.15 fund to the commissioner of revenue for aid under this section. This is a onetime
125.16 appropriation. The Department of Revenue may retain up to three percent of this amount
125.17 for costs incurred in administering the program.

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

125.19 Sec. 10. **APPROPRIATION; ANOKA COUNTY SOIL AND WATER**
125.20 **CONSERVATION DISTRICT; GRANT.**

125.21 \$50,000 in fiscal year 2025 is appropriated from the general fund to the commissioner
125.22 of revenue for a grant to the Anoka County Soil And Water Conservation District. This is
125.23 a onetime appropriation. The grant must be paid by July 15, 2024. The grant under this
125.24 section is not subject to retention of administrative costs under Minnesota Statutes, section
125.25 16B.98, subdivision 14.

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

125.27 Sec. 11. **APPROPRIATION; BROWERVILLE PUBLIC SCHOOLS.**

125.28 \$580,000 in fiscal year 2025 is appropriated from the general fund to the commissioner
125.29 of revenue for a grant to Browerville public schools, Independent School District No. 787,
125.30 to remediate the effects of a school building roof collapse that occurred in 2023. The grant
125.31 recipient must use the money appropriated under this section for materials and supplies

126.1 used in and equipment incorporated into renovations to the prekindergarten through grade
126.2 12 school building, and construction of a new gymnasium, classrooms, locker rooms, a
126.3 wrestling and weight room, offices, and a stage. The grant must be paid by July 15, 2024.
126.4 This appropriation is onetime. The grant under this section is not subject to retention of
126.5 administrative costs under Minnesota Statutes, section 16B.98, subdivision 14.

126.6 **EFFECTIVE DATE.** This section is effective July 1, 2024.

126.7 **Sec. 12. APPROPRIATION; CITY OF SOUTH ST. PAUL; GRANT.**

126.8 (a) \$100,000 in fiscal year 2024 is appropriated from the general fund to the commissioner
126.9 of revenue for a grant to the city of South St. Paul. This is a onetime appropriation. The
126.10 grant must be paid by June 30, 2024. The grant under this section is not subject to retention
126.11 of administrative costs under Minnesota Statutes, section 16B.98, subdivision 14.

126.12 (b) The grant under this section must be used by the city of South St. Paul to pay for
126.13 planning and development costs within the city.

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

126.15 **Sec. 13. APPROPRIATION; TAX CREDIT OUTREACH GRANTS; TAXPAYER**
126.16 **ASSISTANCE GRANTS.**

126.17 (a) \$1,237,000 in fiscal year 2025 is appropriated from the general fund to the
126.18 commissioner of revenue for tax credit outreach grants under Minnesota Statutes, section
126.19 270C.21, subdivision 4. This appropriation is in addition to the amount appropriated in
126.20 Laws 2023, chapter 64, article 7, section 30. The base for this program is \$1,277,000 in
126.21 fiscal year 2026 and \$1,289,000 in fiscal year 2027.

126.22 (b) \$750,000 in fiscal year 2025 is appropriated from the general fund to the commissioner
126.23 of revenue for taxpayer assistance grants under Minnesota Statutes, section 270C.21,
126.24 subdivision 3. This appropriation is in addition to the amount appropriated for taxpayer
126.25 assistance in Laws 2023, chapter 62, article 1, section 14, subdivision 2.

126.26 **ARTICLE 10**

126.27 **DEPARTMENT OF REVENUE; INDIVIDUAL INCOME AND CORPORATE**
126.28 **FRANCHISE TAXES**

126.29 Section 1. Minnesota Statutes 2022, section 116U.27, subdivision 2, is amended to read:

126.30 Subd. 2. **Credit allowed.** A taxpayer is eligible for a credit up to 25 percent of eligible
126.31 production costs paid in a taxable year any consecutive 12-month period as described in

127.1 subdivision 1, paragraph (h). A taxpayer may only claim a credit if the taxpayer was issued
127.2 a credit certificate under subdivision 4.

127.3 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
127.4 after December 31, 2022.

127.5 Sec. 2. Minnesota Statutes 2023 Supplement, section 290.01, subdivision 19, is amended
127.6 to read:

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

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

127.16 (c) In the case of a regulated investment company or a fund thereof, as defined in section
127.17 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment
127.18 company taxable income as defined in section 852(b)(2) of the Internal Revenue Code,
127.19 except that:

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

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

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

127.29 (d) The net income of a real estate investment trust as defined and limited by section
127.30 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust
127.31 taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

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

128.4 (f) The Internal Revenue Code of 1986, as amended through May 1, 2023, applies for
128.5 taxable years beginning after December 31, 1996.

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

128.9 (h) In the case of a partnership electing to file a composite return under section 289A.08,
128.10 subdivision 7, "net income" means the partner's share of federal adjusted gross income from
128.11 the partnership modified by the additions provided in section 290.0131, subdivisions 8 to
128.12 10, 16, and 17, and the subtractions provided in: (1) section 290.0132, subdivisions 9, 27,
128.13 ~~and 28, and 31~~, to the extent the amount is assignable or allocable to Minnesota under section
128.14 290.17; and (2) section 290.0132, subdivision 14. The subtraction allowed under section
128.15 290.0132, subdivision 9, is only allowed on the composite tax computation to the extent
128.16 the electing partner would have been allowed the subtraction.

128.17 (i) In the case of a qualifying entity electing to pay the pass-through entity tax under
128.18 section 289A.08, subdivision 7a, "net income" means the qualifying owner's share of federal
128.19 adjusted gross income from the qualifying entity modified by the additions provided in
128.20 section 290.0131, subdivisions 5, 8 to 10, 16, and 17, and the subtractions provided in: (1)
128.21 section 290.0132, subdivisions 3, 9, 27, ~~and 28, and 31~~, to the extent the amount is assignable
128.22 or allocable to Minnesota under section 290.17; and (2) section 290.0132, subdivision 14.
128.23 The subtraction allowed under section 290.0132, subdivision 9, is only allowed on the
128.24 pass-through entity tax computation to the extent the qualifying owners would have been
128.25 allowed the subtraction. ~~The income of both a resident and nonresident qualifying owner~~
128.26 ~~is allocated and assigned to this state as provided for nonresident partners and shareholders~~
128.27 ~~under sections 290.17, 290.191, and 290.20.~~

128.28 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
128.29 after December 31, 2022.

128.30 Sec. 3. Minnesota Statutes 2023 Supplement, section 290.0132, subdivision 34, is amended
128.31 to read:

128.32 Subd. 34. **Qualified retirement benefits.** (a) The amount of qualified public pension
128.33 income is a subtraction. The subtraction in this section is limited to:

129.1 (1) \$25,000 for a married taxpayer filing a joint return or surviving spouse; or

129.2 (2) \$12,500 for all other filers.

129.3 (b) For a taxpayer with adjusted gross income above the phaseout threshold, the
129.4 subtraction is reduced by ten percent for each \$2,000 of adjusted gross income, or fraction
129.5 thereof, in excess of the threshold. The phaseout threshold equals:

129.6 (1) \$100,000 for a married taxpayer filing a joint return or surviving spouse;

129.7 (2) \$78,000 for a single or head of household taxpayer; or

129.8 (3) for a married taxpayer filing a separate return, half the amount for a married taxpayer
129.9 filing a joint return.

129.10 (c) For the purposes of this section, "qualified public pension income" means any amount
129.11 received:

129.12 (1) by a former basic member or the survivor of a former basic member, as an annuity
129.13 or survivor benefit, from a pension plan governed by chapter 353, 353E, 354, or 354A,
129.14 provided that the annuity or benefit is based on service for which the member or survivor
129.15 ~~is not also receiving~~ did not earn Social Security benefits;

129.16 (2) as an annuity or survivor benefit from the legislators plan under chapter 3A, the State
129.17 Patrol retirement plan under chapter 352B, or the public employees police and fire plan
129.18 under sections 353.63 to 353.666, provided that the annuity or benefit is based on service
129.19 for which the member or survivor ~~is not also receiving~~ did not earn Social Security benefits;

129.20 (3) from any retirement system administered by the federal government that is based on
129.21 service for which the recipient or the recipient's survivor ~~is not also receiving~~ did not earn
129.22 Social Security benefits; or

129.23 (4) from a public retirement system of or created by another state or any of its political
129.24 subdivisions, or the District of Columbia, if the income tax laws of the other state or district
129.25 permit a similar deduction or exemption or a reciprocal deduction or exemption of a
129.26 retirement or pension benefit received from a public retirement system of or created by this
129.27 state or any political subdivision of this state.

129.28 (d) The commissioner must annually adjust the subtraction limits in paragraph (a) and
129.29 the phaseout thresholds in paragraph (b), as provided in section 270C.22. The statutory year
129.30 is taxable year 2023.

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

130.1 Sec. 4. Minnesota Statutes 2023 Supplement, section 290.0134, subdivision 20, is amended
130.2 to read:

130.3 Subd. 20. **Delayed business interest.** (a) For each taxable year an addition is required
130.4 under section ~~290.0131, subdivision 19~~ 290.0133, subdivision 15, the amount of the addition,
130.5 less the sum of all amounts subtracted under this paragraph in all prior taxable years, that
130.6 does not exceed the limitation on business interest in section 163(j) of the Internal Revenue
130.7 Code of 1986, as amended through December 15, 2022, notwithstanding the special rule in
130.8 section 163(j)(10) of the Internal Revenue Code, is a subtraction. Any excess is a delayed
130.9 business interest carryforward, the entire amount of which must be carried to the earliest
130.10 taxable year. No subtraction is allowed under this paragraph for taxable years beginning
130.11 after December 31, 2022.

130.12 (b) For each of the five taxable years beginning after December 31, 2022, there is allowed
130.13 a subtraction equal to one-fifth of the sum of all carryforward amounts that remain after the
130.14 expiration of paragraph (a).

130.15 (c) Entities that are part of a combined reporting group under the unitary rules of section
130.16 290.17, subdivision 4, must compute deductions and additions as required under section
130.17 290.34, subdivision 5.

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

130.20 Sec. 5. Minnesota Statutes 2023 Supplement, section 290.0693, subdivision 1, is amended
130.21 to read:

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

130.24 (b) "Dependent" means any individual who is considered a dependent under sections
130.25 151 and 152 of the Internal Revenue Code and was claimed by the taxpayer as a dependent.

130.26 (c) "Disability" has the meaning given in section 290A.03, subdivision 10.

130.27 (d) "Exemption amount" means the exemption amount under section 290.0121,
130.28 subdivision 1, paragraph (b).

130.29 (e) "Gross rent" means rent paid for the right of occupancy, at arm's length, of a
130.30 homestead, exclusive of charges for any medical services furnished by the landlord as a
130.31 part of the rental agreement, whether expressly set out in the rental agreement or not. The
130.32 gross rent of a resident of a nursing home or intermediate care facility is \$600 per month.

131.1 The gross rent of a resident of an adult foster care home is \$930 per month. The commissioner
131.2 shall annually adjust the amounts in this paragraph as provided in section 270C.22. The
131.3 statutory year is 2023. If the landlord and tenant have not dealt with each other at arm's
131.4 length and the commissioner determines that the gross rent charged was excessive, the
131.5 commissioner may adjust the gross rent to a reasonable amount for purposes of this section.

131.6 (f) "Homestead" has the meaning given in section 290A.03, subdivision 6.

131.7 (g) "Household" has the meaning given in section 290A.03, subdivision 4.

131.8 (h) "Household income" means all income received by all persons of a household in a
131.9 taxable year while members of the household, other than income of a dependent.

131.10 (i) "Income" means adjusted gross income, minus:

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

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

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

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

131.15 (5) for the taxpayer's fifth dependent, the exemption amount; and

131.16 (6) if the taxpayer or taxpayer's spouse had a disability or attained the age of 65 on or
131.17 before the close of the taxable year, the exemption amount.

131.18 (j) "Rent constituting property taxes" means 17 percent of the gross rent actually paid
131.19 in cash, or its equivalent, or the portion of rent paid in lieu of property taxes, in any taxable
131.20 year by a claimant for the right of occupancy of the claimant's Minnesota homestead in the
131.21 taxable year, and which rent constitutes the basis, in the succeeding taxable year of a claim
131.22 for a credit under this section by the claimant. If an individual occupies a homestead with
131.23 another person or persons not related to the individual as the individual's spouse or as
131.24 dependents, and the other person or persons are residing at the homestead under a rental or
131.25 lease agreement with the individual, the amount of rent constituting property tax for the
131.26 individual equals that portion not covered by the rental agreement.

131.27 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
131.28 31, 2023.

132.1 Sec. 6. Minnesota Statutes 2023 Supplement, section 290.0693, subdivision 6, is amended
132.2 to read:

132.3 Subd. 6. **Residents of nursing homes, intermediate care facilities, long-term care**
132.4 **facilities, or facilities accepting housing support payments.** (a) A taxpayer must not claim
132.5 a credit under this section if the taxpayer is a resident of a nursing home, intermediate care
132.6 facility, long-term residential facility, or a facility that accepts housing support payments
132.7 whose rent constituting property taxes is paid pursuant to the Supplemental Security Income
132.8 program under title XVI of the Social Security Act, the Minnesota supplemental aid program
132.9 under sections 256D.35 to 256D.54, the medical assistance program pursuant to title XIX
132.10 of the Social Security Act, or the housing support program under chapter 256I.

132.11 (b) If only a portion of the rent constituting property taxes is paid by these programs,
132.12 the resident is eligible for a credit, but the credit calculated must be multiplied by a fraction,
132.13 the numerator of which is adjusted gross income, ~~reduced by the total amount of income~~
132.14 ~~from the above sources other than vendor payments under the medical assistance program~~
132.15 and the denominator of which is adjusted gross income, plus vendor payments under the
132.16 medical assistance program, to determine the allowable credit.

132.17 (c) Notwithstanding paragraphs (a) and (b), if the taxpayer was a resident of the nursing
132.18 home, intermediate care facility, long-term residential facility, or facility for which the rent
132.19 was paid for the claimant by the housing support program for only a portion of the taxable
132.20 year covered by the claim, the taxpayer may compute rent constituting property taxes by
132.21 disregarding the rent constituting property taxes from the nursing home or facility and may
132.22 use only that amount of rent constituting property taxes or property taxes payable relating
132.23 to that portion of the year when the taxpayer was not in the facility. The taxpayer's household
132.24 income is the income for the entire taxable year covered by the claim.

132.25 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
132.26 31, 2023.

132.27 Sec. 7. Minnesota Statutes 2023 Supplement, section 290.0693, subdivision 8, is amended
132.28 to read:

132.29 Subd. 8. **One claimant per household.** Only one taxpayer per household per year is
132.30 entitled to claim a credit under this section. In the case of a married couple filing a joint
132.31 return, the couple may claim a credit under this section based on the total amount of both
132.32 spouses' gross rent. In the case of a married taxpayer filing a separate return, only one spouse
132.33 may claim the credit under this section. The credit amount for the spouse that claims the

133.1 credit must be calculated based on household income and not solely on the income of the
133.2 spouse.

133.3 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
133.4 31, 2023.

133.5 Sec. 8. Minnesota Statutes 2023 Supplement, section 290.0695, subdivision 2, is amended
133.6 to read:

133.7 Subd. 2. **Credit allowed; limitation; carryover.** (a) An eligible taxpayer is allowed a
133.8 credit against tax due under this chapter equal to 50 percent of ~~eligible expenses, not to~~
133.9 ~~exceed \$3,000 per mile, multiplied by the number of miles of railroad track owned or leased~~
133.10 ~~within the state by the eligible taxpayer for which the taxpayer made the~~ qualified railroad
133.11 reconstruction or replacement expenditures ~~as of the close of the taxable year for which the~~
133.12 ~~credit is claimed~~ made by an eligible taxpayer within this state during the taxable year for
133.13 which the credit is claimed.

133.14 (b) The credit allowed under paragraph (a) for any taxable year must not exceed the
133.15 product of:

133.16 (1) \$3,000, multiplied by;

133.17 (2) the number of miles of railroad track owned or leased by the eligible taxpayer within
133.18 this state as of the close of the taxable year for which the taxpayer made qualified railroad
133.19 reconstruction or replacement expenditures for which the credit is claimed.

133.20 ~~(b)~~ (c) If the amount of the credit determined under this section for any taxable year
133.21 exceeds the liability for tax under this chapter, the excess is a credit carryover to each of
133.22 the five succeeding taxable years. The entire amount of the excess unused credit for the
133.23 taxable year must be carried first to the earliest of the taxable years to which the credit may
133.24 be carried and then to each successive year to which the credit may be carried. The amount
133.25 of the unused credit that may be added under this paragraph must not exceed the taxpayer's
133.26 liability for tax less the credit for the taxable year.

133.27 ~~(c)~~ (d) An eligible taxpayer claiming a credit under this section may not also claim the
133.28 credit under section 297I.20, subdivision 6, for the same qualified railroad reconstruction
133.29 or replacement expenditures.

133.30 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
133.31 after December 31, 2022.

134.1 Sec. 9. Laws 2023, chapter 1, section 22, is amended to read:

134.2 Sec. 22. **TEMPORARY ADDITIONS AND SUBTRACTIONS; INDIVIDUALS,**
134.3 **ESTATES, AND TRUSTS.**

134.4 (a) For the purposes of this section:

134.5 (1) "subtraction" has the meaning given in Minnesota Statutes, section 290.0132,
134.6 subdivision 1, and the rules in that subdivision apply to this section;

134.7 (2) "addition" has the meaning given in Minnesota Statutes, section 290.0131, subdivision
134.8 1, and the rules in that subdivision apply to this section; and

134.9 (3) the definitions in Minnesota Statutes, section 290.01, apply to this section.

134.10 (b) The following amounts are subtractions:

134.11 (1) the amount of wages used for the calculation of the employee retention credit for
134.12 employers affected by qualified disasters, to the extent not deducted from income, under
134.13 Public Law 116-94, division Q, section 203, or Public Law 116-260, division EE, section
134.14 303;

134.15 (2) the amount of wages used for the calculation of the payroll credit for required paid
134.16 sick leave, to the extent not deducted from income, under Public Law 116-127, section
134.17 7001, as amended by section 9641 of Public Law 117-2;

134.18 (3) the amount of wages or expenses used for the calculation of the payroll credit for
134.19 required paid family leave, to the extent not deducted from income, under Public Law
134.20 116-127, section 7003, as amended by section 9641 of Public Law 117-2;

134.21 (4) the amount of wages used for the calculation of the employee retention credit for
134.22 employers subject to closure due to COVID-19, to the extent not deducted from income,
134.23 under Public Law 116-136, section 2301, as amended by Public Law 116-260, division EE,
134.24 section 207, and Public Law 117-2, section 9651; and

134.25 (5) the amount required to be added to gross income to claim the credit in section 6432
134.26 of the Internal Revenue Code.

134.27 (c) The following amounts are additions:

134.28 (1) the amount subtracted for qualified tuition expenses under section 222 of the Internal
134.29 Revenue Code, as amended by Public Law 116-94, division Q, section 104;

134.30 (2) the amount of above the line charitable contributions deducted under section 2204
134.31 of Public Law 116-136;

135.1 (3) the amount of meal expenses in excess of the 50 percent limitation under section
 135.2 274(n)(1) of the Internal Revenue Code allowed under subsection (n), paragraph (2),
 135.3 subparagraph (D), of that section; and

135.4 (4) the amount of charitable contributions deducted from federal taxable income by a
 135.5 trust for taxable year 2020 under Public Law 116-136, section 2205(a).

135.6 (d) The commissioner of revenue must apply the subtractions in paragraph (b) and the
 135.7 additions in paragraph (c), when calculating the following:

135.8 (1) the percentage under Minnesota Statutes, section 290.06, subdivision 2c, paragraph
 135.9 (e);

135.10 (2) a taxpayer's alternative minimum taxable income under Minnesota Statutes, section
 135.11 290.091; and

135.12 (3) "income" as defined in Minnesota Statutes, section 289A.08, subdivision 7, paragraph
 135.13 (j), for the purposes of determining the tax for composite filers and the pass-through entity
 135.14 tax, means the partner's share of federal adjusted gross income from the partnership modified
 135.15 by the additions provided in Minnesota Statutes, section 290.0131, subdivisions 8 to 10,
 135.16 16, 17, and 19, and the subtractions provided in (i) Minnesota Statutes, section 290.0132,
 135.17 subdivisions 9, 27, and 28, to the extent the amount is assignable or allocable to Minnesota
 135.18 under Minnesota Statutes, section 290.17; and (ii) Minnesota Statutes, section 290.0132,
 135.19 subdivision 14. The subtraction allowed under Minnesota Statutes, section 290.0132,
 135.20 subdivision 9, is only allowed on the composite tax computation to the extent the electing
 135.21 partner would have been allowed the subtraction.

135.22 (e) For the purpose of calculating property tax refunds under Minnesota Statutes, chapter
 135.23 290A, any amounts allowed as a subtraction in paragraph (b) are excluded from "income,"
 135.24 as defined in Minnesota Statutes, section 290A.03, subdivision 3.

135.25 **EFFECTIVE DATE.** This section is effective retroactively at the same time the changes
 135.26 in Laws 2023, chapter 1, section 22, were effective for federal purposes.

135.27

ARTICLE 11

135.28 **DEPARTMENT OF REVENUE; PROPERTY TAXES AND LOCAL GOVERNMENT**
 135.29 **AIDS**

135.30 Section 1. Minnesota Statutes 2022, section 273.13, subdivision 22, is amended to read:

135.31 Subd. 22. **Class 1.** (a) Except as provided in subdivision 23 and in paragraphs (b) and
 135.32 (c), real estate which is residential and used for homestead purposes is class 1a. In the case
 135.33 of a duplex or triplex in which one of the units is used for homestead purposes, the entire

136.1 property is deemed to be used for homestead purposes. The market value of class 1a property
136.2 must be determined based upon the value of the house, garage, and land.

136.3 The first \$500,000 of market value of class 1a property has a net classification rate of
136.4 one percent of its market value; and the market value of class 1a property that exceeds
136.5 \$500,000 has a classification rate of 1.25 percent of its market value.

136.6 (b) Class 1b property includes homestead real estate or homestead manufactured homes
136.7 used for the purposes of a homestead by:

136.8 (1) any person who is blind as defined in section 256D.35, or the person who is blind
136.9 and the spouse of the person who is blind;

136.10 (2) any person who is permanently and totally disabled or by the person with a disability
136.11 and the spouse of the person with a disability; or

136.12 (3) the surviving spouse of a veteran who was permanently and totally disabled
136.13 homesteading a property classified under this paragraph for taxes payable in 2008.

136.14 Property is classified and assessed under clause (2) only if the government agency or
136.15 income-providing source certifies, upon the request of the homestead occupant, that the
136.16 homestead occupant satisfies the disability requirements of this paragraph, and that the
136.17 property is not eligible for the valuation exclusion under subdivision 34.

136.18 Property is classified and assessed under paragraph (b) only if the commissioner of
136.19 revenue or the county assessor certifies that the homestead occupant satisfies the requirements
136.20 of this paragraph.

136.21 Permanently and totally disabled for the purpose of this subdivision means a condition
136.22 which is permanent in nature and totally incapacitates the person from working at an
136.23 occupation which brings the person an income. The first \$50,000 market value of class 1b
136.24 property has a net classification rate of .45 percent of its market value. The remaining market
136.25 value of class 1b property is classified as class 1a₂ ~~or~~ class 2a property, or class 4d(2)
136.26 whichever is appropriate.

136.27 (c) Class 1c property is commercial use real and personal property that abuts public
136.28 water as defined in section 103G.005, subdivision 15, or abuts a state trail administered by
136.29 the Department of Natural Resources, and is devoted to temporary and seasonal residential
136.30 occupancy for recreational purposes but not devoted to commercial purposes for more than
136.31 250 days in the year preceding the year of assessment, and that includes a portion used as
136.32 a homestead by the owner, which includes a dwelling occupied as a homestead by a
136.33 shareholder of a corporation that owns the resort, a partner in a partnership that owns the

137.1 resort, or a member of a limited liability company that owns the resort even if the title to
137.2 the homestead is held by the corporation, partnership, or limited liability company. For
137.3 purposes of this paragraph, property is devoted to a commercial purpose on a specific day
137.4 if any portion of the property, excluding the portion used exclusively as a homestead, is
137.5 used for residential occupancy and a fee is charged for residential occupancy. Class 1c
137.6 property must contain three or more rental units. A "rental unit" is defined as a cabin,
137.7 condominium, townhouse, sleeping room, or individual camping site equipped with water
137.8 and electrical hookups for recreational vehicles. Class 1c property must provide recreational
137.9 activities such as the rental of ice fishing houses, boats and motors, snowmobiles, downhill
137.10 or cross-country ski equipment; provide marina services, launch services, or guide services;
137.11 or sell bait and fishing tackle. Any unit in which the right to use the property is transferred
137.12 to an individual or entity by deeded interest, or the sale of shares or stock, no longer qualifies
137.13 for class 1c even though it may remain available for rent. A camping pad offered for rent
137.14 by a property that otherwise qualifies for class 1c is also class 1c, regardless of the term of
137.15 the rental agreement, as long as the use of the camping pad does not exceed 250 days. If
137.16 the same owner owns two separate parcels that are located in the same township, and one
137.17 of those properties is classified as a class 1c property and the other would be eligible to be
137.18 classified as a class 1c property if it was used as the homestead of the owner, both properties
137.19 will be assessed as a single class 1c property; for purposes of this sentence, properties are
137.20 deemed to be owned by the same owner if each of them is owned by a limited liability
137.21 company, and both limited liability companies have the same membership. The portion of
137.22 the property used as a homestead is class 1a property under paragraph (a). The remainder
137.23 of the property is classified as follows: the first \$600,000 of market value is tier I, the next
137.24 \$1,700,000 of market value is tier II, and any remaining market value is tier III. The
137.25 classification rates for class 1c are: tier I, 0.50 percent; tier II, 1.0 percent; and tier III, 1.25
137.26 percent. Owners of real and personal property devoted to temporary and seasonal residential
137.27 occupancy for recreation purposes in which all or a portion of the property was devoted to
137.28 commercial purposes for not more than 250 days in the year preceding the year of assessment
137.29 desiring classification as class 1c, must submit a declaration to the assessor designating the
137.30 cabins or units occupied for 250 days or less in the year preceding the year of assessment
137.31 by January 15 of the assessment year. Those cabins or units and a proportionate share of
137.32 the land on which they are located must be designated as class 1c as otherwise provided.
137.33 The remainder of the cabins or units and a proportionate share of the land on which they
137.34 are located must be designated as class 3a commercial. The owner of property desiring
137.35 designation as class 1c property must provide guest registers or other records demonstrating
137.36 that the units for which class 1c designation is sought were not occupied for more than 250

138.1 days in the year preceding the assessment if so requested. The portion of a property operated
138.2 as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5)
138.3 other nonresidential facility operated on a commercial basis not directly related to temporary
138.4 and seasonal residential occupancy for recreation purposes does not qualify for class 1c.

138.5 (d) Class 1d property includes structures that meet all of the following criteria:

138.6 (1) the structure is located on property that is classified as agricultural property under
138.7 section 273.13, subdivision 23;

138.8 (2) the structure is occupied exclusively by seasonal farm workers during the time when
138.9 they work on that farm, and the occupants are not charged rent for the privilege of occupying
138.10 the property, provided that use of the structure for storage of farm equipment and produce
138.11 does not disqualify the property from classification under this paragraph;

138.12 (3) the structure meets all applicable health and safety requirements for the appropriate
138.13 season; and

138.14 (4) the structure is not salable as residential property because it does not comply with
138.15 local ordinances relating to location in relation to streets or roads.

138.16 The market value of class 1d property has the same classification rates as class 1a property
138.17 under paragraph (a).

138.18 **EFFECTIVE DATE.** This section is effective for assessment year 2025 and thereafter.

138.19 Sec. 2. Minnesota Statutes 2022, section 375.192, subdivision 2, is amended to read:

138.20 Subd. 2. **Procedure, conditions.** Upon written application by the owner of any property,
138.21 the county board may grant the reduction or abatement of estimated market valuation or
138.22 taxes and of any costs, penalties, or interest on them as the board deems just and equitable
138.23 and order the refund in whole or part of any taxes, costs, penalties, or interest which have
138.24 been erroneously or unjustly paid. Except as provided in sections 469.1812 to 469.1815,
138.25 no reduction or abatement may be granted on the basis of providing an incentive for economic
138.26 development or redevelopment. Except as provided in section 375.194, the county board
138.27 may consider and grant reductions or abatements on applications only as they relate to taxes
138.28 payable in the current year and the two prior years; provided that reductions or abatements
138.29 for the two prior years shall be considered or granted only for (i) clerical errors, or (ii) when
138.30 the taxpayer fails to file for a reduction or an adjustment due to hardship, as determined by
138.31 the county board. The application must include the Social Security number or individual
138.32 taxpayer identification number of the applicant. The Social Security number ~~is~~ and individual
138.33 taxpayer identification number are private data on individuals as defined by section 13.02,

139.1 subdivision 12. All applications must be approved by the county assessor, or, if the property
139.2 is located in a city of the first or second class having a city assessor, by the city assessor,
139.3 and by the county auditor before consideration by the county board, except that the part of
139.4 the application which is for the abatement of penalty or interest must be approved by the
139.5 county treasurer and county auditor. Approval by the county or city assessor is not required
139.6 for abatements of penalty or interest. No reduction, abatement, or refund of any special
139.7 assessments made or levied by any municipality for local improvements shall be made
139.8 unless it is also approved by the board of review or similar taxing authority of the
139.9 municipality. On any reduction or abatement when the reduction of taxes, costs, penalties,
139.10 and interest exceed \$10,000, the county board shall give notice within 20 days to the school
139.11 board and the municipality in which the property is located. The notice must describe the
139.12 property involved, the actual amount of the reduction being sought, and the reason for the
139.13 reduction.

139.14 An appeal may not be taken to the Tax Court from any order of the county board made
139.15 in the exercise of the discretionary authority granted in this section.

139.16 The county auditor shall notify the commissioner of revenue of all abatements resulting
139.17 from the erroneous classification of real property, for tax purposes, as nonhomestead property.
139.18 For the abatements relating to the current year's tax processed through June 30, the auditor
139.19 shall notify the commissioner on or before July 31 of that same year of all abatement
139.20 applications granted. For the abatements relating to the current year's tax processed after
139.21 June 30 through the balance of the year, the auditor shall notify the commissioner on or
139.22 before the following January 31 of all applications granted. The county auditor shall submit
139.23 a form containing the Social Security number or individual taxpayer identification number
139.24 of the applicant and such other information the commissioner prescribes.

139.25 **EFFECTIVE DATE.** This section is effective retroactively for abatement applications
139.26 filed in 2023 and thereafter.

139.27 Sec. 3. Minnesota Statutes 2023 Supplement, section 477A.35, subdivision 6, is amended
139.28 to read:

139.29 Subd. 6. **Administration.** (a) The commissioner of revenue must compute the amount
139.30 of aid payable to each tier I city and county under this section. ~~By August 1 of each year,~~
139.31 ~~the commissioner must certify the distribution factors of each tier I city and county to be~~
139.32 ~~used in the following year. The commissioner must pay local affordable housing aid annually~~
139.33 ~~at the times provided in section 477A.015, distributing the amounts available on the~~
139.34 ~~immediately preceding June 1 under the accounts established in section 477A.37, subdivisions~~

140.1 ~~2 and 3.~~ On or before September 1 of each year, the commissioner of revenue must certify
140.2 the amount to be paid to each tier I city and county in that year. By July 15, 2024, and
140.3 annually thereafter, the commissioner of management and budget must certify to the
140.4 commissioner of revenue the balances in the accounts established in section 477A.37,
140.5 subdivisions 2 and 3, as of the immediately preceding June 1. The commissioner of revenue
140.6 must pay the full amount of aid on October 1 annually.

140.7 (b) Beginning in 2025, tier I cities and counties shall submit a report annually, no later
140.8 than December 1 of each year, to the Minnesota Housing Finance Agency. The report must
140.9 include documentation of the location of any unspent funds distributed under this section
140.10 and of qualifying projects completed or planned with funds under this section. If a tier I
140.11 city or county fails to submit a report, if a tier I city or county fails to spend funds within
140.12 the timeline imposed under subdivision 5, paragraph (b), or if a tier I city or county uses
140.13 funds for a project that does not qualify under this section, the Minnesota Housing Finance
140.14 Agency shall notify the Department of Revenue and the cities and counties that must repay
140.15 funds under paragraph (c) by February 15 of the following year.

140.16 (c) By May 15, after receiving notice from the Minnesota Housing Finance Agency, a
140.17 tier I city or county must pay to the Minnesota Housing Finance Agency funds the city or
140.18 county received under this section if the city or county:

140.19 (1) fails to spend the funds within the time allowed under subdivision 5, paragraph (b);

140.20 (2) spends the funds on anything other than a qualifying project; or

140.21 (3) fails to submit a report documenting use of the funds.

140.22 (d) The commissioner of revenue must stop distributing funds to a tier I city or county
140.23 that, in three consecutive years, the Minnesota Housing Finance Agency has reported,
140.24 pursuant to paragraph (b), to have failed to use funds, misused funds, or failed to report on
140.25 its use of funds.

140.26 (e) The commissioner may resume distributing funds to a tier I city or county to which
140.27 the commissioner has stopped payments in the year following the August 1 after the
140.28 Minnesota Housing Finance Agency certifies that the city or county has submitted
140.29 documentation of plans for a qualifying project.

140.30 (f) By June 1, any funds paid to the Minnesota Housing Finance Agency under paragraph
140.31 (c) must be deposited in the housing development fund. Funds deposited under this paragraph
140.32 are appropriated to the commissioner of the Minnesota Housing Finance Agency for use
140.33 on the family homeless prevention and assistance program under section 462A.204, the

141.1 economic development and housing challenge program under section 462A.33, and the
141.2 workforce and affordable homeownership development program under section 462A.38.

141.3 **EFFECTIVE DATE.** This section is effective for aids payable in 2024 and thereafter.

141.4 **ARTICLE 12**

141.5 **DEPARTMENT OF REVENUE; MISCELLANEOUS**

141.6 Section 1. Minnesota Statutes 2022, section 270C.445, subdivision 6, is amended to read:

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

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

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

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

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

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

141.31 (e) Within 30 days after the commissioner issues an administrative order under paragraph
141.32 (b), the tax preparer may request a hearing to review the commissioner's action. The request

142.1 for hearing must be made in writing and must be served on the commissioner at the address
142.2 specified in the order. The hearing request must specifically state the reasons for seeking
142.3 review of the order. The date on which a request for hearing is served by mail is the postmark
142.4 date on the envelope in which the request for hearing is mailed.

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

142.8 (g) If a tax preparer timely requests a hearing regarding an administrative order issued
142.9 under paragraph (b), the hearing must be commenced by the issuance of a notice of and
142.10 order for hearing by the commissioner within ~~ten~~ 30 days after the commissioner receives
142.11 the request for a hearing.

142.12 (h) A hearing timely requested under paragraph (e) is subject to the contested case
142.13 procedure under chapter 14, as modified by this subdivision. The administrative law judge
142.14 must issue a report containing findings of fact, conclusions of law, and a recommended
142.15 order within ~~ten~~ 30 days after the completion of the hearing, the receipt of late-filed exhibits,
142.16 or the submission of written arguments, whichever is later.

142.17 (i) Within ~~five~~ 15 days of the date of the administrative law judge's report issued under
142.18 paragraph (h), any party aggrieved by the administrative law judge's report may submit
142.19 written exceptions and arguments to the commissioner. Within ~~15~~ 45 days after receiving
142.20 the administrative law judge's report, the commissioner must issue an order vacating,
142.21 modifying, or making final the administrative order.

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

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

142.28 (l) The commissioner may impose an administrative penalty, in addition to the penalty
142.29 under paragraph (a), up to \$5,000 per violation of a cease and desist order issued under
142.30 paragraph (b). Imposition of a penalty under this paragraph is subject to the contested case
142.31 procedure under chapter 14. Within 30 days after the commissioner imposes a penalty under
142.32 this paragraph, the tax preparer assessed the penalty may request a hearing to review the
142.33 penalty order. The request for hearing must be made in writing and must be served on the
142.34 commissioner at the address specified in the order. The hearing request must specifically

143.1 state the reasons for seeking review of the order. The cease and desist order issued under
143.2 paragraph (b) is not subject to review in a proceeding to challenge the penalty order under
143.3 this paragraph. The date on which a request for hearing is served by mail is the postmark
143.4 date on the envelope in which the request for hearing is mailed. If the tax preparer does not
143.5 timely request a hearing, the penalty order becomes a final order of the commissioner and
143.6 is not subject to review by any court or agency. A penalty imposed by the commissioner
143.7 under this paragraph may be collected and enforced by the commissioner as an income tax
143.8 liability. There is no right to make a claim for refund under section 289A.50 of the penalty
143.9 imposed under this paragraph. A penalty imposed under this paragraph is public data.

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

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

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

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

143.21 **EFFECTIVE DATE.** This section is effective for penalties assessed and orders issued
143.22 after the day following final enactment.

143.23 Sec. 2. Minnesota Statutes 2022, section 289A.12, subdivision 18, is amended to read:

143.24 Subd. 18. **Returns** **Return by qualified heirs.** A qualified heir, as defined in section
143.25 291.03, subdivision 8, paragraph (c), must file ~~two returns~~ a return with the commissioner
143.26 attesting that no disposition or cessation as provided by section 291.03, subdivision 11,
143.27 paragraph (a), occurred. ~~The first return must be filed no earlier than 24 months and no later~~
143.28 ~~than 26 months after the decedent's death.~~ The ~~second~~ return must be filed no earlier than
143.29 36 months and no later than 39 months after the decedent's death.

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

144.1 Sec. 3. Minnesota Statutes 2022, section 297I.20, subdivision 4, is amended to read:

144.2 Subd. 4. **Film production credit.** (a) A taxpayer may claim a credit against the premiums
144.3 tax imposed under this chapter equal to the amount indicated on the credit certificate
144.4 statement issued to the company under section 116U.27. If the amount of the credit exceeds
144.5 the taxpayer's liability for tax under this chapter, the excess is a credit carryover to each of
144.6 the five succeeding taxable years. The entire amount of the excess unused credit for the
144.7 taxable year must be carried first to the earliest of the taxable years to which the credit may
144.8 be carried and then to each successive year to which the credit may be carried. This credit
144.9 does not affect the calculation of fire state aid under section 477B.03 and police state aid
144.10 under section 477C.03.

144.11 (b) This subdivision expires January 1, ~~2025~~ 2031, for taxable years beginning after and
144.12 premiums received after December 31, ~~2024~~ 2030.

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

144.14 Sec. 4. Laws 2023, chapter 1, section 28, is amended to read:

144.15 Sec. 28. **EXTENSION OF STATUTE OF LIMITATIONS.**

144.16 (a) Notwithstanding any law to the contrary, a taxpayer whose tax liability changes as
144.17 a result of this act may file an amended return by December 31, 2023. The commissioner
144.18 may review and assess the return of a taxpayer covered by this provision for the later of:

144.19 (1) the periods under Minnesota Statutes, sections 289A.38; ~~289.39~~ 289A.39, subdivision
144.20 3; and 289A.40; or

144.21 (2) one year from the time the amended return is filed as a result of a change in tax
144.22 liability under this section.

144.23 (b) Interest on any additional liabilities as a result of any provision in this act accrue
144.24 beginning on January 1, 2024.

144.25 **EFFECTIVE DATE.** This section is effective retroactively at the same time the changes
144.26 incorporated in Laws 2023, chapter 1, were effective for federal purposes.

13.4967 OTHER TAX DATA CODED ELSEWHERE.

Subd. 5. **Marijuana and controlled substance tax information.** Disclosure of information obtained under chapter 297D is governed by section 297D.13, subdivisions 1 to 3.

297A.99 LOCAL SALES TAXES.

Subd. 3a. **Temporary moratorium.** (a) Notwithstanding subdivisions 1, 2, and 3, until after May 31, 2025, a political subdivision may not engage in any of the following activities in connection with imposing a new local sales and use tax or modifying an existing local sales and use tax:

- (1) any activity described in subdivision 1, paragraph (d);
- (2) adopt a resolution; or
- (3) seek voter approval.

(b) Paragraph (a) does not apply to new local sales and use taxes or modifications to existing local sales and use taxes authorized in May, 2023.

(c) This subdivision expires June 1, 2025.

297D.01 DEFINITIONS.

Subdivision 1. **Illegal cannabis.** "Illegal cannabis" means any taxable cannabis product as defined in section 295.81, subdivision 1, paragraph (r), whether real or counterfeit, that is held, possessed, transported, transferred, sold, or offered to be sold in violation of chapter 342 or Minnesota criminal laws.

Subd. 2. **Controlled substance.** "Controlled substance" means any drug or substance, whether real or counterfeit, as defined in section 152.01, subdivision 4, that is held, possessed, transported, transferred, sold, or offered to be sold in violation of Minnesota laws. "Controlled substance" does not include illegal cannabis.

Subd. 3. **Tax obligor or obligor.** "Tax obligor" or "obligor" means a person who in violation of Minnesota law manufactures, produces, ships, transports, or imports into Minnesota or in any manner acquires or possesses more than 42-1/2 grams of illegal cannabis, or seven or more grams of any controlled substance, or ten or more dosage units of any controlled substance which is not sold by weight. A quantity of illegal cannabis or other controlled substance is measured by the weight of the substance whether pure or impure or dilute, or by dosage units when the substance is not sold by weight, in the tax obligor's possession. A quantity of a controlled substance is dilute if it consists of a detectable quantity of pure controlled substance and any excipients or fillers.

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

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.

297D.03 RULES.

The commissioner may adopt rules necessary to enforce this chapter. The commissioner shall adopt a uniform system of providing, affixing, and displaying official stamps, official labels, or other official indicia for marijuana and controlled substances on which a tax is imposed.

297D.04 TAX PAYMENT REQUIRED FOR POSSESSION.

No tax obligor may possess any illegal cannabis or controlled substance upon which a tax is imposed by section 297D.08 unless the tax has been paid on the illegal cannabis or a controlled substance as evidenced by a stamp or other official indicia.

297D.05 NO IMMUNITY.

Nothing in this chapter may in any manner provide immunity for a tax obligor from criminal prosecution pursuant to Minnesota law.

297D.06 PHARMACEUTICALS.

Nothing in this chapter requires persons registered under chapter 151 or otherwise lawfully in possession of illegal cannabis or a controlled substance to pay the tax required under this chapter.

297D.07 MEASUREMENT.

For the purpose of calculating the tax under section 297D.08, a quantity of illegal cannabis or a controlled substance is measured by the weight of the substance whether pure or impure or dilute, or by dosage units when the substance is not sold by weight, in the tax obligor's possession. A quantity of a controlled substance is dilute if it consists of a detectable quantity of pure controlled substance and any excipients or fillers.

297D.08 TAX RATE.

A tax is imposed on illegal cannabis and controlled substances as defined in section 297D.01 at the following rates:

- (1) on each gram of illegal cannabis, or each portion of a gram, \$3.50; and
- (2) on each gram of controlled substance, or portion of a gram, \$200; or
- (3) on each ten dosage units of a controlled substance that is not sold by weight, or portion thereof, \$400.

297D.085 CREDIT FOR PREVIOUSLY PAID TAXES.

If another state or local unit of government has previously assessed an excise tax on the illegal cannabis or controlled substances, the taxpayer must pay the difference between the tax due under section 297D.08 and the tax previously paid. If the tax previously paid to the other state or local unit of government was equal to or greater than the tax due under section 297D.08, no tax is due. The burden is on the taxpayer to show that an excise tax on the illegal cannabis or controlled substances has been paid to another state or local unit of government.

297D.09 PENALTIES; CRIMINAL PROVISIONS.

Subdivision 1. **Penalties.** Any tax obligor violating this chapter is subject to a penalty of 100 percent of the tax in addition to the tax imposed by section 297D.08. The penalty will be collected as part of the tax.

Subd. 1a. **Criminal penalty; sale without affixed stamps.** In addition to the tax penalty imposed, a tax obligor distributing or possessing illegal cannabis or controlled substances without affixing the appropriate stamps, labels, or other indicia is guilty of a crime and, upon conviction, may be sentenced to imprisonment for not more than seven years or to payment of a fine of not more than \$14,000, or both.

Subd. 2. **Statute of limitations.** Notwithstanding section 628.26, or any other provision of the criminal laws of this state, an indictment may be found and filed, or a complaint filed, upon any criminal offense specified in this section, in the proper court within six years after the commission of this offense.

297D.10 STAMP PRICE.

Official stamps, labels, or other indicia to be affixed to all illegal cannabis or controlled substances shall be purchased from the commissioner. The purchaser shall pay 100 percent of face value for each stamp, label, or other indicia at the time of the purchase.

297D.11 PAYMENT DUE.

Subdivision 1. **Stamps affixed.** When a tax obligor purchases, acquires, transports, or imports into this state illegal cannabis or controlled substances on which a tax is imposed by section 297D.08, and if the indicia evidencing the payment of the tax have not already been affixed, the tax obligor shall have them permanently affixed on the illegal cannabis or controlled substance immediately after receiving the substance. Each stamp or other official indicia may be used only once.

Subd. 2. **Payable on possession.** Taxes imposed upon illegal cannabis or controlled substances by this chapter are due and payable immediately upon acquisition or possession in this state by a tax obligor.

297D.12 ALL ASSESSMENTS ARE JEOPARDY.

Subdivision 1. **Assessment procedure.** An assessment for a tax obligor not possessing valid stamps or other official indicia showing that the tax has been paid shall be considered a jeopardy assessment or collection, as provided in section 270C.36. The commissioner shall assess a tax and applicable penalties based on personal knowledge or information available to the commissioner; mail the taxpayer at the taxpayer's last known address or serve in person, a written notice of the amount of tax and penalty; demand its immediate payment; and, if payment is not immediately made, collect the tax and penalty by any method prescribed in chapter 270C, except that the commissioner need not await the expiration of the times specified in chapter 270C.

Subd. 2. **Injunction prohibited.** No person may bring suit to enjoin the assessment or collection of any taxes, interest, or penalties imposed by this chapter.

Subd. 3. **Standard of proof.** The tax and penalties assessed by the commissioner are presumed to be valid and correctly determined and assessed. The burden is upon the taxpayer to show their incorrectness or invalidity. Any statement filed by the commissioner with the court administrator, or any other certificate by the commissioner of the amount of tax and penalties determined or assessed is admissible in evidence and is prima facie evidence of the facts it contains.

297D.13 CONFIDENTIAL NATURE OF INFORMATION.

Subdivision 1. **Disclosure prohibited.** Notwithstanding any law to the contrary, neither the commissioner nor a public employee may reveal facts contained in a report or return required by this chapter or any information obtained from a tax obligor; nor can any information contained in such a report or return or obtained from a tax obligor be used against the tax obligor in any criminal proceeding, unless independently obtained, except in connection with a proceeding involving taxes due under this chapter from the tax obligor making the return.

Subd. 2. **Penalty for disclosure.** Any person violating this section is guilty of a gross misdemeanor.

Subd. 3. **Statistics.** This section 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.

Subd. 4. **Possession of stamps.** A stamp denoting payment of the tax imposed under this chapter must not be used against the taxpayer in a criminal proceeding, except that the stamp may be used against the taxpayer in connection with the administration or civil or criminal enforcement of the tax imposed under this chapter or any similar tax imposed by another state or local unit of government.

477A.30 LOCAL HOMELESS PREVENTION AID.

Subd. 8. **Expiration.** Distributions under this section expire after aids payable in 2028 have been distributed.

Laws 2023, chapter 64, article 15, section 24

Sec. 24. **TAX FILING MODERNIZATION.**

Subdivision 1. **Account established; appropriation.** A tax filing modernization account is established in the special revenue fund. All funds in the tax filing modernization account are appropriated to the commissioner of revenue for the purposes specified in subdivision 3.

Subd. 2. **Transfer.** \$5,000,000 in fiscal year 2024 is transferred to the tax filing modernization account from the general fund. This is a onetime transfer.

Subd. 3. **Eligible uses.** (a) The commissioner of revenue may use funds in the tax filing modernization account to modernize the state process for filing individual income tax returns, including:

(1) updating and reviewing changes to individual income tax forms resulting from this act;

(2) coordinating the process for filing state individual income tax returns with free filing options for the federal income tax; and

(3) development and implementation of state free filing options for the individual income tax.

(b) Beginning July 1, 2026, the commissioner of revenue may use any unspent funds in the tax filing modernization account to make taxpayer assistance grants to eligible organizations qualifying under section 7526A(e)(2)(B) of the Internal Revenue Code.

Subd. 4. **Unspent funds.** Any unspent funds in the tax filing modernization account cancel to the general fund on June 30, 2027.